



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, Improper Payments Elimination and Recovery Improvement Act, Freeze 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.

Entry Summary of Trade Compliance Measurement

(\$ in millions)

	<u>FY 2015</u>	<u>FY 2014</u>
Estimated Revenue Gap	\$ 649.6	\$245.6
Preliminary Revenue Gap of all collectable revenue for year (%)	1.39%	0.56%
Estimated Over-Collection	\$37.8	\$43.2
Estimated Under-Collection	\$687.3	\$288.8
Overall Trade Compliance Rate (%)	98.9%	97.6%

The preliminary overall compliance rate for Fiscal Year (FY) 2015 is 98.9 percent. The final overall trade compliance rate and estimated revenue gap for FY 2015 will be issued in February 2016.

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.

USASpending.gov reports obligations incurred for various financial assistance and contracts payment types. The major difference between information presented on the SBR and SOS versus USASpending.gov is that the SBR and SOS present all obligations incurred for the fiscal year; whereas USASpending.gov reports only a subset of those obligations related to various types of financial assistance and contracts. For example, the following types of obligations are presented in the SBR and SOS, but are not included in USASpending.gov: personnel compensation and benefits, agreements between Federal Government agencies (referred to as inter-agency agreements), and bankcard purchases below the micro-purchase threshold.

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 allowed 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 spending actions taken by the Department—including contracts, orders, grants, or other legally binding agreements of the Federal Government—to pay for goods or services. This line total agrees to the Obligations Incurred line in the SBR.

How was the Money Spent/Issued? This section presents services or items that were purchased, categorized by Components. 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 Domestic Nuclear Detection Office (DNDO), the Federal Law Enforcement Training Centers (FLETC), the Office of Intelligence and Analysis (I&A), the Office of Operations Coordination and Planning (OPS), the Management Directorate (MGMT), the Office of Health Affairs (OHA), the Office of Inspector General (OIG), the National Protection and Programs Directorate (NPPD), the Science and Technology Directorate (S&T), the 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.
- ***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 Obligations Incurred 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.

U.S. Department of Homeland Security
Combined Schedule of Spending
For the Years Ended September 30, 2015 and 2014
(In Millions)

	<u>2015</u>	<u>2014</u>
What Money is Available to Spend?		
Total Resources	\$ 89,074	\$ 85,320
Less Amount Available but Not Agreed to be Spent	(12,955)	(14,316)
Less Amount Not Available to be Spent	(3,267)	(3,516)
TOTAL AMOUNT AGREED TO BE SPENT	<u>\$ 72,852</u>	<u>\$ 67,488</u>
How Was the Money Spent/Issued?		
<i>U.S. Customs and Border Protection</i>		
Personnel Compensation and Benefits	\$ 10,426	\$ 9,938
Contractual Services and Supplies	3,584	3,494
Acquisition of Assets	827	785
Grants, Subsidies, and Contributions	11	-
Insurance, Refunds, and Other Spending	2,933	1,465
Total Spending	<u>17,781</u>	<u>15,682</u>
<i>U.S. Coast Guard</i>		
Personnel Compensation and Benefits	5,285	5,141
Contractual Services and Supplies	4,602	4,822
Acquisition of Assets	950	1,245
Grants, Subsidies, and Contributions	44	26
Insurance, Refunds, and Other Spending	128	151
Total Spending	<u>11,009</u>	<u>11,385</u>
<i>Federal Emergency Management Agency</i>		
Personnel Compensation and Benefits	1,079	1,073
Contractual Services and Supplies	1,520	1,527
Acquisition of Assets	266	179
Grants, Subsidies, and Contributions	10,763	9,885
Insurance, Refunds, and Other Spending	2,283	2,202
Total Spending	<u>15,911</u>	<u>14,866</u>
<i>U.S. Immigration and Customs Enforcement</i>		
Personnel Compensation and Benefits	2,940	2,896
Contractual Services and Supplies	3,081	3,132
Acquisition of Assets	185	232
Insurance, Refunds, and Other Spending	37	49
Total Spending	<u>6,243</u>	<u>6,309</u>

(Continued)

**U.S. Department of Homeland Security
Combined Schedule of Spending
For the Years Ended September 30, 2015 and 2014
(In Millions)**

	<u>2015</u>	<u>2014</u>
<i>Transportation Security Administration</i>		
Personnel Compensation and Benefits	4,692	4,606
Contractual Services and Supplies	2,603	2,213
Acquisition of Assets	292	291
Grants, Subsidies, and Contributions	87	81
Insurance, Refunds, and Other Spending	3	3
Total Spending	<u>7,677</u>	<u>7,194</u>
<i>Directorates and Other Components</i>		
Personnel Compensation and Benefits	4,263	4,049
Contractual Services and Supplies	7,486	7,440
Acquisition of Assets	2,329	429
Grants, Subsidies, and Contributions	158	144
Insurance, Refunds, and Other Spending	(5)	(10)
Total Spending	<u>14,231</u>	<u>12,052</u>
<i>Department Totals</i>		
Personnel Compensation and Benefits	28,685	27,703
Contractual Services and Supplies	22,876	22,628
Acquisition of Assets	4,849	3,161
Grants, Subsidies, and Contributions	11,063	10,136
Insurance, Refunds, and Other Spending	5,379	3,860
TOTAL AMOUNT AGREED TO BE SPENT	<u>\$ 72,852</u>	<u>\$ 67,488</u>
Who Did the Money Go To?		
Non-Federal Governments, Individuals and Organizations	\$ 57,301	\$ 51,392
Federal Agencies	15,551	16,096
TOTAL AMOUNT AGREED TO BE SPENT	<u>\$ 72,852</u>	<u>\$ 67,488</u>

Summary of Financial Statement Audit and Management Assurances

Table 1 and Table 2 below provide a summary of the financial statement audit results and management assurances for FY 2015.

Table 1: FY 2015 Summary of the Financial Statement Integrated Audit Results

Audit Opinion	Unmodified				
Restatement	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Reporting	1				1
IT Controls & System Functionality	1				1
Property, Plant & Equipment	1				1
Budgetary Accounting	1		1		0
Total Material Weaknesses	4	0	1	0	3

In FY 2015, the Independent Auditor's Report on the integrated financial statement audit identified three material weakness conditions at the Department level. Corrective actions were implemented by management, which resulted in several conditions at the Component levels being reduced in severity or resolved from prior year. For example, the Federal Emergency Management Administration (FEMA) continued its obligation balance reviews that enhance overall undelivered orders (UDO) management and timely deobligation of invalid UDO balances. The process includes: 1) program level UDO management; 2) quarterly review and validation centralized by the Chief Financial Officer (CFO); and 3) CFO actions to ensure that the year-end financial statement balances are accurately reported. Management's assessment of controls over FEMA's UDO process passed test of effectiveness. In addition, this approach resulted in no financial statement adjustments at the end of the FY 2014 and FY 2015 financial statement audit.

In FY 2015, the Department is providing reasonable assurance on internal control over financial reporting, with the exception of three material weaknesses identified in Table 2. Management has performed its evaluation, and the assurance is provided based upon the cumulative assessment work performed on Entity Level Controls, Financial Reporting, Budgetary Resources, Fund Balance with Treasury, Human Resources and Payroll Management, Payment Management, Insurance Management, Grants Management, Property Plant and Equipment, and Revenue and Receivables. DHS management has remediation work to continue in FY 2016; however, no additional material weaknesses were identified as a result of the work performed in these business process areas. The following table provides those areas where material weaknesses were identified and remediation work continues.

Table 2: FY 2015 Effectiveness of Internal Control Over Financial Reporting

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA SECTION 2)					
Statement of Assurance	Qualified				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Reporting	1				1
IT Controls & System Functionality	1				1
Property, Plant & Equipment	1				1
Budgetary Accounting	1		1		0
Total Material Weaknesses	4	0	1	0	3
EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA SECTION 2)					
Statement of Assurance	Unqualified				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
None noted	0				0
Total Material Weaknesses	0	0	0	0	0
CONFORMANCE WITH FINANCIAL MANAGEMENT SYSTEMS REQUIREMENTS (FMFIA SECTION 4)					
Statement of Assurance	SYSTEMS DO NOT FULLY CONFORM WITH FINANCIAL SYSTEM REQUIREMENTS				
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Federal Financial Management Systems Requirements, including Financial Systems Security & Integrate Financial Management Systems	1				1
Noncompliance with the U.S. Standard General Ledger	1				1
Federal Accounting Standards	1				1
Total Non-Conformances	3	0	0	0	3
COMPLIANCE WITH FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)					
	DHS		Auditor		
1. System Requirements	Lack of substantial compliance		Lack of substantial compliance		
2. Accounting Standards	Lack of substantial compliance		Lack of substantial compliance		
3. USSGL at Transaction Level	Lack of substantial compliance		Lack of substantial compliance		

Effectiveness of Internal Control Over Financial Reporting

Pursuant to the *Department of Homeland Security Financial Accountability Act*, the Department has focused its efforts on evaluating corrective actions to assess whether previously reported material weaknesses continue to exist. In cases where material weaknesses continue to exist, the Department focused on identifying significant financial reporting areas where assurance can be provided and developed interim compensating measures to support the Secretary's commitment to obtain a clean opinion on all financial statements. Since FY 2005, the Department reduced audit qualifications from 10 to zero and material weaknesses by more than half. For the tenth consecutive year, we have made progress strengthening Department-wide internal control over financial reporting. In FY 2015 DHS made significant progress in reducing the budgetary accounting material weakness.

The DHS CFO partnered with the DHS CPO to expedite contract closeouts. FEMA, ICE, and USCG strengthened their processes for timely deobligation of undelivered orders. These successes resulted in the improvement of the budgetary accounting material weakness to a significant deficiency. Additionally, USSS and CBP cleared audit conditions in the areas of financial reporting and property, plant and equipment, respectively. These improvements bring us closer to our goal of obtaining an unqualified (clean) audit opinion on internal control over financial reporting.

Significant internal control challenges remain in the areas of: Financial Reporting; IT Controls and System Functionality; and Property, Plant, and Equipment (PP&E). To support the remediation effort, the Department’s CFO has initiated a financial system modernization initiative to address the Component’s challenges with remediating the existing material weaknesses and non-compliance with federal financial systems requirements. The CFO conducts monthly risk management meetings with applicable Components, senior management, and staff.

Table 3 summarizes financial statement audit material weaknesses in internal controls as well as planned corrective actions with estimated target correction dates.

Table 3: FY 2015 Internal Control Over Financial Reporting Corrective Actions

Material Weakness	Component	Year Identified	Target Correction Date
	USCG, NPPD, ICE, MGMT, and S&T	FY 2003	FY 2016
Financial Reporting	USCG did not establish an effective financial reporting process due to the lack of integrated financial processes and systems resulting in heavy reliance on manual processes. The USCG materially contributes to the Department’s overall material weakness. The other Components experienced challenges in deficiencies in multiple business processes directly impacting financial reporting.		
Corrective Actions	The DHS CFO will continue to support Components in implementing corrective actions to establish effective financial reporting control activities.		

Material Weakness	Component	Year Identified	Target Correction Date
		CBP, FEMA, and ICE	FY 2003
IT Controls and System Functionality	The Department's Independent Public Auditor has identified Financial Systems Security as a material weakness in internal controls since FY 2003 due to inherited control deficiencies surrounding general computer and application controls. CBP and FEMA primarily contribute to the Department's overall material weakness. The <i>Federal Information Security Management Act</i> mandates that federal agencies maintain IT security programs in accordance with OMB and National Institute of Standards and Technology guidance. In addition, the Department's financial systems do not fully conform to the <i>Federal Financial Management Improvement Act (FFMIA)</i> .		
Corrective Actions	The DHS CFO and CIO will support CBP and FEMA in the design and implementation of internal controls in accordance with DHS 4300A, <i>Sensitive Systems Handbook, Attachment R: Compliance Framework for CFO Designated Financial Systems</i> . In addition, the Department will continue to move forward with financial system modernization that will provide substantial compliance with FFMIA.		

Material Weakness	Component	Year Identified	Target Correction Date
		USCG and NPPD	FY 2003
PP&E	The controls and related processes surrounding PP&E to accurately and consistently record activity are either not in place or contain errors and omissions.		
Corrective Actions	USCG will implement and sustain policies and procedures to support completeness, existence, and valuation over its PP&E. The DHS CFO will continue efforts to support USCG implementing corrective actions to address capital asset conditions and develop policies and procedures to establish effective property management and internal control over financial reporting activities.		

Effectiveness of Internal Control Over Operations

The Department's Management Directorate (MGMT) is dedicated to ensuring that departmental offices and Components perform as an integrated and cohesive organization, focused on the Department's frontline operations to lead efforts to achieve a safe, secure, and resilient homeland. Critical to this mission is a strong internal control structure. As we strengthen and unify DHS operations and management, we will continually assess and evaluate internal controls to ensure the effectiveness and efficiency of operations and compliance with laws and regulations. We have made tremendous progress in strengthening Department-wide internal control over operations, as evidenced by the following FY 2015 achievements:

- The Office of Chief Financial Officer made significant inroads and built on the progress made in FY 2014 after the move of the Cost Analysis Division to the Office of Chief Financial Officer. During FY 2015, the Cost Analysis Division continued to provide direct support, direction, and guidance to DHS Component Acquisition Executives aimed to strengthen the Department's cost estimating capabilities. This resulted in eleven Life Cycle Cost Estimate approvals, seven of which were for programs that never had a DHS-approved estimate. The net effect of this progress means that 84 percent of the Department's major acquisition programs are now underpinned with Life Cycle Cost Estimates that can be used to support acquisition and resource decisions, ultimately supporting the Department's ability to deliver mission capability on time and within budget.
- Office of Program Accountability and Risk Management implemented procedures whereby each program is required to produce a staffing plan. In this connection, Component Account Executives review each plan and provide an independent assessment as to whether the program is sufficiently staffed.
- Office of the Chief Information Officer implemented a tiered governance structure and developed and utilized a set of processes to evaluate programs and portfolios. The Department identified functional portfolios (as defined by its Enterprise Architecture) to support strategic, mission, and tactical delivery of information technology programs. The Department also implemented the TechStat process at the Department and Component levels. The policies and procedures associated with the Department's tiered information technology governance model have been finalized and were implemented across the enterprise.

Improper Payments Elimination and Recovery Improvement Act

The *Improper Payments Information Act of 2002* (IPIA) (Pub. L. 107-300), as amended by the *Improper Payments Elimination and Recovery Act of 2010* (IPERA) (Pub. L. 111-204), requires agencies to annually report information on improper payments to the President and Congress (through their annual Performance and Accountability Report or Agency Financial Report). IPERA also, generally, repealed the Recovery Auditing Act (Section 831, Defense Authorization Act for FY 2002; Pub. L. 107-107). The most recent law, the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA); (Pub. L. 112-248), also amended IPIA. IPERIA strengthened the requirement for government agencies to carry out cost-effective programs to identify and recover overpayments made to contractors, also known as “recovery auditing.” OMB established specific reporting requirements for agencies with programs that possess a significant risk of improper payments and for reporting on the results of recovery auditing activities. On October 20, 2014, OMB released M-15-02, an update to the OMB Circular A-123, Appendix C, *Requirements for Effective Estimation and Remediation of Improper Payments* to transform the improper payment compliance framework to create a more unified, comprehensive and less burdensome set of requirements. As noted below, the Department will implement corrective action plans for all programs with estimated improper error amounts above \$10 million.

In FY 2015, the Department is not fully compliant with the *Improper Payment Elimination and Recovery Improvement Act*. The Department has not met annual reduction targets for each program. The Department is compliant with all other provisions of the Improper Payment Elimination and Recovery Improvement Act. The Department is committed to achieving the most cost effective strategy on the reduction of improper payments. Throughout the years, we have worked together to strengthen program and payment procedures.

I. Risk Assessments

In FY 2015, the Department conducted risk assessments on nearly \$64 billion of FY 2014 disbursements for 92 DHS programs, where disbursements exceeded \$10 million. We assessed all payment types except for federal intra-governmental payments which were excluded based on the definition of an improper payment contained in IPERIA.

In late October 2012, Hurricane Sandy devastated portions of the Mid-Atlantic and northeastern United States, leaving victims of the storm and their communities in need of immediate disaster relief aid. On January 29, 2013, the President signed the Disaster Relief Appropriations Act (DRAA). According to DRAA, all federal programs or activities receiving funds under that act are automatically considered susceptible to significant improper payments, regardless of any previous improper payment risk-assessment results, and are required to calculate and report an improper payment estimate. We tested Hurricane Sandy-related FY 2014 payments for 10 DHS programs receiving this funding. NPPD received intra-governmental funding from FEMA for guard services, therefore, they were 1 of the 10 programs tested.

The susceptibility of programs to make improper payments was determined using both qualitative and quantitative risk analysis. A weighted average of 65 percent for qualitative factors and 35 percent for quantitative risk yields the program’s overall risk score. The risk conditions performed using quantitative and qualitative factors are as follows:

- Payment Processing Controls – Management’s implementation of internal control over payment processes, including existence of current documentation, the assessment of design and operating effectiveness of internal control over payments, the identification of deficiencies related to payment processes and whether or not effective compensating controls are present, and the results of prior IPIA payment sample testing.
- Quality of Internal Monitoring Controls – Periodic internal program reviews to determine if payments are made properly. Strength of documentation requirements and standards to support tests of design and operating effectiveness for payment controls. Presence or absence of compensating controls.
- Human Capital – Experience, training, and size of payment staff. Ability of staff to handle peak payment requirements. Level of management oversight and monitoring against fraudulent activity. Newness of program to the agency.
- Complexity of Program – Complexity and variability of interpreting and applying laws, regulations, and standards required of the program. Changes in funding, authorities, practices or procedures. Newness of program to the agency.
- Nature of Payments and Recipients – Type, volume, and size of payments. Length of payment period. Quality of recipient financial infrastructure and procedures. Recipient experience with federal award requirements.
- Operating Environment – Inherent risks of improper payments due to nature of programs or operations. Existence of factors that necessitate or allow for loosening of financial controls. Any known instances of fraud. Management’s experience with designing and implementing compensating controls.
- Additional Grant Programs Factors – Federal Audit Clearinghouse information on quality of controls within grant recipients. Identification of deficiencies or history of improper payments within recipients. Type and size of program recipients and sub-recipients. Maturity of recipients’ financial infrastructure, experience with administering federal payments, number of vendors being paid, and number of layers of sub-grantees.
- Contract Payment Management – Identification of contract management weaknesses identified in previous payment testing. Discrepancies between contracting officer representatives (COR) reviewing and approving invoices with CORs listed in the contract. Contractors reviewing and approving invoices on behalf of the COR. Lack of familiarity with goods and services listed on invoices. Time available to review invoices prior to payment. Sufficiency of supporting documentation to support invoice amount prior to payment. Completeness of contract file in order to verify agreed upon amounts for goods and/or services.

Additionally reviews and comparison to previous year’s program risk assessment and improper payment testing results were made to identify significant changes in the program. The Department also reviewed the results from the Office of Inspector General, Department of Homeland Security’s FY 2014 Compliance with the Improper Payments Elimination and Recovery Act of 2010, (OIG-15-94). Recommendations from the report were implemented during FY 2015.

Table 4: Programs Assessed for Risk of Improper Payments in FY 2015²

Item	Component	Program ID	Below Statutory Thresholds	Susceptible to Significant Improper Payments	Year Rate and Amount will be Reported
1	CBP	CDSOA & Wool	Yes	No	N/A
2	CBP	Construction	Yes	No	N/A
3	CBP	Operations & Maintenance	Yes	No	N/A
4	CBP	User Fees	Yes	No	N/A
5	CBP	Automation Modernization	Yes	No	N/A
6	CBP	Salaries and Expense(excluding AUO)	Yes	No	N/A
7	CBP	Salaries and Expense (AUO-Administrative Uncontrollable Overtime) ¹	No	Yes	FY 2015
8	CBP	Border Security Fencing	Yes	No	N/A
9	CBP	Puerto Rico & Virgin Islands	Yes	No	N/A
10	DNDO	Systems Acquisition	Yes	No	N/A
11	DNDO	Management & Administration	Yes	No	N/A
12	DNDO	Research Development & Operations	Yes	No	N/A
13	DNDO	Hurricane Sandy Payments ¹	Yes	Yes	FY 2015
14	FO/HQ	Management & Administration	Yes	No	N/A
15	FEMA	Disaster Case Management	Yes	No	N/A
16	FEMA	Payroll	Yes	No	N/A
17	FEMA	Travel Card	Yes	No	N/A
18	FEMA	Hazard Mitigation Grant Program - non-Sandy	Yes	No	N/A
19	FEMA	Urban Search and Rescue	Yes	No	N/A
20	FEMA	Assistance to Firefighter Grants - Fire Prevention	Yes	No	N/A
21	FEMA	Assistance to Firefighter Grants - SAFER	Yes	No	N/A
22	FEMA	Community Direct Loans	Yes	No	N/A
23	FEMA	Emergency Management Grant Program	Yes	No	N/A
24	FEMA	Federal Insurance Mitigation Administration - Grants	Yes	Yes	N/A
25	FEMA	Pre-Disaster Mitigation	Yes	No	N/A
26	FEMA	Grants & Training	Yes	No	N/A
27	FEMA	Emergency Food and Shelter Program	Yes	No	Waived
28	FEMA	National Flood Insurance Program - non-claims	Yes	No	N/A
29	FEMA	Port Security Grant Program ¹	Yes	Yes	FY 2015
30	FLETC	Management & Administration (FMA)	Yes	No	N/A
31	FLETC	Law Enforcement Training	Yes	No	N/A
32	I&A	Analysis and Operations	Yes	No	N/A
33	OHA	BioWatch	Yes	No	N/A
34	OHA	S&E	Yes	No	N/A
35	OHA	NBIC	Yes	No	N/A
36	ICE	Homeland Security Investigations	Yes	No	N/A
37	ICE	Office of the Assistant Secretary	Yes	No	N/A
38	ICE	MGMT	Yes	No	N/A
39	ICE	Servicewide Agreement	Yes	No	N/A
40	ICE	Payroll	Yes	No	N/A
41	ICE	Travel	Yes	No	N/A
42	ICE	Purchase and Fleet Card	Yes	No	N/A
43	NPPD	FPS-Federal Protective Service	Yes	No	N/A
44	NPPD	FPS Including Hurricane Sandy Disbursements	Yes	Yes	FY 2015
45	NPPD	OUS-Legacy Office Under Secretary	Yes	No	N/A

Item	Component	Program ID	Below Statutory Thresholds	Susceptible to Significant Improper Payments	Year Rate and Amount will be Reported
46	NPPD	CS&C-Cyber Security & Communications	Yes	No	N/A
47	NPPD	Infrastructure Protection (IP)	Yes	No	N/A
48	NPPD	OBIM-Office of Biometric Identity Management: US Visitor and Immigrant Status Indicator Technology (US-VISIT)	Yes	No	N/A
49	NPPD	Payroll (NPPD Wide)	Yes	No	N/A
50	S&T	Management & Administration	Yes	No	N/A
51	S&T	Research & Development	Yes	No	N/A
52	S&T	Research & Development - Hurricane Sandy Payments ¹	Yes	Yes	FY 2015
53	TSA	Transportation Security Support (Administrative Support)	Yes	No	N/A
54	TSA	Aviation Security Support	Yes	No	N/A
55	TSA	Federal Air Marshal Service	Yes	No	N/A
56	TSA	Surface Transportation	Yes	No	N/A
57	TSA	Threat Assessment and Credentialing	Yes	No	N/A
58	USCG	Acquisitions/Constructions and Improvements (AC&I)	Yes	No	N/A
59	USCG	Operating Expenditures (OE)	Yes	No	N/A
60	USCG	Aviation Logistics Center (ALC)	Yes	No	N/A
61	USCG	Surface Forces Logistics Center (SFLC) The Yard in Curtis Bay MD	Yes	No	N/A
62	USCG	Misc. Prog - Research & Development (R&D)	Yes	No	N/A
63	USCG	Misc. Prog - AC&I Recovery	Yes	No	N/A
64	USCG	Misc. Prog - Reserved Training	Yes	No	N/A
65	USCG	Misc. Prog - Retired Pay	Yes	No	N/A
66	USCG	Misc. Prog - Supply Fund	Yes	No	N/A
67	USCG	Misc. Prog - Boat Safety	Yes	No	N/A
68	USCG	Misc. Prog - Maritime Oil Spill	Yes	No	N/A
69	USCIS	Adjudications	Yes	No	N/A
70	USCIS	Transformation	Yes	No	N/A
71	USCIS	Information Customer Services	Yes	No	N/A
72	USCIS	Administration	Yes	No	N/A
73	USCIS	SAVE	Yes	No	N/A
74	USCIS	E-Verify	Yes	No	N/A
75	USSS	Protection	Yes	No	N/A
76	USSS	Investigations	Yes	No	N/A
77	USSS	D.C. Annuity	Yes	No	N/A
78	USSS	Acquisitions	Yes	No	N/A

Note 1: This program has not been previously identified as high risk or for sample testing.

Note 2: A risk assessment was conducted in FY 2015 for all programs determined to be high risk or tested in FY 2015. Per OMB Circular A-136, only programs not already reporting an improper payment estimate are listed in this table.

Based on this year's assessment process, the following programs were deemed to be vulnerable to significant improper payments:

Table 5: Programs at High-Risk for Improper Payments Based on FY 2015 Risk Assessments and Prior Year Payment Sample Testing

(\$ in millions)

Component	Program	FY 2015 Disbursements (Based on FY 2014 Actual Data)
CBP	Refund & Drawback	\$1,590.56
	Administratively Uncontrollable Overtime	\$337.96
	Hurricane Sandy payments	\$0.465
DNDO	Systems Acquisition - Hurricane Sandy payments	\$0.047
FEMA ¹	Assistance to Firefighters Grant Program	\$224.90
	Flood Risk Map - Flood Hazard Mapping and Risk Analysis Program	\$131.00
	Hazard Mitigation – Hurricane Sandy payments	\$34.03
	Homeland Security Grant Program ¹	\$1,496.52
	Individuals and Households Program - Hurricane Sandy payments	\$23.97
	National Flood Insurance Program	\$894.36
	Port Security Grant Program	\$300.89
	Public Assistance Program, includes Hurricane Sandy payments ¹	\$3,902.65
	Transit Security Grant Program	\$353.26
	Vendor Pay, included Hurricane Sandy payments	\$909.62
ICE	Enforcement and Removal Operations	\$1,525.28
NPPD	Federal Protective Service - Hurricane Sandy payments	\$1.02
OIG	Hurricane Sandy payments	\$2.00
S&T	Research & Development - Hurricane Sandy payments	\$0.28
USCG	AC&I, OE, and E,C & R – Hurricane Sandy payments	\$39.54
Total Disbursements		\$11,768.90

Note 1: All FEMA disbursements totals are national figures. Selected states and territories were tested for the state-administered programs Homeland Security Grants Program and Public Assistance. See the notes under Table 6 for a listing of states and territories tested for these programs in FY 2015.

II. Statistical Sampling

We used a statistically valid, stratified sampling design to select and test FY 2014 disbursements. The sampling design and execution was performed by a statistician. Our procedures provided an overall estimate of the percentage of improper payment dollars within ± 2.5 percent precision at the 90 percent confidence level, as specified by OMB M-15-02 guidance for programs as noted above. An expected error rate of 3 to 10 percent of total payment dollars was used in the sample size calculation.

Using a stratified random sampling approach, payments were grouped into mutually exclusive “strata,” or groups based on total dollars. A stratified random sample typically required a smaller sample size than a simple random sample to meet the specified precision goal at any confidence level. Once the overall sample size was determined, the individual sample size per stratum was determined using the Neyman Allocation method.

The following procedure describes the sample selection process:

- Grouped payments into mutually exclusive strata;
- Assigned each payment a random number generated using a seed;
- Sorted the population by stratum and random number within stratum; and
- Selected the number of payments within each stratum (by ordered random numbers) following the sample size design. For the certainty strata, all payments are selected.

To estimate improper payment dollars for the population from the sample data, the stratum-specific ratio of improper dollars (gross, underpayments, and overpayments, separately) to total payment dollars was calculated. FEMA Homeland Security Grant Program and Public Assistance Program used an OMB approved alternative sampling methodology for multi-year targeted sampling plan due to population size.

While the Department generally uses a statistical sampling methodology, there were five programs in which the payment population contained a low number of transactions. It was determined that statistical sampling may not be applicable or an efficient approach. Accordingly, the Department has performed a complete review (100 percent of transactions and payments) for the following component programs/activities.

- CBP – Hurricane Sandy payments
- DNDO – Hurricane Sandy payments
- FEMA – Hazard Mitigation – Hurricane Sandy payments
- NPPD – Federal Protective Service – Hurricane Sandy payments
- S&T – Hurricane Sandy payments

Test results of DHS programs deemed to be vulnerable to significant improper payments are presented in the following table. Improper payment estimates are based on statistically valid estimates for FY 2014 payments. These estimates are then projected for FY 2015 and beyond, based on the timing and significance of improvements expected from completing corrective actions.

Table 6: FY 2015 IPERIA Test Results

Component	Program	FY 2015 Payment Population (Based on FY 2014 Actual Data)	FY 2015 Sample Size (Based on FY 2014 Actual Data)	FY 2015 Est. Error Amount (Based on FY 2014 Actual Data)	FY 2015 Est. Error Percentage (Based on FY 2014 Actual Data)
CBP	Refund & Drawback	\$1,590.56	\$147.53	\$3.88	0.24%
	Administratively Uncontrollable Overtime ¹	\$337.96	\$0.195	\$0.84	0.25%
	Hurricane Sandy payments ⁴	\$0.465	\$0.465	\$0.0007	0.14%
DNDO	Systems Acquisition - Hurricane Sandy payments ⁴	\$0.047	\$0.047	\$0.00	0.00%
FEMA	Assistance to Firefighters Grant Program	\$224.90	\$62.32	\$1.44	0.64%
	Flood Risk Map - Flood Hazard Mapping and Risk Analysis Program ⁶	\$131.00	\$94.45	\$10.92	8.33%
	Hazard Mitigation - Hurricane Sandy payments ⁴	\$34.03	\$34.03	\$0.00	0.00%
	Homeland Security Grant Program ³	\$588.87	\$193.42	\$0.98	0.59%
	Individuals and Households Program – Hurricane Sandy Payments	\$23.97	\$2.45	\$1.68	7.01%
	National Flood Insurance Program	\$894.36	\$39.50	\$1.47	0.16%
	Port Security Grant Program ¹	\$298.46	\$171.59	\$2.02	0.67%
	Public Assistance Program ² - includes Hurricane Sandy Payments	\$1,975.72	\$1,118.51	\$5.10	0.48%
	Transit Security Grant Program	\$353.26	\$264.00	\$3.12	0.88%
Vendor Pay ^{1,6} - includes Hurricane Sandy Payments	\$909.62	\$276.53	\$54.99	7.50%	
ICE	Enforcement and Removal Operations ⁶	\$1,525.28	\$387.01	\$61.93	4.06%
NPPD	Federal Protective Service - Hurricane Sandy payments ¹	\$1.02	\$1.02	\$0.00	0.00%
OIG	Hurricane Sandy payments	\$2.00	\$1.09	\$0.00	0.00%
S&T	Research & Development - Hurricane Sandy payments ⁴	\$0.28	\$0.28	\$0.00	0.00%
USCG	AC&I, OE, and E,C & R – Hurricane Sandy payments	\$39.54	\$28.28	\$0.57	1.44%
DHS	All Programs⁵	\$8,933.77	\$2,822.72	\$148.94	1.67%
DHS	High Risk Programs	\$2,565.90	\$757.99	\$127.84	4.98%

Note 1: Program was identified in FY 2014 risk assessment as a program susceptible to high-risk. FY 2015 is the first year testing is being reported per the OMB Guidance A-123 Appendix C.

Note 2: Targeted sample testing of the Public Assistance Program was conducted in two levels covering 22 states (AS, AZ, CA, CT, CO, DC, DE, GA, MA, MD, MS, ND, NH, NJ, NY, OH, PA, RI, SC, SD, VA, WV). The first level is defined as the drawdown amount requested by a Grantee with the second level being defined as the amount for associated Grantee payments to Sub-grantees. Given the complexity and effort associated with testing drawdowns for a Grantee and then payments made to a Sub-grantee, a targeted sample was designed to review payments in FEMA Regions IV, VIII, IX and related to Hurricane Sandy funding. The total payments for these 22 participating Grantees paid out \$ 1,975 million out of a national total of \$3,903 million or approximately 51 percent of the total FY 2014 payment dollars. See Improper Payment Reduction Outlook table below for the national estimated error rate and amount.

Note 3: Targeted sample testing of the Homeland Security Grant Program was conducted in two levels covering 19 states (AK, AR, AS, CA, CT, DE, GA, GU, MA, MD, ME, MS, NH, OR, PR, SD, TX, UT, VI). The first level is defined as the drawdown amount requested by a Grantee with the second level being defined as the amount for associated Grantee payments to Sub-grantees. Given the complexity and effort associated with testing drawdowns for a Grantee and then payments made to a Sub-grantee, a targeted sample was designed to review payments in FEMA Regions IV, VIII, IX and related to Hurricane Sandy funding. The total payments for these 19 Grantees paid out \$589 million out of a national total of \$1,497 million or approximately 39 percent of the total FY 2014 payment dollars. See Improper Payment Reduction Outlook table below for the national estimated error rate and amount.

Note 4: For these programs, 100% of the total population was tested in their entirety. The testing results provide actual improper payment values for each payment population. Therefore, no estimate was required and the statistical and confidence level requirements stated in OMB Circular A-123 Appendix C are not applicable.

Note 5: Percentage figures based on cumulative totals of testing performed in FY 2015.

Note 6: Programs identified as High-risk programs.

Several programs considered high-risk based on risk assessment grading were not confirmed as high-risk based on sample test results. Based on the results of sample testing, corrective action plans are required for the following three programs were determined to be high-risk due to a national estimated error amounts above 1.5 percent and \$10 million:

1. ICE’s Enforcement and Removal Operations Program;
2. FEMA’s Flood Risk Map and Risk Analysis Program; and
3. FEMA’s Vendor Payments.

III. Corrective Actions

The following tables list corrective actions for programs with estimated improper error amounts above \$10 million. These corrective actions are targeted at addressing the root causes behind administrative and documentation errors caused by the absence of the supporting documentation necessary to verify the accuracy of the claim; or inputting, classifying, or processing applications or payments incorrectly by the Department, a state agency, or a third party who is not the beneficiary. Authentication and medical necessity errors and verification errors were either not identified or were immaterial to the estimated error rates and amounts of the Department’s high-risk programs.

Status of Prior Year Corrective Action Plans for ICE High-Risk Program

Table 7: Enforcement and Removal Operations Program Corrective Actions

Risk Factors	Corrective Actions	Target Completion Date	Status
Receipts and Acceptance Category of Error: Lack of contractual documentation to support disbursement Category of Error: Lack of invoice back up documentation (i.e. itemized detail and/or receipts for reimbursable expenses) Category of Error: Difference in price charged on the invoice and the price identified in the contract Category of Error: Duplicate items billed and paid			
1. Payments may not be made in accordance with the official contract. 2. Payment may be made for incorrect amounts, items/services that are out of scope, duplicate items billed and services outside the period of performance 3. Lack of invoice back-up documentation, such as itemized detail and/or receipts for reimbursable expenses (line item detail) 4. Receiving & acceptance not performed by authorized CCOR/POC, or COR/Program POC not designated in the contract.	1. Update/clarify COR responsibilities for proper invoice review and validation, including determination of the final invoice.	March 2015	Completed
	2. Update COR Checklist, as necessary, to ensure proper support documentation exists, prices correlate with the contract, correct contract line item numbers (CLINs) is identified for disbursement, indication and approval of final invoice.	June 2015	Completed
	3. Update COR guidance as necessary with revised COR responsibilities regarding proper invoice documentation and retention requirements.	June 2015	Completed
	4. Conduct mandatory training for all CORs on proper reviews and validation of invoices and reimbursable expenses	July 2015	Completed
	5. Validate and update WebView validation table with the CORs/POCs/COs listed on the respective contracts or modification to ensure authorized invoice approvals.	June 2015	Completed
	6. Distribute periodic communications (Q2, Q3, Q4 of FY15) to reinforce proper procedures and develop procedures for monitoring performance of receipt and acceptance by the appropriate official	March 2015 June 2015 September 2015	Completed
Invoice Payment Review Category of Error: Lack of contractual documentation to support disbursement Category of Error: Period of Performance (POP): 1) Invoice POP outside of contractual POP Category of Error: POP: 2) POP mismatch within the invoice (i.e. header vs. backup, etc.) Category of Error: Payment not made to the vendor identified in the contract			
1. Payment may be made for services outside the period of performance	1. Determine/clarify payment tech and certifying officer responsibilities for invoice validation prior to disbursement and guidance on proper documentation requirements	March 2015	Completed

Risk Factors	Corrective Actions	Target Completion Date	Status
2. Payment may be made inaccurately due incorrect or missing information, including; contract number, vendor name, vendor address, remittance info, invoice number, invoice date, TIN, DUNS, etc.	2. Develop invoice review checklist and reference guide. Establish criteria or decision tree to guide the payment office on what inconsistencies between the invoice and contract will require a modification of the contract or rejection of the invoice (e.g. changes to entity information will require a modification)	March 2015	Completed
	3. Update guidance for A/P techs to ensure it includes clear instructions on their responsibility for review to ensure proper validation is performed by the payment office prior to disbursement.	June 2015	Completed
	4. Conduct additional/refresher training for A/P techs on payment office invoice review.	June 2015	Completed
Category of Error: Invoice line item not found as valid CLIN within the contract			
1. Improper processing of contracts and obligations; not in compliance with the Federal Acquisition Regulation	1. Create/update guidelines for ensuring all contract costs align to the requisition as separate CLINs	December 2015	Completed
	2. Develop training with instructions for the updated process for CORs, programs, and COs.	June 2015	Completed

Corrective Action Plans for FY 2015 ICE High-Risk Program

Table 8: Planned Enforcement and Removal Operations Program Corrective Actions

Risk Factors	Corrective Actions	Target Completion Date
Category of Error: Lack of contractual documentation to support disbursement		
Category of Error: Lack of invoice back up documentation such as itemized detail and/or receipts for reimbursable expenses		
Category of Error: Difference in price charged on the invoice and the price identified in the contract		
Category of Error: Duplicate Items billed and paid		
Category of Error: Invoice line item not found as valid CLIN within the contract		
Category of Error: Invoice period of performance outside of contractual period of performance OR POP mismatch within the invoice (i.e. header vs. backup, etc.)		
1. Payments may not be made in accordance with the official contract. 2. Payment may be made for incorrect amounts, items/services that are out of scope, duplicate items billed and services outside the period of performance 3. Lack of invoice back-up documentation, such as itemized detail and/or receipts for reimbursable expenses (line item detail) 4. Receiving & acceptance not performed by authorized COR/Program POC, or COR/Program POC not designated in the contract 5. Payment may be made for services outside the period of performance	1. Distribute periodic communications to reinforce proper procedures for monitoring performance of receipt and acceptance by the appropriate official.	December 2015 March 2016 June 2016 September 2016

Risk Factors	Corrective Actions	Target Completion Date
Category of Error: Payment not made to the vendor identified in the contract		
1. Payment may be made inaccurately due to incorrect or missing information, including; contract number, vendor name, vendor address, remittance info, invoice number, invoice date, TIN, DUNS, etc.	1. Conduct additional/refresher training for A/P Technicians on payment office invoice review.	March 2016

Status of Prior Year Corrective Action Plans for FEMA High-Risk Programs

Table 9: Disaster Relief Fund Vendor Payments Program Corrective Actions

Risk Factors	Corrective Actions	Target Completion Date	Current Status
Category of Error: Insufficient Policies to Prevent Improper Payments			
1. FEMA COR manual needs to be updated for revised DHS COR policy	1. Update FEMA COR manual to be consistent with DHS COR policy regarding the following: 2. Clarify who has the authority to approve cost reimbursable and T&M payments (DHS COR manual section 7.14); 3. Clarify impact of DCAA-DHS MOU requiring 1 st invoices be routed through DCAA on cost reimbursable contracts.	March 2015	Completed
Category of Error: Acceptance and Receiving			
1. Reports and contract file maintenance needs improvement	1. Develop a standard inspection, acceptance, and receiving report for contracting officer's technical representatives and complete training on its proper completion and use.	November 2014	Completed
	2. Implement an electronic contract file maintenance system.	May 2015	Completed

*Note: DRF-Vendor payments corrective action plan will not change because this year's testing yielded the same or similar issues as last year.

Table 10: Individual and Households Payments Program Corrective Actions

Risk Factors	Corrective Actions	Target Completion Date	Current Status
Category of Error: Calculation Errors			
1. Improve NEMIS or info view platform to ensure accurate processing of awards generated by multiple inspections.	1. A new Web-enabled platform will provide line item comparison capabilities for Real and Personal Property disbursements.	September 2016	Release is scheduled for April 2016.
2. Develop a calculation comparison tool for caseworkers to improve payment award accuracy.	1. A new Web-enabled platform will provide calculators, worksheets, and logic to support added controls for caseworker's disbursements.	FY 2016	Ongoing - NEMIS release in May 2014 provided increased technology tools including calculators, worksheets and additional logic for medical, dental, transportation and insurance processing. CTHA calculator deliverable scheduled for FY 16 will complete this milestone.
Category of Error: Insufficient Documentation			
1. Implement sound business management practices by 1) limiting policy and procedural changes mid-stream 2) disallowing retroactive calculation adjustments	1. Implement changes/updates from "this date forward"	September 2016	Completed - The intent is to limit policy and procedural changes mid-event, which includes retroactive calculations.
Category of Error: Incomplete Verification			
1. Modify inspector guidance to clarify and enhance primary residency determinations.	1. Clarification, which has already been implemented, of the inspection guidelines resulting from phase one of Hurricane Sandy IPIA enhanced and clarified guidance for the inspector. These changes also support added assurance the applicant understood the intent of the question. The changes were made on June 26, 2013 from: "Ask the applicant if they had any disaster related damage at their primary residence; if 'Yes,' correct the address and perform the inspection on the applicant's primary residence. Select 'Not Primary Residence' if the applicant states that the damaged dwelling is not their primary residence but does have disaster related unmet needs (medical, dental, funeral, transportation)."	September 2014	Completed
Category of Error: Calculation Errors and Incomplete Verification			
1. Improve caseworker guidance on second review risk issues.	1. When policy, procedural or guidance changes result, require a second review for CTHA payment disbursements for a designated time	September 2016	Ongoing- pending leadership approval
2. Assign CTHA processing to a designated group of individuals	1. Identify core servicing group and augmentation support team for increased workloads to ensure knowledge base is current.	March 2016	Ongoing – pending leadership approval

Table 11: Transportation Security Grant Program Corrective Actions

Risk Factors	Corrective Actions	Target Completion Date	Current Status
Category of Error: Insufficient Supporting Documentation			
1. Failure to Complete Work During Period of Performance	1. Increase grantee documentation review guidance and create and conduct public assistance payment processing training.	March 2015	Completed
	2. Require grantees and sub-grantees to comply with document retention requirements past the required three-year grant period.	March 2015	Completed
	3. Conduct training for TSGP program and financial officers to include compliance with standardized financial management practices, responding to documentation requests, and document retention.	March 2015	Completed

Table 12: Public Assistance Program Corrective Actions

Risk Factors	Corrective Actions	Target Completion Date	Current Status
Category of Error: Unmet Work Completion Deadline			
1. Failure to Complete Work During Period of Performance	1. Increase grantee documentation review guidance and create and conduct public assistance payment processing training.	June 2014	Completed
Category of Error: Scope Discrepancy between Project Worksheet Scope of Work (SOW) and Supporting Documentation			
1. Discrepancies Found between PW SOW and Supporting Documentation	1. Require FEMA project specialists and public assistance coordinators to take training courses on proper project worksheet data entry and development, project writing skills, and audit review requirements.	March 2015	Completed
	2. Develop reference guides and/or checklists for costs documentation reviews to improve consistency of scope reviews.	March 2015	Completed
	3. Offer grantee invoice and force account documentation review guidance or training to ensure the scope of supporting documentation falls within the scope of the project worksheet/sub-grantee application.	March 2015	Completed

Table 13: Government Charge Card Corrective Actions

Risk Factors	Corrective Actions	Target Completion Date	Current Status
Category of Error: Insufficient Communication			
1. Policies and procedures are not updated and communicated in an effective manner. Preventative controls to minimize risk exposure can be better used.	1. Issue purchase card alerts	March 2015	Completed
	2. Conduct town hall meetings	March 2015	Completed
	3. Issue purchase card newsletters	March 2015	Completed
Category of Error: Inactive accounts remain open			
1. FEMA may still have open Purchase Cards linked to former employees. Purchase card limits may be too high and not accurately reflect the necessary purchase power of the employee. Inactive accounts and accounts with too-high limits expose FEMA to increased levels of risk.	1. Analyze spending limits to determine if the limits can be reduced	March 2015	Completed
	2. Issue letters to Approving Officials explaining the decision to reduce the spending limits	March 2015	Completed
	3. Follow up on inactive alerts from the bank to obtain a determination from the Approving Official if the card is needed.	March 2015	Completed
Category of Error: High risk merchant codes are not fully reviewed.			

Risk Factors	Corrective Actions	Target Completion Date	Current Status
1. Review bank reports routinely to ensure the blocked high risk merchant codes are not circumvented.	1. Review bank reports routinely to ensure the blocked high risk merchant codes are not circumvented.	March 2015	Completed

Corrective Action Plans for FY 2015 FEMA High-Risk Programs

Table 14: Planned Flood Risk Map and Risk Analysis Program Corrective Actions

Risk Factors	Corrective Actions	Target Completion Date	Current Status
Category of Error: Insufficient Policies to Prevent Improper Payments			
1. FEMA COR manual needs to be updated for revised DHS COR policy.	1. Update FEMA COR manual to be consistent with DHS COR policy regarding the following: <ul style="list-style-type: none"> o Clarify who has the authority to approve cost reimbursable and T&M payments (DHS COR manual section 7.14); o Clarify impact of DCAA-DHS MOU requiring 1st invoices be routed through DCAA on cost reimbursable contracts. 	March 2016	On-going
Category of Error: Insufficient Documentation			
1. Training needed on invoicing roles and responsibilities throughout the contract life-cycle.	1. Institute mandatory and refresher training for contracting officers, contracting officer's technical representatives, and accounting technicians.	March 2016	On-going
2. Reports and contract file maintenance needs improvement.	1. Develop a standard inspection, acceptance and receiving report for contracting officer's technical representatives and complete training on its proper completion and use.	June 2016	On-going
	2. Implementation of PRISM.	June 2017	On-going

Table 15: Planned Vendor Pay Program Corrective Actions

Risk Factors	Corrective Actions	Target Completion Date	Current Status
Category of Error: Insufficient Policies to Prevent Improper Payments			
Category of Error: Lack of contractual documentation to support disbursement			
Category of Error: Lack of invoice back up documentation such as itemized detail and/or receipts for reimbursable expenses			
Category of Error: Difference in price charged on the invoice and the price identified in the contract			
Category of Error: Duplicate Items billed and paid			
Category of Error: Invoice line item not found as valid CLIN within the contract			
Category of Error: Invoice period of performance outside of contractual period of performance OR POP mismatch within the invoice (i.e. header vs. backup)			
1. FEMA COR manual needs to be updated for revised DHS COR policy.	1. Update FEMA COR manual to be consistent with DHS COR policy regarding the following: <ul style="list-style-type: none"> o Clarify who has the authority to approve cost reimbursable and T&M payments (DHS COR manual section 7.14); o Clarify impact of DCAA-DHS MOU requiring 1st invoices be routed through DCAA on cost reimbursable contracts. 	March 2016	On-going
Category of Error: Insufficient Documentation and Failure to Verify Other Eligibility Data			
1. Training needed on invoicing roles and responsibilities throughout the contract life-cycle.	1. Develop a standard inspection, acceptance and receiving report for contracting officer's technical representatives and complete training on its proper completion and use.	June 2016	On-going
2. Reports and contract file maintenance needs improvement	1. Implementation of PRISM.	June 2017	On-going

IV. Program Improper Payment Reporting

The table below summarizes improper payment amounts for DHS high-risk programs. Improper payment percent (IP%) and improper payment dollar (IP\$) results are provided from last year’s testing of FY 2013 payments and this year’s testing of FY 2014 payments. Data for projected future-year improvements is based on the timing and significance of completing corrective actions.

Table 16: Improper Payment Reduction Outlook

(\$ in millions)

Program	PY Outlays	PY IP%	PY IP\$	CY Outlays	CY IP%	CY IP\$	CY Over payment \$	CY Under payment \$	CY +1 Outlays	CY +1 Est. IP%	CY +1 Est. IP\$	CY +2 Est. Outlays	CY +2 Est. IP%	CY +2 Est. IP\$	CY +3 Est. Outlays	CY +3 Est. IP%	CY +3 Est. IP\$
	2014 Testing (Based on FY 2013 Actual Data)			2015 Testing (Based on FY 2014 Actual Data)					2016 Testing (Based on FY 2015 Actual and Estimated Data)			2017 Testing (Based on 2016 Estimated Data)			2018 Testing (Based on 2017 Estimated Data)		
CBP – R&D	\$1,473.00	0.01%	\$0.18	\$1,590.56	0.24%	\$3.88	\$3.876	\$0.003	\$1,590.00	0.15%	\$2.39	\$1,590.00	0.13%	\$2.07	\$1,590.00	0.10%	\$1.59
CBP – AUO ^{3,7}	N/A	N/A	N/A	\$337.96	0.25%	\$0.84	\$0.84	\$0.00	\$175.00	0.20%	\$0.35	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00
CBP – Sandy ¹	\$0.28	0.00%	\$0	\$0.465	0.14%	\$0.0007	\$0.00	\$0.0007	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00
DNDO – Sandy ^{1,7}	N/A	N/A	N/A	\$0.047	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00
FEMA - AFG	\$336.00	0.10%	\$33	\$224.90	0.64%	\$1.44	\$1.44	\$0.00	\$228.00	0.50%	\$1.14	\$232.00	0.40%	\$0.93	\$237.00	0.30%	\$0.71
FEMA – FRM&RA ⁶	N/A	N/A	N/A	\$131.00	8.33%	\$10.92	\$10.92	\$0.00008	\$134.00	3.50%	\$4.69	\$137.00	2.00%	\$2.74	\$140.00	1.50%	\$2.10
FEMA – HM - Sandy	\$0.14	0.00%	\$0	\$34.03	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00
FEMA – HSGP	\$2,001.50	1.37%	\$27.49	\$1,496.52	1.20%	\$17.96	\$17.96	\$0.00	\$1,526.00	1.10%	\$16.79	\$1,557.00	1.00%	\$15.57	\$1,588.00	.95%	\$15.09
FEMA – IHP	1558.94	3.68%	\$57.33	\$23.97	7.01%	\$1.68	\$1.56	\$0.12	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00
FEMA – NFIP	\$8,720.00	0.05%	\$4.55	\$894.36	0.16%	\$1.47	\$1.354	\$0.119	\$912.00	0.14%	\$1.27	\$930.00	.12%	\$1.12	\$949.00	.10%	\$0.95
FEMA – PA	\$4,915.00	1.31%	\$64.39	\$3,902.65	1.45%	\$56.58	\$56.58	\$0.00	\$3,980.70	1.20%	\$47.77	\$4,060.30	1.10%	\$44.66	\$4,141.50	1.00%	\$41.42
FEMA – PSGP	N/A	N/A	N/A	\$300.89	0.67%	\$2.02	\$2.02	\$0.00	\$304.00	0.55%	\$1.67	\$311.00	0.50%	\$1.56	\$317.00	0.45%	\$1.43
FEMA – TSGP	\$447.00	2.55%	\$11.41	\$353.26	0.88%	\$3.12	\$3.12	\$0.00	\$354.00	0.65%	\$2.30	\$361.00	0.50%	\$1.81	\$369.00	0.40%	\$1.48
FEMA – VP	\$503.13	6.56%	\$32.98	\$733.62	7.50%	\$54.99	\$54.97	\$0.22	\$748.00	4.00%	\$29.92	\$763.30	2.50%	\$19.08	\$778.50	2.00%	\$15.57
EFSP (FEMA) ⁴	\$118.65	1.47%	\$1.74	Waived	0.00%	\$0.00	\$0.00	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sandy Travel (FEMA) ⁵	\$179.00	0.15%	\$0.26	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Program	PY Outlays	PY IP%	PY IP\$	CY Outlays	CY IP%	CY IP\$	CY Over payment \$	CY Under payment \$	CY +1 Outlays	CY +1 Est. IP%	CY +1 Est. IP\$	CY + 2 Est. Outlays	CY + 2 Est. IP%	CY + 2 Est. IP\$	CY + 3 Est. Outlays	CY + 3 Est. IP%	CY + 3 Est. IP\$
	2014 Testing (Based on FY 2013 Actual Data)			2015 Testing (Based on FY 2014 Actual Data)					2016 Testing (Based on FY 2015 Actual and Estimated Data)			2017 Testing (Based on 2016 Estimated Data)			2018 Testing (Based on 2017 Estimated Data)		
Sandy Purchase Card & Fleet Card (FEMA) ⁵	\$3.48	8.04%	\$0.28	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sandy Payroll (FEMA) ⁵	\$248.94	0.61%	\$1.53	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Urban Search & Rescue Grant (FEMA) ⁵	\$9.00	0.00%	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Disaster Case Management (FEMA) ⁵	\$4.30	0.00%	\$0.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ICE – ERO	1577.53	4.18%	\$65.96	\$1,525.28	4.06%	\$61.94	\$61.43	\$0.506	\$1,555.79	3.50%	\$54.45	\$1,586.90	3.00%	\$47.61	\$1,618.64	2.50%	\$40.47
NPPD – Sandy	\$8.11	0.33%	\$0.03	\$1.02	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00
OIG – Sandy	\$1.07	0.00%	\$0.00	\$2.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00
S&T – Sandy ⁷	N/A	N/A	N/A	\$0.28	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00	\$0.00	0.00%	\$0.00
USCG – Sandy	\$18.73	4.10%	\$0.77	\$39.54	1.44%	\$0.57	\$0.57	\$0.00002	\$37.00	1.10%	\$0.41	\$37.00	1.00%	\$0.37	\$37.00	1.00%	\$0.37
All Programs	22,123.77	1.22%	\$269.22	\$11,592.35	1.88%	\$217.40	\$216.64	\$0.97	\$11,544.49	1.41%	\$163.15	\$11,565.50	1.19%	\$137.5	\$11,765.64	1.03%	\$121.18

Note 1: All FY 2014 Hurricane Sandy Disbursements were tested in FY 2015.

Note 2: FEMA has two State-Administered Programs—HSGP, PA—that are tested on a three-year cycle. To calculate the national error rate for FY 2014 actual data, error rate from the States tested in FY 2012, FY 2013, and FY 2014 were applied to the FY 2014 State payment populations to derive a national average. Estimated outlays from FEMA programs were calculated by averaging the total disbursements for the past three fiscal years, due to the volatile nature of the programs tested. Due to averaging of total disbursements, the Current Year Improper Payment percentage total average will be different from the error percentage reported in Table 6 due to different in the amount of disbursements and the average of percentages. FOR HSGP the percentage is an average of 2.71%, .31% and .59%. For PA, the percentage is an average of 2.78%, 1.09%, and .048%.

Note 3: Due to issues identified during FY 2014, CBP has changed policy surrounding Administrative Uncontrolled Overtime.

Note 4: After receiving approval from the Office of Inspector General and The Office of Management and Budget, FEMA were granted relief from testing in FY 2015. Risk assessment of this program will resume in FY 2016 as by guidance from the Improper Payments and Elimination Recovery Improvement Act (IPERIA) of 2012.

Note 5: It was determined and approved by the Office of Inspector General, that no funding was used from the Disaster Relief Act of 2013(Hurricane Sandy) for FY 2014 disbursements. It was also determined that there would be no further disbursements in future years from the Disaster Relief Act for these programs. Therefore, standard risk assessment processes were used and it was determined that these programs were low risk and did not require testing in FY 2015.

Note 6: Flood Risk Map and Risk Analysis Program disbursements were previously included in the FEMA Vendor Pay program risk assessment and testing in FY 2014.

Note 7: First year to be tested.

Overpayments and Underpayments Details

The table that follows provides estimated overpayment and underpayment breakouts for the Department's high-risk programs. The table shows that over 99 percent of the Department's estimated improper payments are due to overpayments.

Table 17: Overpayment and Underpayment Detail on DHS Sample Test Results

(\$ in millions)

Component	Program	FY 2015 Gross Total (Based on FY 2014 Actual Data)		FY 2015 Overpayment Total (Based on FY 2014 Actual Data)		FY 2015 Underpayment Total (Based on FY 2014 Actual Data)	
		Est. Error Amount	Est. Error Percentage	Est. Error Amount	Est. Error Percentage	Est. Error Amount	Est. Error Percentage
CBP	Refund & Drawback	\$3.880	0.24%	\$3.876	0.24%	\$0.003	<0.01%
	Administratively Uncontrollable Overtime	\$.84	0.25%	\$0.84	0.25%	\$0.00	0.00%
	Hurricane Sandy payments	\$0.0007	0.14%	\$0.00	0.00%	\$0.0007	0.14%
DNDO	Systems Acquisition - Hurricane Sandy Payments	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
FEMA ¹	Assistance to Firefighters Grant Program	\$1.44	0.64%	\$1.44	0.64%	\$0.00	0.00%
	Flood Risk Map - Flood Hazard Mapping and Risk Analysis Program	\$10.92	8.33%	\$10.92	8.33%	\$0.00008	<0.01%
	Hazard Mitigation - Hurricane Sandy Payments	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
	Homeland Security Grant Program	\$17.96	0.59%	\$17.96	0.59%	\$0.00	0.00%
	Individuals and Households Program	\$1.68	7.01%	\$1.56	6.50%	\$0.12	0.51%
	National Flood Insurance Program	\$1.473	0.16%	\$1.354	0.15%	\$.119	0.01%
	Port Security Grant Program	\$2.02	0.67%	\$2.02	0.67%	\$0.00	0.00%
	Public Assistance Program	\$56.58	0.48%	\$56.58	0.48%	\$0.00	0.00%
	Transit Security Grant Program	\$3.12	0.88%	\$3.12	0.88%	\$0.00	0.00%
	Vendor Pay	\$54.99	7.50%	\$54.97	7.50%	\$0.22	<0.01%
ICE	Enforcement and Removal Operations	\$61.93	4.06%	\$61.43	4.03%	\$0.506	0.03%
NPPD	Federal Protective Service - Hurricane Sandy payments	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
OIG	Hurricane Sandy payments	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
S&T	Research & Development - Hurricane Sandy payments	\$0.00	0.00%	\$0.00	0.00%	\$0.00	0.00%
USCG	AC&I, OE, and E,C & R – Hurricane Sandy payments	\$0.57	1.44%	\$0.57	1.44%	\$0.00002	<0.01%
DHS	All Programs²	\$217.40		\$216.64		\$ 0.97	

Note 1: Figures for FEMA's State-Administered Programs (HSGP and PA) are based on the National error estimates listed in Table 16.

Note 2: Due to rounding, totals may not foot properly.

Table 18: Reasons for Improper Payments Identified in FY 2015

(\$ in millions)

Reason for Improper Payment		CBP					
		Refund and Drawback		AUO		Hurricane Sandy	
		Over payment \$	Under payment \$	Over payment \$	Under payment \$	Over payment \$	Under payment \$
Program Design or Structural Issue		\$0	\$0	\$0	\$0	\$0	\$0
Inability to Authenticate Eligibility		\$0	\$0	\$0	\$0	\$0	\$0
Failure to Verify	Death Data	\$0	\$0	\$0	\$0	\$0	\$0
	Financial Data	\$0	\$0	\$0	\$0	\$0	\$0
	Excluded Party Data	\$0	\$0	\$0	\$0	\$0	\$0
	Prisoner Data	\$0	\$0	\$0	\$0	\$0	\$0
	Other Eligibility Data	\$0	\$0	\$0	\$0	\$0	\$0
Administrative or Process Error Made by	Federal Agency	\$0.054	\$0.003	\$0	\$0	\$0	\$0.0007
	State or Local Agency	\$0	\$0	\$0	\$0	\$0	\$0
	Other Party	\$0	\$0	\$0	\$0	\$0	\$0
Medical Necessity		\$0	\$0	\$0	\$0	\$0	\$0
Insufficient Documentation to Determine		\$0		\$0.84		\$0	
Other Reason (Explain) Documentation archived and unable to be retrieved in time for testing.		\$3.822	\$0	\$0	\$0	\$0	\$0
Total		\$3.876	\$0.003	\$0.84	\$0	\$0	\$0.0007

Reason for Improper Payment		FEMA							
		AFG		FRM		Hazard Mitigation Hurricane Sandy		HSGP	
		Over payment \$	Under payment \$	Over payment \$	Under payment \$	Over payment \$	Under payment \$	Over payment \$	Under payment \$
Program Design or Structural Issue		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inability to Authenticate Eligibility		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Failure to Verify	Death Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Financial Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Excluded Party Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prisoner Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other Eligibility Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative or Process Error Made by	Federal Agency	\$1.266	\$0	\$.95	.00008	\$0	\$0	\$4.436	\$0
	State or Local Agency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other Party	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Medical Necessity		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insufficient Documentation to Determine		\$0.178		\$ 9.97		\$0		\$13.524	
Other Reason (Explain)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$1.44	\$0	\$10.92	\$.00008	\$0	\$0	\$17.960	\$0

Other Information

Reason for Improper Payment	FEMA							
	IHP		NFIP		PSGP		PA	
	Over payment \$	Under payment \$	Over payment \$	Under payment \$	Over payment \$	Under payment \$	Over payment \$	Under payment \$
Program Design or Structural Issue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inability to Authenticate Eligibility	\$0.038	\$0	\$0	\$0	\$0	\$0	\$38.43	\$0
Failure to Verify	Death Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Financial Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Excluded Party Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prisoner Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other Eligibility Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative or Process Error Made by	Federal Agency	\$1.520	\$0.12	\$0	\$0	\$0	\$0	\$1.13
	State or Local Agency	\$0	\$0	\$0	\$0	\$1.096	\$0	\$1.19
	Other Party	\$0	\$0	\$1.354	\$0.119	\$0	\$0	\$0
Medical Necessity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insufficient Documentation to Determine	\$0		\$0		\$0.926		\$4.80	
Other Reason (Explain) Error due to Stafford Act non-compliance. Work order documentation did not match applicant.	\$0	\$0	\$0	\$0	\$0	\$0	\$11.03	\$0
Total	\$1.56	\$0.12	\$1.354	\$0.119	\$2.02	\$0	\$56.58	\$0.00

Reason for Improper Payment	FEMA				DNDO		ICE	
	TSGP		VP		Systems Acquisitions Hurricane Sandy		ERO	
	Over payment \$	Under payment \$	Over payment \$	Under payment \$	Over payment \$	Under payment \$	Over payment \$	Under payment \$
Program Design or Structural Issue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inability to Authenticate Eligibility	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Failure to Verify	Death Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Financial Data	\$0	\$0	\$18.75	\$0.002	\$0	\$0	\$0
	Excluded Party Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Prisoner Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other Eligibility Data	\$0	\$0	\$8.66	\$0	\$0	\$0	\$0
Administrative or Process Error Made by	Federal Agency	\$0	\$0	\$7.34	\$0.218	\$0	\$0	\$54.671
	State or Local Agency	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other Party	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Medical Necessity	\$0	\$0	\$0	\$0	\$0		\$0	
Insufficient Documentation to Determine	\$3.12		\$20.22		\$0		\$6.757	
Other Reason (Explain)	\$0	\$0	\$0.001	\$0	\$0	\$0	\$0	
Total	\$3.12	\$0	\$54.97	\$0.22	\$0	\$0	\$61.428	

Reason for Improper Payment	NPPD		OIG		S&T		USCG		
	Hurricane Sandy		Hurricane Sandy		Hurricane Sandy		Hurricane Sandy		
	Over payment \$	Under payment \$	Over payment \$	Under payment \$	Over payment \$	Under payment \$	Over payment \$	Under payment \$	
Program Design or Structural Issue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Inability to Authenticate Eligibility	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Failure to Verify	Death Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Financial Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Excluded Party Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Prisoner Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Other Eligibility Data	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Administrative or Process Error Made by	Federal Agency	\$0	\$0	\$0	\$0	\$0	\$0	\$0.568	\$0.00002
	State or Local Agency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Other Party	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Medical Necessity	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Insufficient Documentation to Determine	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Reason (Explain)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.568	\$0.00002

V. Recapture of Improper Payments

In FY 2015, the Department did not have any recovery audit activities for FY 2014 disbursements, except for internally performed recovery audit activities at USCG and FEMA. During FY 2015, CBP, ICE, and USCG attempted to put in place contracts for recovery audit activities. In all three cases, the proposed vendors declined to accept the contracts citing minimal recovery amounts expected. These contracts have historically been based on vendor payment based on amounts identified for recovery. During FY 2014, CBP only identified \$3,000 for recovery. Due to previous low recovery levels and the inability to obtain contracts at CBP and ICE, both CBP and ICE were granted a waiver for FY 2015 recovery audit work by the Department. FLETC and USSS performed a cost analysis in FY 2012 and determined that a general recovery audit would not be cost effective. Given the subsequent lack of claims identified by much larger DHS Components who performed recovery audit work and the absence of major changes to payment operations and risks at FLETC and the USSS, the Department did not require that recovery audit work be performed at these two Components in FY 2015. Historically recovery audit efforts at FEMA have focused primarily on contracts, as grant system limitations make it cost prohibitive to generate the files needed to perform recovery audit work. During FY 2015, a review of NFIP payments at FEMA is presently being made in response to fraud claims for payments made related to Hurricane Sandy. Due to the nature of the fraud claims, it is expected that most claims will have underpayments identified. The final report and determination of the accuracy of the claims will be finalized in FY 2016.

USCG performed a recovery audit for 132,746 FY 2014 payments totaling \$2.655 billion made at the USCG Finance Center for USCG. A total of 31 overpayments for \$65 thousand and 18 underpayments totaling \$42 thousand were identified. USCG has documented and requested

refunds for the overpayments. Additional reviews are being performed to verify accuracy of the results. In addition, USCG has sent documentation for the amounts that need to be sent to vendors. Overall, USCG has an accuracy rate of 99.999 percent.

Discussions were held with OMB to discuss the issues with the vendors declining recovery audit contracts for ICE and CBP and cost-effectiveness of performing recovery audits for FLETC and USSS. A Recovery Audit and Relief memo, signed on July 27, 2015, documented DHS recovery audit activities for FY 2015 was sent to OMB for approval. On October 26, 2016, OMB notified DHS of agreement with conclusions reached by DHS for recovery audit activities.

The Department will work on developing internal recovery audit processes without the use of contractor support to perform recovery activities in FY 2016 and going forward. The Department will also integrate recovery activities with Internal Control Over Financial Reporting payment management testing of operational effectiveness activities to identify areas in which to focus the audit activities.

Table 19: Improper Payments Recaptures with and without Audit Programs

(\$ in millions)

Component	Overpayments Recaptured through Payment Recapture Audits ¹																				Overpayments Recaptured outside of Payment Recapture Audits ⁴			
	Contracts					Grants					Benefits					Loans					Total		Amount Identified	Amount Recaptured
	Amount Identified	Amount Recaptured	CY Recapture Rate	CY + 1 Recapture Rate Target	CY + 2 Recapture Rate Target	Amount Identified	Amount Recaptured	CY Recapture Rate	CY + 1 Recapture Rate Target	CY + 2 Recapture Rate Target	Amount Identified	Amount Recaptured	CY Recapture Rate	CY + 1 Recapture Rate Target	CY + 2 Recapture Rate Target	Amount Identified	Amount Recaptured	CY Recapture Rate	CY + 1 Recapture Rate Target	CY + 2 Recapture Rate Target	Amount Identified	Amount Recaptured		
CBP ¹	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0.234	\$0.234
DNDO ²	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0	\$0
FEMA	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0.361	\$0.361
FLETC	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0	\$0
ICE ¹	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0.489	\$0
MGMT ^{1,3}	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0	\$0
NPPD ^{1,3}	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0	\$0
OHA ^{1,3}	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0	\$0
S&T ^{1,3}	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0	\$0
TSA ²	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0.689	\$0.689
USCG	\$0.065	\$0	0%	0.001%	0.001%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0.065	\$0	\$2.917	\$2.882
USCIS ^{1,3}	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0	\$0
USSS	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	\$0.027	\$0.003
DHS Totals	\$0.065	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0	\$0	0%	0%	0%	\$0.065	\$0	\$4.717	\$4.169

Note 1: During FY 2015, no recapture audits were performed due to the inability of components to obtain appropriate contract support to perform the audits. Normally, these contracts payments are based on a percentage of funds recaptured. Due to minimal amounts identified during previous years, proposed vendors declined to accept new contracts to perform recapture audits in FY 2015.

Note 2: DNDO and TSA are cross-serviced by the USCG.

Note 3: MGMT, NPPD, OHA, S&T, and USCIS are cross-serviced by ICE.

Note 4: Overpayments were identified through high dollar overpayment reviews, contract closeout processes or self-reported by vendors

Table 20: Aging of Outstanding Overpayments¹

(\$ in millions)

Component	Type of Payment (contract, grant, benefit, loan, or other)	CY Amount Outstanding (0 - 6 months) (\$000)	CY Amount Outstanding (6 months to 1 year) (\$000)	CY Amount Outstanding (over 1 year) (\$000)	Amount determined to not be collectable (Include justification)
FEMA ¹	Grant	\$0	\$0	\$.079 ¹	\$0
FLETC	Individual	\$0	\$0	\$.036	\$0
USCG	Individual	\$.274	\$.119	\$.018	\$0
USSS	Individual	\$0	\$.024	\$0	\$0
DHS Totals		\$.247	\$.143	\$.134	0

Note 1: DHS Office of General Counsel has determined that FEMA cannot implement collection actions on EFSP improper Payments. The servicing agent (United Way) will collect funds from Charitable Organization. The Servicing Agent will provide collection details by the 15th of each month. The Servicing Agent has reached out to the applicable Charitable Organizations and informed them that either they supply additional documentation to support their drawdowns or return the funds. If Charitable Organizations do not comply with the Servicing Agent's request, they will be denied any future funding from the Emergency Food and Shelter Program.

Table 21: Disposition of Recaptured Funds¹

(\$ in millions)

Component	Amount Recovered	Type of Payment (contract, grant, benefit, loan, or other)	Agency Expenses to Administer the Program (\$000)	Payment Recapture Auditor Fees (\$000)	Financial Management Improvement Activities (\$000)	Original Purpose (\$000)	Office of Inspector General (\$000)	Returned to Treasury (\$000)	Other
DHS Totals	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DHS Totals	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note 1: During FY 2015, there were no funds recovered that were identified through a recapture audit. USCG is in the process of finalizing their review of the potential improper payments. USCG plans to have the audit finalized by the end of December 2015. At that time, disposition of recaptured funds will be identified.

VI. Internal Control over Payments

During FY 2015, the Department reviewed and updated the DHS Improper Payments Reduction Guidebook to include an assessment of internal control over Improper Payments Framework. The Components performed an internal control assessment for the identified high risk programs which focused on payment controls for FY 2014 disbursements. The Department also performs tests of design and tests of operational effectiveness as part of the DHS Internal Control over Financial Reporting processes and activities for Payment Management. Reviews of the Payment Management results were also used to determine component assessment levels.

An internal interview questionnaire containing 29 attributes that address the five standards from the framework will be completed in FY 2016, 1st Quarter for FY 2015 payments. Using the assessment results for FY 2014 payments and FY 2015 payments, an analysis will be performed to identify changes in control and identification of areas for improvement. Components will then develop improvement plans as needed.

Table 22: Status of Internal Controls

Internal Control Standards	CBP Refund and Drawback	CBP AUO	CBP Hurricane Sandy payments	DNDO Hurricane Sandy payments	ICE ERO	FEMA Asst. to Firefighters	FEMA Flood Risk Map	FEMA Hazard Mitigation	FEMA Homeland Security Grant	FEMA Indiv. & Household Program
Control Environment	3	3	3	3	3	3	3	3	3	3
Risk Assessment	3	3	4	4	4	4	4	4	4	4
Control Activities	3	3	3	3	3	3	3	3	3	3
Information and Communication	3	3	3	3	3	3	3	3	3	3
Monitoring	3	3	3	3	3	3	3	3	3	3

Internal Control Standards	FEMA National Flood Insurance	FEMA Port Security Grant	FEMA Public Assistance	FEMA Transit Security Grant Program	FEMA Vendor Pay	NPPD FPS Hurricane Sandy payments	OIG Hurricane Sandy payments	S & T R & D Hurricane Sandy payments	USCG Hurricane Sandy payments
Control Environment	3	3	3	3	3	3	4	3	3
Risk Assessment	4	4	4	4	4	4	4	3	4
Control Activities	3	3	3	3	3	3	4	4	4
Information and Communication	3	3	3	3	3	3	4	3	4
Monitoring	3	3	3	3	3	3	4	4	4

Legend

4 = Sufficient controls are in place to prevent improper payments.

3 = Controls are in place to prevent improper payments but there is room for improvement.

2 = Minimal controls are in place to prevent improper payments.

1 = Controls are not in place to prevent improper payments.

VII. Facilitating Management Accountability

The goals and requirements of IPERIA were communicated to all levels of staff throughout the Office of the Chief Financial Officer and to relevant program office and procurement staff. The Department's CFO and senior staff have incorporated improper payment reduction targets in their annual performance plans.

Managers are responsible for completing internal control work on payment processing as part of the Department's OMB Circular A-123 effort. Management's improper payments efforts at all federal agencies are subject to an annual compliance review by the agency's Office of Inspector General.

VIII. Agency Information Systems and Other Infrastructure

The Department's agency information systems efforts are discussed under the section related to the *Federal Financial Management Improvement Act*.

The Department's internal control and human capital efforts to reduce improper payments are discussed under the Risk Assessment section.

IX. Statutory or Regulatory Barriers

After discussions with DHS Components on the ability to recoup or reduce improper payment, there are no statutory or regulatory barriers that will impact the ability of Components to successfully complete corrective actions to reduce improper payments.

X. Do Not Pay

OMB Memorandum M-12-11, *Reducing Improper Payments through the "Do Not Pay List,"* directed executive agencies to take immediate steps to use the centralized solutions that were already in place for prepayment eligibility review. The memorandum required the CFO of each agency, or the accountable official for improper payments, and program integrity under Executive Order 13520, to submit to OMB a plan for using the centralized solutions.

The Department of Treasury's (Treasury) Do Not Pay Working System is the legislatively mandated and OMB designated source of centralized data and analytic services to help agencies verify eligibility and to identify and prevent fraud, waste, and abuse associated with improper payments. The Treasury performs post-payment matches on Department disbursements using the General Service Administration's System for Awards Management (SAM) and Social Security Administration's Death Master File (DMF) to identify improper payments.

With the implementation of Treasury's third phase of the Do Not Pay (DNP) initiative in FY 2015, the Department has more visibility into the frequency of corrections that occur at the Component level through online, batch matching, and continuous monitoring activities. The Department and its finance centers' program managers work with Treasury to leverage the portal's capabilities including analyzing current end-to-end payment processes and controls, and engaging with Treasury to ensure that we are using additional DNP databases relevant to our payment activities. Batch processing database checks are performed payment of invoices in addition use of individual on-line search when necessary.

The use of the DNP databases has allowed DHS to identify improper payments that were missed with previous processes. For example, USCG has used the Military Death Master File (DMF) for checking retirement payments. Use of the Social Security Death Master File has allowed USCG to identify retired members who had not been added to the Military DMF. Several overpayments and recoupments of funds have occurred since the additional use of the DNP databases. DHS utilized the DNP databases throughout the payment management process across all components. DHS Acquisition procedures require a check of the DNP databases prior to issuance of contracts by contracting officers. Checks of the DNP databases and with SAM has identified discrepancies in data submitted by vendors (mostly SAM data issues), allowing DHS to ensure proper contract issuance. All DHS components have incorporated into their invoice payment process the use of the DNP databases prior to payment of invoices (through batch processing). Reviews are performed for any potential DNP matches received and payments are cleared through appropriate component offices prior to the invoices or payments being made.

Table 23: Results of the Do Not Pay Initiative to Prevent Improper Payments

	Types of Databases	Number of payments reviewed for improper payments	Dollars of payments reviewed for improper payments	Number of payments stopped ²	Dollars of payments stopped ²	Number of improper payments reviewed and not stopped	Dollars of improper payments reviewed and not stopped
Reviews with the IPERIA specified databases	Reviews with DMF Public ¹	3,967,204	\$25,026,817,944	0	\$0	158	\$328,339
	Reviews with SAM Exclusions Public ¹	3,967,204	\$25,026,817,944	0	\$0	21,003 ³	\$41,715,551

Note 1: Data currently based on October 1, 2014 through August 31, 2015. Currently, Treasury's Do Not Pay Reports are generated 2 months post-payment, latest information available from Treasury presented above.

Note 2: Payments stopped is currently not applicable since the Do Not Pay matching and adjudication process is based on post payment results.

Note 3: Majority of payments with matches to SAM Exclusion were made when matching only to SAM Exclusion Public rather than SAM Exclusions Restricted. This change was made in October 2014.

XI. Overall Agency Efforts

Work to prevent, monitor, and recoup improper payments continues to expand at the Department. For example, use of DNP databases expanded as the Department reconciled DMF and Excluded Parties List System data received, monthly, from Treasury. USCG also uses the Military DMF of the Department of Defense for retirement military staff in addition to DMF of the Social Security Administration. Also, a Payment Management Working Group was established, in part, to allow internal control, procurement, and payment management experts to jointly address improper payment issues. Management also worked closely with representatives from the OIG and OMB to determine which programs implemented sufficient internal control improvements to no longer be designated high-risk. These efforts should help the Department continue to consistently drive down improper payment error rates, especially in the highest-risk programs. DHS continues to work with Treasury in the use and review of DNP databases and they can be best utilized throughout DHS.

Freeze the Footprint

On May 11, 2012, OMB issued Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations*. Section 3, Real Property, noted that agencies must move aggressively to dispose of excess property and shall not increase the size of civilian real estate property, without offset, through consolidation, co-location, or disposal of space.

Additional guidance was provided in OMB's Management Procedures Memorandum No. 2013-02, *Implementation of OMB Memorandum M-12-12 Section 3: Freeze the Footprint*, dated March 14, 2013. The memorandum directed agencies to "not increase the size of domestic real estate inventory, measured in square footage, for space predominately used for offices and warehouses." This "Freeze the Footprint" (FtF) mandate established the FY 2012 office and warehouse real property inventory as the baseline.

The Department, in collaboration with the GSA, agreed upon an FY 2012 office and warehouse FtF baseline of 48.4 million square feet. GSA leased offices and warehouses comprise 73.9 percent of the Department's baseline inventory, with DHS owned offices and warehouses accounting for 21.1 percent and DHS direct leased offices and warehouses totaling 5 percent.

During FYs 2013 and 2014, the Department focused attention on numerous real property initiatives, including development of a five-year real property strategic plan, establishment of an agency-wide Warehouse Logistics Integration Team, development of DHS-wide office workplace standards, and partnering with GSA to develop a ten-year real property strategic plan for all DHS Headquarters operations within the National Capital Region.

Table 24: Freeze the Footprint Baseline Comparison

Fiscal Year	Square Footage	Increase / Decrease (in sq. ft)	% Increase / Decrease
FY 2012 Baseline	48,392,553		
FY 2013 Actual	48,492,660	+100,107	+.21%
FY 2014 Actual	48,837,766	+345,106	+.71%
3-Year Total		+445,213	+.92% (Planned Compliance)

FY 2013 results reflected a 0.21 percent square footage increase over the FtF FY 2012 baseline. However, as a result of the previously noted initiatives, the Department now projects an overall reduction in its office and warehouse inventory by the end of FY 2015. Going forward, the Department has identified a net additional of 345,106 SF in the FY 2014 and with a reduction of 53,000 SF 2015 program years, representing a final baseline addition of 0.81 percent. GSA leased space increased by 762,682 USF and DHS owned and direct leased spaced decreased by 314,469 SF, representing an overall baseline increase of 0.92 percent. This increase incorporates new assets which were programmed, budgeted and in the execution phase prior to the establishment of the 2012 baseline. The Department is committed to fulfilling the objectives of FtF and will continue to focus efforts to optimize the real property inventory, control costs and implement affordable readiness while supporting our mission.

Table 25: Operations and Maintenance Costs – Owned and Direct Lease Buildings

(\$ in millions)

	FY 2013 Actual Costs	FY 2014 Actual Costs	Change in Actual Costs
Operations and Maintenance Costs	\$77.1	\$85.0	+\$7.9

Between FY 2013 and FY 2014, actual cost increased by \$7.4 million due to the change in square footage in FY 2014. However, total cost is expected to decrease as we work toward our target square footage reductions in FY 2015.

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 most recent inflationary adjustments to civil monetary penalties per incident:

Table 26: Civil Monetary Penalties

Penalty	Authority	Date of Previous Adjustment	Date of Current Adjustment	Current Adjusted Penalty Level (\$ Amount)
FEMA				
Interest, Penalties, Admin, and Temporary Housing Unit (THU) fees	31 U.S.C. 3717; 44 CFR 206.117	7/19/1966	10/25/1982	Maximum of 6% annually of Temporary Housing Unit (THU) fees plus an admin fee of \$15; THU fees vary according to disaster and COLA by locality.
National Flood Insurance Program	42 U.S.C. 4012a & 4104d	7/1/2012	12/17/2012	Minimum \$385 Maximum \$2,000
ICE				
Worksite Enforcement Fines (First offense)	INA Section 274A(e) (3)-(6) and (f); 8 CFR 274a.10	11/6/1986	3/27/2008	Minimum \$375 Maximum \$3,200
Worksite Enforcement Fines (Second offense)	INA Section 274A(e) (3)-(6) and (f); 8 CFR 274a.10	11/6/1986	3/27/2008	Minimum \$3,200 Maximum \$6,500
Worksite Enforcement Fines (More than two offenses)	INA Section 274A(e) (3)-(6) and (f); 8 CFR 274a.10	11/6/1986	3/27/2008	Minimum \$4,300 Maximum \$16,000
TSA				
Person operating an aircraft for the transportation of passengers or property for compensation. (49 CFR Ch. XII § 1503.401(c)(2))	49 U.S.C. 46301(a)(1), (4)	12/12/2003	8/20/2009	\$27,500
Any person not operating an aircraft for the transportation of passengers or property for compensation, or a small business. (49 CFR Ch. XII § 1503.401(c)(1))	49 U.S.C. 46301(a)(1), (4)	12/12/2003	8/20/2009	\$11,000
Violation of any other provision of title 49 U.S.C. or of 46 U.S.C. ch. 701, or a regulation prescribed, or order issued under thereunder. (49 CFR Ch. XII § 1503.401(b))	49 U.S.C. 114(v)(2)	N/A	8/20/2009	\$10,000
USCG				
Saving Life and Property	14 U.S.C. 88(c)	6/21/2012	7/7/2014	\$8,000
Confidentiality of Medical Quality Assurance Records (first offense)	14 U.S.C. 645(i)	6/21/2012	7/7/2014	\$4,000
Confidentiality of Medical Quality Assurance Records (subsequent offenses)	14 U.S.C. 645(i)	6/21/2012	7/7/2014	\$30,000
Aquatic Nuisance Species in Waters of the United States	16 U.S.C. 4711(g)(1)	6/21/2012	7/7/2014	\$35,000
Obstruction of Revenue Officers by Masters of Vessels	19 U.S.C. 70	6/21/2012	7/7/2014	\$3,000

(Continued)

Penalty	Authority	Date of Previous Adjustment	Date of Current Adjustment	Current Adjusted Penalty Level (\$ Amount)
Obstruction of Revenue Officers by Masters of Vessels—Minimum Penalty	19 U.S.C. 70	6/21/2012	7/7/2014	\$700
Failure to Stop Vessel When Directed; Master, Owner, Operator or Person in Charge	19 U.S.C. 1581(d)	6/21/2012	7/7/2014	\$5,000
Failure to Stop Vessel When Directed; Master, Owner, Operator or Person in Charge - Minimum Penalty	19 U.S.C. 1581(d)	6/21/2012	7/7/2014	\$1,000
Anchorage Ground/Harbor Regulations General	33 U.S.C. 471	6/21/2012	7/7/2014	\$110
Anchorage Ground/Harbor Regulations St. Mary's River	33 U.S.C. 474	6/21/2012	7/7/2014	\$300
Bridges/Failure to Comply with Regulations	33 U.S.C. 495(b)	6/21/2012	7/7/2014	\$25,000
Bridges/Drawbridges	33 U.S.C. 499(c)	6/21/2012	7/7/2014	\$25,000
Bridges/Failure to Alter Bridge Obstructing Navigation	33 U.S.C. 502(c)	6/21/2012	7/7/2014	\$25,000
Bridges/Maintenance and Operation	33 U.S.C. 533(b)	6/21/2012	7/7/2014	\$25,000
Bridge to Bridge Communication; Master, Person in Charge or Pilot	33 U.S.C. 1208(a)	6/21/2012	7/7/2014	\$800
Bridge to Bridge Communication; Vessel	33 U.S.C. 1208(b)	6/21/2012	7/7/2014	\$800
PWSA Regulations	33 U.S.C. 1232(a)	6/21/2012	7/7/2014	\$40,000
Vessel Navigation: Regattas or Marine Parades; Unlicensed Person in Charge	33 U.S.C. 1236(b)	6/21/2012	7/7/2014	\$8,000
Vessel Navigation: Regattas or Marine Parades; Owner Onboard Vessel	33 U.S.C. 1236 (c)	6/21/2012	7/7/2014	\$8,000
Vessel Navigation: Regattas or Marine Parades; Other Persons	33 U.S.C. 1236(d)	6/21/2012	7/7/2014	\$3,000
Oil/Hazardous Substances: Discharges (Class I per violation)	33 U.S.C. 1321(b)(6)(B)(i)	6/21/2012	7/7/2014	\$15,000
Oil/Hazardous Substances: Discharges (Class I total under paragraph)	33 U.S.C. 1321(b)(6)(B)(i)	6/21/2012	7/7/2014	\$40,000
Oil/Hazardous Substances: Discharges (Class II per day of violation)	33 U.S.C. 1321(b)(6)(B)(ii)	6/21/2012	7/7/2014	\$15,000
Oil/Hazardous Substances: Discharges (Class II total under paragraph)	33 U.S.C. 1321(b)(6)(B)(ii)	6/21/2012	7/7/2014	\$190,000
Oil/Hazardous Substances: Discharges (per day of violation) Judicial Assessment	33 U.S.C. 1321(b)(7)(A)	6/21/2012	7/7/2014	\$40,000
Oil/Hazardous Substances: Discharges (per barrel of oil or unit discharged) Judicial Assessment	33 U.S.C. 1321(b)(7)(A)	6/21/2012	7/7/2014	\$1,100
Oil/Hazardous Substances: Failure to Carry Out Removal/Comply With Order (Judicial Assessment)	33 U.S.C. 1321(b)(7)(B)	6/21/2012	7/7/2014	\$40,000
Oil/Hazardous Substances: Failure to Comply with Regulation Issued Under 1321(j) (Judicial Assessment)	33 U.S.C. 1321(b)(7)(C)	6/21/2012	7/7/2014	\$40,000
Oil/Hazardous Substances: Discharges, Gross Negligence (per barrel of oil or unit discharged) Judicial Assessment	33 U.S.C. 1321(b)(7)(D)	6/21/2012	7/7/2014	\$4,000
Oil/Hazardous Substances: Discharges, Gross Negligence—Minimum Penalty (Judicial Assessment)	33 U.S.C. 1321(b)(7)(D)	6/21/2012	7/7/2014	\$130,000
Marine Sanitation Devices; Operating	33 U.S.C. 1322(j)	6/21/2012	7/7/2014	\$3,000
Marine Sanitation Devices; Sale or Manufacture	33 U.S.C. 1322(j)	6/21/2012	7/7/2014	\$8,000
International Navigation Rules; Operator	33 U.S.C. 1608(a)	6/21/2012	7/7/2014	\$8,000
International Navigation Rules; Vessel	33 U.S.C. 1608(b)	6/21/2012	7/7/2014	\$8,000
Pollution from Ships; General	33 U.S.C. 1908(b)(1)	6/21/2012	7/7/2014	\$40,000
Pollution from Ships; False Statement	33 U.S.C. 1908(b)(2)	6/21/2012	7/7/2014	\$8,000

(Continued)

Other Information

Penalty	Authority	Date of Previous Adjustment	Date of Current Adjustment	Current Adjusted Penalty Level (\$ Amount)
Inland Navigation Rules; Operator	33 U.S.C. 2072(a)	6/21/2012	7/7/2014	\$8,000
Inland Navigation Rules; Vessel	33 U.S.C. 2072(b)	6/21/2012	7/7/2014	\$8,000
Shore Protection; General	33 U.S.C. 2609(a)	6/21/2012	7/7/2014	\$40,000
Shore Protection; Operating Without Permit	33 U.S.C. 2609(b)	6/21/2012	7/7/2014	\$15,000
Oil Pollution Liability and Compensation	33 U.S.C. 2716a(a)	6/21/2012	7/7/2014	\$40,000
Clean Hulls; Civil Enforcement	33 U.S.C. 3852(a)(1)(A)	6/21/2012	7/7/2014	\$37,500
Clean Hulls; Civil Enforcement	33 U.S.C. 3852(a)(1)(B)	6/21/2012	7/7/2014	\$50,000
Hazardous Substances, Releases Liability, Compensation (Class I)	42 U.S.C. 9609(a)	6/21/2012	7/7/2014	\$35,000
Hazardous Substances, Releases Liability, Compensation (Class II)	42 U.S.C. 9609(b)	6/21/2012	7/7/2014	\$35,000
Hazardous Substances, Releases Liability, Compensation (Class II)	42 U.S.C. 9609(b)	6/21/2012	7/7/2014	\$100,000
Hazardous Substances, Releases, Liability, Compensation (Judicial Assessment)	42 U.S.C. 9609(c)	6/21/2012	7/7/2014	\$35,000
Hazardous Substances, Releases, Liability, Compensation (Judicial Assessment subsequent offense)	42 U.S.C. 9609(c)	6/21/2012	7/7/2014	\$100,000
Safe Containers for International Cargo	46 U.S.C. 80509(a)	6/21/2012	7/7/2014	\$8,000
International Ocean Commerce Transportation—Common Carrier Agreements per violation	46 U.S.C. 41107	6/21/2012	7/7/2014	\$6,000
International Ocean Commerce Transportation—Common Carrier Agreements per violation—Willful violation	46 U.S.C. App 1712(a)	6/21/2012	7/7/2014	\$30,000
International Ocean Commerce Transportation—Common Carrier Agreements—Fine for tariff violation (per shipment)	46 U.S.C. App 1712(b)	6/21/2012	7/7/2014	\$60,000
Suspension of Passenger Service	46 U.S.C. 70305(c)	6/21/2012	7/7/2014	\$70,000
Vessel Inspection or Examination Fees	46 U.S.C. 2110(e)	6/21/2012	7/7/2014	\$8,000
Alcohol and Dangerous Drug Testing	46 U.S.C. 2115	6/21/2012	7/7/2014	\$7,000
Negligent Operations: Recreational Vessels	46 U.S.C. 2302(a)	6/21/2012	7/7/2014	\$6,000
Negligent Operations: Other Vessels	46 U.S.C. 2302(a)	6/21/2012	7/7/2014	\$30,000
Operating a Vessel While Under the Influence of Alcohol or a Dangerous Drug	46 U.S.C. 2302(c)(1)	6/21/2012	7/7/2014	\$7,000
Vessel Reporting Requirements: Owner, Charterer, Managing Operator, or Agent	46 U.S.C. 2306(a)(4)	6/21/2012	7/7/2014	\$8,000
Vessel Reporting Requirements: Master	46 U.S.C. 2306(b)(2)	6/21/2012	7/7/2014	\$1,100
Immersion Suits	46 U.S.C. 3102(c)(1)	6/21/2012	7/7/2014	\$8,000
Inspection Permit	46 U.S.C. 3302(i)(5)	6/21/2012	7/7/2014	\$1,100
Vessel Inspection; General	46 U.S.C. 3318(a)	6/21/2012	7/7/2014	\$8,000
Vessel Inspection; Nautical School Vessel	46 U.S.C. 3318(g)	6/21/2012	7/7/2014	\$8,000
Vessel Inspection; Failure to Give Notice IAW 3304(b)	46 U.S.C. 3318(h)	6/21/2012	7/7/2014	\$1,100
Vessel Inspection; Failure to Give Notice IAW 3309 (c)	46 U.S.C. 3318(i)	6/21/2012	7/7/2014	\$1,100
Vessel Inspection; Vessel >=1600 Gross Tons	46 U.S.C. 3318(j)(1)	6/21/2012	7/7/2014	\$15,000
Vessel Inspection; Vessel <1600 Gross Tons	46 U.S.C. 3318(j)(1)	6/21/2012	7/7/2014	\$3,000
Vessel Inspection; Failure to Comply with 3311(b)	46 U.S.C. 3318(k)	6/21/2012	7/7/2014	\$15,000
Vessel Inspection; Violation of 3318(b)-3318(f)	46 U.S.C. 3318(l)	6/21/2012	7/7/2014	\$8,000
List/count of Passengers	46 U.S.C. 3502(e)	6/21/2012	7/7/2014	\$110
Notification to Passengers	46 U.S.C. 3504(c)	6/21/2012	7/7/2014	\$15,000
Notification to Passengers; Sale of Tickets	46 U.S.C. 3504(c)	6/21/2012	7/7/2014	\$800

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Penalty	Authority	Date of Previous Adjustment	Date of Current Adjustment	Current Adjusted Penalty Level (\$ Amount)
Copies of Laws on Passenger Vessels; Master	46 U.S.C. 3506	6/21/2012	7/7/2014	\$300
Liquid Bulk/Dangerous Cargo	46 U.S.C. 3718(a)(1)	6/21/2012	7/7/2014	\$40,000
Uninspected Vessels	46 U.S.C. 4106	6/21/2012	7/7/2014	\$8,000
Recreational Vessels (maximum for related series of violations)	46 U.S.C. 4311(b)(1)	6/21/2012	7/7/2014	\$300,000
Recreational Vessels; Violation of 4307(a)	46 U.S.C. 4311(b)(1)	6/21/2012	7/7/2014	\$6,000
Recreational Vessels	46 U.S.C. 4311(c)	6/21/2012	7/7/2014	\$1,100
Uninspected Commercial Fishing Industry Vessels	46 U.S.C. 4507	6/21/2012	7/7/2014	\$8,000
Abandonment of Barges	46 U.S.C. 4703	6/21/2012	7/7/2014	\$1,100
Load Lines	46 U.S.C. 5116(a)	6/21/2012	7/7/2014	\$8,000
Load Lines; Violation of 5112(a)	46 U.S.C. 5116(b)	6/21/2012	7/7/2014	\$15,000
Load Lines; Violation of 5112(b)	46 U.S.C. 5116(c)	6/21/2012	7/7/2014	\$8,000
Reporting Marine Casualties	46 U.S.C. 6103(a)	6/21/2012	7/7/2014	\$35,000
Reporting Marine Casualties; Violation of 6104	46 U.S.C. 6103(b)	6/21/2012	7/7/2014	\$8,000
Manning of Inspected Vessels; Failure to Report Deficiency in Vessel Complement	46 U.S.C. 8101(e)	6/21/2012	7/7/2014	\$1,100
Manning of Inspected Vessels	46 U.S.C. 8101(f)	6/21/2012	7/7/2014	\$15,000
Manning of Inspected Vessels; Employing or Serving in Capacity not Licensed by USCG	46 U.S.C. 8101(g)	6/21/2012	7/7/2014	\$15,000
Manning of Inspected Vessels; Freight Vessel <100 GT, Small Passenger Vessel, or Sailing School Vessel	46 U.S.C. 8101(h)	6/21/2012	7/7/2014	\$1,100
Watchmen on Passenger Vessels	46 U.S.C. 8102(a)	6/21/2012	7/7/2014	\$1,100
Citizenship Requirements	46 U.S.C. 8103(f)	6/21/2012	7/7/2014	\$800
Watches on Vessels; Violation of 8104(a) or (b)	46 U.S.C. 8104(i)	6/21/2012	7/7/2014	\$15,000
Watches on Vessels; Violation of 8104(c), (d), (e), or (h)	46 U.S.C. 8104(j)	6/21/2012	7/7/2014	\$15,000
Staff Department on Vessels	46 U.S.C. 8302(e)	6/21/2012	7/7/2014	\$110
Officer's Competency Certificates	46 U.S.C. 8304(d)	6/21/2012	7/7/2014	\$110
Coastwise Pilotage; Owner, Charterer, Managing Operator, Agent, Master or Individual in Charge	46 U.S.C. 8502(e)	6/21/2012	7/7/2014	\$15,000
Coastwise Pilotage; Individual	46 U.S.C. 8502(f)	6/21/2012	7/7/2014	\$15,000
Federal Pilots	46 U.S.C. 8503	6/21/2012	7/7/2014	\$40,000
Merchant Mariners Documents	46 U.S.C. 8701(d)	6/21/2012	7/7/2014	\$800
Crew Requirements	46 U.S.C. 8702(e)	6/21/2012	7/7/2014	\$15,000
Small Vessel Manning	46 U.S.C. 8906	6/21/2012	7/7/2014	\$35,000
Pilotage: Great Lakes; Owner, Charterer, Managing Operator, Agent, Master or Individual in Charge	46 U.S.C. 9308(a)	6/21/2012	7/7/2014	\$15,000
Pilotage: Great Lakes; Individual	46 U.S.C. 9308(b)	6/21/2012	7/7/2014	\$15,000
Pilotage: Great Lakes; Violation of 9303.	46 U.S.C. 9308(c)	6/21/2012	7/7/2014	\$15,000
Failure to Report Sexual Offense	46 U.S.C. 10104(b)	6/21/2012	7/7/2014	\$8,000
Pay Advances to Seamen	46 U.S.C. 10314(a)(2)	6/21/2012	7/7/2014	\$800
Pay Advances to Seamen; Remuneration for Employment	46 U.S.C. 10314(b)	6/21/2012	7/7/2014	\$800
Allotment to Seamen	46 U.S.C. 10315(c)	6/21/2012	7/7/2014	\$800
Seamen Protection; General	46 U.S.C. 10321	6/21/2012	7/7/2014	\$7,000
Coastwise Voyages: Advances	46 U.S.C. 10505(a)(2)	6/21/2012	7/7/2014	\$7,000
Coastwise Voyages: Advances; Remuneration for Employment	46 U.S.C. 10505(b)	6/21/2012	7/7/2014	\$7,000
Coastwise Voyages: Seamen Protection; General	46 U.S.C. 10508(b)	6/21/2012	7/7/2014	\$7,000
Effects of Deceased Seamen	46 U.S.C. 10711	6/21/2012	7/7/2014	\$300
Complaints of Unfitness	46 U.S.C. 10902(a)(2)	6/21/2012	7/7/2014	\$800

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Penalty	Authority	Date of Previous Adjustment	Date of Current Adjustment	Current Adjusted Penalty Level (\$ Amount)
Proceedings on Examination of Vessel	46 U.S.C. 10903(d)	6/21/2012	7/7/2014	\$110
Permission to Make Complaint	46 U.S.C. 10907(b)	6/21/2012	7/7/2014	\$800
Accommodations for Seamen	46 U.S.C. 11101(f)	6/21/2012	7/7/2014	\$800
Medicine Chests on Vessels	46 U.S.C. 11102(b)	6/21/2012	7/7/2014	\$800
Destitute Seamen	46 U.S.C. 11104(b)	6/21/2012	7/7/2014	\$110
Wages on Discharge	46 U.S.C. 11105(c)	6/21/2012	7/7/2014	\$800
Log Books; Master Failing to Maintain	46 U.S.C. 11303(a)	6/21/2012	7/7/2014	\$300
Log Books; Master Failing to Make Entry	46 U.S.C. 11303(b)	6/21/2012	7/7/2014	\$300
Log Books; Late Entry	46 U.S.C. 11303(c)	6/21/2012	7/7/2014	\$200
Carrying of Sheath Knives	46 U.S.C. 11506	6/21/2012	7/7/2014	\$80
Documentation of Vessels (violation per day)	46 U.S.C. 12151(a)	6/21/2012	7/7/2014	\$15,000
Engaging in Fishing After Falsifying Eligibility (fine per day)	46 U.S.C. 12151(c)	6/21/2012	7/7/2014	\$130,000
Numbering of Undocumented Vessels—Willful violation	46 U.S.C. 12309(a)	6/21/2012	7/7/2014	\$6,000
Numbering of Undocumented Vessels	46 U.S.C. 12309(b)	6/21/2012	7/7/2014	\$1,100
Vessel Identification System	46 U.S.C. 12507(b)	6/21/2012	7/7/2014	\$15,000
Measurement of Vessels	46 U.S.C. 14701	6/21/2012	7/7/2014	\$30,000
Measurement; False Statements	46 U.S.C. 14702	6/21/2012	7/7/2014	\$30,000
Commercial Instruments and Maritime Liens	46 U.S.C. 31309	6/21/2012	7/7/2014	\$15,000
Commercial Instruments and Maritime Liens; Mortgagor	46 U.S.C. 31330(a)(2)	6/21/2012	7/7/2014	\$15,000
Commercial Instruments and Maritime Liens; Violation of 31329	46 U.S.C. 31330(b)(2)	6/21/2012	7/7/2014	\$35,000
Port Security	46 U.S.C. 70119	6/21/2012	7/7/2014	\$30,000
Port Security—Continuing Violations	46 U.S.C. 70119(b)	6/21/2012	7/7/2014	\$50,000
Maritime Drug Law Enforcement; Penalties	46 U.S.C. 70506	6/21/2012	7/7/2014	\$5,000
Hazardous Materials: Related to Vessels—Maximum Penalty	49 U.S.C. 5123(a)(1)	6/21/2012	7/7/2014	\$60,000
Hazardous Materials: Related to Vessels—Minimum Penalty	49 U.S.C. 5123(a)(1)	6/21/2012	7/7/2014	\$300
Hazardous Materials: Related to Vessels—Penalty from Fatalities, Serious Injuries/Illness or Substantial Damage to Property	49 U.S.C. 5123(a)(2)	6/21/2012	7/7/2014	\$110,000

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 as part of data gathered for the OMB CFO Council's Metric Tracking System (MTS). Periodic reviews are conducted by the DHS Components to identify potential problems. Interest penalties as a percentage of the dollar amount of invoices subject to the Prompt Payment Act have been measured between 0.001 percent and 0.004 percent for the period of October 2014 through September 2015, with an annual average of 0.002 percent. (Note: MTS statistics are reported with at least a six week lag).

Debt Collection Improvement Act

In compliance with the *Debt Collection Improvement Act of 1996* (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 debts to consumer reporting agencies; assessing interest, penalties and administrative costs; and reporting receivables to the Treasury. The *Digital Accountability and Transparency Act of 2014* (Pub. L. 113-101) was passed in 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

The *Reports Consolidation Act of 2000* (P.L. 106-531) requires that, annually, the DHS OIG prepare a statement summarizing the most serious management and performance challenges facing the Department and an assessment of the Department’s progress in addressing those challenges. For FY 2015, OIG has identified the Department’s major challenges in nine broad areas:

Summary of OIG’s Assessment of DHS’s Major Challenges	
DHS Management and Operations Integration	The Department must continue to ensure that Components collaborate and strengthen efforts to provide effective oversight and management of Department-wide and cross-Component programs.
Acquisition Management	DHS Components must increase commitment to improving acquisition management capabilities by adhering to departmental acquisition guidance, adequately defining requirements, developing performance measures before making new investments, and dedicating sufficient resources to contract oversight.
Financial Management	DHS has made progress in correcting some of the conditions that contributed to material weaknesses in internal controls, but the Department needs to continue its remediation efforts to eliminate the remaining weaknesses and obtain a clean opinion on internal control over financial reporting.
Information Management and Technology	The Department continues to encounter challenges in planning, investing in, and implementing mission-critical information technology systems; and securing personally identifiable information and private information stored on systems.
Transportation Security	TSA continues to face challenges vetting, training, and overseeing its workforce, establishing and modifying well-defined processes, and acquiring and maintaining technology that operates at full capability.
Border Security and Immigration Enforcement	The Department’s ability to assess program performance and make informed policy decisions is hindered by a lack of data on immigration enforcement.
Disaster Preparedness and Response	FEMA must continue to strengthen oversight for both preparedness and disaster assistance grants to ensure grant programs achieve the intended objectives and deter fraud, waste, abuse, and noncompliance.
Infrastructure Protection and Cybersecurity	The Department must take a holistic approach to cybersecurity and infrastructure protection by examining people, processes, and technology involved in safeguarding critical assets and information. The Department needs to improve oversight, training, formal policies and processes, controls and contingency planning.
Employee Accountability and Integrity	The Department’s national security and law enforcement mission make its workforce vulnerable to corruption. DHS and its Components must be vigilant in deterring and taking action against fraud, waste, and abuse.

Additional background, OIG observations, and next steps for moving forward to address each challenge can be found in OIG's report "Major Management and Performance Challenges Facing the Department of Homeland Security" located at [DHS-OIG reports](#).

Management's Response

Overcoming these challenges requires long-term strategies for ensuring stable operations as well as sustained management attention and resources. The Department carries out multiple complex and highly diverse missions. While the Department continually strives to improve the efficiency and effectiveness of its programs and operations, as progress is achieved and as new initiatives begin, new management and performance challenges can arise.

DHS appreciates OIG's perspective on the most serious challenges facing the Department as well as recognition of the significant progress and substantial accomplishments DHS has made to date. A more detailed management response to these challenges was previously provided to OIG and included in the final report which can be found at the Web link referenced above.



Acronym List

Acronyms

AFG – Assistance to Firefighters Grants	DMAG – Deputy’s Management Action Group
AFR – Agency Financial Report	DMF – Death Master File
AGA – Association of Government Accountants	DMO – Departmental Management and Operations
APG – Agency Priority Goal	DNDO – Domestic Nuclear Detection Office
ATSA – Aviation and Transportation Security Act	DNP – Do Not Pay
AUO – Administratively Uncontrollable Overtime	DOD – U.S. Department of Defense
BFS – Bureau of the Fiscal Service	DOI IBC – Department of the Interior’s Interior Business Center
BP – British Petroleum	DOL – U.S. Department of Labor
BPXP – British Petroleum Exploration and Production	DRAA – Disaster Relief Appropriations Act
CAP – Cross-Agency Priority	DRF – Disaster Relief Fund
CBP – U.S. Customs and Border Protection	EDS – Explosive Detection System
CDL – Community Disaster Loans	EFSP – Emergency Food and Shelter Program
CDM – Continuous Diagnostics and Mitigation	ERO – Enforcement and Removal Operations
CDP – Center for Domestic Preparedness	ECS – Enhanced Cybersecurity Services
CEAR – Certificate of Excellence in Accountability Reporting	FBwT – Fund Balance with Treasury
CFATS – Chemical Facility Anti-Terrorism Standards	FCRA – Federal Credit Reform Act of 1990
CFO – Chief Financial Officer	FECA – Federal Employees Compensation Act of 1990
CFR – Code of Federal Regulations	FEMA – Federal Emergency Management Agency
CHCO – Chief Human Capital Officer	FERS – Federal Employees Retirement System
CHIS – Criminal History Information Sharing	FFMIA – Federal Financial Management Improvement Act of 1996
CIO – Chief Information Officer	FINDER – Finding Individuals for Disaster and Emergency Response
CLIN – Contract Line Item Number	FISMA – Federal Information Security Management Act
COA – Course of Action	FLETC – Federal Law Enforcement Training Centers
COBRA – Consolidated Omnibus Budget Reconciliation Act of 1985	FMFIA – Federal Managers’ Financial Integrity Act
COR – Contracting Officer Representative	FOSC – Federal On-scene Coordinators
COTS – Commercial Off-the-Shelf	FOUO – For Official Use Only
CSC – Cyber Security Division	FPS – Federal Protective Service
CSP – Commercial Service Provider	FSM – Financial Systems Modernization
CSRS – Civil Service Retirement System	FtF – Freeze the Footprint
CY – Current Year	FY – Fiscal Year
DADLP – Disaster Assistance Direct Loan Program	GAAP – Generally Accepted Accounting Principles
DC – District of Columbia	GAO – U.S. Government Accountability Office
DCIA – Debt Collection Improvement Act of 1996	
DHS – Department of Homeland Security	
DIEMS – Date of Initial Entry into Military Service	

Acronym List

GCC - Government Charge Card	OE – Operating Expenditures
GCCF – Gulf Coast Claims Facility	OHA – Office of Health Affairs
GSA – General Services Administration	OIG – Office of Inspector General
HCSF – Human Capital Strategic Plan	OMB – Office of Management and Budget
HME – Home Made Explosives	OM&S – Operating Materials and Supplies
HR – Human Resource	OPA – Oil Pollution Act of 1990
HSGP – Homeland Security Grant Program	OPEB – Other Post Retirement Benefits
HS-STEM – Homeland Security Science, Technology, Engineering and Mathematics	OPM – Office of Personnel Management
I&A – Office of Intelligence and Analysis	OPS – Office of Operations Coordination and Planning
ICE – U.S. Immigration and Customs Enforcement	ORB – Other Retirement Benefits
IEFA – Immigration Examination Fee Account	OSLTF – Oil Spill Liability Trust Fund
IHP – Individuals and Household Programs	OTA – Other Transaction Agreements
INA – Immigration Nationality Act	OTIA – Office of Technology Innovation and Acquisition
IP – Improper Payment	POP – Period of Performance
IP – Infrastructure Protection	PP&E – Property, Plant, and Equipment
IPERA – Improper Payments Elimination and Recovery Act of 2010	PPPA – Private-Public Partnership Academy
IPERIA – Improper Payments Elimination and Recovery Improvement Act of 2012	PSGP – Port Security Grant Program
IPIA – Improper Payments Information Act of 2002	Pub. L. – Public Law
IT – Information Technology	PY – Prior Year
JTF – Joint Task Force	R&D – Research and Development
JTF-I – Joint Task Force-Investigations	RM&A – Risk Management and Assurance
JTF-E – Joint Task Force-East	RPG – Resource Planning Guidance
JTF-W – Joint Task Force-West	SAM – System for Awards Management
LOI – Letters of Intent	SAR – Search and Rescue
MERHCF – Medicare-Eligible Retiree Health Care Fund	SAT – Senior Assessment Team
MGMT – Management Directorate	SBR – Statement of Budgetary Resources
MHS – Military Health System	SFFAS – Statement of Federal Financial Accounting Standards
MRS – Military Retirement System	SFHA – Special Flood Hazard Area
MTS – Metric Tracking System	SFRBTF – Sport Fish Restoration Boating Trust Fund
MTSA – Maritime Transportation Security Act of 2002	SMC – Senior Management Council
NFIP – National Flood Insurance Program	SOS – Schedule of Spending
NPFC – National Pollution Funds Center	SSPP – Strategic Sustainability Performance Plan
NPPD – National Protection and Programs Directorate	SSPO – Strategic Sourcing Program Office
NSC – National Security Cutter	S&T – Science and Technology Directorate
OCHCO – Office of the Chief Human Capital Officer	SWAMP – Software Assurance Marketplace
	TAFS – Treasury Account Fund Symbol
	TCM – Trade Compliance Measurement
	THIRA – Threat and Hazard Identification and Risk Assessment
	TSA – Transportation Security Administration
	TSGP – Transit Security Grants Program

TSO – Transportation Security Officer
UAS – Unmanned Aircraft Systems
UDO – Undelivered Orders
U.S. – United States
USC – United States Code
USCG – U.S. Coast Guard
USCIS – U. S. Citizenship and Immigration
Services
USDA – U.S. Department of Agriculture
USSS – U.S. Secret Service
US-VISIT – U.S. Visitor and Immigrant
Status Indicator Technology
VA – U.S. Department of Veterans Affairs
VP – Vendor Pay
WYO – Write Your Own

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 Component financial management offices for their hard work and contributions.



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