

# Other Information



The ***Other Information*** section contains information on Tax Burden/Tax Gap, Combined Schedule of Spending, Summary of Financial Statement Audit and Management Assurances, Payment Integrity, Fraud Reduction, Reduce the Footprint, and Other Key Regulatory Requirements. Also included in this section are the OIG's Summary of Major Management and Performance Challenges Facing the Department of Homeland Security and Management's Response.

Unaudited, see accompanying Auditors' Report

## Tax Burden/Tax Gap

### Revenue Gap

The Entry Summary of Trade Compliance Measurement (TCM) program collects objective statistical data to determine the compliance level of commercial imports with U.S. trade laws, regulations and agreements, and is used to produce a dollar amount for Estimated Net Under-Collections, and a percent of Revenue Gap. The Revenue Gap is a calculated estimate that measures potential loss of revenue owing to noncompliance with trade laws, regulations, and trade agreements using a statistically valid sample of the revenue losses and overpayments detected during TCM entry summary reviews conducted throughout the year.

**Table 3: Entry Summary of Trade Compliance Measurement**

(\$ in millions)

	FY 2020 (Preliminary)	FY 2019 (Final)
Estimated Revenue Gap	\$325.1	\$1,358.4
Estimated Revenue Gap of all collectable revenue for year (%)	0.38%	1.65%
Estimated Over-Collection	\$889.5	\$2,457.8
Estimated Under-Collection	\$564.4	\$1,099.4
Estimated Overall Trade Compliance Rate (%)	98.37 %	98.33 %

The preliminary overall compliance rate for FY 2020 is 98.37 percent. The final overall trade compliance rate and estimated revenue gap for FY 2020 will be issued in February 2021.

## Combined Schedule of Spending

The Combined Schedule of Spending (SOS) presents an overview of how departments or agencies are spending money. The SOS presents combined budgetary resources and obligations incurred for the reporting entity. Obligations incurred reflect an agreement to either pay for goods and services, or provide financial assistance once agreed upon conditions are met. The data used to populate this schedule is the same underlying data used to populate the Statement of Budgetary Resources (SBR). Simplified terms are used to improve the public's understanding of the budgetary accounting terminology used in the SBR.

**What Money is Available to Spend?** This section presents resources that were available to spend as reported in the SBR.

- **Total Resources** refers to total budgetary resources as described in the SBR and represents amounts approved for spending by law.
- **Amounts Not Agreed to be Spent** represents amounts that the Department was approved to spend but did not take action to spend by the end of the fiscal year.
- **Amounts Not Available to Spend** represents amounts that the Department was not approved to spend during the current fiscal year.
- **Total Amounts Agreed to be Spent** represents amounts that the Department has made arrangements to pay for goods or services through contracts, orders, grants, or other legally binding agreements of the Federal Government. This line total agrees to the New Obligations and Upward Adjustments line on the SBR.

**How was the Money Spent/Issued?** This section presents services or items that were purchased, categorized by Component. Those Components that have a material impact on the SBR are presented separately. Other Components are summarized under Directorates and Other Components, which includes the Cybersecurity and Infrastructure Security Agency (CISA), the Countering Weapons of Mass Destruction (CWMD) Office, the Federal Law Enforcement Training Centers (FLETC), the Office of Intelligence and Analysis (I&A), the Office of Operations Coordination (OPS), the Management Directorate (MGMT), the Office of Inspector General (OIG), the Science and Technology Directorate (S&T), U.S. Citizenship and Immigration Services (USCIS), and the U.S. Secret Service (USSS).

For purposes of this schedule, the breakdown of "How Was the Money Spent/Issued" is based on the Office of Management and Budget (OMB) definitions for budget object class found in OMB Circular A-11.

- **Personnel Compensation and Benefits** represents compensation, including benefits directly related to duties performed for the government by federal civilian employees, military personnel, and non-federal personnel.
- **Contractual Service and Supplies** represents purchases of contractual services and supplies. It includes items like transportation of persons and things, rent, communications, utilities, printing and reproduction, advisory and assistance services, operation and maintenance of facilities, research and development, medical care, operation and maintenance of equipment, subsistence and support of persons, and purchase of supplies and materials.
- **Acquisition of Assets** represents the purchase of equipment, land, structures, investments, and loans.

Other Information

- **Grants, Subsidies, and Contributions** represents, in general, funds to states, local governments, foreign governments, corporations, associations (domestic and international), and individuals for compliance with such programs allowed by law to distribute funds in this manner.
- **Insurance, Refunds, and Other Spending** represents benefits from insurance and federal retirement trust funds, interest, dividends, refunds, unvouchered or undistributed charges, and financial transfers.

**Who did the Money Go To?** This section identifies the recipient of the money, by federal and non-federal entities. Amounts in this section reflect “amounts agreed to be spent” and agree to the New Obligations and Upward Adjustments line on the SBR.

The Department encourages public feedback on the presentation of this schedule. Feedback may be sent via email to [par@hq.dhs.gov](mailto:par@hq.dhs.gov).

**Department of Homeland Security  
Combined Schedule of Spending  
For the Years Ended September 30, 2020 and 2019  
(In Millions)**

	<u>2020</u>	<u>2019</u>
<b>What Money is Available to Spend?</b>		
Total Resources	\$ 196,638	\$ 140,085
Less Amount Available but Not Agreed to be Spent	(33,291)	(45,706)
Less Amount Not Available to be Spent	(2,815)	(2,828)
<b>TOTAL AMOUNT AGREED TO BE SPENT</b>	<b><u>\$ 160,532</u></b>	<b><u>\$ 91,551</u></b>
<b>How Was the Money Spent/Issued?</b>		
<b><i>U.S. Customs and Border Protection</i></b>		
Personnel Compensation and Benefits	\$ 12,501	\$ 12,285
Contractual Services and Supplies	5,008	4,911
Acquisition of Assets	2,927	2,752
Grants, Subsidies, and Contributions	-	-
Insurance, Refunds, and Other Spending	7,480	2,790
<b>Total Spending</b>	<b><u>27,916</u></b>	<b><u>22,738</u></b>

(Continued)

**Department of Homeland Security**  
**Combined Schedule of Spending**  
**For the Years Ended September 30, 2020 and 2019**  
(In Millions)

	<u>2020</u>	<u>2019</u>
<b><i>U.S. Coast Guard</i></b>		
Personnel Compensation and Benefits	6,427	6,240
Contractual Services and Supplies	4,846	4,997
Acquisition of Assets	1,218	1,733
Grants, Subsidies, and Contributions	116	106
Insurance, Refunds, and Other Spending	19	7
<b>Total Spending</b>	<b><u>12,626</u></b>	<b><u>13,083</u></b>
<b><i>Federal Emergency Management Agency</i></b>		
Personnel Compensation and Benefits	1,904	1,762
Contractual Services and Supplies	11,338	5,635
Acquisition of Assets	305	493
Grants, Subsidies, and Contributions	72,588	12,231
Insurance, Refunds, and Other Spending	1,599	4,213
<b>Total Spending</b>	<b><u>87,734</u></b>	<b><u>24,334</u></b>
<b><i>U.S. Immigration and Customs Enforcement</i></b>		
Personnel Compensation and Benefits	3,775	3,537
Contractual Services and Supplies	4,349	4,700
Acquisition of Assets	407	213
Grants, Subsidies, and Contributions	-	-
Insurance, Refunds, and Other Spending	48	40
<b>Total Spending</b>	<b><u>8,579</u></b>	<b><u>8,490</u></b>
<b><i>Transportation Security Administration</i></b>		
Personnel Compensation and Benefits	5,521	5,354
Contractual Services and Supplies	2,509	2,605
Acquisition of Assets	180	285
Grants, Subsidies, and Contributions	79	79
Insurance, Refunds, and Other Spending	3	4
<b>Total Spending</b>	<b><u>8,292</u></b>	<b><u>8,327</u></b>
<b><i>Directorates and Other Components</i></b>		
Personnel Compensation and Benefits	5,943	5,514
Contractual Services and Supplies	8,596	8,164
Acquisition of Assets	682	785
Grants, Subsidies, and Contributions	148	112
Insurance, Refunds, and Other Spending	16	4
<b>Total Spending</b>	<b><u>15,385</u></b>	<b><u>14,579</u></b>

(Continued)

Other Information

**Department of Homeland Security  
Combined Schedule of Spending  
For the Years Ended September 30, 2020 and 2019  
(In Millions)**

	2020	2019
<b><i>Department Totals</i></b>		
Personnel Compensation and Benefits	36,071	34,692
Contractual Services and Supplies	36,646	31,012
Acquisition of Assets	5,719	6,261
Grants, Subsidies, and Contributions	72,931	12,528
Insurance, Refunds, and Other Spending	9,167	7,058
<b>TOTAL AMOUNT AGREED TO BE SPENT</b>	<b>\$ 160,532</b>	<b>\$ 91,551</b>
 <b>Who Did the Money Go To?</b>		
Non-Federal Governments, Individuals and Organizations	\$ 133,939	\$ 69,433
Federal Agencies	26,593	22,118
<b>TOTAL AMOUNT AGREED TO BE SPENT</b>	<b>\$ 160,532</b>	<b>\$ 91,551</b>

## Summary of Financial Statement Audit and Management Assurances

The tables below provide a summary of the financial statement audit results and management assurances for FY 2020.

**Table 4: Summary of Financial Statement Audit**

Audit Opinion	Unmodified				
Restatement	No				
Areas of Material Weakness(es)	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Reporting	1	0	0	0	1
IT Controls & Information Systems	1	0	0	0	1
<b>Total Material Weaknesses</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

Management has performed its evaluation, and the assurance is provided based upon the cumulative assessment work performed on Entity Level Controls, Financial Reporting, Budgetary Accounting, Fund Balance with Treasury, Human Resources and Payroll Management, Payment Management, Insurance Management, Grants Management, Property Plant and Equipment, Revenue and Receivables, and Information Technology General Controls across the Department. DHS has remediation work to continue in FY 2021; however, no additional areas of material weakness were identified as a result of the assessment work performed in FY 2020. The following table indicates the areas of material weakness that were identified and where DHS will continue focused remediation efforts in FY 2021.

**Table 5: Summary of Management Assurances**

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA § 2)						
Statement of Assurance	Modified					
Areas of Material Weakness(es)	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Financial Reporting	1	0	0	0	0	1
IT Controls & System Functionality	1	0	0	0	0	1
<b>Total Areas of Material Weakness</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA SECTION 2)						
Statement of Assurance	Unmodified					
Areas of Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None Noted	0	0	0	0	0	0
<b>Total Material Weaknesses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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CONFORMANCE WITH FEDERAL FINANCIAL MANAGEMENT SYSTEMS REQUIREMENTS (FMFIA § 4)						
Statement of Assurance	Federal Systems do not conform to financial management system requirements					
Non-Conformance(s)	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Federal Financial Management Systems Requirements, including Financial Systems Security & Integrate Financial Management Systems.	1	0	0	0	0	1
Noncompliance with the U.S. Standard General Ledger	1	0	0	0	0	1
Federal Accounting Standards	1	0	0	0	0	1
<b>Total Non-Conformances</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
COMPLIANCE WITH SECTION 803(a) OF THE FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)						
	DHS		Auditor			
1. Federal Financial Management System Requirements	Lack of compliance noted		Lack of compliance noted			
2. Applicable Federal Accounting Standards	Lack of compliance noted		Lack of compliance noted			
3. USSGL at Transaction Level	Lack of compliance noted		Lack of compliance noted			



## Payment Integrity

The Payment Integrity Information Act of 2019 (PIIA)<sup>8</sup> requires agencies to review and assess all programs and activities they administer and identify those determined to be susceptible to significant improper payments<sup>9</sup>, estimate the annual amount of improper payments, and submit those estimates to Congress. In accordance with the Office of Management and Budget (OMB) [Circular A-123, Requirements for Payment Integrity Improvement](#), federal agencies are required to assess improper payments and report<sup>10</sup> annually on their efforts. In addition to this report, official detailed information on the Department's improper payments as well as information reported in prior years can be found at <https://paymentaccuracy.gov/>.

In 2020, the Department continued to make significant progress to improve its processes to comply with PIIA and reduce improper payments. DHS met established reduction targets for all applicable programs<sup>11</sup> deemed susceptible to significant improper payments due to continued corrective action efforts and sustained internal controls. We remain strongly committed to ensuring our agency's transparency and accountability to the American taxpayer and achieving the most cost-effective strategy on the reduction of improper payments.

### **Supplemental Appropriations for Disaster Relief Requirements**

In 2017, the nation faced a historic Atlantic hurricane season. The effects from consecutive hurricanes Harvey, Irma and Maria were widespread, causing long-lasting damage across the southern continental U.S. and surrounding islands, as well as Puerto Rico and the U.S. Virgin Islands.

- On August 25, 2017, Hurricane Harvey made landfall in Texas as a Category 4 storm. For several days, the storm hovered near the Houston metropolitan area and set a record for the most rainfall from a U.S. tropical cyclone. Of households impacted by Harvey, 80 percent did not have flood insurance.
- On September 6, 2017, Hurricane Irma became one of the strongest Atlantic hurricanes on record. The storm's center passed just north of the U.S. Virgin Islands and Puerto Rico and destroyed critical infrastructure on St. Thomas and St. John in the U.S. Virgin Islands, as well as Puerto Rico and the Florida Keys. As Irma was the first major hurricane to make landfall in Florida since 2005, the public followed evacuation orders as the storm approached Florida, resulting in one of the largest sheltering missions in U.S. history.
- On September 19, 2017, the Center of Hurricane Maria passed southeast of St. Croix, U.S. Virgin Islands, as a Category 5 storm and made landfall in Puerto Rico as a Category 4 storm the next day. Hurricane Maria severely damaged or destroyed a significant portion of both territories' already fragile critical infrastructure. Maria left Puerto Rico's 3.7 million residents without electricity and the resulting response represents the longest sustained air mission of food and water delivery in FEMA history.

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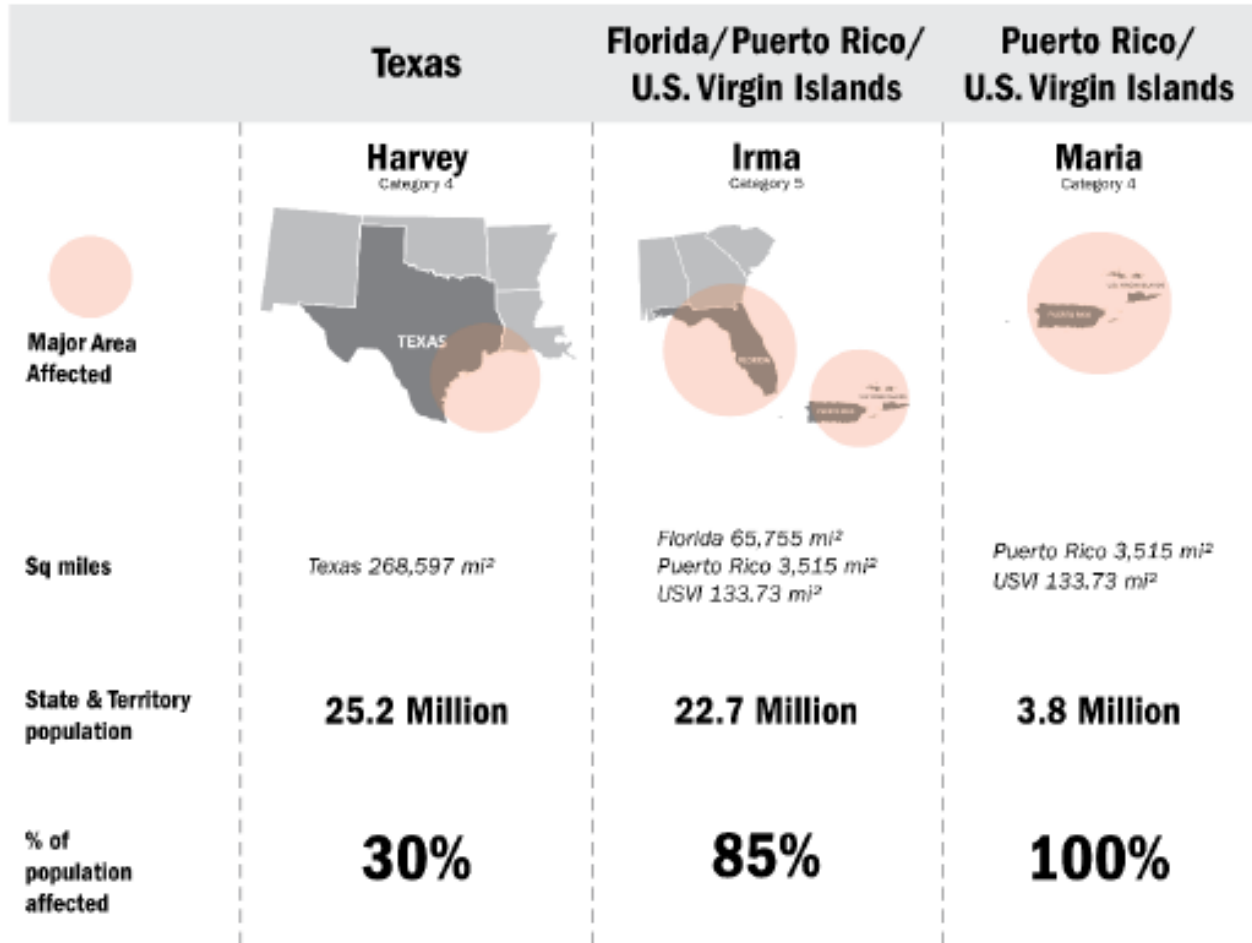
<sup>8</sup> Unless otherwise indicated, the term "PIIA" is used to reflect the current legislative language regarding improper payments as it formally revoked the Improper Payments Information Act of 2002 (IPIA), the Improper Payments Elimination and Recovery Act of 2010 (IPERA), and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).

<sup>9</sup> A program with significant improper payments has both a 1.5 percent improper payment rate of program outlays and at least \$10 million in improper payments of all program or activity payments made during the year or exceeds \$100 million in improper payments regardless of the improper payment rate percentage of total program outlays.

<sup>10</sup> Due to rounding throughout all following figures and tables, amounts and percentages may not exactly total to the respective summary amounts and percentages reported.

<sup>11</sup> The only DHS program with an established reduction target was the FEMA Vendor Payment program as the program has been fully baselined and thus had an established a formal reduction target in place for FY 2020 reporting.

Figure 6: Harvey, Irma, and Maria Locations and Associated Impact



Supplemental appropriations were designated as an emergency requirement in the Supplemental Appropriations for Disaster Relief Requirements, 2017 (P.L. 115-56, the Additional Supplemental Appropriations for Disaster Relief Requirements Act of 2017 (P.L. 115-72), and the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (P.L. 115-123) were issued to specific agencies to provide the resources needed to recover and rebuild following recent hurricanes and other applicable natural disasters. Within these supplemental appropriations, DHS received a total supplemental appropriation amount of \$50.72 billion<sup>12</sup>. The breakout of DHS Components receiving this supplemental funding is documented in the table below.

<sup>12</sup> Due to rounding, amounts may not reflect exact appropriated values.

Figure 7: DHS Breakout of Supplemental Appropriation Funding Received

Component	Program	Period of Availability (FY)	Appropriated Value (\$M)	Transfer-In Value (\$M)	Transfer-Out Value (\$M)	Value for Program Use (\$M)
Federal Emergency Management Agency	Disaster Relief Fund	No-Year	\$7,400.00	\$0.00	\$0.00	\$7,400.00
	Disaster Relief Fund	No-Year	\$18,670.00	\$0.00	\$10.00	\$18,660.00
	Operations and Support	18-19	\$58.80	\$0.00	\$0.00	\$58.80
	Procurement, Construction, and Improvements	18-20	\$1.20	\$0.00	\$0.00	\$1.20
	Disaster Relief Fund	No-Year	\$23,500.00	\$0.00	\$0.00	\$23,500.00
Federal Law Enforcement Training Center	Operations and Support	18-19	\$5.37	\$0.00	\$0.00	\$5.37
	Procurement, Construction, and Improvements	18-22	\$5.00	\$0.00	\$0.00	\$5.00
Office of the Inspector General	Operations and Support	No-Year	\$0.00	\$10.00	\$0.00	\$10.00
	Operations and Support	18-20	\$25.00	\$0.00	\$0.00	\$25.00
Transportation and Security Administration	Operations and Support	18-19	\$10.32	\$0.00	\$0.00	\$10.32
U.S. Customs and Border Protection	Operations and Support	18-19	\$104.49	\$0.00	\$0.00	\$104.49
	Procurement, Construction, and Improvements	18-22	\$45.00	\$0.00	\$0.00	\$45.00
U.S. Immigration and Customs Enforcement	Operations and Support	18-19	\$30.91	\$0.00	\$0.00	\$30.91
	Procurement, Construction, and Improvements	18-22	\$33.05	\$0.00	\$0.00	\$33.05
United States Coast Guard	Operating Expenses	18-19	\$112.14	\$0.00	\$0.00	\$112.14
	Environmental Compliance and Restoration	18-22	\$4.04	\$0.00	\$0.00	\$4.04
	Acquisition, Construction, and Improvements	18-22	\$718.92	\$0.00	\$0.00	\$718.92
TOTAL:						\$50,724.24

P.L. 115-123 requires any agency receiving funds under P.L. 115-123 as well as P.L. 115-72 and P.L. 115-56 to consider any programs expending more than \$10 million of funds in any one fiscal year highly susceptible to improper payments for the purposes of the PIIA. Once disaster supplemental funded programs met or exceeded the \$10M threshold in payments applicable for PIIA review, the program was deemed susceptible to significant improper payments and thus applicable for statistical sampling and reporting.

For 2020 testing and reporting, DHS is able to include statistical testing results for the FEMA Vendor Payment (VP) program, which incorporated its applicable FY 2019 disaster supplemental appropriations disbursements into the pre-existing program. Due to the burden of testing and reporting the remaining ten programs related solely to disaster supplemental appropriation disbursements, DHS is reporting statistical testing results two years in arrears. Therefore, FY 2018 disbursement testing outcomes are reported in the 2020 results noted below for the following programs:

- CBP Operations & Support (O&S) - Disaster Supplemental Funds
- FEMA Commercial Bill of Lading - Disaster Supplemental Funds
- FEMA Disaster Case Management - Disaster Supplemental Funds
- FEMA DRF - Individuals and Households Program - Disaster Supplemental Funds
- FEMA Payroll - Disaster Supplemental Funds
- FEMA Public Assistance - Disaster Supplemental Funds
- FEMA Travel - Disaster Supplemental Funds
- FEMA Urban Search & Rescue - Disaster Supplemental Funds
- ICE O&S - Disaster Supplemental Funds

## Other Information

- USCG Operating Expense - Disaster Supplemental Funds

### 1. Payment Reporting

The OMB Circular A-123, Appendix C provides the definition for an improper payment and serves as applicable guidance to agencies for compliance with PIIA. OMB guidance has broken down improper payments into further types, to include overpayments, underpayments, unknown, and technically improper due to statute or regulation.

- **Overpayment<sup>13</sup>** – An overpayment is a payment that is evidently higher than it should have been (including a duplicate payment)
- **Underpayment** – An underpayment is a payment that is evidently lower than it should have been
- **Unknown** – Unable to discern that the payment was proper due to a lack of documentation
- **Technically Improper<sup>14</sup>** – Right recipient and right amount but payment process fails to follow applicable regulatory and/or statutory requirements.

Following the OMB Circular A-123, Appendix C guidance, and accounting for the additional requirements within the Supplemental Appropriations for Disaster Relief Requirements, the Department has identified the following programs or activities susceptible to significant improper payments and is able to provide results<sup>15</sup> and reporting this year<sup>16</sup>.

#### **Regular<sup>17</sup> DHS Programs for Reporting**

##### ***Federal Protective Service (FPS) – Payroll Program***

The U.S. Department of Homeland Security is the primary federal agency responsible for the protection of all federal property owned or occupied by the Federal Government, whether it is owned or leased by the General Services Administration. The authority to carry out this mission has been delegated to FPS.

To achieve that mission, FPS employees law enforcement security officers, criminal investigators, and police officers along with contract guard staff to conduct security screenings at federal buildings.

When the Homeland Security Act of 2002 was passed, FPS was transferred from GSA to the newly formed U.S. Department of Homeland Security, structured within U.S. Immigration and Customs Enforcement. In 2009, the DHS transferred FPS to the National Protection and

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<sup>13</sup> Based on OMB reporting requirements effective beginning in 2019, payments deemed improper due to insufficient supporting documentation are reported as “Unknown” and distinguished from verified overpayments.

<sup>14</sup> For 2020 reporting, DHS did not categorize any improper payments as “Technically Improper”. As such, this improper payment type is not reflected within the reporting of the program specific results.

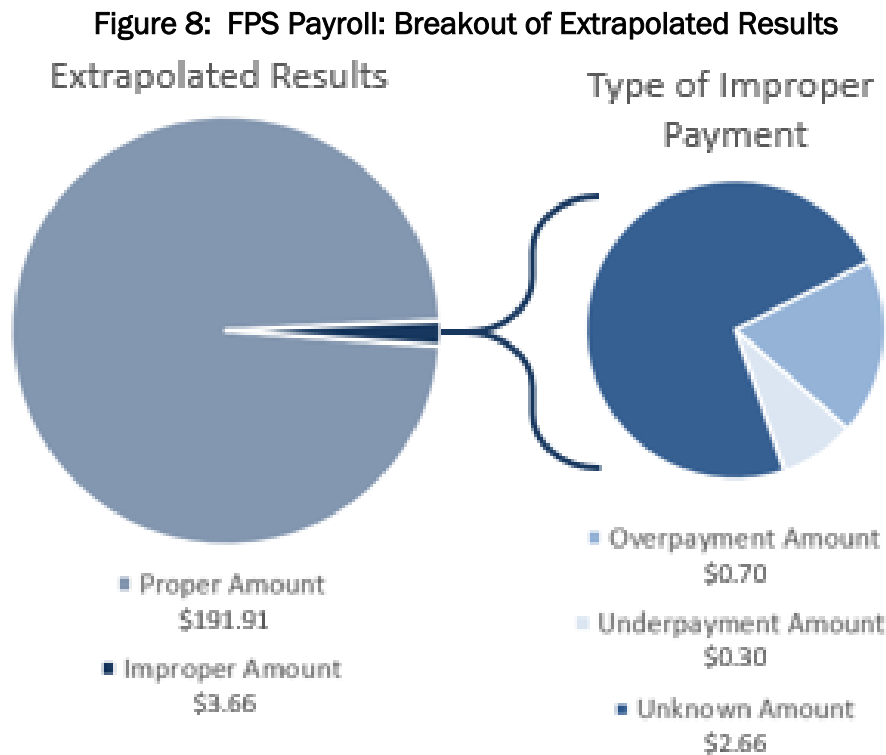
<sup>15</sup> Reporting for all programs reflects amounts in (\$M). Amount and percentage totals may have slight variances noted due to rounding. For official reported values, refer to <https://paymentaccuracy.gov/>. All values aligned to “unknown” are due solely to an error reason type of “insufficient documentation to determine”.

<sup>16</sup> Due to the burden of testing and reporting the ten programs related solely to disaster supplemental appropriation disbursements, DHS is reporting statistical testing results two years in arrears for these programs. For additional information, please refer to the additional detail around the Supplemental Appropriations for Disaster Relief Requirements supplied later in this section.

<sup>17</sup> Program funding not consisting of funding received through the Supplemental Appropriations for Disaster Relief Requirements, 2017 (P.L. 115-56, the Additional Supplemental Appropriations for Disaster Relief Requirements Act of 2017 (P.L. 115-72), and the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (P.L. 115-123)

Programs Directorate<sup>18,19</sup>. During the 2018 improper payments review process, FPS Payroll was identified as susceptible to significant improper payments based on the comprehensive risk assessment results. As such, beginning in 2019, the FPS Payroll program conducted statistical sampling and continues to report annual results.

For the testing conducted in 2020, FPS’ assessment over the Payroll program reported a 1.87 percent improper payment rate. The breakout of the extrapolated results is provided in the following chart:



**Consolidated<sup>20</sup> DHS Programs for Reporting**

***FEMA –VP Program***

FEMA strives to disburse prompt payments for goods and services that are covered by the Prompt Payment Act. Most of the payments falling under the VP program are contractual, to include rental and lease agreements, purchase orders, delivery orders, blanket purchase agreements, etc., invoice payments based on the receipt of satisfactory performance of contract terms.

<sup>18</sup> The Cybersecurity and Infrastructure Security Agency (CISA), formerly known as the National Protection and Programs Directorate (NPPD), was established on November 16, 2018 when the Cybersecurity and Infrastructure Security Agency Act of 2018 was signed into law.

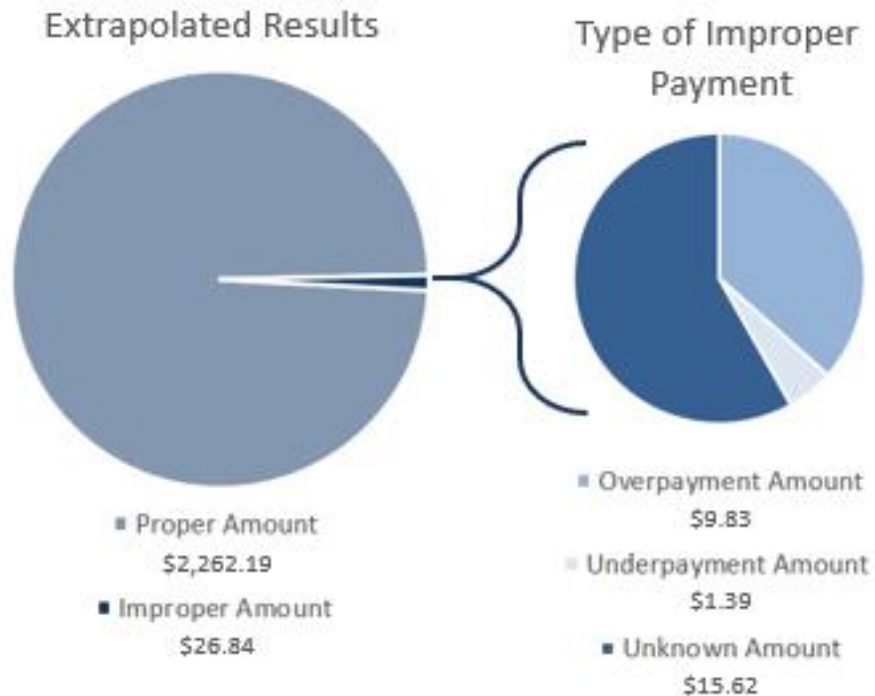
<sup>19</sup> In May 2019, DHS announced its decision to transfer FPS from its Cybersecurity and Infrastructure Security Agency (CISA) to its Management Directorate, and to report to the Under Secretary for Management. This transition was officially completed on October 1, 2019.

<sup>20</sup> Program funding consisting of both regular DHS funding as well as funding received through the Supplemental Appropriations for Disaster Relief Requirements, 2017 (P.L. 115-56, the Additional Supplemental Appropriations for Disaster Relief Requirements Act of 2017 (P.L. 115-72), and the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (P.L. 115-123)

## Other Information

For the testing conducted in 2020, FEMA incorporated the associated FY 2019 disaster supplemental funding disbursements applicable for review under PIIA. Despite the increased program size with the inclusion of the disaster supplemental funding disbursed in FY 2019, due to continued focus and diligent FEMA efforts, the FEMA VP program has been able to reduce its reported improper payment rate from 1.70 percent in 2018 down to 1.17 percent in 2020. The breakout of the extrapolated results is provided in the following chart:

**Figure 9: FEMA Vendor Pay: Breakout of Extrapolated Results**



### **Disaster Supplemental<sup>21</sup> DHS Programs for Reporting**

#### ***CBP –O&S – Disaster Supplemental Funding Program***

During the Hurricane Harvey, Irma, and Maria disasters, CBP’s highest priorities were to promote life-saving and life-sustaining activities, the safe evacuation of people who are leaving the impacted area, the maintenance of public order, the prevention of the loss of property to the extent possible, and the speedy recovery of the region. At the request of FEMA, local and state authorities, DHS law enforcement personnel would be in the affected areas to conduct search and rescue, air traffic de-confliction and public safety missions.

CBP also was responsible for providing for the safety and security of CBP employees and associated family members. As such, CBP actively evacuated employees as needed, from the paths of the hurricanes.

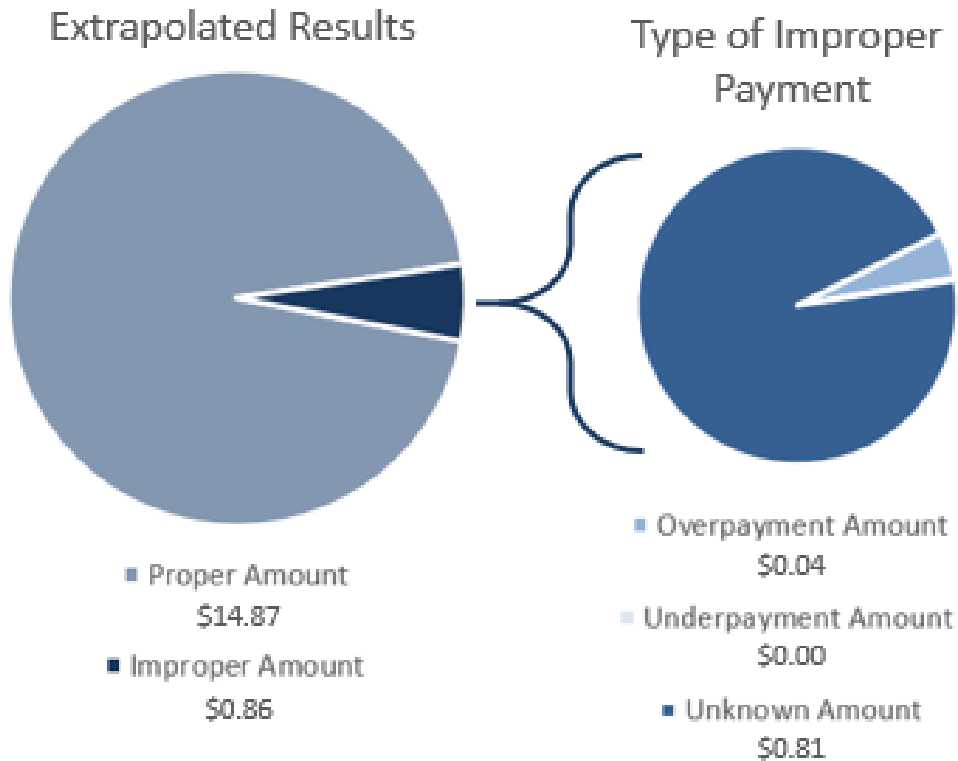
For the testing conducted in 2020, CBP’s assessment was focused on the associated FY 2018 disaster supplemental funding disbursements of over \$15 million applicable for review under

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<sup>21</sup> Program funding solely consisting of funding received through the Supplemental Appropriations for Disaster Relief Requirements, 2017 (P.L. 115-56, the Additional Supplemental Appropriations for Disaster Relief Requirements Act of 2017 (P.L. 115-72), and the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (P.L. 115-123)

PIIA. The CBP O&S Disaster Supplemental Funding program reported a 5.45 percent improper payment rate in 2020. The breakout of the extrapolated results is provided on the following chart:

**Figure 10: CBP O&S – Disaster Supplemental Funding: Breakout of Extrapolated Results**



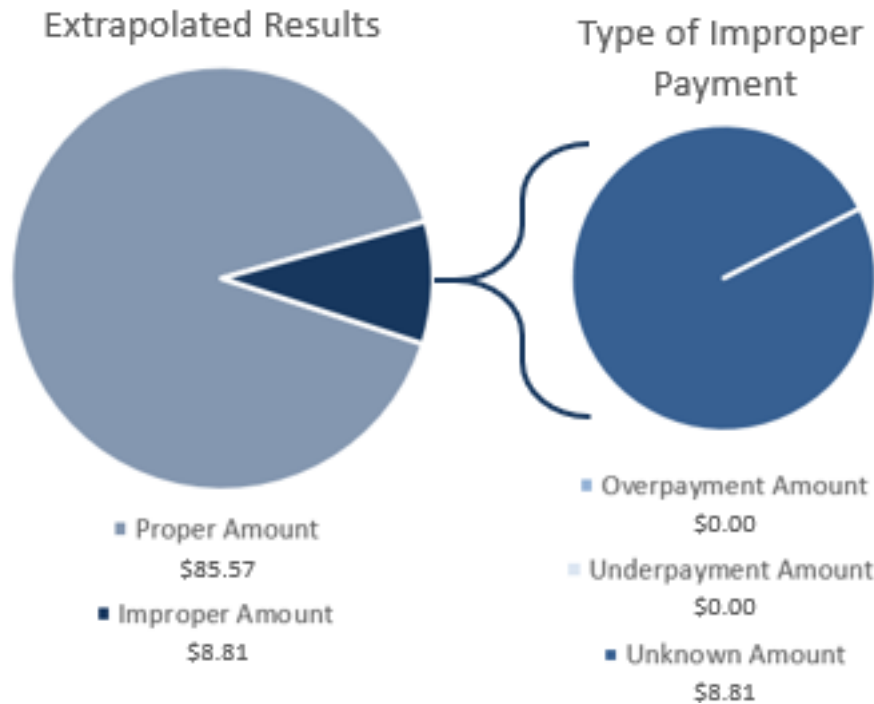
**FEMA – Commercial Bill of Lading (CBoL)– Disaster Supplemental Funding Program**

The FEMA Tender of Service Program uses bills of lading to acquire freight transportation services. The bills of lading, sometimes referred to as a commercial bill of lading (CBoL), establishes the terms of contract between a shipper (i.e. FEMA or other authorized federal agencies) and a Tender of Service Program and serves as a receipt of goods, a contract of carriage, and documentary evidence of title.

FEMA uses an automated, web-based Third-Party Payment System to streamline the audit, approval and payment processes associated with transportation-related expenses

For the testing conducted in 2020, FEMA’s assessment was focused on the associated FY 2018 disaster supplemental funding disbursements of over \$94 million applicable for review under PIIA. The FEMA CBoL Disaster Supplemental Funding program reported a 9.33 percent improper payment rate in 2020. The breakout of the extrapolated results is provided in the following chart:

**Figure 11: FEMA CBoL – Disaster Supplemental Funding: Breakout of Extrapolated Results**



***FEMA – Disaster Case Management (DCM) – Disaster Supplemental Funding Program***

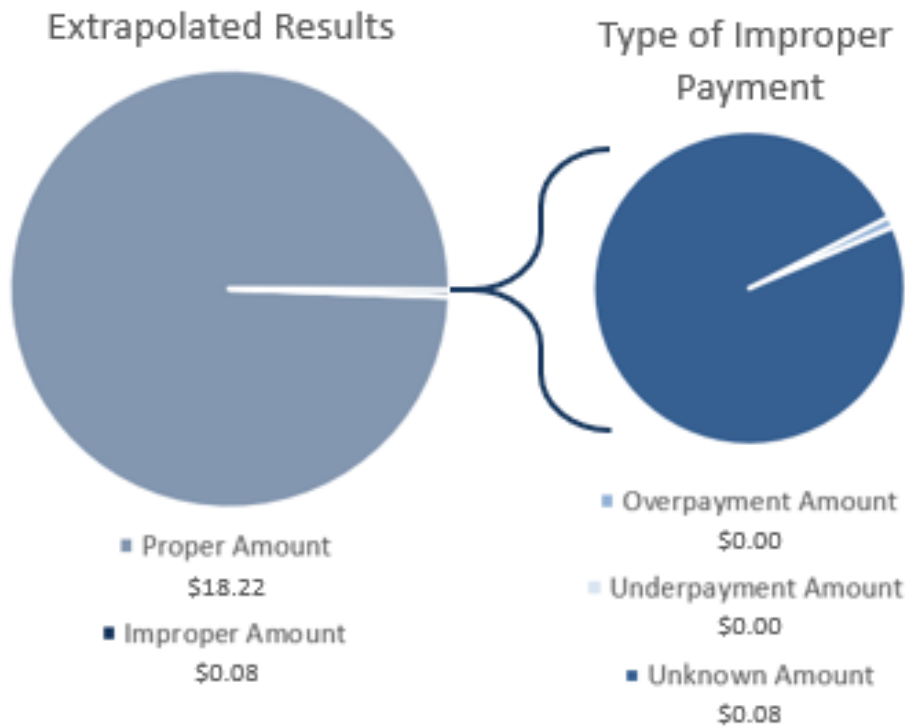
Disaster Case Management involves partnerships between a case manager and a disaster survivor. The intention of this program is to assess and address a survivor’s unmet needs through a disaster recovery plan. This disaster recovery plan includes resources, decision-making priorities, providing guidance, and tools to assist disaster survivors.

While Section 426 of the Stafford Act authorizes FEMA to “provide case management services, including financial assistance, to State or local government agencies or qualified private organizations to provide such services to victims of major disasters to identify and address unmet needs,” the DCM program is administered in partnership with the U.S. Department of Health and Human Services. This partnership provides the client with a single person to facilitate access to a broad range of resources. The process involves assessing the client’s needs caused by and related to the disaster, developing a goal-oriented plan outlining the steps necessary for recovery, organizing and coordinating resources that match the client’s needs, monitoring progress, and, when necessary, advocating on behalf of the client.

For the testing conducted in 2020, FEMA’s assessment was focused on the associated FY 2018 disaster supplemental funding disbursements of over \$18 million applicable for review under PIIA. The FEMA DCM Disaster Supplemental Funding program reported a 0.46 percent improper payment rate in 2020. The breakout of the extrapolated results is provided in the following chart:



Figure 12: FEMA DCM – Disaster Supplemental Funding: Breakout of Extrapolated Results



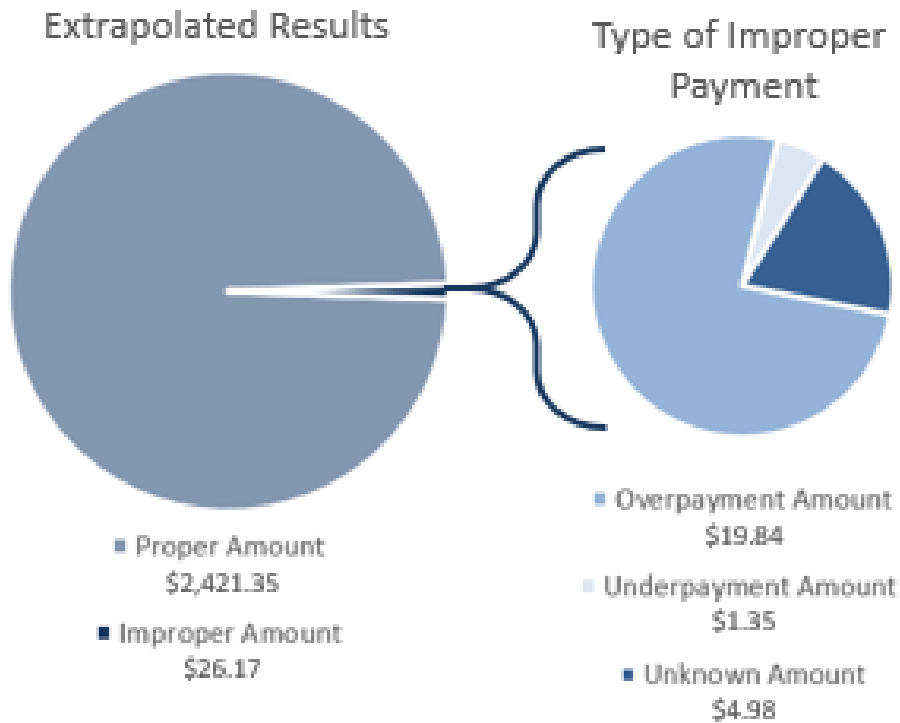
**FEMA – Disaster Relief Fund – Individuals and Households Program (IHP) – Disaster Supplemental Funding Program**

FEMA’s IHP provides financial and direct services to eligible individuals and households affected by a disaster, who have uninsured or under-insured necessary expenses and serious needs. FEMA determines the appropriate types of Housing Assistance for which an individual or household may be eligible based on disaster-caused loss, access to life-sustaining services, cost-effectiveness, and other factors. Individuals and households may receive more than one type of Housing Assistance, including a combination of financial assistance and direct services for disaster-caused damage to a disaster survivor’s primary residence.

Applicants may also receive financial assistance for other disaster-caused necessary expenses and serious needs. The types of other needs assistance are divided into two categories of assistance that are either dependent or non-dependent on the applicant’s ability to secure a U.S. Small Business Administration (SBA) disaster loan. The SBA provides low-interest, long-term loans to help eligible applicants with transportation losses, moving and storage expenses, as well as repair/replacement funds for real and personal property damage caused by the disaster.

For the testing conducted in 2020, FEMA’s assessment was focused on the associated FY 2018 disaster supplemental funding disbursements of over \$2 billion applicable for review under PIIA. The FEMA DRF IHP Disaster Supplemental Funding program reported a 1.07 percent improper payment rate in 2020. The breakout of the extrapolated results is provided in the following chart:

**Figure 13: FEMA DRF IHP – Disaster Supplemental Funding: Breakout of Extrapolated Results**



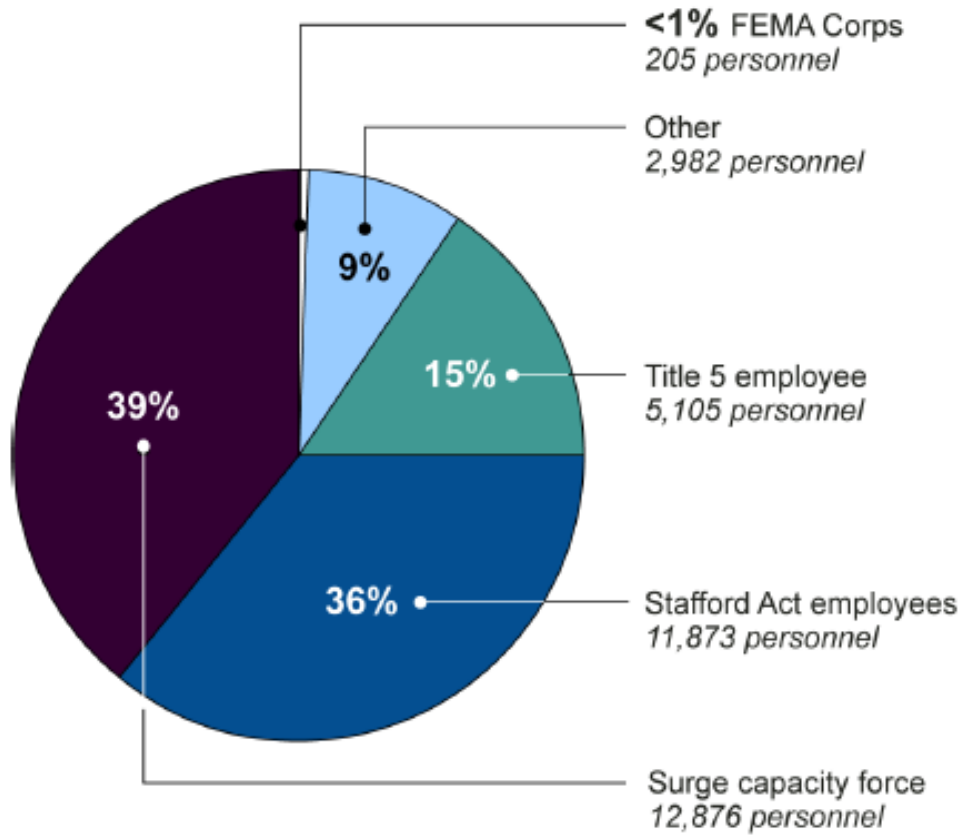
**FEMA – Payroll – Disaster Supplemental Funding Program**

The federal disaster workforce is designed to scale up or down depending on the timing and magnitude of disasters, and includes the following categories of employees:

- **Title 5** – Employees that make up FEMA’s day-to-day workforce and are responsible for administering the agency’s ongoing program activities. During disasters, these employees can be deployed as needed.
- **Stafford Act** – Stafford Act employees provide support for disaster-related activities and augment FEMA’s disaster workforce. Stafford Act employees include on call and recovery staff who are temporary employees and can be deployed to fulfill any role specifically related to the incident for which they are hired and qualified. In addition, reservists can be utilized. These reservists work on an intermittent basis and are deployed as needed to fulfill incident management roles.
- **Surge Capacity Force** – The Surge Capacity Force supplements FEMA’s disaster workforce in a major disaster and consists of volunteers who are employees of DHS components, such as the TSA and USSS, as well as employees of other federal agencies, as authorized by the Post-Katrina Act<sup>22</sup>.
- **FEMA Corps** – FEMA Corps is a team-based national service program operated by AmeriCorps in partnership with FEMA. Members are not FEMA employees, but are deployed to augment FEMA’s workforce for disaster readiness, preparedness, response, and recovery work under the supervision of FEMA staff.

<sup>22</sup> 266 U.S.C. § 711(b)

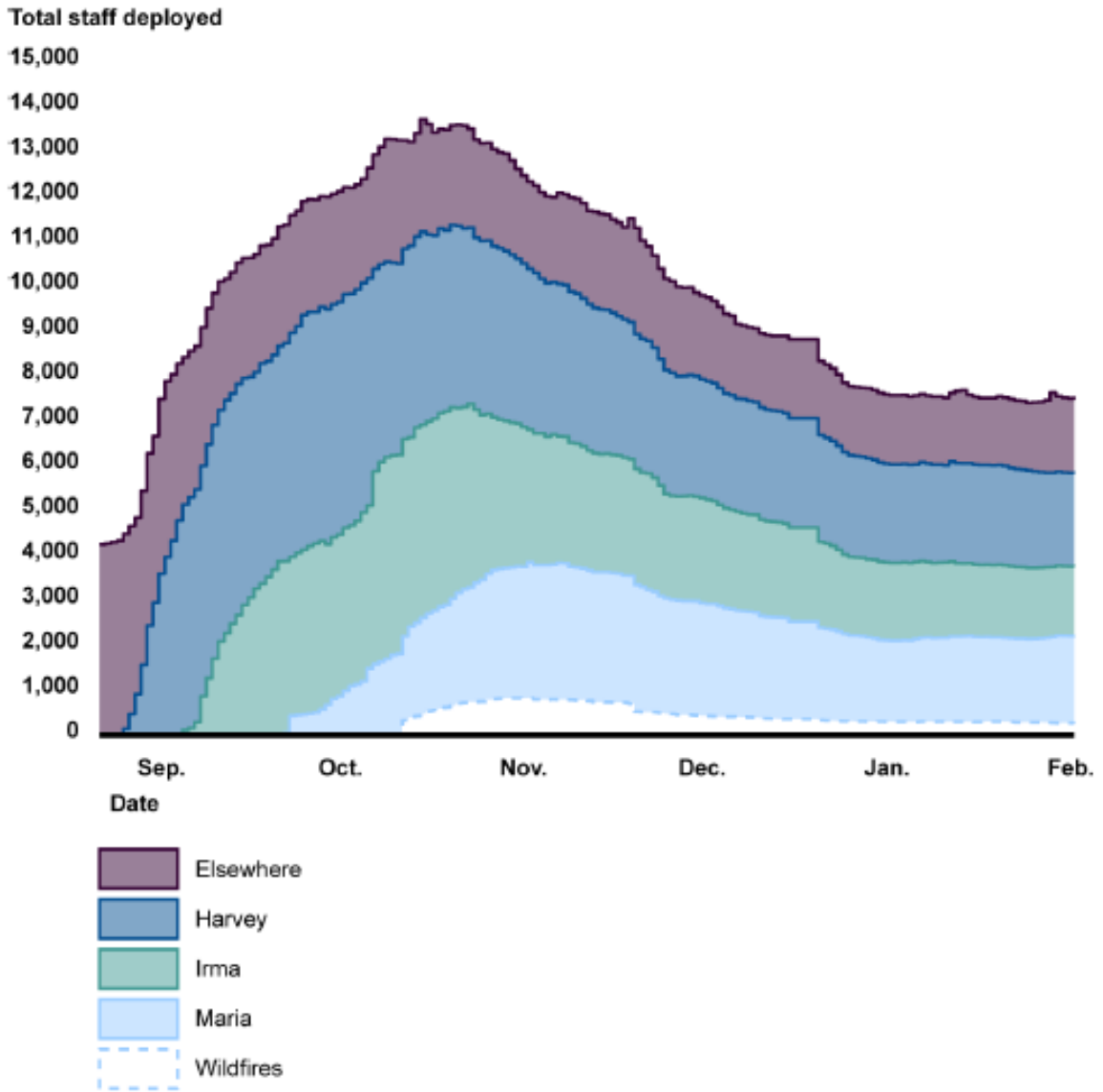
Figure 14: Federal Disaster Workforce as of January 31, 2018<sup>23</sup>



As a result of the Hurricane Harvey, Irma, and Maria disasters, many of the available federal employees were deployed to support these recovery and response activities.

<sup>23</sup> Government Accountability Office (GAO) analysis of DHS data (GAO-18-472)

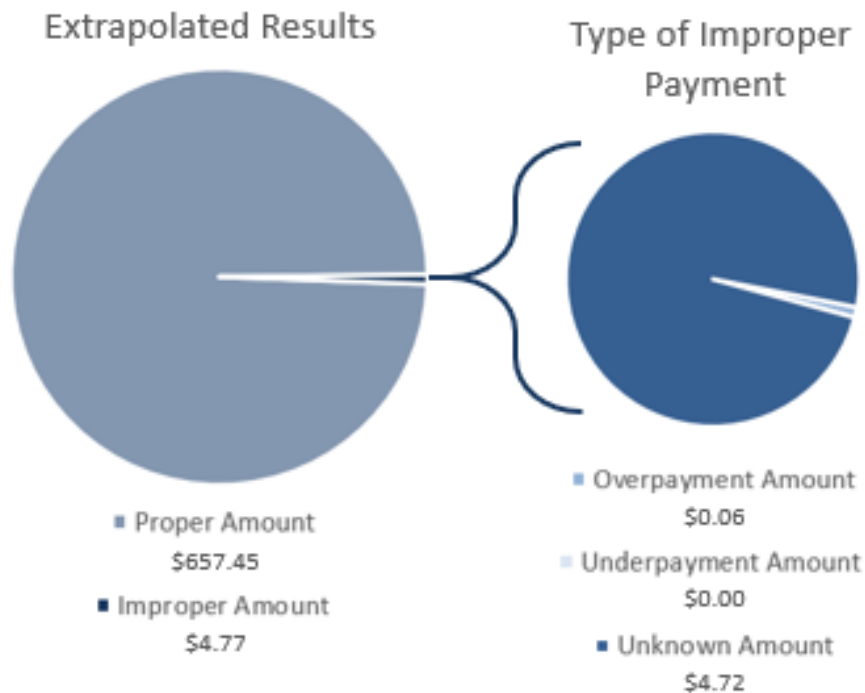
Figure 15: Federal Disaster Workforce Deployed in Response to the 2017 Disasters in September 2017 through February 2018<sup>24</sup>



For the testing conducted in 2020, FEMA’s assessment was focused on the associated FY 2018 disaster supplemental funding disbursements of over \$39 million applicable for review under PIIA. The FEMA Payroll Disaster Supplemental Funding program reported a 0.72 percent improper payment rate in 2020. The breakout of the extrapolated results is on the following chart:

<sup>24</sup> GAO analysis of DHS data (GAO-18-472)

Figure 16: FEMA Payroll – Disaster Supplemental Funding: Breakout of Extrapolated Results



**FEMA - Public Assistance (PA) – Disaster Supplemental Funding Program**

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, as Amended (Stafford Act), Title 42 of the USC § 5121 et seq., authorizes the President to provide federal assistance when the magnitude of an incident or threatened incident exceeds the affected State, Territorial, Indian Tribal, and local government capabilities to respond or recover.

The purpose of the PA Grant Program is to support communities’ recovery from major disasters by providing them with grant assistance for debris removal, life-saving emergency protective measures, and restoring public infrastructure. Local governments, states, tribes, territories, and certain private nonprofit organizations are eligible to apply. The FEMA PA Grant Program relies on Regional Offices to manage, operate, and maintain program activities and operations. For the breakout of FEMA Regions, please refer to the map below.

Figure 17: Map of FEMA regions

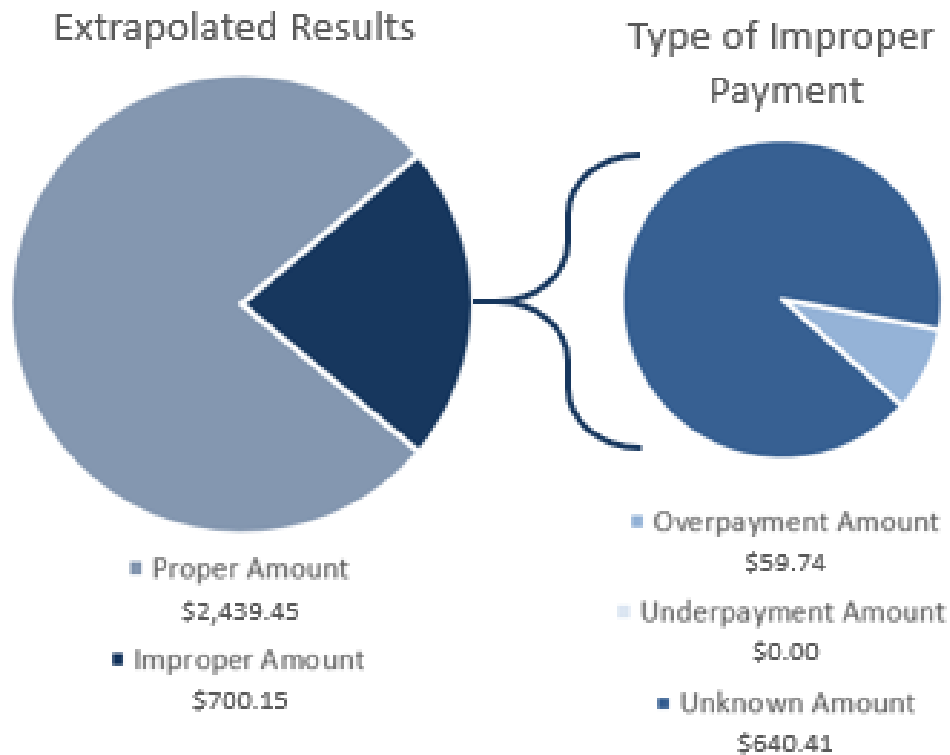


Public Assistance is FEMA's largest grant program and provides emergency assistance to save lives and protect property and assists communities with repairing public infrastructure affected by federally declared incidents.

To streamline internal operations and improve the overall experience for local communities as they worked to rebuild public infrastructure damaged during the hurricane season, FEMA leadership expedited the launch of the updated PA Grant Program delivery model on September 12, 2017. The revised delivery approach was designed to more easily adapt to the size, complexity, and cost of recovery operations. However, FEMA later determined that neither Puerto Rico nor the U.S. Virgin Islands had the capacity or the experience to effectively implement this approach.

For the testing conducted in 2020, FEMA's assessment was focused on the associated FY 2018 disaster supplemental funding disbursements of over \$3 billion applicable for review under PIIA. The FEMA PA Disaster Supplemental Funding program reported a 22.30 percent improper payment rate in 2020, primarily due to insufficient documentation for the Puerto Rico and the U.S. Virgin Islands grantees. The breakout of the extrapolated results is on the following chart:

Figure 18: FEMA PA – Disaster Supplemental Funding: Breakout of Extrapolated Results



FEMA is currently undertaking remediation efforts with Puerto Rico and the U.S. Virgin Islands to obtain proper documentation to support the grant drawdowns and disbursements. If documentation cannot be obtained, FEMA will plan to move forward with debt collection procedures.

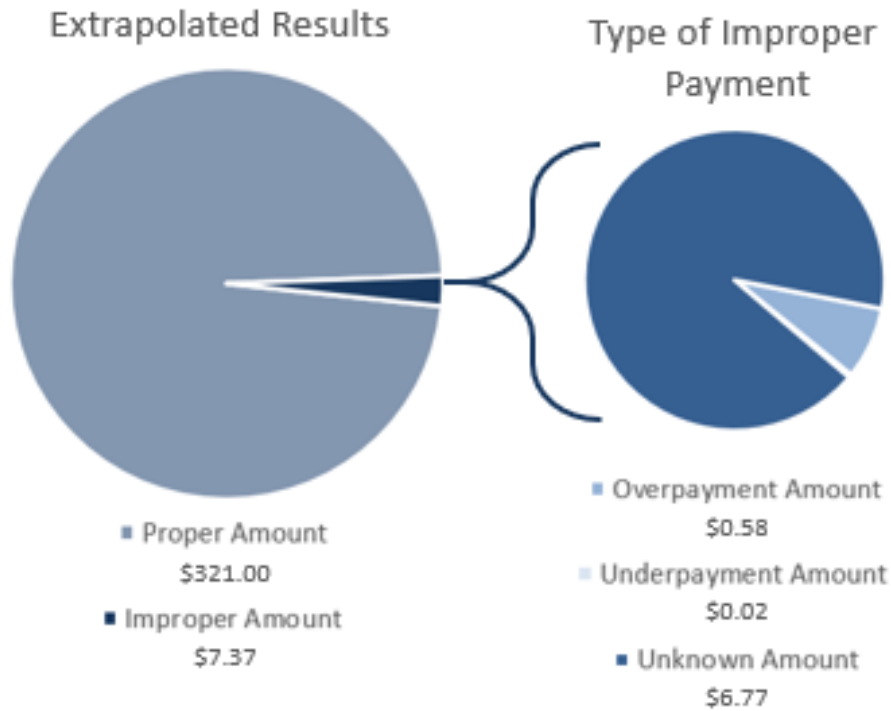
As the FEMA PA Disaster Supplemental Funding program has a report error rate above 1.5 percent and an extrapolated error amount over \$10 million, the program is above the OMB statutory thresholds and is considered susceptible to significant improper payments. Supplemental information, to include corrective actions already taken and additional corrective actions that are planned, is available on <https://paymentaccuracy.gov/>.

#### ***FEMA – Travel – Disaster Supplemental Funding Program***

Under typical disaster operations, responders are moved to the disaster response area via commercial travel options or on roadways from nearby states, as possible. However, limitations on air travel due to capacity constraints and power outages can result in the requirement to coordinate and mobilize agency partners to provide chartered transportation until commercial travel options can be fully resumed.

For the testing conducted in 2020, FEMA’s assessment was focused on the associated FY 2018 disaster supplemental funding disbursements of over \$3 billion applicable for review under PIIA. The FEMA PA Disaster Supplemental Funding program reported a 22.30 percent improper payment rate in 2020, primarily due to insufficient documentation for Puerto Rico and the U.S. Virgin Islands. FEMA is undertaking a remediation process with the U.S. Virgin Islands and Puerto Rico to obtain proper documentation; if none is provided, FEMA will issue letters of debt collection requiring the repayment of the funds for which there is insufficient documentation. The breakout of the extrapolated results is on the following chart:

**Figure 19: FEMA Travel – Disaster Supplemental Funding: Breakout of Extrapolated Results**



**FEMA – Urban Search & Rescue (US&R) – Disaster Supplemental Funding Program**

The National Urban Search & Rescue (US&R) Response System, established under the authority of the Federal Emergency Management Agency in 1989, is a framework for organizing federal, state and local partner emergency response teams as integrated federal disaster response task forces. US&R task forces can be deployed by FEMA to a disaster area to provide assistance in structural collapse rescue, or they may be pre-positioned when a major disaster threatens a community. Each US&R task force is composed of members specializing in search, rescue, medicine, hazardous materials, logistics and planning, including technical specialists such as physicians, structural engineers, and canine search teams.



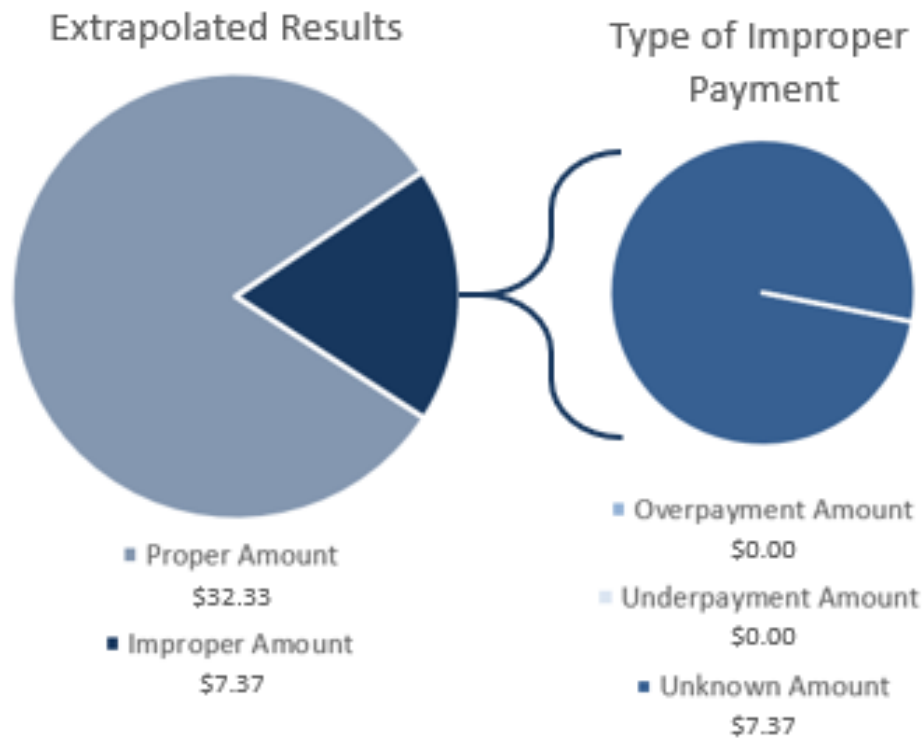
**Figure 20: FEMA US&R Tennessee Task Force One (TN-TF1)**

Disaster response is locally executed, state/territory managed and federally supported. Local fire departments, emergency management, and local and state law enforcement are the first to arrive at the scene and begin rescue.

For the testing conducted in 2020, FEMA’s assessment was focused on the associated FY 2018 disaster supplemental funding disbursements of over \$39 million applicable for review under PIIA. The FEMA US&R Disaster Supplemental Funding program reported an 18.56 percent improper payment rate in 2020 due to insufficient documentation. The breakout of the extrapolated results is on the following chart:



**Figure 21: FEMA US&R – Disaster Supplemental Funding: Breakout of Extrapolated Results**



FEMA has worked diligently with the US&R task forces and associated federal, state, and local partners to obtain the required documentation to support the FY 2018 disbursements and to implement corrective actions related to training, guidance updates, and policy changes, as needed, to reduce future improper payment rates.

#### ***ICE –O&S – Disaster Supplemental Funding Program***

During the Hurricane Harvey, Irma, and Maria disasters, ICE’s highest priorities were to promote life-saving and life-sustaining activities, the safe evacuation of people who are leaving the impacted area, the maintenance of public order, the prevention of the loss of property to the extent possible, and the speedy recovery of the region. At the request of FEMA, local and state authorities, DHS law enforcement personnel would be in the affected areas to conduct search and rescue, air traffic de-confliction and public safety missions.

ICE also was responsible for providing for the safety and security of those in custody and to protect them from bodily harm in the event of a hurricane or a major destructive storm. As such, ICE detainees from select detention facilities were temporarily transferred to various other detention facilities outside the projected path of the hurricanes.

For the testing conducted in 2020, ICE’s assessment was focused on the associated FY 2018 disaster supplemental funding disbursements of over \$11 million applicable for review under PIIA. The ICE O&S Disaster Supplemental Funding program reported a 0.00 percent improper payment rate in 2020.

#### ***USCG – Coast Guard Operating Expense – Disaster Supplemental Funding Program***

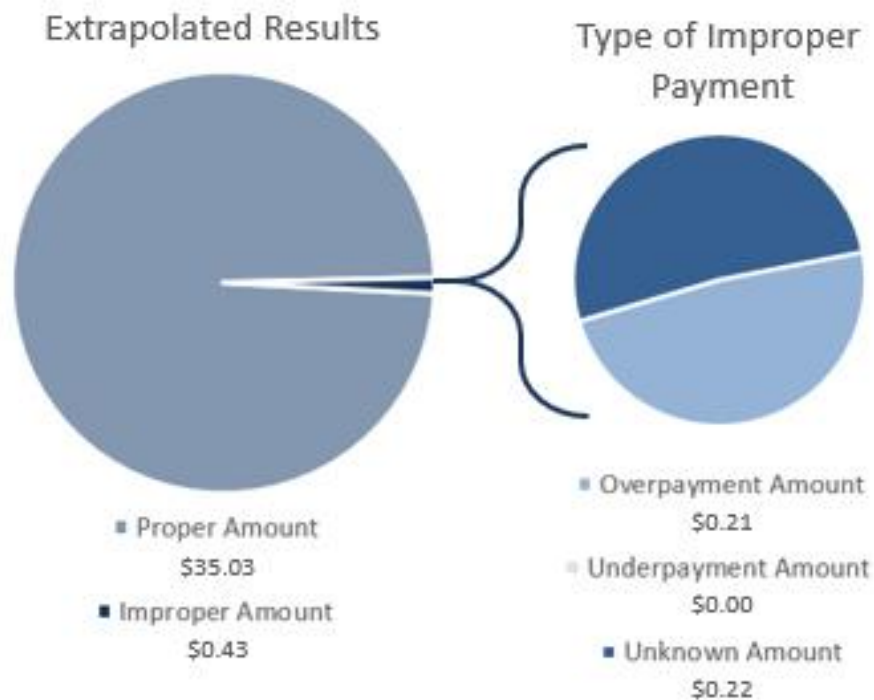
As the Nation’s maritime first responder, the Coast Guard has unique capabilities, capacity, and authorities that allow it to play a critical role in disaster response. For each of the Hurricanes noted and all-natural disasters along our coastline, Coast Guard crews are typically the first federal responders to enter an impacted area, right alongside the state, local, tribal, and

Other Information

territorial responders, to conduct rescues and assess damage. In addition to search and rescue operations, the Coast Guard flows forces into the impacted regions to restore ports and waterways, respond to pollution, provide security and additional law enforcement capability where necessary, and protect offshore petrochemical platforms.

For the testing conducted in 2020, USCG's assessment was focused on the associated FY 2018 disaster supplemental funding disbursements of over \$35 million applicable for review under PIIA. The USCG Operating Expense Disaster Supplemental Funding program reported a 1.21 percent improper payment rate in 2020. The breakout of the extrapolated results is provided below:

**Figure 22: USCG Operating Expense – Disaster Supplemental Funding: Breakout of Extrapolated Results**



The table on the next page summarizes improper payment amounts for all DHS programs deemed to be susceptible to significant improper payments. It provides a breakdown of estimated proper as well as improper payments and associated rates for each applicable DHS program or activity.

Table 6: DHS Improper Payment Results and Reduction Outlook

DHS Program Name	Testing Conducted in FY 2019			Testing Conducted in FY 2020					Testing to be Conducted in FY2021
	Outlays (\$M)	Improper Amount (\$M)	Improper Rate (%)	Outlays (\$M)	Proper Amount (\$M)	Proper Rate (%)	Improper Amount (\$M)	Improper Rate (%)	Reduction Target (%)
<b>DHS Programs Reporting on Disbursements from One Fiscal Year Prior</b>									
FEMA – VP Program	\$4,383.97	\$44.58	1.02%	\$2,289.03	\$2,262.19	98.83%	\$26.84	1.17%	1.15%
FPS – Payroll	\$205.08	\$4.93	2.40%	\$195.57	\$191.91	98.13%	\$3.66	1.87%	1.50%
<b>DHS Programs Reporting on Disbursements from Two Fiscal Years Prior</b>									
CBP – O&S – Disaster Supplemental Funding	N/A - Program identified to begin reporting in FY 2020			\$15.73	\$14.87	94.55%	\$0.86	5.45%	N/A <sup>25</sup>
FEMA – CBoL – Disaster Supplemental Funding	N/A - Program identified to begin reporting in FY 2020			\$94.38	\$85.57	90.67%	\$8.81	9.33%	N/A <sup>13</sup>
FEMA – DCM – Disaster Supplemental Funding	N/A - Program identified to begin reporting in FY 2020			\$18.30	\$18.22	99.56%	\$0.08	0.46%	N/A <sup>13</sup>
FEMA – DRF IHP – Disaster Supplemental Funding	N/A - Program identified to begin reporting in FY 2020			\$2,447.52	\$2,421.35	98.93%	\$26.17	1.07%	N/A <sup>13</sup>
FEMA – Payroll – Disaster Supplemental Funding	N/A - Program identified to begin reporting in FY 2020			\$662.22	\$657.45	99.28%	\$4.77	0.72%	N/A <sup>13</sup>
FEMA – PA – Disaster Supplemental Funding	N/A - Program identified to begin reporting in FY 2020			\$3,139.60	\$2,439.45	77.70%	\$700.15	22.30%	N/A <sup>13</sup>
FEMA – Travel – Disaster Supplemental Funding	N/A - Program identified to begin reporting in FY 2020			\$328.37	\$321.00	97.75%	\$7.37	2.25%	N/A <sup>13</sup>
FEMA – US&R – Disaster Supplemental Funding	N/A - Program identified to begin reporting in FY 2020			\$39.70	\$32.33	81.44%	\$7.37	18.56%	N/A <sup>13</sup>
ICE – O&S – Disaster Supplemental Funding	N/A - Program identified to begin reporting in FY 2020			\$11.05	\$11.05	100.00%	\$0.00	0.00%	N/A <sup>13</sup>
USCG – Operating Expense – Disaster Supplemental Funding	N/A - Program identified to begin reporting in FY 2020			\$35.46	\$35.03	98.79%	\$0.43	1.21%	N/A <sup>13</sup>
<b>DHS Programs Granted OMB Relief from Reporting Effective in FY 2020</b>									
FEMA – Flood Hazard Mapping & Risk Analysis	\$174.91	\$0.009	0.005%	N/A - Program was granted OMB relief from reporting					
FEMA – NFIP	\$9,310.28	\$0.31	0.003%	N/A - Program was granted OMB relief from reporting					
FEMA – PA Program	\$3,764.07	\$26.72	0.71%	N/A - Program was granted OMB relief from reporting					
<b>TOTAL<sup>26</sup></b>	<b>\$17,838.30</b>	<b>\$76.55</b>	<b>0.43%<sup>27</sup></b>	<b>\$9,276.94</b>	<b>\$8,490.43</b>	<b>91.52%</b>	<b>\$786.51</b>	<b>8.48%<sup>28</sup></b>	<b>N/A</b>

<sup>25</sup> The program does not have reduction target percentage provided as 2020 was the first year that the program conducted PIIA sampling and reporting and, in accordance with OMB Circular A-123, Appendix C, has an allowance of 24 months of reporting to establish a baseline before establishing a reduction target.

<sup>26</sup> The total does not represent a true statistical improper payment estimate for the Department.

<sup>27</sup> The estimated DHS improper payment rate is not a true statistical estimate for the Department and was calculated using estimated total outlays as well as the estimated total improper payment amount as reported for testing conducted in 2019.

<sup>28</sup> The estimated DHS improper payment rate is not a true statistical estimate for the Department and was calculated using estimated total outlays as well as the estimated total improper payment amount as reported for testing conducted in 2020.

## Other Information

For additional information related to the Department's improper payment efforts, details on the annual results to include error reasoning, corrective actions, as well as other areas of interest, please refer to the government-wide reporting archive, <https://paymentaccuracy.gov/>.

## 2. Actions Taken to Address Auditor Recovery Recommendations

During FY 2020, the Department did not have any recapture audit activities conducted. As such, DHS did not have any auditor recovery recommendations to be addressed and reported in 2020.

For additional information related to the Department's recovery audit efforts, please refer to <https://paymentaccuracy.gov/>.

## 3. Fraud Reduction Report

On June 30, 2016, Congress enacted P.L. 114-186, the *Fraud Reduction and Data Analytics Act* (FRDAA). The FRDAA requires agencies to conduct an evaluation of fraud risks and use a risk-based approach to design and implement financial and administrative control activities to mitigate identified fraud risks; collect and analyze data from reporting mechanisms on detected fraud to monitor fraud trends and improve fraud prevention controls; and use the results of monitoring, evaluation, audits, and investigations to improve fraud prevention, detection, and response.

DHS continued implementation of several initiatives to comply with the FRDAA, manage fraud risks, and enhance fraud prevention and detection controls. The Department conducts annual evaluations of fraud risk across its Components and business processes and considers fraud when identifying, analyzing, and responding to risks in alignment with the *GAO Standards for Internal Control* fraud risk principle. DHS fraud risk assessments consider the inherent risk of various types of fraud that could occur, as well as risk tolerance, in determining appropriate risk responses. DHS Components also determine whether controls are in place and operating effectively to mitigate identified fraud risks to an acceptable level. DHS Component fraud risk assessments inform the Department's Fraud Risk Profile, in alignment with leading practices from the *GAO Framework for Managing Fraud Risks in Federal Programs* (Fraud Framework). The Department also adhered to OMB Circular A-123 and continued to adopt leading practices from the GAO Fraud Framework in its efforts to better assess, respond to, and manage fraud risk.

In FY2020, the Components' fraud risk assessments identified areas of elevated risk related to grants management, insurance management, seized property, revenue and receivables management, and human resources and payroll management. Additionally, the fraud risk assessments indicated elevated risks with regards to purchase cards and travel related payment management. DHS utilized the results from these fraud risk assessments to monitor the potential risk of fraud at each of the Components and to plan additional control activities, as needed, to further reduce fraud risk.

### **Data Analytics**

The Department continues to implement and utilize data analytics in areas of elevated fraud risk, as appropriate, to detect and prevent fraud. DHS has historically assessed elevated fraud risk in purchase card programs due to higher inherent risk and environmental factors such as natural disaster responses. To assist in mitigating these risks, DHS implemented a purchase card analytics process to identify potential misuse and non-compliance trends within the purchase card program. The Department is also initiating data analytics to analyze risks related to travel and payroll management. Going forward, DHS will continue to expand upon its data analytic

capabilities to identify red flags, test targeted areas for potential fraud, and further enhance fraud risk management capabilities. In FY2021, the Department plans to target COVID-19 response related purchase card disbursements and assess for anomalies and potential fraud.

### Other Initiatives

Other supporting initiatives include the following:

- *Procurement Monitoring and Oversight:* Embedded within the Federal Acquisition Regulations and the Homeland Security Acquisition Manual are measures to identify indicators of procurement fraud, and internal controls to prevent such fraud. The DHS Office of the Chief Procurement Officer (OCPO) monitors compliance with acquisition regulations and DHS policy across the Department, through its procurement oversight program. In addition, OCPO has an established industry engagement and communication program, providing an external control for ensuring compliance with DHS procurement requirements by encouraging collaboration across the acquisition community and with other institutions to enhance procurement policies, processes, and outcomes.
- *Payment Integrity:* In accordance with PIIA, OMB requires programs identified as susceptible to improper payments to be tested, and for the root causes of improper payments to include a risk analysis of the potential for fraudulent activity. DHS is also required by OMB to report confirmed fraud, as reported by the OIG, which is a subset of amounts reported in the semi-annual report to Congress. In FY 2021, DHS will analyze confirmed fraud data to identify root causes of fraud instances and strengthen controls to further mitigate and reduce the risk of fraud. The Department will use this data, including the results of GAO and OIG audits, evaluations, and examinations, to continuously enhance control activities and improve fraud prevention, detection, and response.

## Gone Act

### Grants Programs

The DHS continues its efforts in closing out grants and cooperative agreement awards. The summary table below shows the number of awards and balances for which closeout has not yet occurred, but for which period of performance had elapsed by two years or more prior to September 30, 2020 (i.e., on or before September 30, 2018).

**Table 7: Grants/Cooperative Agreements Summary Status**

(\$ in millions)

Category	2-3 years	3-5 years	More than 5 years
Number of Grants / Cooperative Agreements with Zero Dollar Balances	644	484	3
Number of Grants / Cooperative Agreements with Undistributed Balances	201	142	10
Total Dollar Amount of Undistributed Balances	\$23	\$32	\$21

## Other Information

DHS awards approximately \$10 billion annually in grants and cooperative agreements through eight DHS financial assistance awarding offices. The awarding offices include FEMA, USCG, Domestic Nuclear Detection Office, Office of Health Affairs, ICE, National Protection & Programs Directorate, S&T, and USCIS. FEMA awards ninety-eight percent of DHS grants and cooperative agreements.

DHS awarding offices use disparate grant management systems, and this has created a multitude of challenges in closing grant awards and cooperative agreements in a timely manner. In this regard, DHS is providing centralized oversight and training on grants management processes. These improved processes and an integrated system environment will better support the close out of grants and cooperative agreements in a timely manner. Once fully implemented, DHS management officials will be able to make data-driven decisions that lead to faster action and facilitate better outcomes for the American public.

## Real Property

DHS has developed a systematic real property capital planning process, as required by OMB M-20-03, and has relevant policies and processes to provide required oversight and direction over its portfolio. DHS is a federated organizational structure with Components having their own existing authorities to plan and execute the real property programs within DHS policy and oversight. As outlined in DHS Instructions 252-04-001 and 101-01-001 and supported by the DHS Real Property Asset Management System Manual (AMSM) drafted, DHS Components are required to perform capital planning that aligns with the Department's Planning, Programming, Budgeting, and Execution (PPBE) processes. Additional information can be found on <https://www.performance.gov/homeland-security/> and DHS's Annual Performance Report.

## Civil Monetary Penalty Adjustment for Inflation

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended, requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties to maintain their deterrent effect.

The following represents the Department's civil monetary penalties, all of which were last updated via regulation in 2020. Additional information about these penalties and the latest adjustment is available in the Federal Register Volume 85, No. 177 at the following link: <https://www.govinfo.gov/content/pkg/FR-2020-06-17/pdf/2020-11124.pdf>.

**Table 8: Civil Monetary Penalties**

Penalty	Authority	Year Enacted	Adjusted New Penalty
<b>CBP</b>			
Non-compliance with arrival and departure manifest requirements for passengers, crew members, or occupants transported on commercial vessels or aircraft arriving to or departing from the United States	8 USC 1221(g); INA Section 231(g); 8 CFR 280.53(b)(1)	2002	\$1,419
Non-compliance with landing requirements at designated ports of entry for aircraft transporting aliens	8 USC 1224; INA Section 234; 8 CFR 280.53(b)(2)	1990	\$3,855
Violations of removal orders relating to aliens transported on vessels or aircraft under section 241(d) of the INA, or for costs associated with removal under section 241(e) of the INA	8 USC 1253(c)(1)(A); INA Section 243(c)(1)(A); 8 CFR 280.53(b)(4)	1996	\$3,251
Failure to remove alien stowaways under section 241(d)(2) of the INA	8 USC 1253(c)(1)(B); INA Section 243(c)(1)(B); 8 CFR 280.53(b)(5)	1996	\$8,128
Failure to report an illegal landing or desertion of alien crewmen, and for each alien not reported on arrival or departure manifest or lists required in accordance with section 251 of the INA (for each alien)	8 USC 1281(d); INA Section 251(d); 8 CFR 280.53(b)(6)	1990	\$385
Use of alien crewmen for longshore work in violation of section 251(d) of the INA	8 USC 1281(d); INA Section 251(d); 8 CFR 280.53(b)(6)	1990	\$9,639
Failure to control, detain, or remove alien crewmen	8 USC 1284(a); INA Section 254(a); 8 CFR 280.53(b)(7)	1990	Minimum \$964 Maximum \$5,783
Employment on passenger vessels of aliens afflicted with certain disabilities	8 USC 1285; INA Section 255; 8 CFR 280.53(b)(8)	1990	\$1,928
Discharge of alien crewmen	8 USC 1286; INA Section 256; 8 CFR 280.53(b)(9)	1990	Minimum \$2,891 Maximum \$5,783
Bringing into the United States alien crewmen with intent to evade immigration laws	8 USC 1287; INA Section 257; 8 CFR 280.53(b)(10)	1990	\$19,277
Failure to prevent the unauthorized landing of aliens	8 USC § 1321(a); INA Section 271(a); 8 CFR 280.53(b)(11)	1990	\$5,783
Bringing to the United States aliens subject to denial of admission on a health-related ground	8 USC § 1322(a); INA Section 272(a); 8 CFR 280.53(b)(12)	1990	\$5,783
Bringing to the United States aliens without required documentation	8 USC § 1323(b); INA Section 273(b); 8 CFR 280.53(b)(13)	1990	\$5,783

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Penalty	Authority	Year Enacted	Adjusted New Penalty
Improper entry	8 USC § 1325(b) INA Section 275(b); 8 CFR 280.53(b)(15)	1996	Minimum \$81 Maximum \$407
Dealing in or using empty stamped imported liquor containers	19 USC 469	1879	\$540
Transporting passengers between coastwise points in the United States by a non-coastwise qualified vessel	46 USC 55103(b); 19 CFR 4.80(b)(2)	1898	\$812
Towing a vessel between coastwise points in the United States by a non-coastwise qualified vessel	46 USC 55111(c); 19 CFR 4.92	1940	Minimum \$946 Maximum \$2,976 plus \$162 per ton
Failure to depart voluntarily	8 USC 1229(c)(d); INA Section 243(c)(1)(A); 8 CFR 280.53(b)(3)	1952	Minimum \$1,625; Maximum \$8,128
Failure to depart	8 USC 1324d; INA Section 274D; 8 CFR 280.53(b)(14)	1952	\$813
Employing a vessel in a trade without a required Certificate of Documentation	19 USC 1706(a); 19 CFR 4.80(i)	1980	\$1,352
Transporting passengers coastwise for hire by certain vessels (known as Bowaters vessels) that do not meet specified conditions	46 USC 12118(f)(3)	1958	\$540
<b>ICE</b>			
Violation of Immigration and Nationality Act (INA) sections 274C(a)(1)–(a)(4) (First offense)	8 CFR 270.3(b)(1)(ii)(A)	1990	Minimum \$481 Maximum \$3,855
Violation of Immigration and Nationality Act (INA) sections 274C(a)(5)–(a)(6) (First offense)	8 CFR 270.3(b)(1)(ii)(B)	1996	Minimum \$407 Maximum \$3,251
Violation of Immigration and Nationality Act (INA) sections 274C(a)(1)–(a)(4) (Subsequent offenses)	8 CFR 270.3(b)(1)(ii)(C)	1990	Minimum \$3,855 Maximum \$9,639
Violation of Immigration and Nationality Act (INA) sections 274C(a)(5)–(a)(6) (Subsequent offenses)	8 CFR 270.3(b)(1)(ii)(D)	1996	Minimum \$3,251 Maximum \$8,128
Violation/prohibition of indemnity bonds	8 CFR 274a.8(b)	1986	\$2,332
Knowingly hiring, recruiting, referral, or retention of unauthorized aliens (per unauthorized alien) (First offense)	8 CFR 274a.10(b)(1)(ii)(A)	1986	Minimum \$583 Maximum \$4,667
Knowingly hiring, recruiting, referral, or retention of unauthorized aliens (per unauthorized alien) (Second offense)	8 CFR 274a.10(b)(1)(ii)(B)	1986	Minimum \$4,667 Maximum \$11,665
Knowingly hiring, recruiting, referral, or retention of unauthorized aliens (per unauthorized alien) (Subsequent offenses)	8 CFR 274a.10(b)(1)(ii)(C)	1986	Minimum \$6,999 Maximum \$23,331
I–9 paperwork violations	8 CFR 274a.10(b)(2)	1986	Minimum \$234 Maximum \$2,332
Failure to depart voluntarily	8 USC 1229c(d); INA Section 240B(d); 8 CFR 280.53(b)(3)	1996	Minimum \$1,625 Maximum \$8,128



## Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
Failure to depart	8 USC 1324(d); INA Section 274D; 8 CFR 280.53(b)(14)	1996	\$813
<b>NPPD</b>			
Non-compliance with CFATS regulations	6 USC 624(b)(1); 6 CFR 27.300(b)(3)	2002	\$35,486
<b>TSA</b>			
Certain aviation related violations by an individual or small business concern (49 CFR Ch. XII § 1503.401(c)(1))	49 USC 46301(a)(1), (4), (5); 49 USC 46301(d)(8)	2003	\$13,910 (up to a total of \$69,553 total for small business, \$556,419 for others)
Certain aviation related violations by any other person not operating an aircraft for the transportation of passengers or property for compensation (49 CFR Ch. XII § 1503.401(c)(2))	49 USC 46301(a)(1), (4), (5); 49 USC 46301(d)(8)	2003	\$13,910 (up to a total of \$69,553 total for small business, \$556,419 for others)
Certain aviation related violations by a person operating an aircraft for the transportation of passengers or property for compensation (49 CFR Ch. XII § 1503.401(c)(3))	49 USC 46301(a)(1), (4), (5); 49 USC 46301(d)(8)	2003	\$34,777 (up to a total of \$556,419 per civil penalty action)
Violation of any other provision of title 49 USC or of 46 USC ch. 701, a regulation prescribed, or order issued under thereunder (49 CFR Ch. XII § 1503.401(b))	49 USC 114(v)	2009	\$11,904 (up to a total of \$59,522 for individuals and small businesses, \$476,174 for others)
<b>USCG</b>			
Saving Life and Property	14 USC 521(c)	2014	\$10,839
Saving Life and Property (Intentional Interference with Broadcast)	14 USC 521(e)	2012	\$1,112
Confidentiality of Medical Quality Assurance Records (first offense)	14 USC 645(i); 33 CFR 27.3	1992	\$5,444
Confidentiality of Medical Quality Assurance Records (subsequent offenses)	14 USC 645(i); 33 CFR 27.3	1992	\$36,297
Aquatic Nuisance Species in Waters of the United States	16 USC 4711(g)(1); 33 CFR 27.3	1996	\$40,640
Obstruction of Revenue Officers by Masters of Vessels	19 USC 70; 33 CFR 27.3	1935	\$8,116
Obstruction of Revenue Officers by Masters of Vessels—Minimum Penalty	19 USC 70; 33 CFR 27.3	1935	\$1,894
Failure to Stop Vessel When Directed; Master, Owner, Operator or Person in Charge	19 USC 1581(d)	1930	\$5,088
Failure to Stop Vessel When Directed; Master, Owner, Operator or Person in Charge - Minimum Penalty	19 USC 1581(d)	1930	\$1,018
Anchorage Ground/Harbor Regulations General	33 USC 471; 33 CFR 27.3	2010	\$11,767
Anchorage Ground/Harbor Regulations St. Mary's River	33 USC 474; 33 CFR 27.3	1946	\$812
Bridges/Failure to Comply with Regulations	33 USC 495(b); 33 CFR 27.3	2008	\$29,707
Bridges/Drawbridges	33 USC 499(c); 33 CFR 27.3	2008	\$29,707
Bridges/Failure to Alter Bridge Obstructing Navigation	33 USC 502(c); 33 CFR 27.3	2008	\$29,707
Bridges/Maintenance and Operation	33 USC 533(b); 33 CFR 27.3	2008	\$29,707

## Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
Bridge to Bridge Communication; Master, Person in Charge or Pilot	33 USC 1208(a); 33 CFR 27.3	1971	\$2,164
Bridge to Bridge Communication; Vessel	33 USC 1208(b); 33 CFR 27.3	1971	\$2,164
PWSA Regulations	33 USC 1232(a)	1978	\$95,881
Vessel Navigation: Regattas or Marine Parades; Unlicensed Person in Charge	46 USC 70041(d)(1)(B); 33 CFR 27.3	1990	\$9,639
Vessel Navigation: Regattas or Marine Parades; Owner Onboard Vessel	46 USC 70041(d)(1)(C); 33 CFR 27.3	1990	\$9,639
Vessel Navigation: Regattas or Marine Parades; Other Persons	46 USC 70041(d)(1)(D); 33 CFR 27.3	1990	\$4,819
Oil/Hazardous Substances: Discharges (Class I per violation)	33 USC 1321(b)(6)(B)(i); 33 CFR 27.3	1990	\$19,277
Oil/Hazardous Substances: Discharges (Class I total under paragraph)	33 USC 1321(b)(6)(B)(i); 33 CFR 27.3	1990	\$48,192
Oil/Hazardous Substances: Discharges (Class II per day of violation)	33 USC 1321(b)(6)(B)(ii); 33 CFR 27.3	1990	\$19,277
Oil/Hazardous Substances: Discharges (Class II total under paragraph)	33 USC 1321(b)(6)(B)(ii); 33 CFR 27.3	1990	\$240,960
Oil/Hazardous Substances: Discharges (per day of violation) Judicial Assessment	33 USC 1321(b)(7)(A); 33 CFR 27.3	1990	\$48,192
Oil/Hazardous Substances: Discharges (per barrel of oil or unit discharged) Judicial Assessment	33 USC 1321(b)(7)(A); 33 CFR 27.3	1990	\$1,928
Oil/Hazardous Substances: Failure to Carry Out Removal/Comply With Order (Judicial Assessment)	33 USC 1321(b)(7)(B); 33 CFR 27.3	1990	\$48,192
Oil/Hazardous Substances: Failure to Comply with Regulation Issued Under 1321(j) (Judicial Assessment)	33 USC 1321(b)(7)(C); 33 CFR 27.3	1990	\$48,192
Oil/Hazardous Substances: Discharges, Gross Negligence (per barrel of oil or unit discharged) Judicial Assessment	33 USC 1321(b)(7)(D); 33 CFR 27.3	1990	\$5,783
Oil/Hazardous Substances: Discharges, Gross Negligence—Minimum Penalty (Judicial Assessment)	33 USC 1321(b)(7)(D); 33 CFR 27.3	1990	\$192,768
Marine Sanitation Devices; Operating	33 USC 1322(j); 33 CFR 27.3	1972	\$8,116
Marine Sanitation Devices; Sale or Manufacture	33 USC 1322(j); 33 CFR 27.3	1972	\$21,640
International Navigation Rules; Operator	33 USC 1608(a); 33 CFR 27.3	1980	\$15,173
International Navigation Rules; Vessel	33 USC 1608(b); 33 CFR 27.3	1980	\$15,173
Pollution from Ships; General	33 USC 1908(b)(1); 33 CFR 27.3	1980	\$75,867
Pollution from Ships; False Statement	33 USC 1908(b)(2); 33 CFR 27.3	1980	\$15,173
Inland Navigation Rules; Operator	33 USC 2072(a); 33 CFR 27.3	1980	\$15,173
Inland Navigation Rules; Vessel	33 USC 2072(b); 33 CFR 27.3	1980	\$15,173
Shore Protection; General	33 USC 2609(a); 33 CFR 27.3	1988	\$53,524
Shore Protection; Operating Without Permit	33 USC 2609(b); 33 CFR 27.3	1988	\$21,410
Oil Pollution Liability and Compensation	33 USC 2716a(a); 33 CFR 27.3	1990	\$48,192
Clean Hulls; Civil Enforcement	33 USC 3852(a)(1)(A); 33 CFR 27.3	2010	\$44,124
Clean Hulls; False statements	33 USC 3852(a)(1)(A); 33 CFR 27.3	2010	\$58,833
Clean Hulls; Recreational Vessel	33 USC 3852(c); 33 CFR 27.3	2010	\$5,883
Hazardous Substances, Releases Liability, Compensation (Class I)	42 USC 9609(a); 33 CFR 27.3	1986	\$58,328

## Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
Hazardous Substances, Releases Liability, Compensation (Class II)	42 USC 9609(b); 33 CFR 27.3	1986	\$58,328
Hazardous Substances, Releases Liability, Compensation (Class II subsequent offense)	42 USC 9609(b); 33 CFR 27.3	1986	\$174,985
Hazardous Substances, Releases, Liability, Compensation (Judicial Assessment)	42 USC 9609(c); 33 CFR 27.3	1986	\$58,328
Hazardous Substances, Releases, Liability, Compensation (Judicial Assessment subsequent offense)	42 USC 9609(c); 33 CFR 27.3	1986	\$174,985
Safe Containers for International Cargo	46 USC 80509; 33 CFR 27.3	2006	\$6,376
Suspension of Passenger Service	46 USC 70305; 33 CFR 27.3	2006	\$63,761
Vessel Inspection or Examination Fees	46 USC 2110(e); 33 CFR 27.3	1990	\$9,639
Alcohol and Dangerous Drug Testing	46 USC 2115; 33 CFR 27.3	1998	\$7,846
Negligent Operations: Recreational Vessels	46 USC 2302(a); 33 CFR 27.3	2002	\$7,097
Negligent Operations: Other Vessels	46 USC 2302(a); 33 CFR 27.3	2002	\$35,486
Operating a Vessel While Under the Influence of Alcohol or a Dangerous Drug	46 USC 2302(c)(1); 33 CFR 27.3	1998	\$7,846
Vessel Reporting Requirements: Owner, Charterer, Managing Operator, or Agent	46 USC 2306(a)(4); 33 CFR 27.3	1984	\$12,219
Vessel Reporting Requirements: Master	46 USC 2306(b)(2); 33 CFR 27.3	1984	\$2,444
Immersion Suits	46 USC 3102(c)(1); 33 CFR 27.3	1984	\$12,219
Inspection Permit	46 USC 3302(i)(5); 33 CFR 27.3	1983	\$2,549
Vessel Inspection; General	46 USC 3318(a); 33 CFR 27.3	1984	\$12,219
Vessel Inspection; Nautical School Vessel	46 USC 3318(g); 33 CFR 27.3	1984	\$12,219
Vessel Inspection; Failure to Give Notice IAW 3304(b)	46 USC 3318(h); 33 CFR 27.3	1984	\$2,444
Vessel Inspection; Failure to Give Notice IAW 3309 (c)	46 USC 3318(i); 33 CFR 27.3	1984	\$2,444
Vessel Inspection; Vessel ≥ 1600 Gross Tons	46 USC 3318(j)(1); 33 CFR 27.3	1984	\$24,441
Vessel Inspection; Vessel <1600 Gross Tons	46 USC 3318(j)(1); 33 CFR 27.3	1984	\$4,888
Vessel Inspection; Failure to Comply with 3311(b)	46 USC 3318(k); 33 CFR 27.3	1984	\$24,441
Vessel Inspection; Violation of 3318(b)-3318(f)	46 USC 3318(l); 33 CFR 27.3	1984	\$12,219
List/count of Passengers	46 USC 3502(e); 33 CFR 27.3	1983	\$254
Notification to Passengers	46 USC 3504(c); 33 CFR 27.3	1983	\$25,479
Notification to Passengers; Sale of Tickets	46 USC 3504(c); 33 CFR 27.3	1983	\$1,273
Copies of Laws on Passenger Vessels; Master	46 USC 3506; 33 CFR 27.3	1983	\$510
Liquid Bulk/Dangerous Cargo	46 USC 3718(a)(1); 33 CFR 27.3	1983	\$63,699
Uninspected Vessels	46 USC 4106; 33 CFR 27.3	1988	\$10,705
Recreational Vessels (maximum for related series of violations)	46 USC 4311(b)(1); 33 CFR 27.3	2004	\$337,016
Recreational Vessels; Violation of 4307(a)	46 USC 4311(b)(1); 33 CFR 27.3	2004	\$6,740
Recreational Vessels	46 USC 4311(c); 33 CFR 27.3	1983	\$2,549
Uninspected Commercial Fishing Industry Vessels	46 USC 4507; 33 CFR 27.3	1988	\$10,705
Abandonment of Barges	46 USC 4703; 33 CFR 27.3	1992	\$1,814
Load Lines	46 USC 5116(a); 33 CFR 27.3	1986	\$11,665
Load Lines; Violation of 5112(a)	46 USC 5116(b); 33 CFR 27.3	1986	\$23,331
Load Lines; Violation of 5112(b)	46 USC 5116(c); 33 CFR 27.3	1986	\$11,665

Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
Reporting Marine Casualties	46 USC 6103(a); 33 CFR 27.3	1996	\$40,640
Reporting Marine Casualties; Violation of 6104	46 USC 6103(b); 33 CFR 27.3	1988	\$10,705
Manning of Inspected Vessels; Failure to Report Deficiency in Vessel Complement	46 USC 8101(e); 33 CFR 27.3	1990	\$1,928
Manning of Inspected Vessels	46 USC 8101(f); 33 CFR 27.3	1990	\$19,277
Manning of Inspected Vessels; Employing or Serving in Capacity not Licensed by USCG	46 USC 8101(g); 33 CFR 27.3	1990	\$19,277
Manning of Inspected Vessels; Freight Vessel <100 GT, Small Passenger Vessel, or Sailing School Vessel	46 USC 8101(h); 33 CFR 27.3	1983	\$2,549
Watchmen on Passenger Vessels	46 USC 8102(a)	1983	\$2,549
Citizenship Requirements	46 USC 8103(f)	1983	\$1,273
Watches on Vessels; Violation of 8104(a) or (b)	46 USC 8104(i)	1990	\$19,277
Watches on Vessels; Violation of 8104(c), (d), (e), or (h)	46 USC 8104(j)	1990	\$19,277
Staff Department on Vessels	46 USC 8302(e)	1983	\$254
Officer's Competency Certificates	46 USC 8304(d)	1983	\$254
Coastwise Pilotage; Owner, Charterer, Managing Operator, Agent, Master or Individual in Charge	46 USC 8502(e)	1990	\$19,277
Coastwise Pilotage; Individual	46 USC 8502(f)	1990	\$19,277
Federal Pilots	46 USC 8503	1984	\$61,098
Merchant Mariners Documents	46 USC 8701(d)	1983	\$1,273
Crew Requirements	46 USC 8702(e)	1990	\$19,277
Small Vessel Manning	46 USC 8906	1996	\$40,640
Pilotage: Great Lakes; Owner, Charterer, Managing Operator, Agent, Master or Individual in Charge	46 USC 9308(a)	1990	\$19,277
Pilotage: Great Lakes; Individual	46 USC 9308(b)	1990	\$19,277
Pilotage: Great Lakes; Violation of 9303	46 USC 9308(c)	1990	\$19,277
Failure to Report Sexual Offense	46 USC 10104(b)	1989	\$10,245
Pay Advances to Seamen	46 USC 10314(a)(2)	1983	\$1,273
Pay Advances to Seamen; Remuneration for Employment	46 USC 10314(b)	1983	\$1,273
Allotment to Seamen	46 USC 10315(c)	1983	\$1,273
Seamen Protection; General	46 USC 10321	1993	\$8,831
Coastwise Voyages: Advances	46 USC 10505(a)(2)	1993	\$8,831
Coastwise Voyages: Advances; Remuneration for Employment	46 USC 10505(b)	1993	\$8,831
Coastwise Voyages: Seamen Protection; General	46 USC 10508(b)	1993	\$8,831
Effects of Deceased Seamen	46 USC 10711	1983	\$510
Complaints of Unfitness	46 USC 10902(a)(2)	1983	\$1,273
Proceedings on Examination of Vessel	46 USC 10903(d)	1983	\$254
Permission to Make Complaint	46 USC 10907(b)	1983	\$1,273
Accommodations for Seamen	46 USC 11101(f)	1983	\$1,273
Medicine Chests on Vessels	46 USC 11102(b)	1983	\$1,273
Destitute Seamen	46 USC 11104(b)	1983	\$254
Wages on Discharge	46 USC 11105(c)	1983	\$1,273

## Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
Log Books; Master Failing to Maintain	46 USC 11303(a)	1983	\$510
Log Books; Master Failing to Make Entry	46 USC 11303(b)	1983	\$510
Log Books; Late Entry	46 USC 11303(c)	1983	\$382
Carrying of Sheath Knives	46 USC 11506	1983	\$127
Documentation of Vessels	46 USC 12151(a)(1)	2012	\$16,687
Documentation of Vessels; Activities involving mobile offshore drilling units	46 USC 12151(a)(2)	2012	\$27,813
Engaging in Fishing After Falsifying Eligibility (fine per day)	46 USC 12151(c)	2006	\$127,525
Numbering of Undocumented Vessel; Willful violation	46 USC 12309(a)	1983	\$12,740
Numbering of Undocumented Vessels	46 USC 12309(b)	1983	\$2,549
Vessel Identification System	46 USC 12507(b)	1988	\$21,410
Measurement of Vessels	46 USC 14701	1986	\$46,664
Measurement; False Statements	46 USC 14702	1986	\$46,664
Commercial Instruments and Maritime Liens	46 USC 31309	1988	\$21,410
Commercial Instruments and Maritime Liens; Mortgagor	46 USC 31330(a)(2)	1988	\$21,410
Commercial Instruments and Maritime Liens; Violation of 31329	46 USC 31330(b)(2)	1988	\$53,524
Port Security	46 USC 70119(a)	2002	\$35,486
Port Security; Continuing Violations	46 USC 70119(b)	2006	\$63,761
Maritime Drug Law Enforcement	46 USC 70506(c)	2010	\$5,883
Hazardous Materials: Related to Vessels	49 USC 5123(a)(1)	2012	\$83,439
Hazardous Materials: Related to Vessels; Penalty from Fatalities, Serious Injuries/ Illness or substantial Damage to Property	49 USC 5123(a)(2)	2012	\$194,691
Hazardous Materials: Related to Vessels; Training	49 USC 5123(a)(3)	2012	\$502

## Other Key Regulatory Requirements

### Prompt Payment Act

The Prompt Payment Act requires federal agencies to make timely payments (within 30 days of receipt of invoice) to vendors for supplies and services, to pay interest penalties when payments are made after the due date, and to take cash discounts only when they are economically justified. The Department's Components submit Prompt Payment data for the OMB CFO Council's Metric Tracking System. Metric statistics are reported with at least a six-week lag. DHS Components conduct periodic reviews to identify potential problems. On time-payments for FY 2020 were 96.79% versus the goal of 98%. Total interest paid in FY 2020 was \$1,043,287.14 or \$47.24 per million invoiced. This represent an improvement over FY 2019 were the Department's on time-payments was 93% and the total interest paid was \$2,588,846.32.

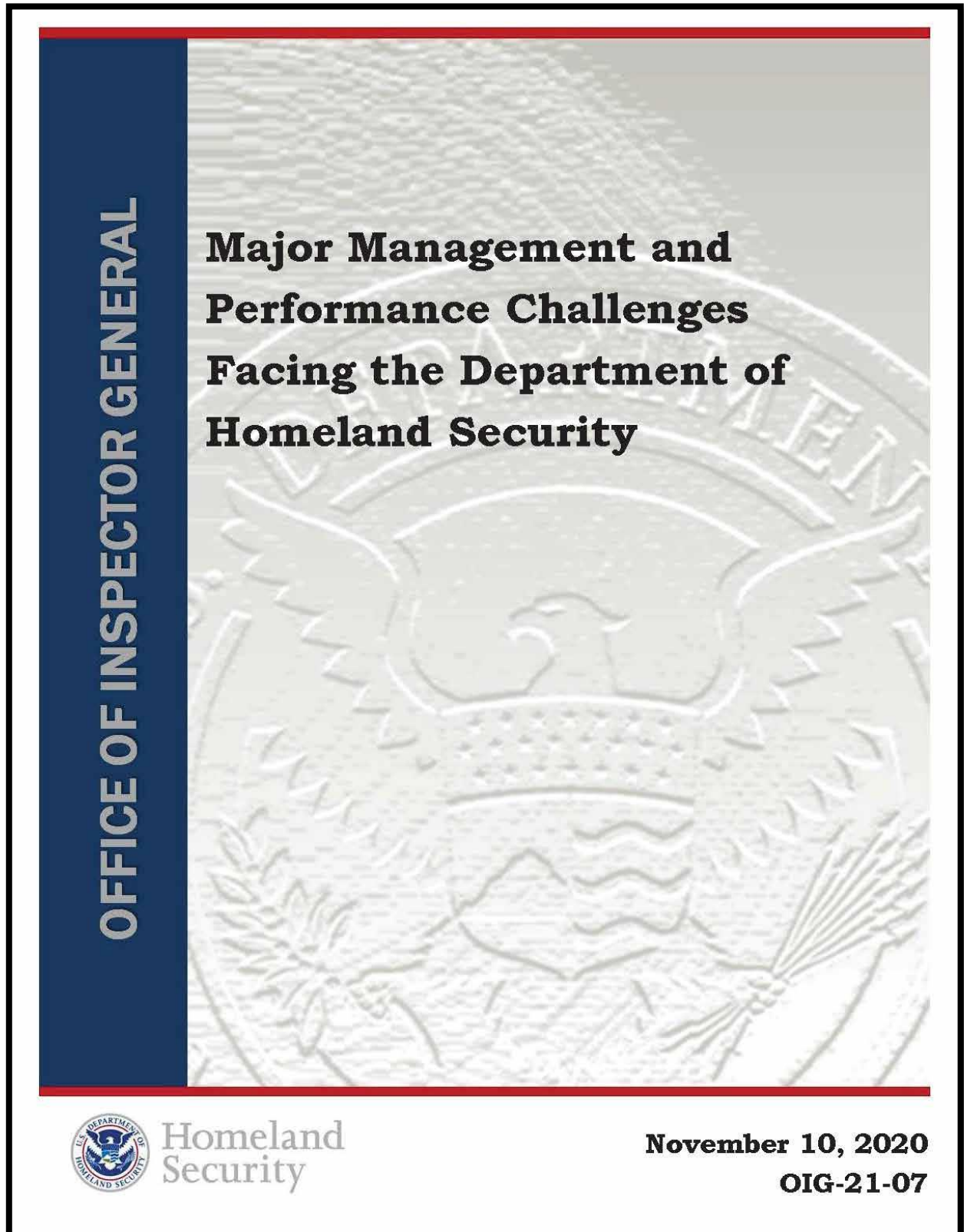
### Debt Collection Improvement Act

The *Debt Collection Improvement Act* (DCIA) of 1996 passed as part of the *Omnibus Consolidated Rescissions and Appropriations Act of 1996* (P.L. 100-134) tasked Treasury with certain governmentwide debt collection responsibilities.

Among other things, the law provides that delinquent non-tax debts generally must be turned over to the Treasury for appropriate action to collect the debt. Certain types of debts are exempt from this requirement.

In compliance with DCIA, the Department manages its debt collection activities under the DHS DCIA regulation. The regulation is implemented under the Department's comprehensive debt collection policies that provide guidance to the Components on the administrative collection of debt; referring non-taxable debt; writing off non-taxable debt; reporting debt to consumer reporting agencies; assessing interest, penalties, and administrative costs; and reporting receivables to the Treasury. The Digital Accountability and Transparency Act of 2014 was passed on May 2014 and updated DCIA requirements for referring non-taxable debt.

Office of Inspector General's Report on Major Management and Performance Challenges Facing the Department of Homeland Security





**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

November 10, 2020

MEMORANDUM FOR: The Honorable Chad F. Wolf  
Secretary (*Acting*)

FROM: Joseph V. Cuffari, Ph.D.  
Inspector General

**JOSEPH V  
CUFFARI**

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SUBJECT: *Major Management and Performance Challenges  
Facing the Department of Homeland Security*

For your information is our annual report, *Major Management and Performance Challenges Facing the Department of Homeland Security*. Pursuant to the *Reports Consolidation Act of 2000*, the Office of Inspector General must issue an annual statement summarizing what the Inspector General considers the most serious management and performance challenges facing the Department of Homeland Security and assessing its progress in addressing them. This requirement is consistent with our duties under the *Inspector General Act of 1978*, as amended, to conduct audits, as well as provide leadership and recommend policies to promote economy, efficiency, and effectiveness in DHS programs and operations. We remain committed to conducting independent oversight and making recommendations to help the Department address these major management and performance challenges.

We acknowledge and appreciate your ongoing efforts during this unprecedented time to ensure that our Nation and its citizens are safe, secure, and resilient against terrorism and other hazards. In evaluating the challenges facing DHS, we again considered their importance relative to the [\*Department of Homeland Security's Strategic Plan for Fiscal Years 2020-2024\*](#) (DHS' FY 2020-2024 [\*Strategic Plan\*](#)), as well as its Enterprise Risk Management and Immigration Data Integration initiatives. Appendix A presents the goals and objectives in DHS' FY 2020-2024 Strategic Plan; elsewhere in this report, we cite specific examples of DHS' strategic progress. Several management challenges we identified last year remain outstanding for the Department. Appendix B contains the Department's response in its entirety.

Based on our recent and prior audits, inspections, evaluations, special reviews, and investigations, and the current coronavirus 19 (COVID-19) pandemic, we consider the most serious management and performance challenges facing DHS to be:





**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security

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- Performing Fully and Effectively during COVID-19;
- Countering Terrorism and Homeland Security Threats;
- Ensuring Proper Financial Management;
- Ensuring Information Technology (IT) Supports Essential Mission Operations;
- Improving FEMA's Contracts and Grants Management, Disaster Assistance, and Fraud Prevention; and
- Strengthening Oversight and Management of Major Systems Acquisition.

Meeting these challenges requires unity of effort, a commitment to mastering management fundamentals, and the identification and allocation of appropriate resources. As we have noted in previous Major Management and Performance Challenges reports, many of the Department's senior leadership positions still do not have permanent, Presidentially Appointed and Senate confirmed officials.<sup>1</sup>

***Performing Fully and Effectively during COVID-19***

The challenge to continue mission critical operations and programs relates to every aspect of DHS' mission but particularly the DHS FY 2020–2024 Strategic Plan at Goal 5: Strengthen Preparedness and Resilience, Objectives 5.1, Build a National Culture of Preparedness, and 5.2: Respond During Incidents.<sup>2</sup> In response to outbreaks of the coronavirus disease in the United States, the Secretary of Health and Human Services declared a public health emergency on January 31, 2020, under section 319 of the *Public Health Service Act*.<sup>3</sup>

<sup>1</sup> As of October 16, 2020, acting officials filled over 20 percent of all DHS senior leadership positions. At FEMA, which bears central responsibility for coordinating the whole of government response to COVID-19, two of four lead positions are either vacant or filled by an acting official: the Deputy Administrator and the Deputy Administrator for Resilience, respectively. See <https://www.dhs.gov/leadership>.

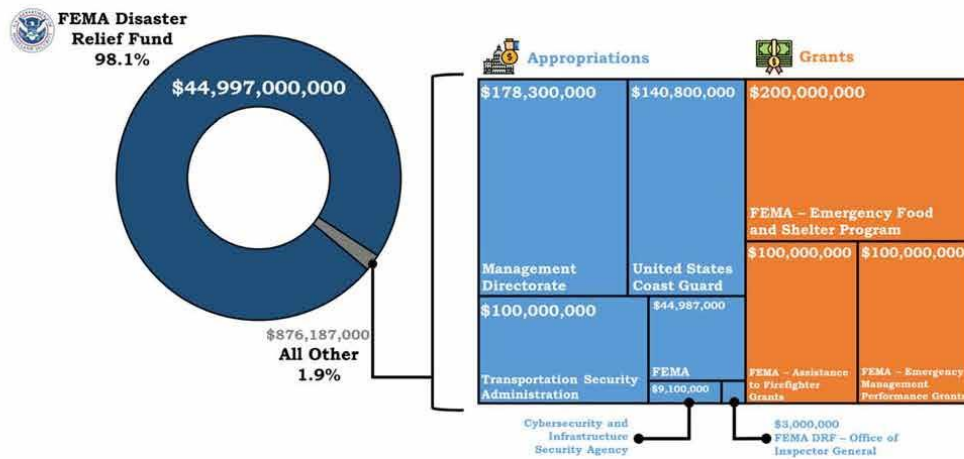
<sup>2</sup> DHS' 2020-2024 Strategic Plan recognizes that the Department's diverse and complex mission requires integration across eight operational components, which execute the Department's operational activities: seven support components, which formulate guidance on policy, management, research, training, and intelligence and enable mission execution; and the Office of the Secretary, which coordinates and oversees the activities of the Department. See [https://www.dhs.gov/sites/default/files/publications/19\\_0702\\_plcy\\_dhs-strategic-plan-fy20-24.pdf](https://www.dhs.gov/sites/default/files/publications/19_0702_plcy_dhs-strategic-plan-fy20-24.pdf), p. 4.

<sup>3</sup> See <https://www.hhs.gov/about/news/2020/01/31/secretary-azar-declares-public-health-emergency-us-2019-novel-coronavirus.html>.



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Soon thereafter, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic, noting that it was not just a public health crisis, but also one that would affect every sector of society.<sup>4</sup> Two days later, President Donald Trump declared COVID-19 a national emergency, freeing \$50 billion in Federal resources to combat the pandemic.<sup>5</sup> In March and April of 2020, Congress passed four funding bills to address the public health and economic crises caused by COVID-19.<sup>6</sup> Together, this legislation authorized approximately \$2.4 trillion in Federal spending. The following OIG graphic displays allocations to DHS.



Given this funding and the range of associated mandates, the Department reported it has adopted a layered response to delivering critical supplies and services. According to DHS, it is working through U.S. Customs and Border Protection (CBP), the Countering Weapons of Mass Destruction Office (CWMD), United States Coast Guard, Transportation Security Administration (TSA), Federal Emergency Management Agency (FEMA), U.S. Immigration and Customs Enforcement (ICE), the Cybersecurity and Infrastructure Security

<sup>4</sup> See <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-COVID-19---11-march-2020>.  
<sup>5</sup> See <https://www.whitehouse.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-COVID-19-outbreak/>.  
<sup>6</sup> These include in order of passage the *Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020*, Pub. L. No. 116-123, 134 Stat. 146 (2020); *Families First Coronavirus Response Act*, Pub. L. No. 116-127, 134 Stat. 178 (2020); *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), Pub. L. No. 116-136, 134 Stat. 281 (2020); and *Paycheck Protection Program and Health Care Enhancement Act*, Pub. L. No. 116-139, 134 Stat. 620 (2020).



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Agency (CISA), and other operational and support components to protect the Nation.<sup>7</sup> CBP and CWMD, which houses the Department's Chief Medical Officer (CMO), reported providing direct support to the Centers for Disease Control and Prevention (CDC) by conducting enhanced health screenings at 15 major airports.<sup>8</sup>

In 2014 and 2016, we issued two reports on the preparedness of DHS' workforce to continue mission essential functions during a pandemic. In 2014, we reported that DHS did not adequately assess its needs before purchasing pandemic preparedness supplies and did not effectively manage its stockpile of pandemic personal protective equipment (PPE) and antiviral medical countermeasures.<sup>9</sup> In 2016, we reported that DHS may not have been able to effectively execute its preparedness plans during a pandemic.<sup>10</sup> We are currently assessing the adequacy and effectiveness of the corrective actions DHS took to address our report recommendations, through which we may identify ongoing challenges in this area. Since March 2020, we have initiated several audits and evaluations related to the Department's response to COVID-19, including audits of FEMA's Federal coordination efforts and medical supply chain.<sup>11</sup>

DHS has taken steps to protect its workforce by allowing remote performance, "any 80" hours,<sup>12</sup> and other flexibilities and support.<sup>13</sup> However, given the

<sup>7</sup> For additional details regarding the Department's effort to contain and prevent the spread of COVID-19, see [https://www.dhs.gov/coronavirus?utm\\_source=hp\\_slideshow&utm\\_medium=web&utm\\_campaign=dhs.gov/](https://www.dhs.gov/coronavirus?utm_source=hp_slideshow&utm_medium=web&utm_campaign=dhs.gov/).

<sup>8</sup> *Id.* These screenings were in effect until September 14, 2020. As the Department lead for biodefense, CWMD's COVID-19 response activities also include coordinating DHS efforts with Federal interagency partners, decision support (e.g., intelligence analysis and biosurveillance activities), acquisition support (e.g., to acquire detection and reporting capability if needed). CWMD has further ensured internal access, maintenance, and support to classified systems and requested an exception to the rules regarding access to classified accounts to ensure users are not locked-out of their accounts due to non-use.

<sup>9</sup> *DHS Has Not Effectively Managed Pandemic Personal Protective Equipment and Antiviral Medical Countermeasures* (OIG-14-129), August 26, 2014.

<sup>10</sup> *DHS Pandemic Planning Needs Better Oversight, Training, and Execution* (OIG-17-02), October 12, 2016.

<sup>11</sup> See [https://www.pandemicoversight.gov/oversight/reports?f\[0\]=report\\_type\\_taxonomy:89](https://www.pandemicoversight.gov/oversight/reports?f[0]=report_type_taxonomy:89).

<sup>12</sup> This arrangement permits Federal employees to work outside normal duty hours during each pay period as long as their cumulative time and attendance totals 80 hours.

<sup>13</sup> DHS through its Office of the Chief Human Capital Officer (OCHCO) has also delivered more than 20 webinars and training sessions for supervisors, managers, and employees focused on updated or new human resources flexibilities issued by the Office of Personnel Management (e.g., on Telework, Leave Administration, and Performance Management) and the CARES Act,



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nature of their work, certain DHS components and staff face heightened risk of exposure to COVID-19. In reviews conducted to determine how CBP and ICE were handling the COVID-19 pandemic at short- and longer-term detention facilities, we identified various actions taken to prevent and mitigate the pandemic's spread among staff.<sup>14</sup> Facilities noted decreases in current staff availability due to COVID-19, but reported having contingency plans to ensure continued operations. Personnel also expressed concerns with the availability of staff, as well as PPE, if there were an outbreak of COVID-19 in the facility. Overall, most facility responses show they were prepared to address COVID-19, but expressed concerns if the pandemic continued to spread.

In addition to possible DHS staff exposure to COVID-19, detained individuals also face a high risk of exposure due to the congregated nature of the facilities. In our reviews, we noted that facilities had taken actions to reduce the spread of COVID-19 among detained individuals, including increased cleaning and disinfecting of common areas, distribution of sanitizing materials, and quarantining new detainees, when possible, as a precautionary measure. However, personnel at facilities reported concerns with their inability to practice social distancing among detained individuals and to isolate or quarantine individuals who may be infected with COVID-19. Between the time we concluded our survey of ICE facilities and issued our report, the number of confirmed COVID-19 cases among ICE detainees increased significantly. We are currently conducting a more comprehensive review of ICE's response to the pandemic in detention facilities.

Finally, DHS faces a challenge to ensure stability and full and effective functioning of its components during COVID-19. For example, DHS recently faced the prospect of having to furlough almost 70 percent of its U.S. Citizenship and Immigration Services (USCIS) workforce reportedly due to decreased revenues related to COVID-19.<sup>15</sup> Although the component has been able to maintain operations through FY 2020, there is "no guarantee [USCIS] can avoid future furloughs. A return to normal operating procedures requires congressional intervention to sustain the agency through Fiscal Year 2021."<sup>16</sup>

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which made available Emergency Paid Sick Leave. OCHCO also established a COVID-19 Workforce Protection Cell to provide guidance on how to protect the DHS workforce.

<sup>14</sup> *Early Experiences with COVID-19 at ICE Detention Facilities* (OIG-20-42), June 18, 2020, and *Early Experiences with COVID-19 at CBP Border Patrol Stations and OFO Ports of Entry* (OIG-20-69), September 4, 2020.

<sup>15</sup> See <https://www.rollcall.com/2020/05/18/uscis-seeks-1-2-billion-from-congress/>. The DHS OIG has not independently reviewed the circumstances leading to the potential furlough of USCIS workers.

<sup>16</sup> See <https://www.uscis.gov/news/news-releases/uscis-averts-furlough-of-nearly-70-of-workforce>.



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We are conducting an audit to determine the effectiveness of USCIS' technology systems to provide timely and accurate electronic processing of immigration and naturalization benefit requests while field locations, asylum offices, and application support centers are closed or operating on a reduced workforce during the COVID-19 pandemic. We have previously reported that USCIS had made limited progress in transforming its paper-based processes into the new automated immigration benefits processing environment, known as the Electronic Immigration System (ELIS).<sup>17</sup> For example, ELIS did not have critical functionality and internal controls needed to be fully operational for electronic benefits processing. Also, the underlying system design and architecture posed significant technical difficulties due to complex system interfaces and software coding defects, which led to slow processing time and frequent performance outages. USCIS subsequently addressed these issues and expanded electronic processing of immigration and naturalization benefits in ELIS.

***Countering Terrorism and Homeland Security Threats***

This challenge falls under the DHS FY 2020–2024 Strategic Plan's Goal 1: Counter Terrorism and Homeland Security Threats, Objectives 1.1, Collect, Analyze, and Share Actionable Intelligence; 1.2, Detect and Disrupt Threats; 1.3, Protect Designated Leadership Events, and Soft Targets; and 1.4, Counter Weapons of Mass Destruction and Emerging Threats.

DHS is challenged to properly plan, and provide adequate guidance, oversight, and monitoring of programs and operations to counter terrorism and homeland security threats. For example, a secure and resilient electoral process is a vital national interest and one of the Department's highest priorities.<sup>18</sup> Within DHS, CISA leads coordination efforts to manage risks to the Nation's 16 critical infrastructure sectors,<sup>19</sup> one of which — the government facilities sector — includes election infrastructure.<sup>20</sup> We believe that although DHS has improved

<sup>17</sup> *Management Alert: U.S. Citizenship and Immigration Services' Use of the Electronic Immigration System for Naturalization Benefits Processing, January 19, 2017, OIG-17-26-MA; USCIS Has Been Unsuccessful in Automating Naturalization Benefits Delivery, November 30, 2017, OIG-18-23; USCIS Automation of Immigration Benefits Processing Remains Ineffective, OIG-16-48, 03/09/16.*

<sup>18</sup> See [www.dhs.gov/topic/election-security](http://www.dhs.gov/topic/election-security).

<sup>19</sup> The Nation's 16 critical infrastructure sectors include systems and assets, whether physical or virtual, so vital to the United States that the incapacity or destruction of such systems and assets would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters.

<sup>20</sup> The remaining 15 critical infrastructure sectors include chemical; commercial facilities; communications; critical manufacturing; dams; defense industrial base; emergency services; energy; financial services; food and agriculture; healthcare and public health; information technology; nuclear reactors, materials, and waste; transportation systems; and water and wastewater systems.



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coordination efforts to secure the Nation’s systems used for voting, it should take additional steps to protect the broader election infrastructure, which includes polling and voting locations, election technologies, and related storage facilities. During our recent audit in this area,<sup>21</sup> CISA reported it has developed a set of plans and guidance aimed at securing election systems for the 2020 election cycle. However, the plans do not sufficiently mitigate risks associated with physical security, terrorism threats, and targeted violence to the election infrastructure, nor do they identify dependencies on external stakeholders that impede mission performance.

DHS senior leadership turnover and ongoing CISA reorganization have hindered CISA’s ability to enhance planning and effectively monitor its progress in securing the Nation’s election infrastructure. On election day, CISA officials stated there was no evidence of a major cyberattack on the elections, and CISA would continue to monitor hacking attempts and cyber intrusions and coordinate information sharing with state and local officials.

In addition, DHS continues to face challenges (1) mitigating threats posed by high-risk cargo from foreign airports, (2) countering Unmanned Aircraft Systems (C-UAS), (3) using canines effectively, (4) executing successful covert testing, (5) protecting commercial facilities, and (6) defending food, agriculture, and veterinary systems against terrorism and other high-consequence events in the United States. In May 2020, we reported on the extent to which CBP’s Air Cargo Advance Screening (ACAS) program prevents air carriers from transporting high-risk cargo from foreign airports into the United States.<sup>22</sup> Although CBP identified and targeted high-risk cargo shipments, the component did not always prevent air carriers from transporting high-risk air cargo from foreign airports into the United States. This occurred because neither CBP nor TSA developed adequate policies and procedures to ensure air carriers promptly and appropriately resolved referrals of cargo determined to be high-risk before transporting the cargo.

We also found that DHS’ capability to counter illicit use of UAS is limited.<sup>23</sup> Specifically, the Office of Strategy, Policy, and Plans did not execute a uniform department-wide approach to expanding C-UAS capabilities because it did not request funding to obtain subject matter experts to fulfill the Secretary’s

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<sup>21</sup> *DHS Has Secured the Nation’s Election Systems, but Work Remains to Protect the Infrastructure* (OIG-21-01), October 22, 2020.

<sup>22</sup> *CBP’s ACAS Program Did Not Always Prevent Air Carriers from Transporting High Risk Cargo into the US* (OIG-20-34), May 11, 2020.

<sup>23</sup> *DHS Has Limited Capability to Counter Illicit Unmanned Aircraft Systems* (OIG-20-43), June 25, 2020.



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requirements for such an approach, including developing a realistic work plan and issuing complete department-wide C-UAS guidance.

We identified deficiencies in TSA's use of passenger screening canine (PSC) teams. In April 2020, we reported TSA could not show that deployed PSC teams provide effective security at screening checkpoints.<sup>24</sup> Specifically, TSA did not:

- identify and document mission needs, capability gaps, and operational goals for deploying PSC teams;
- properly justify and document decisions on allocating PCS teams;
- justify the teams as the best, most cost-effective checkpoint security; or
- adequately oversee TSA management operations at airports.

We also found PSC teams have inherent limitations. As a result, our Nation's aviation system and the traveling public could be at risk of a catastrophic event caused by an undetected explosive device.

In May 2020, we reported that TSA did not monitor its Advanced Imaging Technology system (AIT) to ensure it continues to fulfill needed capabilities.<sup>25</sup> Although AIT met the requirement for system availability, TSA did not monitor the AIT system's probability of detection rate and throughput rate requirements set forth in TSA's operational requirements document. These issues occurred because TSA has not established comprehensive guidance to monitor AIT system performance. Without continuous monitoring and oversight, TSA cannot ensure AIT is meeting critical system performance requirements — a persistent weakness found in prior DHS OIG reports.<sup>26</sup>

We reported CBP does not comprehensively plan and conduct covert tests of its operations at Border Patrol checkpoints and ports of entry, use test results to address vulnerabilities, or widely share lessons learned.<sup>27</sup> In particular, CBP's two covert testing groups do not use risk assessments or intelligence to plan and conduct covert tests, plan coordinated tests, or design system-wide tests.

<sup>24</sup> *TSA Challenges with Passenger Screening Canine Teams (Redacted)* (OIG-20-28), April 28, 2020.

<sup>25</sup> *TSA Needs to Improve Monitoring of Deployed Advanced Imaging Technology Systems* (OIG-20-33), May 8, 2020.

<sup>26</sup> *TSA Penetration Testing of Advanced Imaging Technology*, (OIG-12-06), November, 2011; *Covert Testing of TSA's Passenger Screening and Technologies and Processes at Airport Security Checkpoints* (OIG-15-150), September 22, 2015; *Covert Testing of Access Controls to Airport Secure Areas* (OIG-19-21), February 13, 2019; *Covert Testing of TSA's Screening Checkpoint Effectiveness* (OIG-17-112), September 27, 2017.

<sup>27</sup> *CBP Needs a Comprehensive Process for Conducting Covert Testing and Resolving Vulnerabilities* (OIG-20-55), July 28, 2020.



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This occurred because CBP does not provide adequate guidance on risk- and intelligence-based test planning, direct the groups to coordinate, give them the necessary authority, or establish performance goals and measures for covert testing. Following testing, CBP does not widely share covert test results, consistently make recommendations, or ensure corrective actions are taken. Results are not widely shared because CBP has not defined roles and responsibilities for such sharing. Covert testing groups do not make recommendations or ensure corrective actions are implemented due to insufficient authority and policies directing these actions. Finally, CBP does not effectively manage covert testing groups to ensure data reliability, completeness, and compliance with security requirements due to leadership changes and limited staff.

We also examined the extent of DHS' efforts to deter and prevent terrorism or physical threats within the commercial facilities sector.<sup>28</sup> CISA, which is primarily responsible for working with components and partners to defend against current threats to the commercial facilities sector and build a more secure and resilient infrastructure, does not effectively coordinate and share best practices to enhance security across the sector. This occurred because CISA does not have comprehensive policies and procedures to support its role as the commercial facilities' Sector-Specific Agency. Without such policies and procedures, CISA cannot effectively fulfill its responsibilities and limits its ability to measure the Department's progress toward accomplishing its sector-specific objectives. CISA may also be missing opportunities to help commercial facility owners and operators identify threats and mitigate risks, leaving the commercial facilities sector vulnerable to terrorist attacks and physical threats. Finally, DHS' CWMD — although required under the *Securing Our Agriculture and Food Act (SAFA)* — has not effectively implemented a program to coordinate the Department's efforts to defend food, agriculture, and veterinary systems against terrorism and other high-consequence events in the United States.<sup>29</sup> This occurred because CWMD believed it did not have clearly defined authority from the Secretary to carry out the requirements of the SAFA. In addition, since its establishment in December 2017, CWMD has not prioritized SAFA requirements but instead has focused its resources on other mission areas. As a result, CWMD has limited awareness of DHS' ongoing efforts and cannot ensure it is adequately prepared to respond to a terrorist attack against the Nation's food, agriculture, or veterinary systems.

<sup>28</sup> *DHS Can Enhance Efforts to Protect Commercial Facilities from Terrorist and Physical Threats* (OIG-20-37), June 11, 2020.

<sup>29</sup> *DHS Is Not Coordinating the Department's Efforts to Defend the Nation's Food, Agriculture, and Veterinary Systems against Terrorism* (OIG-20-53), July 16, 2020.





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***Ensuring Proper Financial Management***

This challenge relates to every aspect of DHS' mission, and is captured in objectives listed under DHS' 2020–2024 Strategic Plan at Goal 6: Championing the Workforce and Strengthening the Department, Objectives 6.1, Strengthen Departmental Governance and Management and 6.3: Optimize Support to Mission Operations.

*The Need for Modernization*

Many key DHS financial systems do not comply with Federal financial management system requirements, as defined in the *Federal Financial Management Improvement Act of 1996*. Limitations in financial systems' functionality add substantially to the Department's challenges addressing systemic internal control weaknesses and restrict its ability to leverage IT systems to process and report financial data efficiently and effectively. These deficiencies may hinder DHS' ability to ensure proper financial planning payments and appropriate internal controls related to CARES Act funding.

Since its inception, DHS has made three major attempts to modernize and consolidate its financial systems. In 2017, DHS initiated its fourth attempt, the Financial Systems Modernization (FSM) TRIO program, to address the incompatible processes and antiquated financial management systems in use department-wide. The ultimate goal of this program is to improve the quality of financial information to support decision-making and improve the ability to provide timely and accurate reporting to ensure efficient stewardship of taxpayer dollars.

In accordance with DHS guidance, the Department developed a strategy to apply lessons learned from prior system updates to its current FSM TRIO effort. DHS indicated the program office had successfully identified 29 lessons from prior modernization efforts and has begun applying them to the FSM TRIO program. Our audit in this area highlights DHS' awareness of the importance of identifying and applying lessons learned and provides some assurance and a positive outlook for continued future progress of the FSM TRIO project.<sup>30</sup> Leveraging successful practices from prior efforts, and avoiding past errors, may help DHS use its resources wisely, mitigate risks, and achieve its goals for FSM TRIO.

<sup>30</sup> *DHS Confirmed It Has Applied Lessons Learned in the Latest Financial System Modernization Effort* (OIG-20-09), December 19, 2020.



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*Internal Control Deficiencies*

DHS has continued to make strides in establishing certain management fundamentals, including by again obtaining an unmodified opinion (clean) on its financial statements.<sup>31</sup> The independent public accounting firm KPMG LLP (KPMG) noted that financial statements present fairly, in all material respects, DHS' financial position as of September 30, 2019 and 2018. At the same time, KPMG issued an adverse opinion on DHS' internal control over financial reporting as of September 30, 2019. KPMG identified material weaknesses in internal control in two areas and other significant deficiencies in three areas. KPMG also reported two instances of noncompliance with laws and regulations.<sup>32</sup>

KPMG found material weaknesses in information technology controls and financial systems, and in financial reporting. Other significant deficiencies were identified in property, plant, and equipment; custodial activities; entry processing, refunds and drawbacks, and seized and forfeited property; and grants management.<sup>33</sup>

In December 2019, we reported internal control deficiencies at CBP in processing drawback claims.<sup>34</sup> From 2011 to 2018, CBP processed an average of \$896 million in drawback claims annually. We found that CBP:

- did not have appropriate documentation retention periods to ensure importers and claimants maintained support for drawback transactions;
- did not require drawback specialists to review an importer's prior drawback claims to determine whether, taken together, the importer claimed an excessive amount; and
- did not have effective automated controls in its legacy drawback system to prevent, or detect and correct, excessive drawback claims.

Finally, since our first audit in 2017, DHS has continued to make progress in meeting its *Digital Accountability and Transparency Act of 2014* (DATA Act)

<sup>31</sup> *Independent Auditors' Report on DHS' FY 2019 Financial Statements and Internal Control over Financial Reporting* (OIG-20-03), November 15, 2019.

<sup>32</sup> Specifically the *Federal Managers' Financial Integrity Act of 1982* and the *Federal Financial Management Improvement Act of 1996*.

<sup>33</sup> In February 2020, the DHS Office of the Chief Financial Officer (CFO) delivered risk and internal control training to more than 450 DHS employees and awarded over 1,000 continuing education units to attendees from the financial management, program office, and information technology fields. This effort was followed in July 2020 with an annual CFO symposium attended by more than 600 DHS employees that covered multiple tracts related to financial management.

<sup>34</sup> *Lack of Controls Could Affect CBP Drawbacks* (OIG-20-07), December 12, 2019.



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reporting requirements, but challenges remain.<sup>35</sup> Our most recent audit focused on the completeness, accuracy, timeliness, and quality of DHS' FY 2019 first quarter spending data posted on USASpending.gov, and DHS' implementation and use of government-wide financial data standards. We found that to enable more effective tracking of Federal spending, DHS must continue to accurately align its budgetary data with the President's budget, reduce award misalignments across DATA Act files, improve the timeliness of financial assistance reporting, implement and use government-wide data standards, and address risks to data quality. Without these actions, DHS will struggle to meet its goal of achieving the highest possible data quality for submission to [www.usaspending.gov](http://www.usaspending.gov).<sup>36</sup>

***Ensuring IT Supports Essential Mission Operations***

This challenge affects the Department's mission across all 22 components and is a necessary element for accomplishing all six goals in DHS' FY 2020–2024 Strategic Plan. Every day, employees across the Department rely on IT to carry out day-to-day mission operations. DHS continues to struggle when providing IT support for personnel, system functionality and integration, addressing deficiencies, and identifying and prioritizing systems for modernization.

*Limitations in IT Functionality and Integration*

DHS combined functions of 22 different Federal departments and agencies with broad responsibilities to collectively prevent attacks, mitigate threats, respond to national emergencies, preserve economic security, and preserve legacy agency functions. However, DHS faces ongoing challenges ensuring IT systems and infrastructure adequately support Department personnel. This year, we sought to determine the effectiveness of DHS' IT systems in tracking detainees and supporting efforts to reunify unaccompanied alien children with separated families.<sup>37</sup> We found that DHS did not have the IT system functionality needed to accurately track separated migrant families during the execution of the *Zero Tolerance Policy*.<sup>38</sup> DHS was also unable to reunify families as mandated by a

<sup>35</sup> *DHS Has Made Progress in Meeting DATA Act Requirements, But Challenges Remain* (OIG-20-62), August 13, 2020.

<sup>36</sup> The DHS DATA Act team in communication with OIG stated it will continue to reconcile misalignments, correct errors, correct unacceptable warnings, and adjust existing internal controls as needed to improve the overall quality of data published for public consumption.

<sup>37</sup> *DHS Lacked Technology Needed to Successfully Account for Separated Migrant Families* (OIG-20-06), November 25, 2019.

<sup>38</sup> On April 6, 2018, the U.S. Attorney General issued a memorandum directing all Federal prosecutors' offices along the Southwest Border to work with DHS to adopt a "Zero Tolerance Policy," which required criminal prosecution of DHS referrals of 8 U.S.C. § 1325(a) violations, to the extent practicable.



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Federal judge due to poor data tracking, information sharing, and IT systems capabilities.<sup>39</sup> Without the ability to track and share data on family separations and reunifications, CBP adopted various ad hoc methods to work around system limitations, but these methods led to widespread errors. These deficiencies also cost Border Patrol 28,000 hours and an additional \$1.2 million in staff overtime. Because of these IT deficiencies, we could not confirm the total number of families DHS separated during the Zero Tolerance period. These conditions persisted because CBP did not address its known IT deficiencies, such as adding capability to track family separations, before implementing Zero Tolerance in May 2018.

We have highlighted similar technology challenges in prior reports.<sup>40</sup> For example, in 2017 we found ICE relied on myriad IT systems that lacked integration and information-sharing capabilities, forcing ICE personnel to laboriously piece together vital information from up to 27 distinct DHS information systems and databases to accurately determine an individual's overstay status. As a result, in some cases, it took months for ICE to determine a low priority visa holder's status and whether that person might pose a national security threat. ICE has since completed corrective actions that addressed our recommendations.

This year we sought to determine whether DHS had effectively identified and prioritized mission-critical legacy IT systems and infrastructure for modernization, identified associated challenges, and assessed related legislation and executive direction.<sup>41</sup> We found that the DHS Chief Information Officer (CIO) and most component CIOs conducted strategic planning activities to help prioritize legacy IT systems or infrastructure for modernization to accomplish mission goals. However, not all components have complied with or fully embraced these efforts due to a lack of standard guidance and funding. Meanwhile, DHS continues to rely on deficient and outdated IT systems to perform mission critical operations. Additionally, DHS has not yet leveraged the *Modernizing Government Technology Act of 2017* mandate to accelerate ongoing IT modernization efforts, as DHS and its components questioned whether the benefits of the Act outweighed the additional effort needed to use the resources provided under the Act. Until DHS addresses these issues, it will

<sup>39</sup> *Ms. L. v. ICE*, 18-cv-428 (S.D. Cal. June 26, 2018).

<sup>40</sup> *DHS Tracking of Visa Overstays Is Hindered by Insufficient Technology* (OIG-17-56), May 1, 2017; *CBP's IT Systems and Infrastructure Did Not Fully Support Border Security Operations* (OIG-17-114), September 28, 2017; and *FEMA Faces Challenges in Managing Information Technology* (OIG-16-10), November 20, 2015.

<sup>41</sup> *Progress and Challenges in Modernizing DHS' IT Systems and Infrastructure* (OIG-20-61), August 10, 2020.



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continue to face significant challenges to accomplish mission operations efficiently and effectively.

*Information Security*

OIG's FY 2019 *Federal Information Security Modernization Act* (FISMA) evaluation of DHS' information security showed an overall reduction in the programs' effectiveness.<sup>42</sup> DHS' information security program was not effective for FY 2019 because the Department earned a maturity rating of "Ad Hoc" (Level 1) in three of five functions, compared to last year's higher overall rating of "Managed and Measurable" (Level 4).<sup>43</sup> We attributed DHS' regression in managing its information security program to a change in Coast Guard's cybersecurity and FISMA reporting.

Risks to the Nation's systems and networks continue to increase as security threats evolve and become more sophisticated. As such, the cyber threat information DHS provides to Federal agencies and private sector entities must be actionable to help better manage this growing threat. However, the Department still faces challenges to improving the quality of cyber threat information it shares across Federal and private sector entities.<sup>44</sup> CISA's lack of progress in improving the quality of information it shares was attributed to a number of factors, such as limited numbers of participants sharing cyber indicators with CISA, delays receiving cyber threat intelligence standards, and insufficient CISA office staff. The Department faced similar challenges in sharing cyber threat information across Federal and private sector entities, as noted in our 2019 report.<sup>45</sup> Until CISA improves the quality of its information sharing, participants remain restricted in their ability to safeguard their systems and the data they process from attack, loss, or compromise.

***Improving FEMA's Contracts and Grants Management, Disaster Assistance, and Fraud Prevention***

This challenge relates directly to DHS' 2020–2024 Strategic Plan at Goal 5: Strengthen Preparedness and Resilience, Objectives 5.1: Build a National Culture of Preparedness, and 5.2: Respond during Incidents.

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<sup>42</sup> *Evaluation of DHS' Information Security Program for Fiscal Year 2019* (OIG-20-77), September 30, 2020.

<sup>43</sup> *Evaluation of DHS' Information Security Program for Fiscal Year 2018* (OIG-19-60), September 19, 2019.

<sup>44</sup> *DHS Made Limited Progress to Improve Information Sharing under the Cybersecurity Act in Calendar Years 2017 and 2018* (OIG-20-74), September, 25, 2020.

<sup>45</sup> *Biennial Report on DHS' Implementation of the Cybersecurity Act of 2015* (OIG-18-10).



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We have previously identified a pattern of FEMA management errors in overseeing procurements and reimbursing procurement costs; we continue to observe systemic problems and operational difficulties that contribute to FEMA not managing disaster relief grants and supplies adequately. At times, FEMA has not followed procurement laws, regulations, and procedures, nor has it ensured disaster grant recipients and subrecipients understand and comply with relevant authorities. FEMA has also proven susceptible to widespread fraud and made billions in improper payments, often due to lax oversight.<sup>46</sup>

*Planning and Oversight Problems*

In the aftermath of Hurricane Maria, we determined that FEMA did not maximize the use of advance contracts to address identified capability deficiencies and needs in Puerto Rico.<sup>47</sup> Specifically, we identified 49 of 241 new contracts issued for the same goods or services covered by existing advance contracts. In addition, FEMA did not issue any new advance contracts prior to Hurricane Maria and did not perform analysis to identify goods or services to obtain through advance contracts. We attributed FEMA's limited use of advance contracts to its lack of strategy and documented planning process for ensuring maximum use of advance contracts. Although FEMA reported to Congress in December 2007 it had a strategy in place, we determined it was a one-time strategy that did not meet the intent of the *Post-Katrina Emergency Management Reform Act of 2006*.<sup>48</sup> Without advance contracts to expedite acquisitions, goods and services for people in need may have been delayed or were more costly to the Government. Further, FEMA did not maintain contract files in accordance with Federal acquisition regulations and departmental or its own policy. This occurred because FEMA's Office of the Chief Procurement Officer did not have controls in place to ensure contract personnel follow Federal regulations and departmental or its own internal policy. As a result, FEMA's ability to hold contractors accountable for deliverables is hindered if contract files are not easily located.

We also determined that FEMA's Public Assistance grant to the Puerto Rico Electric Power Authority (PREPA) in the aftermath of Hurricane Maria did not comply with Public Assistance program guidelines.<sup>49</sup> Specifically, FEMA

<sup>46</sup> FEMA's Fraud Investigations and Inspections Division's (FIID) mission includes identifying, mitigating, deterring, and preventing fraudulent losses of Federal funds and assets through a variety of proactive efforts. In 2018, FIID requested and received permission to create and staff a new Program Review for the Inspections Branch (PRIB). To date, PRIB has conducted 3 program reviews that resulted in 156 recommendations and identified 59 best practices.

<sup>47</sup> *FEMA's Advance Contract Strategy for Disasters in Puerto Rico* (OIG-20-20), March 23, 2020.  
<sup>48</sup> Pub. L. No. 109-295, § 691 (codified at 6 U.S.C. § 791).

<sup>49</sup> *FEMA's Public Assistance Grant to PREPA and PREPA's Contracts with Whitefish and Cobra Did Not Fully Comply with Federal Laws and Program Guidelines* (OIG-20-57), July 27, 2020.



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reimbursed PREPA more than \$852 million for a time and material contract before confirming PREPA provided a high degree of oversight of the contract. Furthermore, FEMA did not determine whether the time and material costs incurred by PREPA were reasonable and eligible for the Public Assistance grant program. This occurred because FEMA lacked guidance about how to verify a subrecipient's oversight of time and material contracts and how to assess reasonableness of time and material contract costs. As a result, FEMA may have reimbursed PREPA for time and material costs that are ineligible for PA funds.

This year we also contracted with public accounting firms to perform numerous FEMA capacity audits related to Hurricanes Irma and Maria,<sup>50</sup> as well as an audit of the Sewerage and Water Board of New Orleans.<sup>51</sup> This body of work demonstrates that FEMA did not always ensure disaster grant subrecipients established and implemented policies, procedures, and practices to account for and expend Public Assistance grant funds according to Federal regulations and FEMA guidance. At the same time, FEMA did not provide adequate oversight or instruction, which increased the risk of ineligible costs, substandard service delivery, unallowable costs, and fraudulent activities related to Public Assistance funds.

#### *Supply Chain Weaknesses*

In reviewing FEMA's response to Hurricanes Irma and Maria in Puerto Rico, we also noted significant deficiencies in its commodity distribution process.<sup>52</sup> FEMA lost visibility of approximately 38 percent of its life-sustaining

<sup>50</sup> *Capacity Audit FEMA Grants Awarded to Puerto Rico Department of Housing* (OIG-20-22), April 9, 2020; *Capacity Audit of FEMA Grant Funds Awarded to the Puerto Rico Aqueduct and Sewer Authority* (OIG-20-24), April 9, 2020; *Capacity Audit of FEMA Grant Funds Awarded to the Puerto Rico Department of Transportation and Public Works* (OIG-20-25), April 9, 2020; *Capacity Audit of FEMA Grant Funds Awarded to the Puerto Rico Department of Education* (OIG-20-26), April 9, 2020; *Capacity Audit of FEMA Grant Funds Awarded to the U.S. Virgin Islands Housing and Finance Authority* (OIG-20-29), May 4, 2020; *Capacity Audit of FEMA Grant Funds Awarded to the USVI Department of Education* (OIG-20-30), May 4, 2020; *Capacity Audit of FEMA Grant Funds Awarded to the USVI Water and Power Authority* (OIG-20-39), June 16, 2020; *Early Warning Audit of FEMA Public Assistance Grants to Collier County, Florida* (OIG-20-46), July 10, 2020; *Early Warning Audit of FEMA Public Assistance Grants to Lee County, Florida* (OIG-20-48), July 15, 2020; *Early Warning Audit of FEMA Public Assistance Grants to Polk County School Board, Florida* (OIG-20-50), July 20, 2020; and *Early Warning Audit of FEMA Public Assistance to Monroe County, Florida* (OIG-20-51), July 17, 2020.

<sup>51</sup> *Management of FEMA Public Assistance Grant Funds Awarded to the Sewerage and Water Board of New Orleans Related to Hurricanes Katrina, Isaac, and Gustav* (OIG-20-21), March 27, 2020.

<sup>52</sup> *FEMA Mismanaged the Commodity Distribution Process in Response to Hurricanes Irma and Maria* (OIG-20-76), September 25, 2020.



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commodity shipments to Puerto Rico worth an estimated \$257 million. Commodities successfully delivered to the Puerto Rico government took an average of 69 days to reach their final destinations. Consequently, FEMA could not provide reasonable assurance it provided sufficient life-sustaining commodities to Puerto Rico disaster survivors in a timely manner. Furthermore, FEMA's mismanagement included multiple contracting violations and policy contraventions that ultimately led to contract overruns of about \$179 million and at least \$50 million in questioned costs.

FEMA faced tremendous challenges meeting mission requirements because of the catastrophic nature of Hurricane Maria and multiple, concurrent, nationwide disasters. Although we understand FEMA's priority on expediting commodity shipments to disaster survivors, the extent of the deviations from established operating procedures significantly increased the risk for fraud, waste, and abuse. Some flexibility and adaptation of normal processes is expected during disaster responses, but controls necessary to safeguard commodities cannot be altogether ignored. FEMA's emphasis on delivering commodities to disaster survivors overrode the importance of following sound inventory management practices. To ensure this does not happen again, FEMA needs to develop a comprehensive strategy and implementation plans for improving asset tracking and in-transit visibility across all modes of transportation.

*Ineligible and Questioned Costs, Improper Payments, and Potential Fraud Risks*

FEMA's challenges to take additional, proactive steps to create and sustain a culture of fraud prevention and awareness will likely be exacerbated by the infusion of CARES Act funding.<sup>53</sup> Our work in FY 2020 shows FEMA continues to make ineligible payments from the disaster relief fund by not complying with Federal regulations and its own policies and guidelines.<sup>54</sup> Specifically, for ongoing rebuilding of schools in Louisiana from Hurricane Katrina, FEMA awarded \$216.2 million in ineligible funding to repair or replace more than 292 Orleans Parish school facilities for the Recovery School District (RSD).<sup>55</sup> FEMA used a cost estimate rather than actual costs to determine how much to award RSD for schools that were already completed, thus awarding \$156.6 million in

<sup>53</sup> *FEMA Must Take Additional Steps to Demonstrate the Importance of Fraud Prevention and Awareness in FEMA Disaster Assistance Programs* (OIG-19-55), July 24, 2019.

<sup>54</sup> *FEMA Should Recover \$216.2 Million Awarded to the Recovery School District in Louisiana for Hurricane Katrina* (OIG-20-63), September 15, 2020.

<sup>55</sup> RSD is a statewide school district administered by the Louisiana Department of Education that intervenes in the management of chronically low-performing schools in Louisiana. Because of Orleans Parish public schools' poor performance, the Louisiana Legislature turned the majority of its schools over to RSD.





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ineligible funding to RSD. FEMA duplicated benefits by not reducing the amount of the award by \$57 million to account for other Federal grant funds RSD received. In addition, FEMA awarded \$2.6 million in ineligible funding to replace portable school buildings that were not RSD's legal responsibility at the time of the hurricane.

In a different context, FEMA provides Federal funds through its Individuals and Households Program (IHP) for home repairs to applicants who claim to be underinsured or uninsured and for Small Business Administration (SBA) Dependent Other Needs Assistance (ONA) payments. From 2003 through 2018, FEMA paid \$12.7 billion to individuals for home repair assistance and SBA Dependent ONA. We conducted two audits of FEMA's IHP — one related to home repairs and the other related to SBA ONA payments.<sup>56</sup> In both audits we identified weaknesses with FEMA's applicant eligibility determination and risk assessment processes. These weaknesses resulted in more than \$6.3 billion in improper payments.

According to Office of Management and Budget (OMB) Circular A-123, Appendix C, when documentation or verification is non-existent to support eligibility payment decisions, payments must be considered improper. However, we found that FEMA through IHP does not collect sufficient supporting documentation or verify that applicants claiming to have no insurance are eligible for home repair assistance. Rather, according to FEMA, it relies on applicant self-certifications because no comprehensive repository of homeowner's insurance data exists and any additional verification processes would delay home repair payments. In the IHP SBA ONA program, FEMA did not collect sufficient income and dependent documentation or verify self-reported information to determine whether applicants below the income threshold, known as the Failed Income Test, were eligible for SBA Dependent ONA payments.

Additionally, FEMA has not adequately evaluated risk associated with not collecting or verifying homeowner's insurance or income and dependent information. Per Federal requirements, agencies must conduct risk assessments to determine whether programs are susceptible to improper payments. Rather, FEMA disregarded significant internal control deficiencies and prior audit findings when evaluating risk. Further, it assessed IHP at the overall program level and did not specifically evaluate each IHP form of assistance, such as SBA Dependent ONA. These weaknesses have allowed

<sup>56</sup> *FEMA Has Made More Than \$3 Billion in Improper and Potentially Fraudulent Payments for Home Repair Assistance since 2003* (OIG-20-23), April 6, 2020; and *FEMA Has Paid Billions in Improper Payments for SBA Dependent Other Needs Assistance since 2003* (OIG-20-60), August 12, 2020.



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applicants self-certifying homeowner’s insurance, income, and dependent information to receive less oversight despite posing the greatest risks for improper payments. Without implementing changes to its home repair and SBA Dependent ONA processes, FEMA cannot ensure it is being a prudent steward of taxpayer dollars and adequately assessing its risks of improper payments and fraud.

Lastly, we noted risks related to fraud in our review of FEMA’s Transitional Sheltering Assistance Program.<sup>57</sup> FEMA contracted with Corporate Lodging Consultants (CLC) to provide hotel rooms for disaster survivors. In 2017, FEMA spent about \$642 million for more than 5 million hotel rooms. We determined FEMA did not properly award or oversee its contract with CLC to administer disaster survivors’ hotel stays, which ultimately resulted in the improper release of personally identifiable information (PII) for about 2.3 million disaster survivors. This unauthorized release of PII increased survivors’ risk of identity theft. Inadequate contractor oversight may have also increased the risk that unacceptable lodging conditions were used.

***Strengthening Oversight and Management of Major Systems Acquisition***

This challenge relates to every aspect of DHS’ mission, and is captured in objectives listed under DHS’ 2020–2024 Strategic Plan at Goal 6: Championing the Workforce and Strengthening the Department, Objectives 6.1: Strengthen Departmental Governance and Management and 6.3: Optimize Support to Mission Operations.

Systems acquisitions are a key part of DHS’ annual budget and are fundamental to the Department’s ability to accomplish its mission.<sup>58</sup> A successful systems acquisition process requires an effective acquisition management infrastructure. Acquisition management is a complex process that goes beyond simply awarding a contract. It begins with the identification of a mission need; continues with the development of a strategy to fulfill that need while balancing cost, schedule, and performance; and concludes with contract closeout after satisfactorily meeting the terms. Acquisition management includes managing operational and life cycle requirements — from formulating concepts of operations, developing sound business strategies,

<sup>57</sup> *FEMA Did Not Properly Award and Oversee the Transitional Sheltering Assistance Contract* (OIG-20-58), August 5, 2020.

<sup>58</sup> In FY 2020, DHS budget included about \$5 billion for Procurement, Construction and Improvements, to fund planning, operational development, engineering, purchase, and deployment of assets to support component missions; and an additional \$546 million for Research and Development, to provide resources needed to identify, explore, and demonstrate new technologies and capabilities to support component missions.



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and exercising prudent financial management to assessing tradeoffs and managing program risks. The Department has generally made progress in its acquisition oversight processes and controls through implementation of a revised acquisition management directive. However, it continues to face challenges.

In our second of two audit reports concerning the acquisition of the Department's Performance and Learning Management System (PALMS), we determined that DHS' funding and payments for PALMS violated Federal appropriations law.<sup>59</sup> Specifically, DHS violated the bona fide needs rule, the purpose statute, and the *Antideficiency Act* when the DHS Working Capital Fund used component funds for PALMS implementation. The Department also violated the statutory prohibition on advance payments when it made upfront payments for annual PALMS subscriptions that exceeded the value of the subscription services received. The Department misspent more than \$4.6 million in fees for more than 200,000 paid subscriptions that expired before the contractor provided any subscription services.

In July 2020, we reported CBP did not demonstrate the acquisition capabilities needed to execute the Analyze/Select Phase of the Southern Border Wall Acquisition Program effectively.<sup>60</sup> Specifically, CBP did not:

- conduct an Analysis of Alternatives to assess and select the most effective, appropriate, and affordable solutions to obtain operational control of the southern border as directed, but instead relied on prior outdated border solutions to identify materiel alternatives for meeting its mission requirement; or
- use a sound, well-documented methodology to identify and prioritize investments in areas along the border that would best benefit from physical barriers.

We also found the Department did not complete the required plan to execute the strategy to obtain and maintain control of the southern border, as required by its Comprehensive Southern Border Security Study and Strategy. Without an Analysis of Alternatives, a documented and reliable prioritization process, or a plan, the likelihood CBP will be able to obtain and maintain complete operational control of the southern border with mission effective, appropriate, and affordable solutions is diminished.

<sup>59</sup> *PALMS Funding and Payments Did Not Comply with Federal Appropriations Law* (OIG-20-19), March 24, 2020.

<sup>60</sup> *CBP Has Not Demonstrated Acquisition Capabilities Needed to Secure the Southern Border* (OIG-20-52), July 14, 2020.



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We also reported that CBP did not have a comprehensive strategy for meeting its Large-Scale Non-Intrusive Inspection (LS-NII) equipment needs at all CBP locations.<sup>61</sup> Instead, CBP uses multiple plans, such as its Multi-Year Investment and Management Plan, and individual acquisition plans for each type of LS-NII equipment it may purchase. At times, these acquisition plans contained conflicting information and did not align with the program’s approved lifecycle cost estimate. This occurred because DHS and CBP acquisition officials did not provide effective oversight of CBP’s fragmented acquisition planning efforts and did not confirm acquisition plans aligned with LS-NII program objectives. Without improvements, CBP cannot ensure that its multi-million dollar investments in LS-NII technology and equipment will help the component fulfill its mission of protecting U.S. borders.

*The Way Forward*

As the Department coordinates the Federal response to COVID-19, we urge it to address these other major management and performance challenges. Achieving progress requires steady leadership, unity of effort, and a commitment to mastering management fundamentals. By establishing a strong, overarching internal control structure to reinforce established goals and objectives, the Department will be better able to assign roles and responsibilities, promote coordination of resources and cooperation among programs and operations, promulgate necessary policies and procedures, and ensure compliance and accountability.

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<sup>61</sup> *CBP Does Not Have a Comprehensive Strategy for Meeting Its LS-NII Needs* (OIG-20-75), September 28, 2020.



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**Appendix A**

**GOAL 1: COUNTER TERRORISM AND HOMELAND SECURITY THREATS**

OBJECTIVE 1.1: COLLECT, ANALYZE, AND SHARE ACTIONABLE INTELLIGENCE

OBJECTIVE 1.2: DETECT AND DISRUPT THREATS

OBJECTIVE 1.3: PROTECT DESIGNATED LEADERSHIP, EVENTS, AND SOFT TARGETS

OBJECTIVE 1.4: COUNTER WEAPONS OF MASS DESTRUCTION AND EMERGING THREATS

**GOAL 2: SECURE U.S. BORDERS AND APPROACHES**

OBJECTIVE 2.1: SECURE AND MANAGE AIR, LAND, AND MARITIME BORDERS

OBJECTIVE 2.2: EXTEND THE REACH OF U.S. BORDER SECURITY

OBJECTIVE 2.3: ENFORCE U.S. IMMIGRATION LAWS

OBJECTIVE 2.4: ADMINISTER IMMIGRATION BENEFITS TO ADVANCE THE SECURITY AND PROSPERITY OF THE NATION

**GOAL 3: SECURE CYBERSPACE AND CRITICAL INFRASTRUCTURE**

OBJECTIVE 3.1: SECURE FEDERAL CIVILIAN NETWORKS

OBJECTIVE 3.2: STRENGTHEN THE SECURITY AND RESILIENCE OF CRITICAL INFRASTRUCTURE

OBJECTIVE 3.3: ASSESS AND COUNTER EVOLVING CYBERSECURITY RISKS

OBJECTIVE 3.4: COMBAT CYBERCRIME

**GOAL 4: PRESERVE AND UPHOLD THE NATION'S PROSPERITY AND ECONOMIC SECURITY**

OBJECTIVE 4.1: ENFORCE U.S. TRADE LAWS AND FACILITATE LAWFUL INTERNATIONAL TRADE AND TRAVEL

OBJECTIVE 4.2: SAFEGUARD THE U.S. TRANSPORTATION SYSTEM

OBJECTIVE 4.3: MAINTAIN U.S. WATERWAYS AND MARITIME RESOURCES

OBJECTIVE 4.4: SAFEGUARD U.S. FINANCIAL SYSTEMS

**GOAL 5: STRENGTHEN PREPAREDNESS AND RESILIENCE**

OBJECTIVE 5.1: BUILD A NATIONAL CULTURE OF PREPAREDNESS

OBJECTIVE 5.2: RESPOND DURING INCIDENTS

OBJECTIVE 5.3: SUPPORT OUTCOME-DRIVEN COMMUNITY RECOVERY

OBJECTIVE 5.4: TRAIN AND EXERCISE FIRST RESPONDERS

**GOAL 6: CHAMPION THE DHS WORKFORCE AND STRENGTHEN THE DEPARTMENT**

OBJECTIVE 6.1: STRENGTHEN DEPARTMENTAL GOVERNANCE AND MANAGEMENT

OBJECTIVE 6.2: DEVELOP AND MAINTAIN A HIGH PERFORMING WORKFORCE

OBJECTIVE 6.3: OPTIMIZE SUPPORT TO MISSION OPERATIONS

*Source: Department of Homeland Security's Strategic Plan for Fiscal Years 2020–2024 (undated)*  
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**Appendix B**  
**DHS Comments to the Draft Report**



U.S. Department of Homeland Security  
Washington, DC 20528

**Homeland  
Security**

November 3, 2020

MEMORANDUM FOR: Joseph V. Cuffari, Ph.D.  
Inspector General  
Office of Inspector General

FROM: Jim H. Crumacker, CIA, CFE  
Director  
Departmental GAO-OIG Liaison Office

JIM H  
CRUMPACKER  
Digitally signed by  
JIM H CRUMPACKER  
Date: 2020.11.03  
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SUBJECT: Management Response to the Office of Inspector  
General's (OIG) Draft Report: "Major Management and  
Performance Challenges [MMPC] Facing the Department  
of Homeland Security" (Project No. 21-006-IQO-DHS)

Thank you for the opportunity to comment on this draft report. As Acting Secretary of Homeland Security Chad Wolf remarked during his "2020 State of the Homeland" address on September 9, 2020:

"The Department of Homeland Security [DHS or the Department] is bound by one mission, one creed. Answering the call, often times in the most arduous of environments and difficult circumstances, to safeguard the American people, our homeland, and our values from all threats, all the time—both today, tomorrow, and in the years to come ... we stand—ready to rise and ready to face the next challenge that threatens our homeland."

The Acting Secretary also highlighted that during the past year the Department was:

- Leading the Federal Government's response to a global pandemic;
- Protecting federal buildings and federal law enforcement officers from an emerging threat of violent rioters;
- Combatting crises at the Southern Border, including human trafficking, drug smuggling, and unprecedented illegal migration flows;
- Fortifying our economic security by tightening our immigration system, preserving free and fair trade, and thwarting the growing threats posed by China now and in the future; and
- Identifying and preventing malign foreign actors and nation states from interfering in our elections and protecting our election infrastructure.



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Against each of these challenges, DHS has marshaled its resources, tapped its authorities, and unified its efforts to safeguard the American people and our way of life. Yet, as Acting Secretary Wolf also stated, “We will not rest on yesterday’s success. Our eyes are on the horizon. On the future.”

DHS recognizes the Office of Inspector General’s (OIG) perspective on the most serious management and performance challenges facing the Department and our progress in addressing these challenges. DHS is also mindful of its responsibility to be a good steward of taxpayer dollars.

Senior DHS leadership, however, is concerned that in developing the challenges identified in this year’s MMPC report, OIG (1) understated the vast responsibility the Federal Emergency Management Agency (FEMA) has had to assume in response to the coronavirus (COVID-19) pandemic, and (2) focused on highlighting the findings and conclusions its auditors, evaluators, and inspectors summarized in previously published reports without including almost any Departmental perspective on these issues. It is important to recognize that various DHS leaders, program officials, and subject matter experts expressed significant concerns about and disagreement with many of OIG’s findings and conclusions at the time the original reports were published.

Without this context, OIG’s MMPC report is extremely misleading and, frankly, does a disservice to end users of the report (including Congress and the public) by providing a skewed discussion about the challenges OIG believes DHS faces, challenges with which the Department does not necessarily disagree. We note that the Departmental concerns and disagreements were discussed in the referenced individual final reports and subsequent communications; however, it is unlikely that end users of OIG’s MMPC report will seek or access all of this information in order to obtain the missing Departmental perspectives.

Additional information about FEMA’s significantly increased responsibilities and examples of specific contextual concerns with selected audits the OIG highlighted in its various challenge areas is provided below:

- **Performing Fully and Effectively during COVID-19**

OIG’s MMPC report tremendously understates the magnitude of new responsibilities FEMA assumed in the face of the COVID-19 pandemic, a historic challenge that has tested federal response capabilities. For the first time in our Nation’s history, all 55 states and territories, as well as District of Columbia were declared under the same nationwide Emergency Declaration. On March 19, 2020, FEMA was designated to lead federal COVID-19 pandemic response operations, while keeping up with all of

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its other responsibilities at the same time. The scale and scope of this pandemic necessitated a collaborative interagency response. There have been more than 46,000 personnel from over 40 agencies—such as the Department of Defense, Department of Health and Human Services (HHS), Centers for Disease Control and Prevention, Department of Veterans Affairs, U.S. Army Corps of Engineers, Defense Logistics Agency — embedded within FEMA’s National Response Coordination Center and ten Regional Response Coordination Centers to coordinate response and recovery efforts at both the national and local levels.

FEMA has obligated \$54 billion in support of COVID-19 efforts, including \$42 billion for the Lost Wages Assistance Program to ease the economic burden for those struggling with lost wages due to the COVID-19 pandemic pursuant to a Presidential authorization. Additionally, as of October 30, 2020, FEMA, HHS, and the private sector coordinated delivery of or are currently shipping: 309.2 million N95 respirators, 1.3 billion surgical and procedural masks, 66.9 million face and eye shields, 571.4 million surgical gowns and coveralls, 33.3 billion gloves, and more than 15,000 ventilators. FEMA also supported HHS efforts to drastically expand COVID-19 testing capabilities.

While COVID-19 has affected all of the Agency’s operations, the men and women of FEMA never lost sight of ongoing recovery efforts or need to posture for future incidents. Since March 13, 2020, there have been 35 non-COVID major disaster declarations across 21 states, including declarations for flooding, hurricanes, tornadoes, and wildfires. FEMA deployed more than 8,300 staff to these and other non-COVID active disasters operating out of physical and virtual Joint Field Offices, Joint Recovery Offices, and Regional Offices across the nation. Furthermore, FEMA actively worked to ensure sustained resilience of its operations. The Agency has enhanced facility redundancy, increased robust staffing options, deepened its interagency partnerships, and drafted new guidance to ensure prioritization of life safety, life sustainment, and workforce protection while maintaining delivery of FEMA programs to the highest level possible.

• **Countering Terrorism and Homeland Security Threats**

- “TSA Challenges with Passenger Screening Canine [PSC] Teams (Redacted),” OIG-20-28, dated April 28, 2020.

OIG reported the Transportation Security Administration (TSA) could not show that deployed PSC teams provide effective security at screening checkpoints and thus our Nation’s aviation system and the traveling public could be at risk of a catastrophic event caused by an undetected explosive device. However, TSA





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strongly disagreed with the report's conclusions, including the statement that "TSA could have redirected the nearly \$77 million it spent on PSC teams to other security programs and activities to better protect the aviation system." TSA leadership stated: "The OIG audit team has not completed any analysis with the level of methodological rigor necessary to support these conclusions."

- "CBP Needs a Comprehensive Process for Conducting Covert Testing and Resolving Vulnerabilities (Redacted)," OIG-20-55, dated July 28, 2020.

OIG reported that U.S. Customs and Border Protection (CBP) did not comprehensively plan and conduct covert tests of its operations at Border Patrol checkpoints and ports of entry, use test results to address vulnerabilities, or widely share lessons learned. The OIG report took nearly two years to complete and in its management response, CBP stated its concern that the report contains several inaccurate and misleading representations. These included the definition of "risk" OIG applied to CBP's program methodologies, which could seemingly only be explained by OIG fundamentally misunderstanding Homeland Security risk management doctrine and CBP's covert testing program. CBP contests the OIG's conclusion that CBP does not comprehensively plan and conduct covert testing or use its test results to address vulnerabilities as a false understanding of the process.

**Ensuring Proper Financial Management**

- "DHS Confirmed It Has Applied Lessons Learned in the Latest Financial System Modernization Effort," OIG-20-09, dated December 19, 2020.

With regard to "The Need for Modernization" portion of this challenge, the OIG referenced only one report highlighting DHS's awareness of the importance of identifying and applying lessons learned as the Department continues to implement the Financial Systems Modernization (FSM) TRIO program. OIG's narrative then went on to mention avoiding past errors and using resources wisely. While the Department appreciates OIG's recognition of the progress made to modernize DHS financial systems, the narrative did not mention senior DHS leadership's disappointment with the report because (1) the scope and objectives of the report varied so greatly from those OIG originally announced, resulting in a much less value-added report for the Department, and (2) the report's conclusion that money spent on the FSM program could have been better spent had more focused attention been dedicated to identifying and applying lessons learned through the years lacked context and, as such, was misleading. More specifically, the report did not provide any context concerning the value received from prior FSM efforts (i.e., investments). In fact, DHS realized significant benefits from

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these efforts, which was outlined in the Department’s management response to OIG’s report.

The referenced OIG report also took nearly two years to complete and is now almost a year old, meaning that the information contained therein is extremely dated. The TRIO program, which is overseen by a Headquarters Joint Program Management Office (JPMO) and is part of a broader FSM program, managed by the JPMO, includes three DHS Components: (1) Countering Weapons of Mass Destruction (CWMD), (2) TSA, and (3) the United States Coast Guard (USCG). CWMD has used the Financial Systems Modernization Solution (FSMS) for several years and successfully underwent a technical refresh in 2019. DHS is proud to report that TSA was migrated to FSMS in October 2020. The implementation and cutover activities were very successful in large part due to the reliance on FSM lessons learned. The JPMO maintains a repository with over 700 lessons learned and leverages these lessons across all FSM programs, including Trio and future efforts for FEMA, U.S. Immigration and Customs Enforcement, and other Components. Lessons are gathered in the following categories, in alignment with Project Management Institute standards: (1) Change Management, (2) Communications, (3) Cost, (4) Documentation, (5) Governance, (6) Human Resources, (7) Procurement, (8) Project Management, (9) Quality, (10) Risk, (11) Schedule, (12) Scope, and (13) Systems Engineering.

It is also important to note the OIG’s MMPC report does not recognize that the Department continues to make significant progress ensuring proper financial management as evidenced by having now earned an unmodified (clean) audit opinion on its financial statements for the past eight years and greatly reducing its’ material weaknesses and significant internal control deficiencies. USCG and FEMA, the two primary drivers of remaining weaknesses, are both scheduled to move to modern systems in fiscal years 2022 and 2024, respectively.

▸ **Ensuring Information Technology (IT) Supports Essential Mission Operations**

- “DHS Lacked Technology Needed to Successfully Account for Separated Migrant Families,” OIG-20-06, dated November 25, 2019.

OIG reported, in part, that DHS was unable to reunify families as mandated by a federal judge due to poor data tracking, information sharing, and IT systems capabilities. Not disclosed in the MMPC report was DHS’s concern, among others, that OIG’s inflated numbers that will lead to misunderstandings and misperceptions as to the Department’s operational efforts and compliance with court orders. Specifically, OIG’s report inaccurately characterized the level of

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certainty to which DHS and the Department of Health and Human Services (HHS) identified separated parents and children. OIG's conclusions were based on a flawed analysis of DHS data systems in an attempt to try to confirm the numbers of "potentially separated minors who were not included in DHS's numbers." The OIG's data analysis did not include information from the full range of sources and methods used by DHS, HHS, and the Department of Justice to identify and verify the numbers of separated children. As a result, the degrees of certainty between the multi-agency reunification effort and the OIG's limited analysis were not remotely comparable.

- "Evaluation of DHS' Information Security Program for Fiscal Year 2019," OIG-20-77, dated September 30, 2020.

OIG reported an overall reduction in the program's effectiveness. The Department disagreed with OIG's overall assessment that DHS regressed in the management of its information security program due to the decision made by a former DHS Chief Information Officer (CIO) permitting the USCG to submit their cybersecurity and Federal Information Security Modernization Act (FISMA) reports to the Department of Defense. OIG's conclusion seemed to primarily derive from an incorrect legal assessment that the CIO lacked the authority to make such a decision, despite the Department reiterating the DHS CIO is afforded *statutory authority* to accept cybersecurity risk for the Department. DHS previously demonstrated in meetings and with supporting documentation that the CIO acted appropriately to accept risk and confirmed this decision with the Office of Management and Budget and Federal Chief Information Security Officer.

- **Improving FEMA's Grant Management, Disaster Assistance, and Fraud Prevention.**

- "FEMA Mismanaged the Commodity Distribution Process in Response to Hurricanes Irma and Maria," OIG-20-76, dated September 25, 2020.

With regard to the "Supply Chain Weakness" portion of this challenge, the OIG referenced a single report highlighting "significant deficiencies" in FEMA's commodity distribution process. In its management response to this report, FEMA leadership disagreed with OIG's conclusion. FEMA explained that while the response to Hurricanes Irma and Maria in Puerto Rico posed a number of logistical challenges, FEMA delivered a historic quantity of 63.6 million (M) meals and 74.1 M liters of water to the Commonwealth of Puerto Rico government from September 2017 through April 2018. FEMA also explained how it recognized the opportunity for, and taken actions to improve staffing, training, processes, tools, and accounting for meals and water.

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- “FEMA Has Made More Than \$3 Billion in Improper and Potentially Fraudulent Payments for Home Repair Assistance since 2003,” OIG-20-23, dated April 6 2020, and “FEMA Has Paid Billions in Improper Payments for SBA [Small Business Administration] Dependent Other Needs Assistance since 2003,” OIG-20-60, dated August 12, 2020.

With regard to the “Improper Payments and Fraud Prevention” portion of this challenge, the OIG reported weaknesses in FEMA’s applicant eligibility determination and risk assessment processes resulting in more than \$6.3 billion in improper payments. The OIG did not report that FEMA leadership strongly disagreed with the OIG’s conclusions. For example, FEMA believes the OIG overstates the amount of questionable home repair assistance FEMA provided by categorically questioning assistance payments made to applicants who self-certified a lack of homeowner’s insurance. FEMA has exhaustively researched potential ways to reliably and expeditiously verify whether an applicant has homeowner’s insurance. FEMA also has significant concerns with the methodology that was used to project the improper payment figure provided within the home repair report. Of the \$3 billion of assistance payments questioned by the OIG, the OIG’s report raises potential questions about 2 percent of the limited sample of payments reviewed.

Concerning OIG-20-60, FEMA also did not agree with the OIG’s assessment that a five percent deviation in income reporting necessarily indicated an error on FEMA’s part. The U.S. Census Bureau reported that the U.S. median household income during 2017 was \$60,336, five percent of which is \$3,017. FEMA does not regard a \$3,000 reporting differential to automatically indicate error or malintent. A multitude of reasons could explain why an applicant’s reported income immediately after a disaster is \$3,000 less or more than what they report at the end of the year, such as income fluctuation. Many applicants—US citizens, noncitizen nationals, or qualified aliens—do not have a standard and predictable annual salary, so comparing reported income at different points in the same year could produce discrepancies that are not attributable to the applicant purposefully misrepresenting their income in an attempt to qualify for disaster aid.

FEMA believes that it is unlikely that all these income reporting differentials were incorrect and not, at least in some cases, due to actual income differences between the time reported to FEMA and the time reported to the IRS. However, even if all applications had a reporting differential due to an error on the part of the applicant, FEMA does not believe such errors warrant slowing the delivery of potentially life-saving disaster assistance for the other nearly 80 percent of the applicant’s in order to eliminate that reporting error.

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- **Strengthening Oversight and Management of Major Systems Acquisition**

- “PALMS [Performance and Learning Management System] Funding and Payments Did Not Comply with Federal Appropriations Law,” OIG-20-19, dated March 24, 2020.

The OIG highlights its belief that DHS’s funding and payments for PALMS violated federal appropriations law, and a statutory prohibition on advance payments resulting in more than \$4.6 million being misspent. The MMPC report, however, does not disclose that many DHS program officials, subject matter experts (including counsel), and others disagreed with the OIG’s conclusions, which they viewed as significantly flawed and inaccurate factual representations, despite numerous meetings and the thousands of pages of technical comments and supporting documentation provided to the audit team during the two and a half years it took to complete this audit.

In addition, DHS viewed the OIG’s findings and recommendations as inconsistent with the legislative framework governing the DHS Working Capital Fund and argued that these findings contravened longstanding interpretations of those governing provisions and the administrative practices and policies that effectuate those interpretations. DHS also non-concurred with the nine recommendations in the report, disagreements which remain open and unresolved.

- “CBP Has Not Demonstrated Acquisition Capabilities Needed to Secure the Southern Border,” OIG-20-52, dated July 14, 2020.

In a report that took nearly three years to complete, the OIG concluded DHS and CBP inadequately analyzed and incompletely documented the decision-making processes. In its management response, DHS expressed strong disagreement with the OIG’s analysis and expressed concerns about the apparent misalignment of purpose and product with the OIG’s report, specifically: (1) regarding the role of an Executive Branch agency, (2) conflation and confusion of “Operational Control” and “Impedance and Denial,” and (3) the proper use of an Analysis of Alternatives versus an Alternatives Analysis. The OIG made three recommendations, two with which DHS non-concurred and one with which it agreed based on the belief DHS had already completed it. The OIG asserted what DHS viewed as an appropriate response to the third recommendation was inadequate, resulting in all recommendations remaining open and unresolved.

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**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security

- “CBP Does Not Have a Comprehensive Strategy for Meeting Its LS-NII [Large Scale Non-Intrusive Inspection] Needs,” OIG-20-75, dated September 20, 2020.

The OIG reported that CBP did not have a comprehensive strategy for meeting its LS-NII equipment needs at all CBP locations. DHS and CBP strongly disagreed with the OIG’s conclusion that acquisition officials did not provide effective oversight of CBP’s acquisition planning efforts and did not confirm acquisition plans aligned with LS-NII program objectives. In fact, the LS-NII program’s acquisition planning was consistent with the Department’s Management Directive 102-01, “Acquisition Management,” dated February 25, 2019, and its implementing instructions. For example, the OIG’s draft report did not address the program’s demonstrated compliance with required acquisition activities, including recognizing that the program: (1) had an approved Acquisition Program Baseline, (2) was exempt from having a Test and Evaluation Master Plan, and (3) was actively pursuing acquisition management activities to address future program requirements. The report instead suggests that CBP is not acting in accordance with DHS acquisition policies.

In addition, the OIG did not disclose Departmental concerns that the OIG’s findings reflected in the draft report were not timely or current. For example, the OIG announced the LS-NII audit on April 24, 2018 and released its draft report for technical and management comments on June 23, 2020. During this 26-month audit period, however, DHS’ acquisition policies were revised, and the OIG’s findings did not fully account for these policy revisions.

Looking forward to next year’s MMPC report, DHS leadership would appreciate receiving the OIG’s draft in August or September (as has occurred in some past years) to begin the review, comment, and final publication process. Receiving the report in October or November, as occurred this year and in some prior years, places an undue burden on both DHS and the OIG to finalize the report for inclusion as part of the Department’s Annual Financial Report by mid-November, as required by statute.

Again, thank you for the opportunity to review and comment on this draft report. DHS strives to maintain a culture where all its employees and contractors understand that audits help make us better and both auditors and auditees must be engaged throughout the audit lifecycle. DHS will continue to be open and transparent with the OIG and responsive to the OIG’s requests for information, devoting an appropriate level of attention among competing mission-related priorities and demands to the OIG’s work. DHS will also remain committed to actively following up on recommendation implementation. Please feel free to contact me if you have any questions. We look forward to working with you during the coming year.

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# Acronym List



Unaudited, see accompanying Auditors' Report



## Acronyms

ACE – Automated Commercial Environment	DATA Act – Digital Accountability and Transparency Act of 2014
AFR – Agency Financial Report	DC – District of Columbia
AGA – Association of Government Accountants	DCIA – Debt Collection Improvement Act of 1996
APG – Agency Priority Goal	DCM – Disaster Case Management
ATON – Aids to Navigation	DHS – Department of Homeland Security
BRS – Blended Retirement System	DIEMS – Date of Initial Entry into Military Service
CBoL – Commercial Bill of Lading	DOD – U.S. Department of Defense
CBP – U.S. Customs and Border Protection	DOJ – Department of Justice
CBRN – Chemical, Biological, Radiological and Nuclear	DOL – U.S. Department of Labor
CDC – Centers for Disease Control and Prevention	DPIO – Deputy PIO
CDL – Community Disaster Loans	DRF – Disaster Relief Fund
CEAR – Certificate of Excellence in Accountability Reporting	EDS – Explosive Detection System
CFATS – Chemical Facility Anti-Terrorism Standards	ERM – Enterprise Risk Management
CFO – Chief Financial Officer	ERO – Enforcement and Removal Operations
CFR – Code of Federal Regulations	FAA – DHS Financial Accountability Act
CIO – Chief Information Officer	FBwT – Fund Balance with Treasury
CISA – Cybersecurity and Infrastructure Security Agency	FCRA – Federal Credit Reform Act of 1990
COBRA – Consolidated Omnibus Budget Reconciliation Act of 1985	FECA – Federal Employees Compensation Act of 1916
COLA – Cost of Living Allowance	FEMA – Federal Emergency Management Agency
CONOPS – Concept of Operations	FERS – Federal Employees Retirement System
COTS – Commercial Off-the-Shelf	FEVB – Federal Employee and Veterans’ Benefits
CPI – Consumer Price Index	FFMIA – Federal Financial Management Improvement Act of 1996
CSR – Cancer Statistics Review	FISMA – Federal Information Security Management Act
CSRS – Civil Service Retirement System	FLETC – Federal Law Enforcement Training Centers
CUAS – Counter Unmanned Aircraft Systems	FMFIA – Federal Managers’ Financial Integrity Act
CWMD – Countering Weapons of Mass Destruction	FPS – Federal Protective Service
DADLP – Disaster Assistance Direct Loan Program	

## Acronym List

FR – Financial Report	MERHCF – Medicare–Eligible Retiree Health Care Fund
FRDAA – Fraud Reduction and Data Analytics Act	MGMT – Management Directorate
FSM – Financial Systems Modernization	MHS – Military Health System
FY – Fiscal Year	MRS – Military Retirement System
GAAP – Generally Accepted Accounting Principles	NFIP – National Flood Insurance Program
GAO – U.S. Government Accountability Office	NRCC – National Response Coordination Center
GETS – Government Emergency Telecommunications Service	NRMC – National Risk Management Center
GPRA – Government Performance and Results Act of 1993	O&S – Operations & Support
GPRAMA – GPRA Modernization Act of 2010	OCPO – Chief Procurement Officer
GSA – General Services Administration	OIG – Office of Inspector General
GTAS – Government-wide Treasury Account Symbol	OMB – Office of Management and Budget
HFIAA Homeowner Floor Insurance Affordability Act	OM&S – Operating Materials and Supplies
HVA – High Value Assets	OPA – Oil Pollution Act of 1990
IA – Individual Assistance	OPCON – Operational Control
I&A – Office of Intelligence and Analysis	OPEB – Other Post Retirement Benefits
ICE – U.S. Immigration and Customs Enforcement	OPLA – Office of the Principal Legal Advisor
ICMM – Internal Control Maturity Model	OPM – Office of Personnel Management
IEFA – Immigration Examination Fee Account	OPO – Office of Protective Operations
IHP – Individuals and Households Program	OPS – Office of Operations Coordination
INA – Immigration Nationality Act	ORB – Other Retirement Benefits
IPE – Information Produced by Entity	OSLTF – Oil Spill Liability Trust Fund
IPERA – Improper Payments Elimination and Recovery Act of 2010	OTA – Other Transaction Agreement
IPERIA – Improper Payments Elimination and Recovery Improvement Act of 2012	PA – Public Assistance
IPIA – Improper Payments Information Act of 2002	PA&E – Program Analysis and Evaluation
IT – Information Technology	PIIA – Payment Integrity Information Act of 2019
LOI – Letter of Intent	PIO – Performance Improvement Officer
	PP&E – Property, Plant, and Equipment
	P.L. – Public Law
	SAR – Search and Rescue
	SBA - Small Business Administration
	SBR – Statement of Budgetary Resources
	SFFAS – Statement of Federal Financial Accounting Standards
	SFRBTF – Sport Fish Restoration Boating Trust Fund

## Acronym List

SNC - Statement of Net Cost	U.S. - United States
SOC - Service Organization Control	US&R - Urban Search & Rescue
SOS - Schedule of Spending	USC - United States Code
SR - Strategic Review	USCG - U.S. Coast Guard
S&T - Science and Technology Directorate	USCIS - U. S. Citizenship and Immigration Services
TAFS - Treasury Appropriation Fund Symbol	USPS - U.S. Postal Service
TBI - Treasury Breakeven Inflation	USSGL - U.S. Standard General Ledger
TCM - Trade Compliance Measurement	USSS - U.S. Secret Service
Treasury - Department of the Treasury	VA - U.S. Department of Veterans Affairs
TSA - Transportation Security Administration	VP - Vendor Payment
UAS - Unmanned Aerial System	WYO - Write Your Own

Acronym List

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# Acknowledgements



This Agency Financial Report (AFR) was produced with the tireless energies and talents of Department of Homeland Security Headquarters and Component employees and contract partners.

Within the Office of the Chief Financial Officer, the division of Financial Management is responsible for financial management policy, preparing annual financial statements and related notes and schedules, and coordinating the external audit of the Department's financial statements.

The division of Risk Management and Assurance provides direction in the areas of internal control to support the Secretary's assurance statement, risk management, and improper payments.

The division of Program Analysis and Evaluation conducts analysis for the Department on resource allocation issues and the measurement, reporting, and improvement of DHS performance, and coordinates the Performance Overview section of the AFR.

The division of GAO-OIG Audit Liaison facilitates Department relationships with audit organizations and coordinates with OIG on the Management Challenges report.

We offer our sincerest thanks to all the offices involved in the Department's FY 2020 Agency Financial Report for their hard work and contributions.



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