

Other Information



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

Unaudited, see accompanying Auditors' Report

Tax Burden/Tax Gap

Revenue Gap

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

Table 4: Entry Summary of Trade Compliance Measurement

(\$ in millions)

	FY 2019 (Preliminary)	FY 2018 (Final)
Estimated Revenue Gap	\$870 mil	\$635 mil
Estimated Revenue Gap of all collectable revenue for year (%)	1.07%	1.28%
Estimated Over-Collection	\$309 mil	\$87 mil
Estimated Under-Collection	\$1,179 mil	\$723 mil
Estimated Overall Trade Compliance Rate (%)	98.46%	98.53 %

The preliminary overall compliance rate for FY 2019 is 98.46 percent. The final overall trade compliance rate and estimated revenue gap for FY 2019 will be issued in March, FY 2020.

Combined Schedule of Spending

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

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

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

How was the Money Spent/Issued? This section presents services or items that were purchased, categorized by 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 Countering Weapons of Mass Destruction (CWMD) Office, the Federal Law Enforcement Training Centers (FLETC), the Office of Intelligence and Analysis (I&A), the Office of Operations Coordination (OPS), the Management Directorate (MGMT), the Office of Inspector General (OIG), the Cybersecurity and Infrastructure Security Agency (CISA)⁸, the Science and Technology Directorate (S&T), U.S. Citizenship and Immigration Services (USCIS), and the U.S. Secret Service (USSS).

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

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

⁸ The National Protection and Programs Directorate was renamed to Cybersecurity and Infrastructure Security Agency as a result of the enactment of the *Cybersecurity and Infrastructure Security Agency Act of 2018*.

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 New Obligations and Upward Adjustments line on the SBR.

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

**Department of Homeland Security
Combined Schedule of Spending
For the Years Ended September 30, 2019 and 2018
(In Millions)**

	2019	2018
What Money is Available to Spend?		
Total Resources	\$ 140,085	\$ 154,773
Less Amount Available but Not Agreed to be Spent	(44,706)	(43,815)
Less Amount Not Available to be Spent	(2,828)	(3,078)
TOTAL AMOUNT AGREED TO BE SPENT	\$ 91,551	\$ 107,880
How Was the Money Spent/Issued?		
<i>U.S. Customs and Border Protection</i>		
Personnel Compensation and Benefits	\$ 12,285	\$ 11,717
Contractual Services and Supplies	4,911	4,445
Acquisition of Assets	2,752	2,527
Grants, Subsidies, and Contributions	-	-
Insurance, Refunds, and Other Spending	2,790	2,080
Total Spending	22,738	20,769

(Continued)

Department of Homeland Security
Combined Schedule of Spending
For the Years Ended September 30, 2019 and 2018
(In Millions)

	<u>2019</u>	<u>2018</u>
<i>U.S. Coast Guard</i>		
Personnel Compensation and Benefits	6,240	5,847
Contractual Services and Supplies	4,997	5,092
Acquisition of Assets	1,733	798
Grants, Subsidies, and Contributions	106	114
Insurance, Refunds, and Other Spending	7	10
Total Spending	<u>13,083</u>	<u>11,861</u>
<i>Federal Emergency Management Agency</i>		
Personnel Compensation and Benefits	1,762	1,723
Contractual Services and Supplies	5,635	14,714
Acquisition of Assets	493	1,480
Grants, Subsidies, and Contributions	12,231	16,544
Insurance, Refunds, and Other Spending	4,213	10,266
Total Spending	<u>24,334</u>	<u>44,727</u>
<i>U.S. Immigration and Customs Enforcement</i>		
Personnel Compensation and Benefits	3,537	3,419
Contractual Services and Supplies	4,700	4,141
Acquisition of Assets	214	281
Grants, Subsidies, and Contributions	-	-
Insurance, Refunds, and Other Spending	40	43
Total Spending	<u>8,490</u>	<u>7,884</u>
<i>Transportation Security Administration</i>		
Personnel Compensation and Benefits	5,354	5,141
Contractual Services and Supplies	2,605	2,681
Acquisition of Assets	285	250
Grants, Subsidies, and Contributions	79	79
Insurance, Refunds, and Other Spending	4	3
Total Spending	<u>8,327</u>	<u>8,154</u>
<i>Directorates and Other Components</i>		
Personnel Compensation and Benefits	5,514	5,273
Contractual Services and Supplies	8,164	8,437
Acquisition of Assets	785	612
Grants, Subsidies, and Contributions	112	159
Insurance, Refunds, and Other Spending	4	4
Total Spending	<u>14,579</u>	<u>14,485</u>

(Continued)

**Department of Homeland Security
Combined Schedule of Spending
For the Years Ended September 30, 2019 and 2018
(In Millions)**

	<u>2019</u>	<u>2018</u>
<i>Department Totals</i>		
Personnel Compensation and Benefits	34,692	33,120
Contractual Services and Supplies	31,012	39,510
Acquisition of Assets	6,261	5,948
Grants, Subsidies, and Contributions	12,528	16,896
Insurance, Refunds, and Other Spending	7,058	12,406
TOTAL AMOUNT AGREED TO BE SPENT	<u>\$ 91,551</u>	<u>\$ 107,880</u>
Who Did the Money Go To?		
Non-Federal Governments, Individuals and Organizations	\$ 69,433	\$ 81,034
Federal Agencies	22,118	26,846
TOTAL AMOUNT AGREED TO BE SPENT	<u>\$ 91,551</u>	<u>\$ 107,880</u>

Summary of Financial Statement Audit and Management Assurances

The tables below provide a summary of the financial statement audit results and management assurances for FY 2019.

Table 5: Summary of Financial Statement Audit

Audit Opinion	Unmodified				
Restatement	N/A				
Areas of Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Reporting	1	0	0	0	1
IT Controls & System Functionality	1	0	0	0	1
Total Areas of Material Weaknesses	2	0	0	0	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 Accounting, Fund Balance with Treasury, Human Resources and Payroll Management, Payment Management, Insurance Management, Grants Management, Property Plant and Equipment, Revenue and Receivables, and Information Technology General Controls across the Department. DHS has remediation work to continue in FY 2020; however, no additional material weaknesses were identified as a result of the assessment work performed in FY 2019. The following table provides those areas where material weaknesses were identified, and remediation work continues.

Table 6: Summary of Management Assurances

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

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

Payment Integrity

The Improper Payments Information Act of 2002 (IPIA⁹) (P.L. 107-300), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) (P L. 111-204) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA); (P.L. 112-248), requires agencies to review and assess all programs and activities they administer and identify those determined to be susceptible to significant improper payments¹⁰, estimate the annual amount of improper payments, and submit those estimates to Congress. In accordance with Office of Management and Budget (OMB) [Circular A-123, Appendix C, Requirements for Payment Integrity Improvement](#), federal agencies are required to assess improper payments and report¹¹ annually on their efforts. In addition to this report, more detailed information on the Department's improper payments and information reported in previous Agency Financial Reports (AFRs) can be found at <https://paymentaccuracy.gov/>.

In 2019, the Department continued to make significant progress to improve its processes to comply with IPIA and reduce improper payments. The Department has successfully reduced estimated improper payment rates over the years from an average estimated improper payment rate of 1.3 percent in 2013 to 0.43 percent in 2019. DHS met established reduction targets for all applicable programs¹² deemed susceptible to significant improper payments due to continued corrective action efforts and sustained internal controls. We remain strongly committed to ensuring our agency's transparency and accountability to the American taxpayer and achieving the most cost-effective strategy on the reduction of improper payments.

1. Payment Reporting

The OMB Circular A-123, Appendix C defines an improper payment and provides guidance to agencies to comply with IPIA, as amended, and for agency improper payments efforts. Following the OMB, A-123, Appendix C guidance and accounting for the requirements within the Supplemental Appropriations for Disaster Relief Requirements, the Department has identified the following programs or activities susceptible to significant improper payments and is able to provide results and reporting this year¹³.

FEMA - Flood Hazard Mapping & Risk Analysis (FHMRA) Program

FEMA's Flood Hazard Mapping and Risk Analysis program¹⁴ identifies flood hazards, assesses flood risks and partners with states and communities to provide accurate flood hazard and risk data to guide them to mitigation actions. FEMA is working with federal, state, tribal and local partners across the nation to identify flood risk and help reduce that risk through the Risk Mapping, Assessment, and Planning (Risk MAP) program. Risk MAP provides high quality flood

⁹ Unless otherwise indicated, the term "IPIA" will imply "IPIA, as amended by IPERA and IPERIA."

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

¹¹ Due to rounding throughout all following figures and tables, amounts and percentages may not exactly total to the respective summary amounts and percentages reported.

¹² This excludes the Federal Protective Service Payroll program as the program has not been fully baselined and thus has not established a formal reduction target.

¹³ Due to the burden of testing and reporting the ten programs related solely to disaster supplemental appropriation disbursements, DHS will be reporting statistical testing results two years in arrears. For additional information, please refer to the additional detail around the Supplemental Appropriations for Disaster Relief Requirements supplied later in this section.

¹⁴ Alternate names for the program include the FEMA Flood Risk Map (FRM) program and the FEMA Risk Mapping, Assessment, and Planning (Risk MAP) program.

maps and information, tools to better assess the risk from flooding and planning and outreach support to communities to help them take action to reduce flood risk.

For the testing conducted in 2019, FEMA incorporated the associated FY 2018 disaster supplemental funding disbursements of over \$25 million applicable for review under IPIA. Despite the increased program size with the inclusion of the disaster supplemental funding disbursed in FY 2018, due to continued focus and diligent FEMA efforts, the FEMA FHMRA program has been able to reduce its reported improper payment rate from 3.27 percent in 2017 down to 0.005 percent in 2019.

Table 7: FEMA FHMRA Improper Payment Results

	Testing Conducted in 2017	Testing Conducted in 2018	Testing Conducted in 2019
Outlays (\$M)	\$132.02	\$144.16	\$174.91
Proper Payments (\$M)	\$127.70	\$143.91	\$174.90
Proper Payments (%)	96.73%	99.83%	99.995%
Improper Payments (\$M)	\$4.32	\$0.25	\$0.009
Improper Payments (%)	3.27%	0.17%	0.005%
Applicable Reduction Target Rate (%)	5.00%	5.00%	0.50%
Reduction Target Met?	Yes	Yes	Yes

Breakout of 2019 Improper Payment Totals					
	Monetary Loss: Within the Agency's Control	Monetary Loss: Outside the Agency's Control	Total Monetary Loss	Total Non-Monetary Loss	Total Unknown / Unable to Discern
Amount (\$M)	\$0.00	\$0.00	\$0.00	\$0.009	\$0.00
Percentage (%)	0.00%	0.00%	0.00%	0.005%	0.00%
			Improper Payments Made by the Federal Government		Improper Payments Made by the Recipient of Federal
Amount (\$M)	\$0.009				\$0.00
Percentage (%)	0.005%				0.00%

The FEMA FHMRA program utilized the 95/3 guidance for a statistically valid and robust sampling plan and had an achieved precision rate of 1.19%. As such, the 2019 improper payment rate of 0.005% met the applicable reduction target rate of 0.50% established in 2018.

The following table summarizes, by program, the improper payment root causes as described in Appendix C to OMB Circular A-123.

Table 8: FEMA FHMRA Root Cause of Improper Payments

Reason for Improper Payment		Overpayment		Underpayment		Unknown / Unable to Discern		Total	
		Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)
Program Design or Structural Issue		-	-	-	-	N/A	N/A	\$0.00	0.00%
Inability to Authenticate Eligibility	Inability to Access Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Data Does Not Exist	-	-	-	-	N/A	N/A	\$0.00	0.00%
Failure to Verify Data	Death Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Financial Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Excluded Party Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Prisoner Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Other Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
Administrative or Process Errors Made by:	Federal Agency	-	-	\$0.009	0.005%	N/A	N/A	\$0.009	0.005%
	State or Local Agency	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Other Party	-	-	-	-	N/A	N/A	\$0.00	0.00%
Medical Necessity		-	-	-	-	N/A	N/A	\$0.00	0.00%
Insufficient Documentation to Determine		N/A	N/A	N/A	N/A	-	-	\$0.00	0.00%
Total		\$0.00	0.00%	\$0.009	0.005%	\$0.00	0.00%	\$0.009	0.005%

FEMA - National Flood Insurance Program (NFIP)

The NFIP aims to reduce the impact of flooding on private and public structures. It does so by providing affordable insurance, through insurers participating in the NFIP, to property owners, renters, and businesses and by encouraging communities to adopt and enforce floodplain management regulations. These efforts help mitigate the effects of flooding on new and improved structures. Overall, the program reduces the socio-economic impact of disasters by promoting the purchase and retention of general risk insurance, but also of flood insurance, specifically.

Over the past years, the NFIP has continued to display a strong administrative process to include monitoring and internal controls and has continued testing and reporting improper payment rates substantially below the OMB threshold for a program to be considered susceptible to significant improper payments.

Table 9: FEMA NFIP Improper Payment Results

	Testing Conducted in 2017	Testing Conducted in 2018	Testing Conducted in 2019
Outlays (\$M)	\$2,339.82	\$3,742.61	\$9,310.28
Proper Payments (\$M)	\$2,339.53	\$3,742.44	\$9,309.97
Proper Payments (%)	99.99%	99.995%	99.997%
Improper Payments (\$M)	\$0.29	\$0.17	\$0.31
Improper Payments (%)	0.01%	0.005%	0.003%
Applicable Reduction Target Rate (%)	0.17%	0.17%	0.10%
Reduction Target Met?	Yes	Yes	Yes

Breakout of 2019 Improper Payment Totals					
	Monetary Loss: Within the Agency's Control	Monetary Loss: Outside the Agency's Control	Total Monetary Loss	Total Non-Monetary Loss	Total Unknown / Unable to Discern
Amount (\$M)	\$0.31	\$0.00	\$0.31	\$0.00	\$0.00
Percentage (%)	0.003%	0.00%	0.003%	0.00%	0.00%
			Improper Payments Made by the Federal Government		Improper Payments Made by the Recipient of Federal
Amount (\$M)	\$0.00		\$0.31		
Percentage (%)	0.00%		0.003%		

The FEMA NFIP utilized the 95/3 guidance for a statistically valid and robust sampling plan and had an achieved precision rate of 2.57%. As such, the 2019 improper payment rate of 0.003% met the applicable reduction target rate of 0.10% established in 2018.

The following table summarizes, by program, the improper payment root causes as described in Appendix C to OMB Circular A-123.

Table 10: FEMA NFIP Root Cause of Improper Payments

Reason for Improper Payment	Overpayment		Underpayment		Unknown / Unable to Discern		Total		
	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	
Program Design or Structural Issue	-	-	-	-	N/A	N/A	\$0.00	0.00%	
Inability to Authenticate Eligibility	Inability to Access Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Data Does Not Exist	-	-	-	-	N/A	N/A	\$0.00	0.00%
Failure to Verify Data	Death Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Financial Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Excluded Party Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Prisoner Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
Administrative or Process Errors Made by:	Other Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Federal Agency	-	-	-	-	N/A	N/A	\$0.00	0.00%
	State or Local Agency	-	-	-	-	N/A	N/A	\$0.00	0.00%
Other Party	\$0.31	0.003%	-	-	N/A	N/A	\$0.31	0.003%	
Medical Necessity	-	-	-	-	-	-	\$0.00	0.00%	
Insufficient Documentation to Determine	N/A	N/A	N/A	N/A	-	-	\$0.00	0.00%	
Total	\$0.31	0.003%	\$0.00	0.00%	\$0.00	0.00%	\$0.31	0.003%	

FEMA - Public Assistance (PA) Program

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, as Amended (Stafford Act), Title 42 of the United States Code (U.S.C.) § 5121 et seq., authorizes the President to provide federal assistance when the magnitude of an incident or threatened incident exceeds the affected state, territorial, tribal, and local government capabilities to respond or recover.

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



Figure 2: Map of FEMA regions

Public Assistance is FEMA's largest grant program. Since 2017, FEMA has given over five billion dollars through PA grants to help communities clear debris and rebuild roads, schools, libraries, and other public facilities.

Through the Department's risk assessment process, the PA program was initially identified as a program susceptible to significant improper payments. The PA program has made significant and consistent improvements to its administrative process, grant monitoring, internal controls, and has continued testing and reporting improper payment rates below the OMB threshold.

Table 11: FEMA PA Improper Payment Results

	Testing Conducted in 2017	Testing Conducted in 2018	Testing Conducted in 2019	Breakout of 2019 Improper Payment Totals						
Outlays (\$M)	\$3,410.75	\$3,428.17	\$3,764.07							
Proper Payments (\$M)	\$3,376.64	\$3,395.10	\$3,737.34							
Proper Payments (%)	99.00%	99.04%	99.29%							
Improper Payments (\$M)	\$34.11	\$33.07	\$26.72							
Improper Payments (%)	1.00%	0.96%	0.71%							
Applicable Reduction Target Rate (%)	1.30%	1.00%	0.90%							
Reduction Target Met?	Yes	Yes	Yes							
					<i>Monetary Loss: Within the Agency's Control</i>	<i>Monetary Loss: Outside the Agency's Control</i>	Total Monetary Loss	Total Non-Monetary Loss	Total Unknown / Unable to Discern	
				Amount (\$M)	\$26.72	\$0.00	\$26.72	\$0.00	\$0.00	
				Percentage (%)	0.71%	0.00%	0.71%	0.00%	0.00%	
					Improper Payments Made by the Federal Government			Improper Payments Made by the Recipient of Federal		
				Amount (\$M)	\$0.00			\$26.72		
				Percentage (%)	0.00%			0.71%		

Due to the size and changes to the payment populations, the FEMA PA program uses a non-statistically valid plan and alternative measurement methodology utilizing a three-year assessment cycle, previously approved by OMB on September 23, 2011. This approach is structured to assess the top states within specific regions on a cyclical basis. To calculate the national error rate for 2019, the error rate from the regions tested in 2019¹⁵, 2018¹⁶, and 2017¹⁷ were applied to the payment populations from the 2019 tested regions to derive a national average. Given the limited scope of testing under the approved alternative measurement methodology, the sample was not designed to achieve a specified level of precision. As such, the 2019 national average improper payment rate of 0.71% was determined to meet¹⁸ the applicable reduction target rate as it is lower than the reduction target rate of 0.90% established in 2018.

The following table summarizes, by program, the improper payment root causes as described in Appendix C to OMB Circular A-123.

¹⁵ The 2019 scope included Regions V, VI, and VII

¹⁶ The 2018 scope included Regions IV, VIII, and IX

¹⁷ The 2017 scope included Regions I, II, III, and X

¹⁸ Per OMB Circular A-123, Appendix C a program using a non-statistically valid plan “should count reduction targets as being met only if their estimated improper payment rate is lower than or equal to the reduction target.”

Other Information

Table 12: FEMA PA Root Cause of Improper Payments

Reason for Improper Payment		Overpayment		Underpayment		Unknown / Unable to Discern		Total	
		Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)
Program Design or Structural Issue		-	-	-	-	N/A	N/A	\$0.00	0.00%
Inability to Authenticate Eligibility	Inability to Access Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Data Does Not Exist	-	-	-	-	N/A	N/A	\$0.00	0.00%
Failure to Verify Data	Death Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Financial Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Excluded Party Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Prisoner Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Other Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
Administrative or Process Errors Made by:	Federal Agency	-	-	-	-	N/A	N/A	\$0.00	0.00%
	State or Local Agency	\$26.72	0.71%	-	-	N/A	N/A	\$26.72	0.71%
	Other Party	-	-	-	-	N/A	N/A	\$0.00	0.00%
Medical Necessity		-	-	-	-	N/A	N/A	\$0.00	0.00%
Documentation to Determine Insufficient		N/A	N/A	N/A	N/A	-	-	\$0.00	0.00%
Total		\$26.72	0.71%	\$0.00	0.00%	\$0.00	0.00%	\$26.73	0.71%

FEMA – Vendor Payment (VP) Program

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

For the testing conducted in 2019, FEMA incorporated the associated FY 2018 disaster supplemental funding disbursements of over \$3 billion applicable for review under IPIA. Despite the increased program size with the inclusion of the disaster supplemental funding disbursed in FY 2018, due to continued focus and diligent FEMA efforts, the FEMA VP program has been able to reduce its reported improper payment rate from 1.70 percent in 2018 down to 1.02 percent in 2019.

Table 13: FEMA VP Improper Payment Results

	Testing Conducted in 2017	Testing Conducted in 2018	Testing Conducted in 2019	Breakout of 2019 Improper Payment Totals						
Outlays (\$M)	\$974.11	\$1,540.46	\$4,383.97							
Proper Payments (\$M)	\$931.07	\$1,514.35	\$4,339.39							
Proper Payments (%)	95.58%	98.30%	98.98%							
Improper Payments (\$M)	\$43.04	\$26.12	\$44.58	Monetary Loss: Within the Agency's Control	Monetary Loss: Outside the Agency's Control	Total Monetary Loss	Total Non-Monetary Loss	Total Unknown / Unable to Discern		
Improper Payments (%)	4.42%	1.70%	1.02%						Amount (\$M)	\$6.96
Applicable Reduction Target Rate (%)	5.00%	4.00%	1.60%	Percentage (%)	0.16%	0.00%	0.16%	0.81%	0.04%	
Reduction Target Met?	Yes	Yes	Yes	Improper Payments Made by the Federal Government			Improper Payments Made by the Recipient of Federal			
				Amount (\$M)	\$44.58		\$0.00			
				Percentage (%)	1.02%		0.00%			

The FEMA VP program utilized the 95/3 guidance for a statistically valid and robust sampling plan and had an achieved precision rate of 0.77%. As such, the 2019 improper payment rate of 1.02% met the applicable reduction target rate of 1.60% established in 2018.

The following table summarizes, by program, the improper payment root causes as described in Appendix C to OMB Circular A-123.

Table 14: FEMA VP Root Cause of Improper Payments

Reason for Improper Payment		Overpayment		Underpayment		Unknown / Unable to Discern		Total	
		Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)
Program Design or Structural Issue		-	-	-	-	N/A	N/A	\$0.00	0.00%
Inability to Authenticate Eligibility	Inability to Access Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Data Does Not Exist	-	-	-	-	N/A	N/A	\$0.00	0.00%
Failure to Verify Data	Death Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Financial Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Excluded Party Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Prisoner Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Other Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
Administrative or Process Errors Made by:	Federal Agency	\$39.10	0.89%	\$3.56	0.08%	N/A	N/A	\$42.66	0.97%
	State or Local Agency	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Other Party	-	-	-	-	N/A	N/A	\$0.00	0.00%

Other Information

Reason for Improper Payment	Overpayment		Underpayment		Unknown / Unable to Discern		Total	
	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)
Medical Necessity	-	-	-	-	N/A	N/A	\$0.00	0.00%
Insufficient Documentation to Determine	N/A	N/A	N/A	N/A	\$1.92	0.04%	\$1.92	0.04%
Total	\$39.10	0.89%	\$3.56	0.08%	\$1.92	0.04%	\$44.58	1.02%

Federal Protective Service (FPS) – Payroll

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

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

When the Homeland Security Act of 2002 was passed, FPS was transferred from GSA to the newly formed U.S. Department of Homeland Security, structured within U.S. Immigration and Customs Enforcement. In 2009, DHS transferred FPS to the National Protection and Programs Directorate^{19, 20}. During the 2018 IPIA review process, FPS Payroll was identified as susceptible to significant improper payments based on the comprehensive risk assessment results. As such, in 2019, the FPS program conducted statistical sampling under IPIA with results reported below.

¹⁹ The Cybersecurity and Infrastructure Security Agency (CISA) was established on November 16, 2018 when the Cybersecurity and Infrastructure Security Agency Act of 2018 was signed into law.

²⁰ In May 2019, DHS announced its decision to transfer FPS from its Cybersecurity and Infrastructure Security Agency (CISA) to its Management Directorate, and to report to the Under Secretary for Management.

Table 15: FPS Payroll Improper Payment Results

	Testing Conducted in 2017	Testing Conducted in 2018	Testing Conducted in 2019
Outlays (\$M)			\$205.08
Proper Payments (\$M)			\$200.15
Proper Payments (%)			97.60%
Improper Payments (\$M)			\$4.93
Improper Payments (%)			2.40%
Applicable Reduction Target Rate (%)			N/A
Reduction Target Met?			N/A

Breakout of 2019 Improper Payment Totals					
	Monetary Loss: Within the Agency's Control	Monetary Loss: Outside the Agency's Control	Total Monetary Loss	Total Non-Monetary Loss	Total Unknown / Unable to Discern
Amount (\$M)	\$1.28	\$0.00	\$1.28	\$0.37	\$3.27
Percentage (%)	0.62%	0.00%	0.62%	0.18%	1.60%
		Improper Payments Made by the Federal Government		Improper Payments Made by the Recipient of Federal	
Amount (\$M)		\$4.93		\$0.00	
Percentage (%)		2.40%		0.00%	

The FPS Payroll program utilized the 95/3 guidance for a statistically valid and robust sampling plan and had an achieved precision rate of 2.35%. FPS Payroll does not have reduction target percentage provided as 2019 was the first year that the program conducted IPIA sampling and reporting and, in accordance with OMB Circular A-123, Appendix C, has an allowance of 24 months of reporting to establish a baseline before establishing a reduction target.

The following table summarizes, by program, the improper payment root causes as described in Appendix C to OMB Circular A-123

Table 16: FPS Payroll Root Cause of Improper Payments

Reason for Improper Payment		Overpayment		Underpayment		Unknown / Unable to Discern		Total	
		Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)
Program Design or Structural Issue		-	-	-	-	N/A	N/A	\$0.00	0.00%
Inability to Authenticate Eligibility	Inability to Access Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Data Does Not Exist	-	-	-	-	N/A	N/A	\$0.00	0.00%
Failure to Verify Data	Death Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Financial Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Excluded Party Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Prisoner Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
	Other Data	-	-	-	-	N/A	N/A	\$0.00	0.00%
Administrative or Process Errors Made by:	Federal Agency	\$1.28	0.62%	\$0.37	0.18%	N/A	N/A	\$1.65	0.80%
	State or Local Agency	-	-	-	-	N/A	N/A	\$0.00	0.00%

Other Information

Reason for Improper Payment	Overpayment		Underpayment		Unknown / Unable to Discern		Total	
	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)
Other Party	-	-	-	-	N/A	N/A	\$0.00	0.00%
Medical Necessity	-	-	-	-	N/A	N/A	\$0.00	0.00%
Insufficient Documentation to Determine	N/A	N/A	N/A	N/A	\$3.27	1.60%	\$3.27	1.60%
Total	\$1.28	0.62%	\$0.37	0.18%	\$3.27	1.60%	\$4.93	2.40%

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

Table 17: DHS Improper Payment Results and Reduction Outlook

DHS Program Name	Testing Conducted in FY 2018			Testing Conducted in FY 2019					Testing to be Conducted in FY 2020
	Outlays (\$M)	Improper Amount (\$M)	Improper Rate (%)	Outlays (\$M)	Proper Amount (\$M)	Proper Rate (%)	Improper Amount (\$M)	Improper Rate (%)	Reduction Target (%)
<i>DHS Programs Reporting on Disbursements from One Fiscal Year Prior</i>									
Federal Emergency Management Agency (FEMA) – Flood Hazard Mapping & Risk Analysis (FHMRA) Program	\$144.16	\$0.25	0.17%	\$174.91	\$174.90	99.995%	\$0.009	0.005%	0.20%
FEMA – National Flood Insurance Program (NFIP)	\$3,742.61	\$0.17	0.005%	\$9,310.28	\$9,309.97	99.997%	\$0.31	0.003%	0.10%
FEMA – Public Assistance (PA) Program	\$3,428.17	\$33.07	0.96%	\$3,764.07	\$3,737.34	99.29%	\$26.72	0.71%	1.00%
FEMA – Vendor Pay (VP) Program	\$1,540.46	\$26.12	1.70%	\$4,383.97	\$4,339.39	98.98%	\$44.58	1.02%	1.50%
Federal Protective Service (FPS) – Payroll	N/A - Program identified to begin reporting in FY 2019			\$205.08	\$200.15	97.60%	\$4.93	2.40%	N/A ²¹
<i>DHS Programs Granted OMB Relief from Reporting Effective in FY 2019</i>									
Customs and Border Protection (CBP) – Refund and Drawback Program	\$1,871.28	\$0.35	0.02%	N/A - Program was granted OMB relief from reporting					
FEMA – Assistance to Firefighters Grant	\$306.47	\$4.06	1.32%	N/A - Program was granted OMB relief from reporting					
FEMA - Homeland Security Grant Program	\$851.77	\$6.30	0.74%	N/A - Program was granted OMB relief from reporting					
Immigration and Customs Enforcement (ICE) – Enforcement & Removal Operations Program	\$2,132.45	\$0.29	0.01%	N/A - Program was granted OMB relief from reporting					
TOTAL²²	\$14,017.38	\$70.62	0.50%²³	\$17,838.30	\$17,761.75	99.57%	\$76.55	0.43%²⁴	N/A

Upon analysis, it was determined that, for the programs testing in 2019, the improper payments were due to administrative or process errors (approximately 93%), and insufficient documentation to determine (approximately 7%). In addition, approximately 65 percent of

²¹ FPS Payroll does not have reduction target percentage provided as 2019 was the first year that the program conducted IPIA sampling and reporting and, in accordance with OMB Circular A-123, Appendix C, has an allowance of 24 months of reporting to establish a baseline before establishing a reduction target.

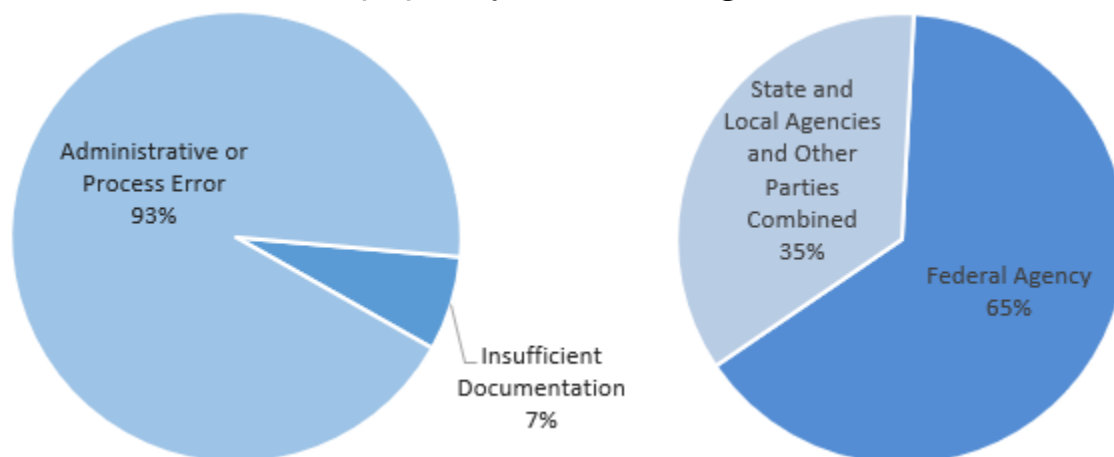
²² The total does not represent a true statistical improper payment estimate for the Department.

²³ The estimated DHS improper payment rate is not a true statistical estimate for the Department and was calculated using estimated total outlays as well as the estimated total improper payment amount as reported for testing conducted in 2018.

²⁴ The estimated DHS improper payment rate is not a true statistical estimate for the Department and was calculated using estimated total outlays as well as the estimated total improper payment amount as reported for testing conducted in 2019.

improper payments were attributed to payments made by the Federal agency and 35 percent due to payments made by recipients of federal funding (to include States, local agencies, and other parties). These root causes were identified through improper payments testing conducted in 2019 and categorized using the error categories as defined in OMB Circular A-123, Appendix C.

Improper Payment Error Categories



The following table summarizes, consolidated for DHS, the improper payment root causes as described in Appendix C to OMB Circular A-123 for the DHS programs found susceptible to significant improper payments. In addition, the improper payment amounts are broken out to reflect the total overpayment, underpayment, and unknown / unable to discern improper payment amounts and summary associated rates. For program specific breakouts, please refer to the tables reported within each program section above.

Table 18: DHS Root Cause of Improper Payments

Reason for Improper Payment	Overpayment		Underpayment		Unknown / Unable to Discern		Total		
	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	Amount (\$M)	Percentage (%)	
Program Design or Structural Issue	-	-	-	-	N/A	N/A	\$0.00	0.00%	
Inability to Authenticate Eligibility	Inability to Access Data	-	-	-	N/A	N/A	\$0.00	0.00%	
	Data Does Not Exist	-	-	-	N/A	N/A	\$0.00	0.00%	
Failure to Verify Data	Death Data	-	-	-	N/A	N/A	\$0.00	0.00%	
	Financial Data	-	-	-	N/A	N/A	\$0.00	0.00%	
	Excluded Party Data	-	-	-	N/A	N/A	\$0.00	0.00%	
	Prisoner Data	-	-	-	N/A	N/A	\$0.00	0.00%	
Administrative or Process Errors Made by:	Other Data	-	-	-	N/A	N/A	\$0.00	0.00%	
	Federal Agency	\$40.38	0.23%	\$3.94	0.02%	N/A	N/A	\$44.32	0.25%
	State or Local Agency	\$26.72	0.15%	-	-	N/A	N/A	\$26.72	0.15%
	Other Party	\$0.31	0.002%	-	-	N/A	N/A	\$0.31	0.002%
Medical Necessity	-	-	-	-	N/A	N/A	\$0.00	0.00%	
Insufficient Documentation to Determine	N/A	N/A	N/A	N/A	\$5.19	0.03%	\$5.19	0.03%	
Total²⁵	\$67.42	0.38%	\$3.94	0.02%	\$5.19	0.03%	\$76.55	0.43%²⁶	

²⁵ The total does not represent a true statistical improper payment estimate for the Department.

²⁶ The estimated DHS improper payment rate is not a true statistical estimate for the Department and was calculated as a summation of the improper rates associated with the error categories listed.

Other Information

Supplemental appropriations were designated as an emergency requirement in the Supplemental Appropriations for Disaster Relief Requirements, 2017 (P.L. 115-56, the Additional Supplemental Appropriations for Disaster Relief Requirements Act of 2017 (P.L. 115-72), and the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (P.L. 115-123) were issued to specific agencies to provide the resources needed to recover and rebuild following recent hurricanes and other applicable natural disasters. Within these supplemental appropriations, DHS received a total supplemental appropriation amount of \$50.72 billion²⁷. The breakout of DHS Components receiving this supplemental funding is documented in the table below.

Table 19: DHS Breakout of Supplemental Appropriation Funding Received

Public Law	Component	Program	Period of Availability (FY)	Appropriated Value (\$M)	Transfer-In Value (\$M)	Transfer-Out Value (\$M)	Value for Program Use (\$M)
115-56	Federal Emergency Management Agency	Disaster Relief Fund	No-Year	\$7,400.00	\$0.00	\$0.00	\$7,400.00
115-72		Disaster Relief Fund	No-Year	\$18,670.00	\$0.00	\$10.00	\$18,660.00
115-123		Operations and Support	18-19	\$58.80	\$0.00	\$0.00	\$58.80
115-123		Procurement, Construction, and Improvements	18-20	\$1.20	\$0.00	\$0.00	\$1.20
115-123		Disaster Relief Fund	No-Year	\$23,500.00	\$0.00	\$0.00	\$23,500.00
115-123	Federal Law Enforcement Training Center	Operations and Support	18-19	\$5.37	\$0.00	\$0.00	\$5.37
115-123		Procurement, Construction, and Improvements	18-22	\$5.00	\$0.00	\$0.00	\$5.00
115-72	Office of the Inspector General	Operations and Support	No-Year	\$0.00	\$10.00	\$0.00	\$10.00
115-23		Operations and Support	18-20	\$25.00	\$0.00	\$0.00	\$25.00
115-23	Transportation and Security Administration	Operations and Support	18-19	\$10.32	\$0.00	\$0.00	\$10.32
115-23	U.S. Customs and Border Protection	Operations and Support	18-19	\$104.49	\$0.00	\$0.00	\$104.49
115-23		Procurement, Construction, and Improvements	18-22	\$45.00	\$0.00	\$0.00	\$45.00
115-23	U.S. Immigration and Customs Enforcement	Operations and Support	18-19	\$30.91	\$0.00	\$0.00	\$30.91
115-23		Procurement, Construction, and Improvements	18-22	\$33.05	\$0.00	\$0.00	\$33.05
115-23	United States Coast Guard	Operating Expenses	18-19	\$112.14	\$0.00	\$0.00	\$112.14
115-23		Environmental Compliance and Restoration	18-22	\$4.04	\$0.00	\$0.00	\$4.04
115-23		Acquisition, Construction, and Improvements	18-22	\$718.92	\$0.00	\$0.00	\$718.92
						TOTAL:	\$50,724.24

P.L. 115-123 requires any agency receiving funds under P.L. 115-123 as well as P.L. 115-72 and P.L. 115-56 to consider any programs expending more than \$10 million of funds in any one fiscal year highly susceptible to improper payments for the purposes of the IPIA. In accordance with that requirement, the Department rolled all FY 2018 funding received and disbursed from the supplemental appropriations into individual programs for tracking disbursement amounts that are applicable for review under IPIA. Once these disaster supplemental funded programs met or exceeded the \$10M threshold in payments applicable for IPIA review, the program was deemed susceptible to significant improper payments and thus applicable for statistical sampling and reporting.

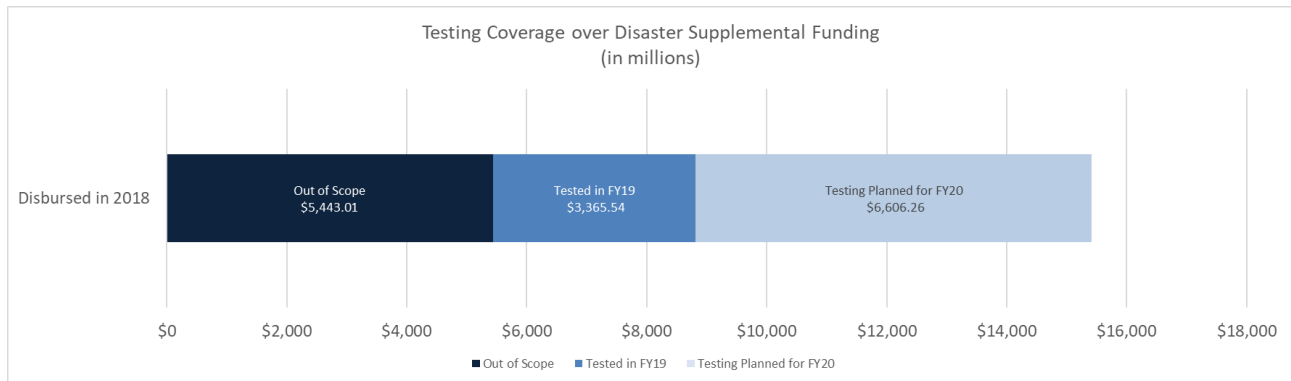
²⁷ Due to rounding, amounts may not reflect exact appropriated values.

For 2019 testing and reporting, DHS is able to include statistical testing results for the FEMA FHMRA and FEMA VP programs, both of which incorporated their applicable FY 2018 disaster supplemental appropriations disbursements into the pre-existing program. However, due to the burden of testing and reporting the remaining ten programs related solely to disaster supplemental appropriation disbursements, DHS will be reporting statistical testing results two years in arrears. Therefore, FY 2018 disbursement testing and results will be reported in 2020 for the following programs:

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

Based on the FY 2018 disbursements made from the supplemental appropriation funding, the following table highlights the amount determined to be out of scope²⁸, the amount tested and reported in 2019, and the amount to be tested and reported in 2020.

Table 20: Supplemental Appropriation Testing Breakout



2. Recapture of Improper Payments Reporting

During FY 2019, the Department did not have any recapture audit activities conducted. DHS has conducted multiple cost analysis reviews over the past several years and determined that payment recapture audit programs are not cost-effective. The determination regarding cost-effectiveness considered recovery amounts, costs of audits exceeding recovery amounts

²⁸ Out of Scope determination includes amounts that were disbursed as an intragovernmental payment as these are not applicable for IPIA review, other disbursements excluded from IPIA (to include non-disbursements, net \$0.00 payments, Journal Vouchers, etc.), and IPIA applicable disbursements that were deemed to be not applicable as the program did not meet or exceed the \$10M threshold of IPIA applicable disbursements.

Other Information

identified for recapture, and no major changes to payment operations to justify performing a recapture audit.

The following table identifies funds recaptured outside of the recapture audit program, as reported by the respective Components²⁹. These overpayments were identified through grant and contract closeout processes, high dollar overpayments reporting to include significant amounts identified during IPIA reviews, vendor identification, etc.

Table 21: Overpayments Recaptured Outside of Payment Recapture Audits

DHS Component	Amount Identified (\$M)	Amount Recaptured (\$M)	Percentage Recaptured (%)
CWMD	\$0.38	\$0.02	5.52%
FEMA	\$3.47	\$0.48	13.97%
FLETC	\$0.11	\$0.05	44.12%
ICE	\$0.19	\$0.19	100.00%
MGA	\$0.03	\$0.01	49.47%
MGMT ³⁰	\$0.53	\$0.53	100.00%
S&T	\$0.01	\$0.01	100.00%
TSA	\$2.59	\$2.57	99.10%
USCG	\$0.32	\$0.23	72.75%
USCIS	\$0.91	\$0.59	64.42%
DHS Total	\$8.55	\$4.69	54.87%

3. Agency Improvement of Payment Accuracy with the Do Not Pay Initiative

The Do Not Pay (DNP) Initiative is a government-wide initiative mandated by OMB Memorandum M-12-11 dated April 12, 2012, Reducing Improper Payments through the “Do Not Pay List,” and IPERIA to match payments against DNP databases, prior to any payment of a grant or contract award. The Treasury Department performs post-payment matches on DHS disbursements using the General Service Administration’s System for Awards Management and Social Security Administration’s Death Master File to identify improper payments. Treasury also performs post-payment matches using System for Award Management (SAM), Debt Check, Credit Alert Interactive Voice Response System, List of Excluded Individuals/Entities, and the Prisoner Update Processing System.

The Department continues its efforts to prevent and detect improper payments via the DNP Business Center portal by implementing the screening of payments through the Treasury Do Not Pay Portal and, as appropriate, screen payments via the DNP databases directly. Specifically, the Office of the Chief Procurement Officer (OCPO) ensures that its contracting staff complies with Federal Acquisition Regulation (FAR), applicable areas of the DHS Homeland Security Acquisition Regulation (HSAR) and Homeland Security Acquisition Manual (HSAM) through its internal control processes and procedures. OCPO supplements the DHS HSAR and HSAM through the issuance of internal operating procedures for the review and approval of specific pre-award, award, and post-award documentation to ensure that acquisition staff checks data in

²⁹ All DHS payment processing Components, to include CBP, FEMA, FLETC, ICE, USCG, and USSS, reported the respective amounts identified and recaptured for their respective Component and any applicable serviced Components. Components not specifically listed did not report overpayment amounts identified and/or recaptured applicable for reporting.

³⁰ Amounts reported for the Management Directorate include amounts reported for OBIM. The Office of Biometric Identity Management (OBIM) was transferred to DHS’s Management Directorate following the signing of the Cybersecurity and Infrastructure Security Agency (CISA) Act of 2018.

SAM and the Federal Awardee Performance and Integrity Information System (FAPIIS). DHS 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 additional DNP databases are utilized effectively.

Accordingly, DHS complies with the DNP initiative through its internal control and oversight practices and review procedures. From the period of October 2018 through September 2019, DHS conducted reviews on over 3.9 million payments, totaling over \$33.36 billion dollars in disbursements under DNP. Based on this review, there were no payments stopped and 1,257 payments with matches flagged. The total amount associated with matches flagged equated to a dollar value of \$3.06 million with matches, well under 0.1% of the total payments reviewed.

Table 22: DNP Review Results

	Reviewed for Possible Improper Payments	Payments with Matches	Percentage of Payments Reviewed
Number of Payments	3,901,108	1,257	0.03%
Dollars of Payments (\$M)	\$33,362.34	\$3.06	0.009%

Based on the 311 payments adjudicated as of September 2019, only 19 payments out of the flagged matches have been found to be improper.

Table 23: Breakout of DNP Adjudicated Payments

	Adjudicated Payments	Percentage of Total Payments Adjudicated as of September 2019
Number of Improper Payments	19	6.11%
Dollars of Improper Payments (\$M)	\$0.20	26.86%
Number of Proper Payments	292	93.89%
Dollars of Proper Payments (\$M)	\$0.54	73.14%

4. Barriers

OMB requires the identification of all programs with improper payments exceeding the statutory thresholds defined as 1) both 1.5 percent of program outlays and \$10 million or 2) \$100 million, regardless of the improper payment percentage of total program outlays. Using these criteria, no DHS programs identified as susceptible to significant improper payments exceeded the statutory threshold. As such, the Department has no statutory or regulatory barriers identified that will impact the ability of DHS to successfully maintain and continue to reduce improper payment rates.

5. Accountability

The goals and requirements of IPIA are communicated to all levels of staff throughout the Office of the Chief Financial Officer and to relevant program office and procurement staff. The Department has taken extensive measures to ensure that managers, accountable officers, to include Component Chief Financial Officers (CFOs), programs, States, and localities are held accountable for reducing and recapturing improper payments. The Department's CFO and

Other Information

senior staff have incorporated improper payment expectations and performance in their annual performance plans.

Component managers are responsible for completing internal control work on payment processing as part of the Department's OMB Circular A-123 effort. They are further responsible for establishing and maintaining sufficient internal controls, including a control environment that prevents improper payments from being made, effectively managing improper payment risks, and promptly detecting and recovering any improper payments that may occur. Management's efforts, to include within DHS Headquarters as well as Components, around improper payments are subject to an annual compliance review by the DHS's Office of Inspector General. These measures are designed to hold the appropriate personnel accountable for meeting applicable improper payment reduction targets and establishing and maintaining strong internal controls around payment management.

6. Agency Information Systems and Other Infrastructure

The Department has the necessary internal controls, human capital, information systems, and infrastructure to continue its efforts of reducing improper payments and increase recoveries as demonstrated through reduction of estimated improper payment rates reported this year. The Department monitors Component improper payment testing in accordance with OMB Circular A-123, Appendix C. Additionally, each CFO provides an annual assurance statement attesting to the effectiveness of program controls within their Component.

7. Sampling and Estimation

The Department used a statistically valid, stratified sample design³¹ performed by a statistician to select and test FY 2018 disbursements for those programs identified as susceptible to significant improper payments. Our procedures provided an overall estimate of the percentage of improper payment dollars within ± 3 percent precision at the 95 percent confidence level, as specified by OMB Circular A-123 Appendix C.

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 design³².

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.

³¹ The FEMA PA program used an OMB approved alternative sampling methodology for multi-year targeted sampling plan.

³² For the certainty strata, all payments are selected for review.

8. Risk Assessment

In accordance with IPIA, agency heads are required to periodically review all programs and activities that the relevant agency head administers and identify all programs and activities that may be susceptible to significant improper payments and perform the review at least once every three years.

In FY 2017, the Department established a two-part process comprised of a preliminary assessment followed by a comprehensive assessment if necessary. The preliminary risk assessment process is used on all programs not already reporting an improper payment estimate and that meet the minimum disbursement threshold of \$10 million³³. The comprehensive risk assessment process is required based on the preliminary risk assessment results and the program's three-year risk assessment cycle. In FY 2019, the Department conducted 54 comprehensive risk assessments, please refer to the table below for specific programs assessed.

Table 24: DHS Program Performing a Comprehensive Risk Assessment in 2019

Program Name	Was the Program or Activity Susceptible to Significant Improper Payments During FY 2019 Risk Assessment?
CBP - Refund and Drawback	No
CBP - Construction	No
CBP - User Fees	No
CBP - Automation and Modernization	No
CBP - Border Security Fencing	No
CBP - Operations and Maintenance	No
CBP - Payroll	No
CBP - Operations and Support: Travel	No
CISA - NPPD Legacy	No
CISA - Office of Biometric Identity Management (OBIM)	No
CISA - Federal Protective Service (FPS)	No
CISA - Payroll: NPPD Legacy and OBIM	No
CWMD - Procurement, Construction, and Improvements	No
CWMD - Operations & Support	No
CWMD - Mission Support	No
CWMD - Chemical and Biological Readiness: Biological	No
FEMA - Emergency Management Performance Grants	No
FEMA - Federal Insurance & Mitigation Administration: Grants	No
FEMA - Federal Insurance & Mitigation Administration: Non-Claims (Write Your Own)	No
FEMA - Flood Hazard Map and Risk Analysis Program: Grants	No
FEMA - Emergency Food & Shelter	No
FEMA - National Flood Insurance Program Reinsurance	No
FEMA - Nonprofit Security Grant Program	No
FEMA - Port Security Grant Program	No
FEMA - Training Grants	No
FEMA - U.S. Fire Administration & Training	No

³³ Per OMB Circular A-123, Appendix C, a program is only susceptible to "significant improper payments" if the program has both a 1.5 percent improper rate and at least \$10 million in improper payments or exceeds \$100 million dollars regardless of the error rate.

Other Information

Program Name	Was the Program or Activity Susceptible to Significant Improper Payments During FY 2019 Risk Assessment?
FEMA - Disaster Relief Fund (DRF) Individuals and Household Program	No
FEMA - Community Disaster Loans	No
FLETC - Law Enforcement Training	No
FLETC - Mission Support	No
ICE - Service-Wide Agreements	No
ICE - Purchase Card	No
ICE - Hurricane Other	No
MGA - Analysis and Operations	No
S&T - Research & Development	No
TSA - Aviation Security	No
TSA - Intelligence & Vetting	No
TSA - Surface Transportation	No
TSA - Federal Air Marshall	No
TSA - Administration Support	No
USCG - Civilian Payroll	No
USCG - Coast Guard Acquisition Construction & Improvements	No
USCG - Retired Pay	No
USCG - Military Payroll	No
USCIS - Adjudication Services	No
USCIS - Information Customer Services	No
USCIS - Administration	No
USCIS - Systemic Alien Verification for Entitlements	No
USCIS - Employment Status Verifications	No
USSS - Protection	No
USSS - Contribution for Annuity Benefits	No
USSS - Training	No
USSS - Procurement, Construction, and Improvements	No
USSS - Field Operations	No

The Department assessed all payment types except for federal intragovernmental payments, which were excluded based on the definition of an improper payment per OMB Circular A-123, Appendix C, and other excluded payments to include non-disbursements, net \$0.00 payments, Journal Vouchers, etc.

In conducting the comprehensive risk assessments, Components held meetings with program managers, key personnel, and other stakeholders to discuss the inherent risk of improper payments. The Department’s comprehensive risk assessment involved evaluating attributes that directly or indirectly affect the likelihood of improper payments using the GAO Standards for Internal Control (Green Book) framework as well as requirements from OMB Circular A-123, Appendix C. Based on that approach, DHS utilized the following risk factors in the 2019 comprehensive risk assessment process:

- Whether the program or activity reviewed is new to the agency (requires comprehensive risk assessment if new program or activity);
- Whether the program has completed a comprehensive risk assessment more than two years ago;
- Whether the program has received funding deemed to be susceptible to significant improper payments;

- The complexity of the program or activity reviewed, particularly with respect to determining correct payment amounts;
- The volume of payments made annually;
- Whether payments or payment eligibility decisions are made outside of the agency, for example, by a State or local government, or a regional Federal office;
- Recent major changes in program funding, authorities, practices, or procedures;
- The level of experience, turnover, and quality of training for personnel responsible for formulating program eligibility determinations or certifying that payments are accurate;
- Significant deficiencies in the audit reports of the agency including, but not limited to, the agency Inspector General or the Government Accountability Office (GAO) audit report findings, internal control over financial reporting findings, or other relevant management findings that might hinder accurate payment certification; and,
- Recent significant changes to legislation governing this program since the last year risk assessed.

Program managers and Component's internal controls division assigned a risk rating to each risk factor based on their detailed understanding of the processes and risk of improper payment. Weighted percentages were assigned to each risk factor rating based on a judgmental determination of the direct or indirect impact on improper payments. An overall risk score was then computed for each program, calculated by the sum of the weighted scores for each risk factor and overall rating scale. Programs were assessed using both qualitative and quantitative risk factors to determine if they were susceptible to significant improper payments. A weighted average of 65 percent for qualitative factors and 35 percent for quantitative risk yields the program's overall risk score.

Additionally, the Department conducted independent reviews of Component submissions to identify significant changes in the program compared to last year and assess the reasonableness of the risk ratings.

Fraud Reduction

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

For the third consecutive year, DHS continued implementation of several initiatives to comply with the FRDAA using GAO's Fraud Risk Framework, GAO Standards for Internal Control, and OMB Circular A-123. In FY 2019, the Department held several training sessions with fraud risk assessors, which improved its reliability over the fraud risk assessments that are integrated with internal control over financial reporting assessments. The focus in targeting training with fraud assessors were to enable the community to engage better stakeholder engagement across the organization, to not only assess fraud risk, to bring heightened awareness of identifying and mitigating fraud risks by process owners who are responsible for implementing these controls. The fraud risk assessments take into consideration, inherent risk and risk tolerance of the fraud, the controls in place to mitigate the risk, and the control suitability of the controls in place. The output of the assessment is the residual risk that remains after the controls in place are taken into consideration, and the related response to elevated fraud risk. Applicable Components have assessed fraud risk and a majority have assessed control suitability, as part of the continuous monitoring assessments as part of the internal control over financial reporting program.

Data Analytics

In FY 2019, the Department conducted an assessment over the use of purchase cards during the lapse in appropriations using data analysis. DHS Office of the Chief Financial Officer focused on cardholder transactions made by non-exempt Components and cardholders during the period covering December 22, 2018 through January 25, 2019, then sampled these transactions to verify that purchases had documentation to support a clear and direct relationship to activity necessary to continue during the lapse in appropriations.

While initial work has started, DHS will continue to expand upon data analytic capability to strengthen its risk assessment process in areas such as payroll, charge cards, and travel to identify potential red flags, test targeted areas for potential for fraud, and develop and further matures its fraud risk management activities.

Other Initiatives

Other supporting initiatives include the following:

- *Contract award, monitoring and oversight* – Embedded within Federal Acquisition Regulations and the Homeland Security Acquisition Manual are measures to identify indicators of procurement fraud, and internal controls to prevent such fraud. OCPO monitors compliance with acquisition regulations and DHS policy across the Department, through its procurement oversight program. In addition, OCPO has an established industry engagement and communication program, providing an external control for ensuring compliance with DHS procurement requirements by promoting meaningful communications with industry.

- *Improper Payments* – In accordance with IPERA, OMB requires programs identified as susceptible to improper payments to be tested and the root causes of improper payments include an analysis of potential for fraudulent activity. As part of reporting efforts, Components are required to report if any potential fraudulent activity occurred and refer these matters appropriately; however, none of improper payments tested in FY 2019 were attributed to fraud. As part of OMB's data call for payment accuracy, DHS is required report on confirmed fraud as reported by the OIG, which is a subset of amounts reported in the semi-annual report to Congress. In FY 2020, the OIG and DHS will work together to identify root causes of confirmed fraud instances, to the extent possible, and DHS will work towards improving its internal controls to further mitigate and reduce the risk of fraud as the Department matures in this process.

Reduce the Footprint

OMB issued Management Procedures Memorandum No. 2015-01, *Implementation of OMB Memorandum M-12-12 Section 3: Reduce the Footprint*, which superseded OMB Management Procedures Memorandum No. 2013-02, *Implementation of OMB Memorandum M-12-12 Section 3: Freeze the Footprint*, included a requirement for agencies to submit a five-year Real Property Efficiency Plan annually to the General Services Administration (GSA) and the Office of Management and Budget. The Memorandum designated FY 2015 as the base year for this new measurement.

In FY 2018, the Department indicated an increase in its Reduce the Footprint (RTF) inventory due to a location misclassification for some mission essential assets as well as expansion required to accommodate increased requirements for border security and immigration enforcement activities.

Currently, the Department occupies more than 100 million square feet (SF), which is comprised of 43 million SF of owned space and 61 million SF of leased space. Approximately one-third, or 31.6 million, of the Department’s total SF has been identified as RTF building space. The Department’s leased portfolio has annual costs of approximately \$1.8 billion in rental cost and operations and maintenance costs.

From FY 2020 through FY 2024, the Department anticipates a 0.3 percent reduction from its RTF baseline of 31.1 million SF for office and warehouse space. Within this five-year plan, DHS projects to reduce its office space by approximately 90,000 SF. In FY 2019, the Secretary relocated to the St. Elizabeths campus, a major consolidation that is not reflected in the current RTF plans, because it has already occurred.

A major driver for future improvements will be led through the Field Efficiencies (FE) Program Management Office. DHS has placed Regional Coordinators throughout the country to coordinate mission support efficiencies holistically across the Department. The Regional Coordinators work closely with representatives within GSA, DHS, and Component real property programs and mission support teams in the field to improve real property coordination, planning, and execution. These efforts are resulting in additional consolidation projects being submitted to GSA, reductions in surplus property and occupied space, and an overall improvement to DHS’s asset utilization. In 2019, DHS also enhanced its portfolio management and strategic planning capability with emphasis on tenancies within the National Capital Region. DHS intends to work to align our strategic plans with those of the servicing GSA regions to improve predictability and ensure the Department budgets for, and funds, relocation projects timely.

Table 25: Reduce the Footprint Baseline Comparison (square feet)

	RTF Baseline	FY 2018 Actual	Change (FY 2015 Baseline to FY 2018)
Total	31,135,962	31,557,176	421,213

Table 26: Reporting of O&M Building Costs

	FY 2015 Reported Costs	FY 2018 Costs	Projected Change in Costs
Operations and Maintenance Costs	\$85	\$85	+0

(\$ in millions)

Civil Monetary Penalty Adjustment for Inflation

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

The following represents the Department's civil monetary penalties, all of which were last updated via regulation in 2019. Additional information about these penalties and the latest adjustment is available in the Federal Register Volume 84, No. 66

Table 27: Civil Monetary Penalties

Penalty	Authority	Year Enacted	Adjusted New Penalty
CBP			
Non-compliance with arrival and departure manifest requirements for passengers, crew members, or occupants transported on commercial vessels or aircraft arriving to or departing from the United States	8 USC 1221(g); INA Section 231(g); 8 CFR 280.53(b)(1)	2002	\$1,394
Non-compliance with landing requirements at designated ports of entry for aircraft transporting aliens	8 USC 1224; INA Section 234; 8 CFR 280.53(b)(2)	1990	\$3,788
Violations of removal orders relating to aliens transported on vessels or aircraft under section 241(d) of the INA, or for costs associated with removal under section 241(e) of the INA	8 USC 1253(c)(1)(A); INA Section 243(c)(1)(A); 8 CFR 280.53(b)(4)	1996	\$3,195
Failure to remove alien stowaways under section 241(d)(2) of the INA	8 USC 1253(c)(1)(B); INA Section 243(c)(1)(B); 8 CFR 280.53(b)(5)	1996	\$7,987
Failure to report an illegal landing or desertion of alien crewmen, and for each alien not reported on arrival or departure manifest or lists required in accordance with section 251 of the INA (for each alien)	8 USC 1281(d); INA Section 251(d); 8 CFR 280.53(b)(6)	1990	\$378
Use of alien crewmen for longshore work in violation of section 251(d) of the INA	8 USC 1281(d); INA Section 251(d); 8 CFR 280.53(b)(6)	1990	\$9,472
Failure to control, detain, or remove alien crewmen	8 USC 1284(a); INA Section 254(a); 8 CFR 280.53(b)(7)	1990	Minimum \$947 Maximum \$5,683
Employment on passenger vessels of aliens afflicted with certain disabilities	8 USC 1285; INA Section 255; 8 CFR 280.53(b)(8)	1990	\$1,895
Discharge of alien crewmen	8 USC 1286; INA Section 256; 8 CFR 280.53(b)(9)	1990	Minimum \$2,841 Maximum \$5,683
Bringing into the United States alien crewmen with intent to evade immigration laws	8 USC 1287; INA Section 257; 8 CFR 280.53(b)(10)	1990	\$18,943
Failure to prevent the unauthorized landing of aliens	8 USC § 1321(a); INA Section 271(a); 8 CFR 280.53(b)(11)	1990	\$5,683
Bringing to the United States aliens subject to denial of admission on a health-related ground	8 USC § 1322(a); INA Section 272(a); 8 CFR 280.53(b)(12)	1990	\$5,683
Bringing to the United States aliens without required documentation	8 USC § 1323(b); INA Section 273(b); 8 CFR 280.53(b)(13)	1990	\$5,683
Improper entry	8 USC § 1325(b) INA Section 275(b); 8 CFR 280.53(b)(15)	1996	Minimum \$80 Maximum \$400

Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
Dealing in or using empty stamped imported liquor containers	19 USC 469	1879	\$531
Transporting passengers between coastwise points in the United States by a non-coastwise qualified vessel	46 USC 55103(b); 19 CFR 4.80(b)(2)	1898	\$798
Towing a vessel between coastwise points in the United States by a non-coastwise qualified vessel	46 USC 55111(c); 19 CFR 4.92	1940	Minimum \$930 Maximum \$2,924 plus \$159 per ton
Failure to depart voluntarily	8 USC 1229(c)(d); INA Section 243(c)(1)(A); 8 CFR 280.53(b)(3)	1952	Minimum \$1,597; Maximum \$7,987
Failure to depart	8 USC 1324d; INA Section 274D; 8 CFR 280.53(b)(14)	1952	\$799
Employing a vessel in a trade without a required Certificate of Documentation	19 USC 1706(a); 19 CFR 4.80(i)	1980	\$1,329
Transporting passengers coastwise for hire by certain vessels (known as Bowaters vessels) that do not meet specified conditions	46 USC 12118(f)(3)	1958	\$531
ICE			
Violation of Immigration and Naturalization Act (INA) sections 274C(a)(1)–(a)(4) (First offense)	8 CFR 270.3(b)(1)(ii)(A)	1990	Minimum \$473 Maximum \$3,788
Violation of Immigration and Naturalization Act (INA) sections 274C(a)(5)–(a)(6) (First offense)	8 CFR 270.3(b)(1)(ii)(B)	1996	Minimum \$400 Maximum \$3,195
Violation of Immigration and Naturalization Act (INA) sections 274C(a)(1)–(a)(4) (Subsequent offenses)	8 CFR 270.3(b)(1)(ii)(C)	1990	Minimum \$3,788 Maximum \$9,472
Violation of Immigration and Naturalization Act (INA) sections 274C(a)(5)–(a)(6) (Subsequent offenses)	8 CFR 270.3(b)(1)(ii)(D)	1996	Minimum \$3,195 Maximum \$7,987
Violation/prohibition of indemnity bonds	8 CFR 274a.8(b)	1986	\$2,292
Knowingly hiring, recruiting, referral, or retention of unauthorized aliens (per unauthorized alien) (First offense)	8 CFR 274a.10(b)(1)(ii)(A)	1986	Minimum \$573 Maximum \$4,586
Knowingly hiring, recruiting, referral, or retention of unauthorized aliens (per unauthorized alien) (Second offense)	8 CFR 274a.10(b)(1)(ii)(B)	1986	Minimum \$4,586 Maximum \$11,463
Knowingly hiring, recruiting, referral, or retention of unauthorized aliens (per unauthorized alien) (Subsequent offenses)	8 CFR 274a.10(b)(1)(ii)(C)	1986	Minimum \$6,878 Maximum \$22,927
I–9 paperwork violations	8 CFR 274a.10(b)(2)	1986	Minimum \$230 Maximum \$2,292
Failure to depart voluntarily	8 USC 1229c(d); INA Section 240B(d); 8 CFR 280.53(b)(3)	1996	Minimum \$1,597 Maximum \$7,987
Failure to depart	8 USC 1324(d); INA Section 274D; 8 CFR 280.53(b)(14)	1996	\$799
CISA			

Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
Non-compliance with CFATS regulations	6 USC 624(b)(1); 6 CFR 27.300(b)(3)	2002	\$34,871
TSA			
Certain aviation related violations by an individual or small business concern (49 CFR Ch. XII § 1503.401(c)(1))	49 USC 46301(a)(1), (4), (5); 49 USC 46301(d)(8)	2003	\$13,669 (up to a total of \$68,347 total for small business, \$546,774 for others)
Certain aviation related violations by any other person not operating an aircraft for the transportation of passengers or property for compensation (49 CFR Ch. XII § 1503.401(c)(2))	49 USC 46301(a)(1), (4), (5); 49 USC 46301(d)(8)	2003	\$13,669 (up to a total of \$68,347 total for small business, \$546,774 for others)
Certain aviation related violations by a person operating an aircraft for the transportation of passengers or property for compensation (49 CFR Ch. XII § 1503.401(c)(3))	49 USC 46301(a)(1), (4), (5); 49 USC 46301(d)(8)	2003	\$34,174 (up to a total of \$546,774 per civil penalty action)
Violation of any other provision of title 49 USC or of 46 USC ch. 701, a regulation prescribed, or order issued under thereunder (49 CFR Ch. XII § 1503.401(b))	49 USC 114(v)	2009	\$11,698 (up to a total of \$58,490 for individuals and small businesses, \$467,920 for others)
USCG			
Saving Life and Property	14 USC 521(c)	2014	\$10,651
Saving Life and Property (Intentional Interference with Broadcast)	14 USC 521(e)	2012	\$1,093
Confidentiality of Medical Quality Assurance Records (first offense)	14 USC 645(i); 33 CFR 27.3	1992	\$5,350
Confidentiality of Medical Quality Assurance Records (subsequent offenses)	14 USC 645(i); 33 CFR 27.3	1992	\$35,668
Aquatic Nuisance Species in Waters of the United States	16 USC 4711(g)(1); 33 CFR 27.3	1996	\$39,936
Obstruction of Revenue Officers by Masters of Vessels	19 USC 70; 33 CFR 27.3	1935	\$7,975
Obstruction of Revenue Officers by Masters of Vessels—Minimum Penalty	19 USC 70; 33 CFR 27.3	1935	\$1,861
Failure to Stop Vessel When Directed; Master, Owner, Operator or Person in Charge	19 USC 1581(d)	1930	\$5,000
Failure to Stop Vessel When Directed; Master, Owner, Operator or Person in Charge - Minimum Penalty	19 USC 1581(d)	1930	\$1,000
Anchorage Ground/Harbor Regulations General	33 USC 471; 33 CFR 27.3	2010	\$11,563
Anchorage Ground/Harbor Regulations St. Mary's River	33 USC 474; 33 CFR 27.3	1946	\$798
Bridges/Failure to Comply with Regulations	33 USC 495(b); 33 CFR 27.3	2008	\$29,192
Bridges/Drawbridges	33 USC 499(c); 33 CFR 27.3	2008	\$29,192
Bridges/Failure to Alter Bridge Obstructing Navigation	33 USC 502(c); 33 CFR 27.3	2008	\$29,192
Bridges/Maintenance and Operation	33 USC 533(b); 33 CFR 27.3	2008	\$29,192
Bridge to Bridge Communication; Master, Person in Charge or Pilot	33 USC 1208(a); 33 CFR 27.3	1971	\$2,126
Bridge to Bridge Communication; Vessel	33 USC 1208(b); 33 CFR 27.3	1971	\$2,126

Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
PWSA Regulations	33 USC 1232(a)	1978	\$94,219
Vessel Navigation: Regattas or Marine Parades; Unlicensed Person in Charge	46 USC 70041(d)(1)(B); 33 CFR 27.3	1990	\$9,472
Vessel Navigation: Regattas or Marine Parades; Owner Onboard Vessel	46 USC 70041(d)(1)(C); 33 CFR 27.3	1990	\$9,472
Vessel Navigation: Regattas or Marine Parades; Other Persons	46 USC 70041(d)(1)(D); 33 CFR 27.3	1990	\$4,735
Oil/Hazardous Substances: Discharges (Class I per violation)	33 USC 1321(b)(6)(B)(i); 33 CFR 27.3	1990	\$18,943
Oil/Hazardous Substances: Discharges (Class I total under paragraph)	33 USC 1321(b)(6)(B)(i); 33 CFR 27.3	1990	\$47,357
Oil/Hazardous Substances: Discharges (Class II per day of violation)	33 USC 1321(b)(6)(B)(ii); 33 CFR 27.3	1990	\$18,943
Oil/Hazardous Substances: Discharges (Class II total under paragraph)	33 USC 1321(b)(6)(B)(ii); 33 CFR 27.3	1990	\$236,783
Oil/Hazardous Substances: Discharges (per day of violation) Judicial Assessment	33 USC 1321(b)(7)(A); 33 CFR 27.3	1990	\$47,357
Oil/Hazardous Substances: Discharges (per barrel of oil or unit discharged) Judicial Assessment	33 USC 1321(b)(7)(A); 33 CFR 27.3	1990	\$1,895
Oil/Hazardous Substances: Failure to Carry Out Removal/Comply With Order (Judicial Assessment)	33 USC 1321(b)(7)(B); 33 CFR 27.3	1990	\$47,357
Oil/Hazardous Substances: Failure to Comply with Regulation Issued Under 1321(j) (Judicial Assessment)	33 USC 1321(b)(7)(C); 33 CFR 27.3	1990	\$47,357
Oil/Hazardous Substances: Discharges, Gross Negligence (per barrel of oil or unit discharged) Judicial Assessment	33 USC 1321(b)(7)(D); 33 CFR 27.3	1990	\$5,683
Oil/Hazardous Substances: Discharges, Gross Negligence—Minimum Penalty (Judicial Assessment)	33 USC 1321(b)(7)(D); 33 CFR 27.3	1990	\$189,427
Marine Sanitation Devices; Operating	33 USC 1322(j); 33 CFR 27.3	1972	\$7,975
Marine Sanitation Devices; Sale or Manufacture	33 USC 1322(j); 33 CFR 27.3	1972	\$21,265
International Navigation Rules; Operator	33 USC 1608(a); 33 CFR 27.3	1980	\$14,910
International Navigation Rules; Vessel	33 USC 1608(b); 33 CFR 27.3	1980	\$14,910
Pollution from Ships; General	33 USC 1908(b)(1); 33 CFR 27.3	1980	\$74,552
Pollution from Ships; False Statement	33 USC 1908(b)(2); 33 CFR 27.3	1980	\$14,910
Inland Navigation Rules; Operator	33 USC 2072(a); 33 CFR 27.3	1980	\$14,910
Inland Navigation Rules; Vessel	33 USC 2072(b); 33 CFR 27.3	1980	\$14,910
Shore Protection; General	33 USC 2609(a); 33 CFR 27.3	1988	\$52,596
Shore Protection; Operating Without Permit	33 USC 2609(b); 33 CFR 27.3	1988	\$21,039
Oil Pollution Liability and Compensation	33 USC 2716a(a); 33 CFR 27.3	1990	\$47,357
Clean Hulls; Civil Enforcement	33 USC 3852(a)(1)(A); 33 CFR 27.3	2010	\$43,359
Clean Hulls; False statements	33 USC 3852(a)(1)(A); 33 CFR 27.3	2010	\$57,813
Clean Hulls; Recreational Vessel	33 USC 3852(c); 33 CFR 27.3	2010	\$5,781
Hazardous Substances, Releases Liability, Compensation (Class I)	42 USC 9609(a); 33 CFR 27.3	1986	\$57,317
Hazardous Substances, Releases Liability, Compensation (Class II)	42 USC 9609(b); 33 CFR 27.3	1986	\$57,317

Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
Hazardous Substances, Releases Liability, Compensation (Class II subsequent offense)	42 USC 9609(b); 33 CFR 27.3	1986	\$171,952
Hazardous Substances, Releases, Liability, Compensation (Judicial Assessment)	42 USC 9609(c); 33 CFR 27.3	1986	\$57,317
Hazardous Substances, Releases, Liability, Compensation (Judicial Assessment subsequent offense)	42 USC 9609(c); 33 CFR 27.3	1986	\$171,952
Safe Containers for International Cargo	46 USC 80509; 33 CFR 27.3	2006	\$6,265
Suspension of Passenger Service	46 USC 70305; 33 CFR 27.3	2006	\$62,656
Vessel Inspection or Examination Fees	46 USC 2110(e); 33 CFR 27.3	1990	\$9,472
Alcohol and Dangerous Drug Testing	46 USC 2115; 33 CFR 27.3	1998	\$7,710
Negligent Operations: Recreational Vessels	46 USC 2302(a); 33 CFR 27.3	2002	\$6,974
Negligent Operations: Other Vessels	46 USC 2302(a); 33 CFR 27.3	2002	\$34,871
Operating a Vessel While Under the Influence of Alcohol or a Dangerous Drug	46 USC 2302(c)(1); 33 CFR 27.3	1998	\$7,710
Vessel Reporting Requirements: Owner, Charterer, Managing Operator, or Agent	46 USC 2306(a)(4); 33 CFR 27.3	1984	\$12,007
Vessel Reporting Requirements: Master	46 USC 2306(b)(2); 33 CFR 27.3	1984	\$2,402
Immersion Suits	46 USC 3102(c)(1); 33 CFR 27.3	1984	\$12,007
Inspection Permit	46 USC 3302(i)(5); 33 CFR 27.3	1983	\$2,505
Vessel Inspection; General	46 USC 3318(a); 33 CFR 27.3	1984	\$12,007
Vessel Inspection; Nautical School Vessel	46 USC 3318(g); 33 CFR 27.3	1984	\$12,007
Vessel Inspection; Failure to Give Notice IAW 3304(b)	46 USC 3318(h); 33 CFR 27.3	1984	\$2,402
Vessel Inspection; Failure to Give Notice IAW 3309 (c)	46 USC 3318(i); 33 CFR 27.3	1984	\$2,402
Vessel Inspection; Vessel ≥ 1600 Gross Tons	46 USC 3318(j)(1); 33 CFR 27.3	1984	\$24,017
Vessel Inspection; Vessel <1600 Gross Tons	46 USC 3318(j)(1); 33 CFR 27.3	1984	\$4,803
Vessel Inspection; Failure to Comply with 3311(b)	46 USC 3318(k); 33 CFR 27.3	1984	\$24,017
Vessel Inspection; Violation of 3318(b)-3318(f)	46 USC 3318(l); 33 CFR 27.3	1984	\$12,007
List/count of Passengers	46 USC 3502(e); 33 CFR 27.3	1983	\$250
Notification to Passengers	46 USC 3504(c); 33 CFR 27.3	1983	\$25,037
Notification to Passengers; Sale of Tickets	46 USC 3504(c); 33 CFR 27.3	1983	\$1,251
Copies of Laws on Passenger Vessels; Master	46 USC 3506; 33 CFR 27.3	1983	\$501
Liquid Bulk/Dangerous Cargo	46 USC 3718(a)(1); 33 CFR 27.3	1983	\$62,595
Uninspected Vessels	46 USC 4106; 33 CFR 27.3	1988	\$10,519
Recreational Vessels (maximum for related series of violations)	46 USC 4311(b)(1); 33 CFR 27.3	2004	\$331,174
Recreational Vessels; Violation of 4307(a)	46 USC 4311(b)(1); 33 CFR 27.3	2004	\$6,623
Recreational Vessels	46 USC 4311(c); 33 CFR 27.3	1983	\$2,505
Uninspected Commercial Fishing Industry Vessels	46 USC 4507; 33 CFR 27.3	1988	\$10,519
Abandonment of Barges	46 USC 4703; 33 CFR 27.3	1992	\$1,783
Load Lines	46 USC 5116(a); 33 CFR 27.3	1986	\$11,463
Load Lines; Violation of 5112(a)	46 USC 5116(b); 33 CFR 27.3	1986	\$22,927
Load Lines; Violation of 5112(b)	46 USC 5116(c); 33 CFR 27.3	1986	\$11,463
Reporting Marine Casualties	46 USC 6103(a); 33 CFR 27.3	1996	\$39,936

Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
Reporting Marine Casualties; Violation of 6104	46 USC 6103(b); 33 CFR 27.3	1988	\$10,519
Manning of Inspected Vessels; Failure to Report Deficiency in Vessel Complement	46 USC 8101(e); 33 CFR 27.3	1990	\$1,895
Manning of Inspected Vessels	46 USC 8101(f); 33 CFR 27.3	1990	\$18,943
Manning of Inspected Vessels; Employing or Serving in Capacity not Licensed by USCG	46 USC 8101(g); 33 CFR 27.3	1990	\$18,943
Manning of Inspected Vessels; Freight Vessel <100 GT, Small Passenger Vessel, or Sailing School Vessel	46 USC 8101(h); 33 CFR 27.3	1983	\$2,505
Watchmen on Passenger Vessels	46 USC 8102(a)	1983	\$2,505
Citizenship Requirements	46 USC 8103(f)	1983	\$1,251
Watches on Vessels; Violation of 8104(a) or (b)	46 USC 8104(i)	1990	\$18,943
Watches on Vessels; Violation of 8104(c), (d), (e), or (h)	46 USC 8104(j)	1990	\$18,943
Staff Department on Vessels	46 USC 8302(e)	1983	\$250
Officer's Competency Certificates	46 USC 8304(d)	1983	\$250
Coastwise Pilotage; Owner, Charterer, Managing Operator, Agent, Master or Individual in Charge	46 USC 8502(e)	1990	\$18,943
Coastwise Pilotage; Individual	46 USC 8502(f)	1990	\$18,943
Federal Pilots	46 USC 8503	1984	\$60,039
Merchant Mariners Documents	46 USC 8701(d)	1983	\$1,251
Crew Requirements	46 USC 8702(e)	1990	\$18,943
Small Vessel Manning	46 USC 8906	1996	\$39,936
Pilotage: Great Lakes; Owner, Charterer, Managing Operator, Agent, Master or Individual in Charge	46 USC 9308(a)	1990	\$18,943
Pilotage: Great Lakes; Individual	46 USC 9308(b)	1990	\$18,943
Pilotage: Great Lakes; Violation of 9303	46 USC 9308(c)	1990	\$18,943
Failure to Report Sexual Offense	46 USC 10104(b)	1989	\$10,067
Pay Advances to Seamen	46 USC 10314(a)(2)	1983	\$1,251
Pay Advances to Seamen; Remuneration for Employment	46 USC 10314(b)	1983	\$1,251
Allotment to Seamen	46 USC 10315(c)	1983	\$1,251
Seamen Protection; General	46 USC 10321	1993	\$8,678
Coastwise Voyages: Advances	46 USC 10505(a)(2)	1993	\$8,678
Coastwise Voyages: Advances; Remuneration for Employment	46 USC 10505(b)	1993	\$8,678
Coastwise Voyages: Seamen Protection; General	46 USC 10508(b)	1993	\$8,678
Effects of Deceased Seamen	46 USC 10711	1983	\$501
Complaints of Unfitness	46 USC 10902(a)(2)	1983	\$1,251
Proceedings on Examination of Vessel	46 USC 10903(d)	1983	\$250
Permission to Make Complaint	46 USC 10907(b)	1983	\$1,251
Accommodations for Seamen	46 USC 11101(f)	1983	\$1,251
Medicine Chests on Vessels	46 USC 11102(b)	1983	\$1,251
Destitute Seamen	46 USC 11104(b)	1983	\$250
Wages on Discharge	46 USC 11105(c)	1983	\$1,251
Log Books; Master Failing to Maintain	46 USC 11303(a)	1983	\$501

Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
Log Books; Master Failing to Make Entry	46 USC 11303(b)	1983	\$501
Log Books; Late Entry	46 USC 11303(c)	1983	\$375
Carrying of Sheath Knives	46 USC 11506	1983	\$125
Documentation of Vessels	46 USC 12151(a)(1)	2012	\$16,398
Documentation of Vessels; Activities involving mobile offshore drilling units	46 USC 12151(a)(2)	2012	\$27,331
Engaging in Fishing After Falsifying Eligibility (fine per day)	46 USC 12151(c)	2006	\$125,314
Numbering of Undocumented Vessel; Willful violation	46 USC 12309(a)	1983	\$12,519
Numbering of Undocumented Vessels	46 USC 12309(b)	1983	\$2,505
Vessel Identification System	46 USC 12507(b)	1988	\$21,039
Measurement of Vessels	46 USC 14701	1986	\$45,855
Measurement; False Statements	46 USC 14702	1986	\$45,855
Commercial Instruments and Maritime Liens	46 USC 31309	1988	\$21,039
Commercial Instruments and Maritime Liens; Mortgagor	46 USC 31330(a)(2)	1988	\$21,039
Commercial Instruments and Maritime Liens; Violation of 31329	46 USC 31330(b)(2)	1988	\$52,596
Port Security	46 USC 70119(a)	2002	\$34,871
Port Security; Continuing Violations	46 USC 70119(b)	2006	\$62,656
Maritime Drug Law Enforcement	46 USC 70506(c)	2010	\$5,781
Hazardous Materials: Related to Vessels	49 USC 5123(a)(1)	2012	\$81,993
Hazardous Materials: Related to Vessels; Penalty from Fatalities, Serious Injuries/ Illness or substantial Damage to Property	49 USC 5123(a)(2)	2012	\$191,316
Hazardous Materials: Related to Vessels; Training	49 USC 5123(a)(3)	2012	\$493

Other Key Regulatory Requirements

Prompt Payment Act

The *Prompt Payment Act* requires federal agencies to make timely payments (within 30 days of receipt of invoice) to vendors for supplies and services, to pay interest penalties when payments are made after the due date, and to take cash discounts only when they are economically justified. The Department's Components submit Prompt Payment data for the OMB CFO Council's Metric Tracking System. Metric statistics are reported with at least a six-week lag. DHS Components conduct periodic reviews to identify potential problems. On time-payments for FY 2019 were 93% versus the goal of 98%. Total interest paid in FY 2019 was \$2,588,846.32 or \$71.97 per million invoiced, an 80 percent increase over the prior year. Invoicing delays and the increase in interest penalties were primarily due to the funding lapse in FY 2019.

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 was passed in May 2014 and updated DCIA requirements for referring non-taxable debt.

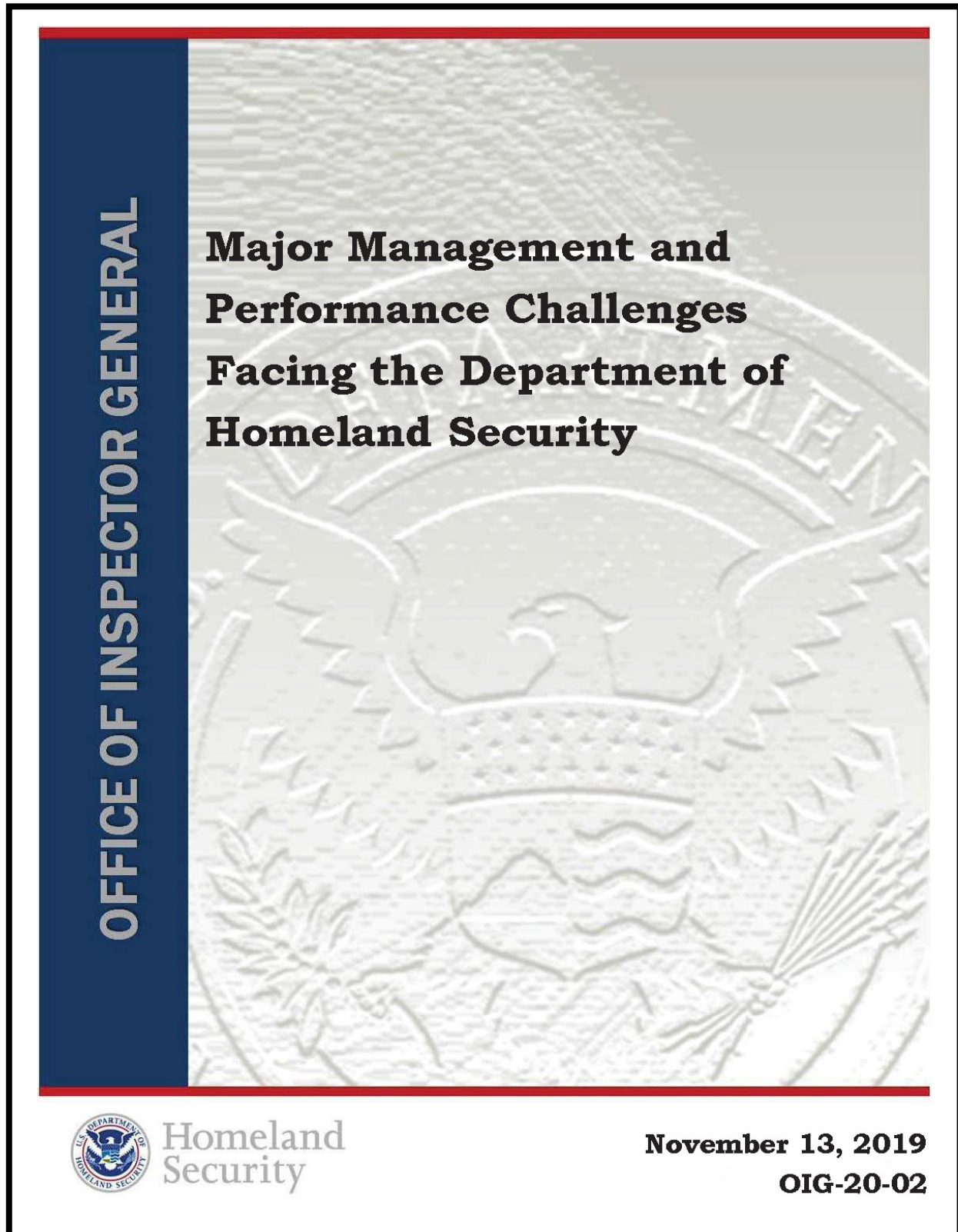
Biennial User Charges Review

The Chief Financial Officers Act of 1990 and OMB Circular A-25 Revised, User Charges, requires each agency CFO to review, on a biennial basis, the fees, royalties, rents, and other charges imposed by the agency for services and items of value provided to specific recipients, beyond those received by the general public. While this is not a year for reporting results, the Department is using this opportunity to provide an update to a Government Accountability Office (GAO) report recommendation.

In FY 2019, the Department, in coordination with the Fee Governance Council, reviewed the results of the FY 2018 Biennial Fee Review (BFR), took follow-on steps to track and report on deficiencies, and made recommendations to DHS Components on what steps can be taken to achieve full cost recovery or improve fee collections. An example of a successful outcome of the BFR can be seen in the Student and Exchange Visitor Program (SEVP) fee Final Rule, which increased I-901 and I-97 fees, established a new fee for Appeals and Recertification efforts, and increased the scope of the Site Visit fee, all moving the SEVP closer towards full cost recovery.

A copy of GAO's full report (GAO-16-443) can be accessed at the following link: <https://www.gao.gov/assets/680/678598.pdf>.

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



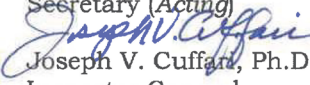


OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

November 13, 2019

MEMORANDUM FOR: Kevin K. McAleenan
Secretary (Acting)

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

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

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

We acknowledge and appreciate your ongoing efforts to ensure our Nation and its citizens are safe, secure, and resilient against terrorism and other hazards. In evaluating the challenges facing DHS, we considered their importance relative to the [Department of Homeland Security's Strategic Plan for Fiscal Years 2020–2024 \(DHS' 2020–2024 Strategic Plan\)](#), as well as its Enterprise Risk Management and Immigration Data Integration initiatives. Appendix A presents the goals and objectives in *DHS' 2020–2024 Strategic Plan*; elsewhere in this report we cite specific examples of DHS' strategic progress. Appendix B contains your comments on the draft version of this report.

Based on our recent and prior audits, inspections, special reviews, and investigations, we consider the most serious management and performance challenges currently facing DHS to be:

- Managing Programs and Operations Effectively and Efficiently during times of Changes in Leadership, Vacancies, and Hiring Difficulties;
- Coordinating Efforts to Address the Sharp Increase in Migrants Seeking to Enter the United States through our Southern Border;



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

- Ensuring Cybersecurity in an Age When Confidentiality, Integrity, and the Availability of Information Technology Are Essential to Mission Operations;
- Ensuring Proper Financial Planning, Payments, and Internal Controls; and
- Improving FEMA's Disaster Response and Recovery Efforts.

Addressing and overcoming these challenges requires firm leadership; targeted resources; and a commitment to mastering management fundamentals, data collection and dissemination, cost-benefit/risk analysis, and performance measurement. As we have noted in previous Major Management and Performance Challenges reports, the Secretary; Deputy Secretary; Under Secretary for Management; Under Secretary for the Office of Strategy, Policy, and Plans; and DHS Component Heads are responsible for driving necessary change. Unfortunately, many of these senior leadership positions continue to suffer from a lack of permanent, Presidentially Appointed and Senate-confirmed officials. More broadly, DHS and its roughly 240,000 employees work in an environment marked by high attrition, changing mandates, and difficulties implementing permanent plans, procedures, and programs.

It is imperative DHS develop and maintain a high performing, steadfast workforce. We have repeatedly stressed DHS must foster unity of effort, including developing and implementing strong internal controls. We are again highlighting major gaps in DHS' ability to share and manage data, coordinate intra-component activities and programs, and implement fiscally sound practices and procedures to ensure optimal use of taxpayer dollars. We are dedicated to working with DHS leaders to address these challenges and look forward to meaningful progress in the future.

Managing Programs and Operations Effectively and Efficiently During Times of Changes in Leadership, Vacancies, and Hiring Difficulties

This challenge relates to every aspect of DHS' mission. However, it is expressly captured in DHS' 2020–2024 Strategic Plan in Goal 6: Championing the Workforce and Strengthening the Department.¹

As the third-largest Federal agency, DHS' full performance is vital to the safety and security of our Nation. DHS' 2020–2024 Strategic Plan recognizes the Department's diverse and complex mission requires integration across eight

¹ We recognize DHS' commitment to cultivate a consistent supply of senior executives and career civil servants through its Senior Executive Service Candidate Development Program; Strategic Marketing, Outreach, and Recruitment Engagement automated system; and series of FY2019 Strategic Recruitment Diversity and Inclusion outreach events.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

operational components; seven support components formulating guidance on policy, management, research, training, and intelligence; and the Office of the Secretary, which coordinates and oversees the activities of the Department.² This need for integration is particularly important in hiring, training, and retaining staff.

Hiring, Training, and Retention

Since its inception, DHS has had difficulties ensuring it can expeditiously hire and retain highly qualified workers. This situation is exacerbated by changes and vacancies in senior leadership, which are often beyond DHS' control. As of September 21, 2019, "acting" officials filled almost one-third (18 of 58) of DHS senior leadership positions.³

DHS faces high attrition. At a May 21, 2019 congressional hearing, then Acting Inspector General, John V. Kelly, testified in fiscal year 2017 the Transportation Security Administration (TSA) spent nearly \$75 million to train more than 9,000 new Transportation Security Officers, about 20 percent of whom left within 6 months of being hired.⁴ The Government Accountability Office (GAO) has also reported concern regarding U.S. Customs and Border Protection (CBP) attrition rates.⁵ More specifically, in March 2019 congressional testimony, GAO affirmed CBP staffing levels for law enforcement positions consistently fell below target levels and retaining officers in hard-to-fill locations continued to pose a problem for CBP.

On January 25, 2017, President Trump issued *Executive Order 13767: Border Security and Immigration Enforcement Improvements* (EO 13767) requiring the Department to hire 5,000 new Border Patrol Agents and 10,000 new Immigration Officers to expand immigration enforcement activities and programs.⁶ Approximately 10 months later, in November 2017, CBP awarded a \$297 million contract to Accenture Federal Services (Accenture) as part of its effort to meet EO 13767 hiring mandates. However, CBP did not effectively

² See https://www.dhs.gov/sites/default/files/publications/19_0702_plcy_dhs-strategic-plan-fy20-24.pdf, p. 4.

³ See <https://www.dhs.gov/leadership>.

⁴ See https://www.oig.dhs.gov/sites/default/files/assets/TM/2019/oigtm-acting-ig-john-kelly-052119_0.pdf. This testimony was based on *TSA Needs to Improve Efforts to Retain, Hire, and Train Its Transportation Security Officers* (OIG-19-35), March 28, 2019.

⁵ See <https://www.gao.gov/assets/700/697349.pdf>.

⁶ EO 13767 calls for the construction of a physical wall on the southern border of the United States, the hiring of 5,000 CBP agents, and 10,000 ICE agents, an increase in detention space and the use of expedited removal, and the hiring of more immigration judges to address removal backlogs.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

manage the Accenture contract.⁷ As of October 1, 2018 — 10 months into the contract — CBP had paid Accenture approximately \$13.6 million for startup costs, security requirements, recruiting, and applicant support. In return, Accenture processed two accepted job offers. CBP also paid Accenture about \$500,000 for work CBP had completed in processing 14 applicants on behalf of Accenture. After we issued this management alert, CBP canceled its contract with Accenture.⁸

In February 2019, we reported Border Patrol lacked the data and procedures necessary to determine whether it was meeting workload requirements for investigative and law enforcement activities.⁹ Although directed to do so by Congress in 2011, CBP had not completed or submitted a satisfactory workforce-staffing model. This occurred because Border Patrol had not prioritized or assigned adequate resources to develop and implement such a model to guide its hiring and operations. Without a complete workforce-staffing model and accurate data, Border Patrol senior managers could not definitively determine the operational need or best placement for the 5,000 agents DHS was directed to hire under EO 13767.

In addition to hiring and retaining employees, the Department must ensure staff are adequately trained. In November 2018, we reported, as the Department attempts to hire and train 15,000 law enforcement officers, it is already struggling to improve training venues and workaround scenarios to avoid degradation of training and ensure availability of preferred training venues and housing.¹⁰ We recommended the Under Secretary of Management collaborate with Department officials to develop standards and procedures to address these problems and ensure effective expansion of capabilities for law enforcement training related to the hiring surge. The Department has implemented several of our recommendations.

⁷ [*Management Alert – CBP Needs to Address Serious Performance Issues in the Accenture Hiring Contract \(OIG-19-13\), December 6, 2018.*](#)

⁸ DHS has expressed concern regarding our review of CBP's Accenture hiring contract, including in its response to this report. We contend that the information presented in our management alert is accurate and fairly describes the results of our review; we met with all key personnel and assessed all pertinent documentation prior to publishing the alert. Further, we believe that our review played an integral part in identifying serious performance issues and ultimately terminating the Accenture hiring contract.

⁹ [*Border Patrol Needs a Staffing Model to Better Plan for Hiring More Agents \(OIG-19-23\), February 28, 2019.*](#)

¹⁰ [*DHS Training Needs for Hiring 15,000 Border Patrol Agents and Immigration Officers \(OIG-19-07\), November 20, 2018.*](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Promoting an Ethical Workplace Where Employees Are Held Accountable

In addition to being adequately trained and highly motivated, the DHS workforce must also be accountable.

In June 2019, we reported the Department lacked sufficient policies and procedures to address employee misconduct.¹¹ Specifically, the Department's policy did not include procedures for reporting allegations of misconduct, clear and specific supervisor roles and expectations, or clearly defined key discipline terms used across all components. DHS also was not effectively managing the misconduct program throughout the Department and lacked data monitoring and metrics to gauge program performance. Without oversight through defined policies and program management, DHS could not make informed decisions to improve the program and ensure all components managed the discipline for misconduct consistently. DHS is taking corrective actions to address our recommendations for improvement.

Coordinating Efforts to Address the Sharp Increase in Migrants Seeking to Enter the United States through Our Southern Border

Although this challenge falls clearly within DHS' 2020–2024 Strategic Plan in Goal 2: Secure U.S. Borders and Approaches, it is also related to Goal 1: Counter Terrorism and Homeland Security Threats.

In response to unprecedented migration at the U.S. Southern Border,¹² DHS is struggling to direct and deploy available resources to manage ports of entry, Border Patrol stations, and processing centers.¹³ Addressing unprecedented migration and humanitarian support requires collaboration among Federal law enforcement entities such as DHS and the Department of Justice. Increased migration also requires daily inter-component coordination, most notably among CBP, U.S. Immigration and Customs Enforcement (ICE), and U.S. Citizenship and Immigration Services (USCIS) to administer and enforce

¹¹ [DHS Needs to Improve Its Oversight of Misconduct and Discipline \(OIG-19-48\), June 17, 2019.](#)

¹² See <https://www.hsgac.senate.gov/unprecedented-migration-at-the-us-southern-border-the-exploitation-of-migrants-through-smuggling-trafficking-and-involuntary-servitude>; <https://www.ice.gov/sites/default/files/documents/Speech/2019/190409tubbs.pdf>; and <https://www.apnews.com/cbba8ede5436460ab4f792f981ee32e2>. According to DHS, in FY 2019 U.S. Border Patrol apprehended 851,508 aliens between ports of entry along our Southwest Border.

¹³ See <https://www.oig.dhs.gov/sites/default/files/assets/TM/2019/oigtm-deputy-inspector-general-jennifer-l-costello-073019.pdf>, [The Emergency Supplemental Appropriations for Humanitarian Assistance and Security at the Southern Border Act, 2019 \(P.L. 116-26\)](#) was signed into law on July 1, 2019, and provided CBP with a total of \$1,100,431,000 for humanitarian support, border operations, and mission support.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

immigration laws involving asylum and removal, unaccompanied alien children, victims and perpetrators of human trafficking, drug interdiction, and a range of other matters. These challenges are most evident in the Rio Grande Valley (RGV) Sector, which reported nearly a quarter million apprehensions in the first 8 months of FY 2019.¹⁴ During the past several years, but particularly in FY 2019, we have observed and continue to document serious gaps in communication, information sharing, and effective oversight in these internal and external partnerships. These gaps have been featured in numerous congressional hearings involving OIG leaders.¹⁵

Coordination among CBP, ICE, and USCIS

Since we issued *DHS Needs a More Unified Approach to Immigration Enforcement and Administration* (OIG-18-07), the need for a cohesive approach to immigration enforcement and administration has become even more pressing given increased migration at the U.S. Southern Border. CBP, ICE, and USCIS must work together to apprehend, interview, transfer, release and/or repatriate noncitizens.¹⁶ To effect removal, CBP and ICE use a range of short- and long-term detention facilities in which conditions have been a focus of our work this past year.

As part of our unannounced inspections of CBP holding facilities, during the week of May 6, 2019, we visited five Border Patrol stations and two ports of entry in the El Paso area, including greater El Paso and eastern New Mexico. We found dangerous overcrowding and adult detainees held longer than the 72 hours generally permitted under CBP's Transport, Escort, Detention, and Search (TEDS) standards at Border Patrol's El Paso Del Norte Processing Center.¹⁷ We recommended the Acting Secretary of DHS take immediate steps to alleviate overcrowding at the Border Patrol facility. One month later, during the week of June 10, 2019, we traveled to the Rio Grande Valley Sector and again observed serious overcrowding and prolonged detention in Border Patrol

¹⁴ See <https://www.oig.dhs.gov/sites/default/files/assets/TM/2019/oigtm-deputy-inspector-general-jennifer-l-costello-073019.pdf>, at pg. 3.

¹⁵ See <https://www.oig.dhs.gov/news/testimony>

¹⁶ We recognize the role other DHS components have played in helping address challenges at the U.S. Southern Border. For example, approximately 150 Coast Guard military and civilian personnel have been deployed to support CBP task forces in the El Paso, Rio Grande, and Yuma Sectors. Their duties include assisting CBP with migrant supervision, food preparation and distribution, stock replenishment, supply transport, translation assistance, personal property documentation, interview assistance, and processing. The Office of Intelligence and Analysis has also worked across the DHS Intelligence Enterprise and engaged with local Fusion Centers to provide assistance at the U.S. Southern Border.

¹⁷ [*Management Alert – DHS Needs to Address Dangerous Overcrowding among Single Adults at El Paso Del Norte Processing Center* \(OIG-19-46\), May 30, 2019.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

facilities. We found Border Patrol was holding about 8,000 detainees in custody across five locations, with 3,400 individuals — 826 of whom were children — held longer than the 72 hour standard.¹⁸ We reiterated our concern that overcrowding and prolonged detention pose an immediate risk to the health and safety of DHS agents and officers, and to those detained. As a result of these unannounced inspections, DHS OIG has begun an evaluation to identify challenges CBP faces in its efforts to comply with the general requirement not to exceed the 72-hour detention threshold.

As border apprehensions have increased, so too have the number of individuals in ICE detention.¹⁹ ICE contracts with roughly 106 facilities to detain removable aliens. Although ICE employs a multilayered system to manage and oversee detention contracts, ICE does not adequately hold detention facility contractors accountable for not meeting performance standards.²⁰

In June 2019, we summarized findings from our latest round of unannounced inspections at four ICE detention facilities.²¹ Although the conditions varied among the facilities and not every problem was present at each, our observations, detainee and staff interviews, and document reviews revealed several common themes. Because we observed immediate risks or egregious violations of detention standards at facilities in Adelanto, CA, and Essex County, NJ, including nooses in detainee cells, overly restrictive segregation, inadequate medical care, unreported security incidents, and significant food safety issues, we issued individual reports to ICE after our visits to those two facilities.²²

All four facilities had issues with expired food, which puts detainees at risk for food-borne illnesses. At three facilities, we found segregation practices violated standards and infringed on detainee rights. Two facilities failed to provide recreation outside detainee housing units. Bathrooms in two facilities' detainee housing units were dilapidated and moldy. At one facility, detainees were not provided appropriate clothing and hygiene items to ensure they could properly care for themselves. Lastly, one facility allowed only non-contact visits, despite

¹⁸ [Management Alert – DHS Needs to Address Dangerous Overcrowding and Prolonged Detention of Children and Adults in the Rio Grande Valley \(OIG-19-51\), July 2, 2019.](#)

¹⁹ See [https://www.ice.gov/detention-management.](https://www.ice.gov/detention-management)

²⁰ [ICE Does Not Fully Use Contracting Tools to Hold Detention Facility Contractors Accountable for Failing to Meet Performance Standards \(OIG-19-18\), January 29, 2019.](#)

²¹ [Concerns about ICE Detainee Treatment and Care at Four Detention Facilities \(OIG-19-47\), June 3, 2019.](#)

²² [Management Alert – Issues Requiring Action at the Adelanto ICE Processing Center in Adelanto, California \(OIG-18-86\), September 27, 2018, and Management Alert – Issues Requiring Action at the Essex County Correctional Facility in Newark, New Jersey \(OIG-19-20\), February 13, 2019.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

being able to accommodate in-person visitation. Our observations confirmed concerns identified in detainee grievances, which indicated unsafe and unhealthy conditions to varying degrees at all facilities we visited. We continue to recommend the Acting Director of ICE ensure Enforcement and Removal Operations field offices overseeing the detention facilities we have inspected address the issues we have reported and ensure facility compliance with ICE's *2011 Performance-Based National Detention Standards*.

Finally, ICE repatriates thousands of aliens every year, but not without challenges. We reviewed 3,053 cases involving detained aliens not removed within 90 days of receiving a final order and found the most significant factors delaying or preventing their repatriation to be external and beyond ICE's control. For example, detainees' legal appeals tend to be lengthy; removals depend on foreign governments cooperating to arrange travel documents and flight schedules; detainees may fail to comply with repatriation efforts; and detainees' physical or mental health conditions can delay removals. Internally, ICE's challenges with staffing and technology also diminish the efficiency of the removal process. ICE struggles with inadequate staffing, heavy caseloads, and frequent officer rotations, causing the quality of case management for detainees with final orders of removal to suffer. ICE has agreed with our recommendations to address staffing, training, web-based case management and tracking, and decision-making processes.

Ensuring Cybersecurity in an Age When Confidentiality, Integrity, and the Availability of Information Technology Are Essential to Mission Operations

This challenge directly relates to DHS' 2020–2024 Strategic Plan in Goal 3: Secure Cyberspace and Critical Infrastructure.

Current events emphasize the increasingly pervasive and potentially devastating effects of cyber-based intrusions and attacks on public and private information systems in the United States.²³ Cyber vulnerabilities exist across all Federal agencies and in nonfederal entities and organizations, such as private companies, state, local, tribal, and territorial governments. In 1997, GAO first designated information security as a government-wide high-risk area, expanding it in 2003 to include the protection of critical cyber infrastructure, or systems and assets so vital to the United States that their incapacity or destruction

²³ See <https://www.lawfareblog.com/intel-chiefs-testify-global-threats-cybersecurity-and-elections>, <https://thehill.com/policy/cybersecurity/452901-congress-mobilizes-on-cyber-threats-to-electric-grid>, and <https://www.defense.gov/Newsroom/News/Article/Article/1768617/dod-leaders-brief-congress-on-it-cybersecurity-information-assurance>.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

would have a debilitating impact on national security.²⁴ By 2015, GAO amplified this high-risk area to include protecting the privacy of personally identifiable information (PII), or “any information that can be used to distinguish or trace an individual’s identity.”²⁵ After several years of debate, Congress passed the *Cybersecurity and Infrastructure Security Agency Act of 2018*,²⁶ which redesignated DHS’ National Protection and Programs Directorate as the Cybersecurity and Infrastructure Security Agency (CISA). CISA’s responsibilities now include leading cybersecurity and critical infrastructure security programs, operations, and associated policy, and carrying out DHS’ responsibilities concerning chemical facility antiterrorism standards.²⁷ The GAO’s 2019 High-Risk List features “Ensuring the Cybersecurity of the Nation,” and recognizes additional legislation may be necessary to address this area effectively.²⁸

Information Security/Information Technology

OIG’s Fiscal Year 2018 *Federal Information Security Modernization Act* (FISMA) evaluation of DHS’ information security showed improvement compared to the prior year FISMA score.²⁹ The Department earned the targeted maturity rating, “Managed and Measurable” (level 4) in four of five functions.³⁰ We attributed

²⁴ GAO-17-317, *High Risk Series: Progress on Many High Risk Areas, While Substantial Efforts Needed on Others* (Washington, DC: February 2017). On January 6, 2017, former DHS Secretary Jeh Johnson [designated the U.S. election infrastructure as a critical infrastructure subsector](#).

²⁵ GAO-17-317, *High Risk Series: Progress on Many High Risk Areas, While Substantial Efforts Needed on Others* (Washington, D.C.: February 2017), p. 338

²⁶ See <https://www.congress.gov/bill/115th-congress/house-bill/3359>.

²⁷ CISA’s Strategic Intent (issued in August 2019) is available at: https://www.dhs.gov/sites/default/files/publications/cisa_strategic_intent_s508c_0.pdf. CISA applies risk mitigation strategies and programs such as: performing Red Team Assessments; collaborating with state and local governments as well as private sector organizations to conduct training, exercises, and infrastructure evaluations; distributing machine-readable products to help domestic and international partners protect their networks and systems against ransomware threats and attacks; sharing through the DHS Enhanced Cybersecurity Services program classified and sensitive cyber threat Government Furnished Information with partnered Commercial Service Providers; and working with industry and government partners to establish and maintain the Tri-Sector Executive Working Group.

²⁸ GAO-19-393T, *HIGH-RISK SERIES: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas* (Washington, DC: March 6, 2019)

²⁹ *Evaluation of DHS’ Information Security Program for Fiscal Year 2018* (OIG-19-60) September 19, 2019.

³⁰ We rated DHS’ information security program according to five functions in this year’s reporting instructions. (1) Identify — Although some systems lacked authority to operate and security weaknesses were not remediated quickly, DHS achieved level 4 by identifying cybersecurity risks through the systems security authorization process. (2) Protect — DHS achieved level 4 by implementing a patch management program to mitigate vulnerabilities. However, DHS did not apply patches timely to mitigate vulnerabilities, did not implement all



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

DHS' progress to improvements in information security risk, configuration management practices, continuous monitoring, and more effective security training. By addressing the remaining deficiencies, DHS can further improve its security program to ensure its systems adequately protect the critical and sensitive data they store and process.

However, we did identify information security or information technology problems in various DHS components. For example, in carrying out its Transitional Sheltering Assistance program, the Federal Emergency Management Agency (FEMA) improperly released to a contractor the PII and Sensitive PII of 2.3 million survivors of Hurricanes Harvey, Irma, and Maria and the California wildfires in 2017.³¹ Based on our report, DHS directed a Breach Response team to conduct a security assessment of FEMA and the contractor's systems. In July 2019, FEMA began issuing notification letters and providing other remedial services, including credit monitoring, to all survivors impacted by this major privacy incident.

During the last 13 years, we have reported on numerous IT deficiencies at FEMA. In August 2019, we reported FEMA had not implemented federally mandated IT management practices essential for effective oversight of its IT environment.³² FEMA had not established an IT strategic plan, architecture, or governance framework to facilitate day-to-day management of its aging IT systems and equipment. Continuation of this approach impedes budgeting for long-term IT enhancements, leads to overspending, and causes unnecessary IT support efforts. Moreover, amid this management environment, FEMA has not provided its personnel with the IT systems they need to support response and recovery operations effectively. FEMA concurred with our recommendations.

We also reported USCIS had not implemented an effective process to track adjudicative decisions and ensure data integrity in its electronic system of record, Computer Linked Application Information Management System (CLAIMS3).³³ Federal standards and DHS requirements stress the importance

configuration settings as required, and was using unsupported operating systems. (3) Detect — DHS was rated at level 4 due to its process to detect potential incidents. (4) Respond — DHS earned level 4 by taking sufficient actions to respond to detected cybersecurity incidents. (5) Recover — DHS received level 3, its lowest rating, because it did not employ automated mechanisms to test all system contingency plans or identify alternate facilities to recover processing in the event of service disruptions.

³¹ [Management Alert - FEMA Did Not Safeguard Disaster Survivors' Sensitive Personally Identifiable Information \(OIG-19-32\), March 15, 2019.](#)

³² [FEMA's Longstanding IT Deficiencies Hindered 2017 Response and Recovery Operations \(OIG-19-58\), August 27, 2019.](#)

³³ [Data Quality Improvements Needed to Track Adjudicative Decisions \(OIG-19-40\), May 14, 2019.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

of internal controls over data reliability and system access to achieve effective and efficient operations. However, USCIS could not reliably back adjudicative decisions recorded in CLAIMS3 to the Immigration Services Officers responsible for those decisions. Our analysis of CLAIMS3 data from FYs 2015 to 2017 showed only 66 percent of adjudicative decisions could be tracked. Additionally, USCIS did not implement adequate monitoring and system access controls to prevent intrusions and potential fraud. Instead, staff who were not officers had the same user access and privileges as Immigration Services Officers. These weaknesses create data integrity issues and vulnerability to fraud. USCIS concurred with our recommendations for improvement.

Cybersecurity/Critical Infrastructure

From January to September 2018, we evaluated the effectiveness of the Department's efforts to coordinate with states on securing the Nation's election infrastructure.³⁴ We found DHS had taken some steps to mitigate risks to the Nation's election infrastructure; however, improved planning, more staff, and clearer guidance could facilitate its coordination with states. Specifically, despite Federal requirements, DHS had not completed plans and strategies critical to identifying emerging threats and mitigation activities and to establishing metrics to measure progress in securing the election infrastructure. Senior leadership turnover and a lack of guidance and administrative staff hindered DHS' ability to accomplish this planning. DHS needs to address and resolve these issues to ensure effective guidance, unity of effort, and a well-coordinated approach to securing the Nation's election infrastructure.

Additionally, the Department has not fully met the requirements in the *Cybersecurity Workforce Assessment Act* to assess its cybersecurity workforce and develop a strategy to address workforce gaps.³⁵ We attributed DHS' lack of progress in meeting the requirements of the *Cybersecurity Workforce Assessment Act* to both external and internal factors, including legislation that created overlapping and new requirements for cybersecurity workforce planning and reporting and DHS falling behind in responding to these mandates. Without a complete cybersecurity workforce assessment and strategy, DHS cannot provide assurance it has the appropriate skills, competencies, and expertise positioned across its components to carry out its critical cybersecurity functions in the face of ever-expanding cybersecurity threats. DHS concurred with our recommendations.

³⁴ [Progress Made, But Additional Efforts are Needed to Secure the Election Infrastructure \(OIG-19-24\), February 28, 2019.](#)

³⁵ [DHS Needs to Improve Cybersecurity Workforce Planning \(OIG-19-62\), September 23, 2019.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Ensuring Proper Financial Planning, Payments, and Internal Controls

This challenge relates to every aspect of DHS' mission, and is captured in objectives listed under DHS' 2020–2024 Strategic Plan in Goal 6: Championing the Workforce and Strengthening the Department.

Management fundamentals include having accurate, complete information about operations, their cost, and appropriate internal controls ensuring operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies.

Planning, Solicitation, and Management of Acquisitions

A vitally important part of planning and acquisition is identifying the gap that needs to be filled by a contract. In January 2019, we reported the extent to which DHS and its components had controls for identifying needed capabilities prior to acquiring goods and services.³⁶ The Joint Requirements Council and Joint Requirements Integration and Management System provided guidance to identify required capabilities, gaps, opportunities, and controls. However, the Department validated noncompliant capability needs documents, did not hold components accountable for failing to follow guidance, and did not provide adequate direction on implementing the guidance. As a result, the Department could not be assured capability needs were being properly identified. The Department has made significant progress in addressing our recommendations.

We subsequently determined DHS components did not always properly solicit, award, and manage low value contracts according to Federal and departmental regulations.³⁷ Components did not have comprehensive contract management processes for maintaining contract files and procurement personnel reviews did not ensure contract personnel performed required procurement processes. These problems resulted in misspent funds and impaired the Government's ability to take action when contractors did not comply with the procurements. The DHS Chief Procurement Officer did not agree with our recommendations to address identified deficiencies and asserted our report lacked basis to conclude a lack of contract management policy or guidance, at either the Department or contracting activity level.

³⁶ [DHS Needs to Improve the Process for Identifying Acquisition Planning Capability Needs \(OIG-19-19\), January 30, 2019.](#)

³⁷ [Inadequate Oversight of Low Value DHS Contracts \(OIG-19-50\), July 2, 2019.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Financial Management and Internal Controls

DHS has made strides in establishing certain management fundamentals, including by obtaining an unmodified, or clean, opinion on its financial statements for six consecutive years. However, DHS still cannot obtain such an opinion on its internal controls over financial reporting. This means the Department can assemble reasonably accurate financial statements at the end of the fiscal year, but it has no assurance that its financial information is accurate and up-to-date throughout the year. The Department concurred with the independent auditors' (KPMG's) conclusions and will continue to implement corrective actions to improve financial management and internal control. In all, KPMG made 61 recommendations that, when implemented, would help improve the Department's internal control.³⁸ Additionally, many key DHS financial systems do not comply with Federal financial management system requirements, as defined in the Federal Financial Management Improvement Act of 1996. Limitations in financial systems functionality add substantially to the Department's challenges addressing systemic internal control weaknesses and limit its ability to leverage IT systems to process and report financial data efficiently and effectively.

Improving FEMA's Disaster Response and Recovery Efforts

This challenge relates directly to DHS' 2020–2024 Strategic Plan in Goal 5: Strengthen Preparedness and Resilience.

FEMA Actions in the Immediate Aftermath of Disasters

In recent congressional testimony, OIG emphasized lessons learned from past disasters that could serve to improve FEMA's contracting and overall preparedness.³⁹ While acknowledging FEMA had an enormous responsibility resulting from a series of unprecedented natural disasters, OIG identified a pattern of FEMA management failures in overseeing procurements and reimbursing procurement costs. We continue to observe systemic problems and operational difficulties that contribute to FEMA not managing disaster relief grants and funds adequately.⁴⁰ At times, FEMA has not followed

³⁸ [Independent Auditor's Report on DHS' FY 2018 Financial Statements and Internal Controls over Financial Reporting \(OIG-19-04\), November 15, 2018.](#)

³⁹ *Testimony of Deputy Assistant Inspector General for Audits Katherine Trimble before the U.S. House of Representatives Committee on Homeland Security, May 9, 2019.*

⁴⁰ We recognize, as indicated by DHS, that during the last 2 years the Procurement Disaster Assistance Team has improved upon and provided interactive training to more than 200 Public Assistance staff in regional offices, Consolidated Resource Centers, and field offices, enhancing each employee's ability to review documentation associated with debris removal contracts.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

procurement laws, regulations, and procedures, nor has it ensured disaster grant recipients and subrecipients understand and comply these same authorities.

For example, FEMA did not follow all procurement laws, regulations, and procedures when it awarded more than \$30 million for two contracts to Bronze Star for tarps and plastic sheeting.⁴¹ As a result of management control weaknesses, FEMA inappropriately awarded two contracts to Bronze Star, which did not meet the requirements of either contract. This deficiency delayed delivery of crucial supplies, and impeded Puerto Rico residents' efforts to protect their homes and prevent further damage. Overall, FEMA did not effectively use personnel resources, time, and taxpayer money by issuing, canceling, and reissuing contracts for tarps. FEMA did not concur with OIG's recommendations, but its planned corrective actions addressed the intent of the recommendations. Through subsequent updates, FEMA indicated it has initiated corrective actions.

In July 2019, we reported FEMA's eligibility determination of Cobra Acquisitions LLC (Cobra) contract costs for the Public Assistance grant program was not sound and lacked supporting documentation.⁴² Following Hurricane Maria in 2017, Puerto Rico Electric Power Authority (PREPA) entered into a 12-month contract with Cobra to provide storm restoration services. To be eligible for Public Assistance funding, costs must be necessary and reasonable to accomplish the work properly and efficiently. FEMA conducted an analysis of the Cobra contract rates and determined contract costs were reasonable and eligible for the Public Assistance program. However, FEMA's analysis was not sound because it did not evaluate the actual time and materials costs for reasonableness and because its analyses of contract rates for labor, equipment, and other costs were not always logical, complete, and supported. As a result, FEMA reimbursed millions of dollars for Cobra contract costs based on an unsound eligibility determination. Additionally, PREPA officials and PREPA's Board of Governors relied on FEMA's conclusion of cost reasonableness to support its authorization of a fourth amendment to the Cobra contract, which raised the contract amount from \$200 million to \$445 million. FEMA concurred with the recommendation and proactively said that they would update the agency's policy to include information and additional guidance specific to time and materials contracts. Thus, FEMA will look at both the reasonableness of rates and the reasonableness of quantity.

⁴¹ [FEMA Should Not Have Awarded Two Contracts to Bronze Star LLC \(OIG-19-38\), May 7, 2019.](#)

⁴² [FEMA's Cost Eligibility Determination of Puerto Rico Electric Power Authority's Contract with Cobra Acquisitions LLC \(OIG-19-52\), July 3, 2019.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

To ensure disaster grant recipients and subrecipients understand and comply with procurement laws, regulations, and procedures, we issued a number of reports in FY 2019 demonstrating weaknesses in FEMA’s administration of the Public Assistance grant program. For example, we found FEMA did not properly oversee the Louisiana Governor’s Office of Homeland Security and Emergency Preparedness (Louisiana) to ensure it complied with Federal regulations.⁴³ Louisiana and its Office of Community Development, in turn, did not always properly account for and expend Federal grant funds. We recommended FEMA postpone project closeout until Louisiana provides adequate documentation supporting \$706.6 million in costs.

We further determined FEMA did not require disaster survivors to notify the agency when they vacated hotels participating in the Transitional Sheltering Assistance program. This enabled the hotels to continue to bill FEMA for unoccupied rooms.⁴⁴ Because FEMA was unaware when disaster survivors vacated the hotels, the component did not know the magnitude of unnecessary hotel charges. Consequently, FEMA could not account for payments it may have made for unoccupied hotel rooms related to the 2017 hurricane season and California wildfires.

FEMA and Fraud Prevention

FEMA’s disaster assistance programs are highly susceptible to fraud, waste, and abuse, which poses significant risk to taxpayer investment. Therefore, we have targeted oversight work to promote fraud prevention in FEMA’s disaster assistance programs. Despite some progress, we believe FEMA should take additional, proactive steps to create and sustain a culture of fraud prevention and awareness.⁴⁵ Until FEMA takes visible, substantial, and continual steps to carry out its mission programs by detecting and reporting potential fraud in a systematic and timely manner, it will continue to risk the loss and misuse of taxpayer funds. FEMA concurred with OIG’s recommendations and has begun to implement corrective actions.

The Way Forward

As the Department works to implement numerous open recommendations in OIG reports, we hope it will simultaneously continue to demonstrate a

⁴³ [Louisiana Did Not Properly Oversee a \\$706.6 Million Hazard Mitigation Grant Program Award for Work on Louisiana Homes \(OIG-19-54\), July 25, 2019.](#)

⁴⁴ [Additional Controls Needed to Better Manage FEMA’s Transitional Sheltering Assistance Program \(OIG-19-37\), March 29, 2019.](#)

⁴⁵ [FEMA Must Take Additional Steps to Demonstrate the Importance of Fraud Prevention and Awareness in FEMA Disaster Assistance Programs \(OIG-19-55\), July 24, 2019.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

commitment to overcoming the major management and performance challenges presented in this report. As indicated earlier, we believe achieving progress requires firm and stable leadership, targeted resources, unity of effort, and a commitment to mastering management fundamentals in the areas of human service, data collection and dissemination, cost-benefit/risk analysis, and performance measurement. DHS' roughly 240,000 employees deserve to work in an environment that fosters excellence, mutual support, and integration across all components and work units. By establishing a strong, overarching internal control structure to reinforce established goals and objectives, the Department will be better able to assign roles and responsibilities, promote coordination of resources and cooperation among programs and operations, promulgate necessary policies and procedures, and assert its authority to ensure compliance and accountability. We look forward to our continued partnership and future progress.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix A

GOAL 1: COUNTER TERRORISM AND HOMELAND SECURITY THREATS

- OBJECTIVE 1.1: COLLECT, ANALYZE, AND SHARE ACTIONABLE INTELLIGENCE
- OBJECTIVE 1.2: DETECT AND DISRUPT THREATS
- OBJECTIVE 1.3: PROTECT DESIGNATED LEADERSHIP, EVENTS, AND SOFT TARGETS
- OBJECTIVE 1.4: COUNTER WEAPONS OF MASS DESTRUCTION AND EMERGING THREATS

GOAL 2: SECURE U.S. BORDERS AND APPROACHES

- OBJECTIVE 2.1: SECURE AND MANAGE AIR, LAND, AND MARITIME BORDERS
- OBJECTIVE 2.2: EXTEND THE REACH OF U.S. BORDER SECURITY
- OBJECTIVE 2.3: ENFORCE U.S. IMMIGRATION LAWS
- OBJECTIVE 2.4: ADMINISTER IMMIGRATION BENEFITS TO ADVANCE THE SECURITY AND PROSPERITY OF THE NATION

GOAL 3: SECURE CYBERSPACE AND CRITICAL INFRASTRUCTURE

- OBJECTIVE 3.1: SECURE FEDERAL CIVILIAN NETWORKS
- OBJECTIVE 3.2: STRENGTHEN THE SECURITY AND RESILIENCE OF CRITICAL INFRASTRUCTURE
- OBJECTIVE 3.3: ASSESS AND COUNTER EVOLVING CYBERSECURITY RISKS
- OBJECTIVE 3.4: COMBAT CYBERCRIME

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

- OBJECTIVE 4.1: ENFORCE U.S. TRADE LAWS AND FACILITATE LAWFUL INTERNATIONAL TRADE AND TRAVEL
- OBJECTIVE 4.2: SAFEGUARD THE U.S. TRANSPORTATION SYSTEM
- OBJECTIVE 4.3: MAINTAIN U.S. WATERWAYS AND MARITIME RESOURCES
- OBJECTIVE 4.4: SAFEGUARD U.S. FINANCIAL SYSTEMS

GOAL 5: STRENGTHEN PREPAREDNESS AND RESILIENCE

- OBJECTIVE 5.1: BUILD A NATIONAL CULTURE OF PREPAREDNESS
- OBJECTIVE 5.2: RESPOND DURING INCIDENTS
- OBJECTIVE 5.3: SUPPORT OUTCOME-DRIVEN COMMUNITY RECOVERY
- OBJECTIVE 5.4: TRAIN AND EXERCISE FIRST RESPONDERS

GOAL 6: CHAMPION THE DHS WORKFORCE AND STRENGTHEN THE DEPARTMENT

- OBJECTIVE 6.1: STRENGTHEN DEPARTMENTAL GOVERNANCE AND MANAGEMENT
- OBJECTIVE 6.2: DEVELOP AND MAINTAIN A HIGH PERFORMING WORKFORCE
- OBJECTIVE 6.3: OPTIMIZE SUPPORT TO MISSION OPERATIONS

Source: Department of Homeland Security's Strategic Plan for Fiscal Years 2020-2024 (undated)
Table of Contents



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix B
DHS Comments to the Draft Report



November 12, 2019

MEMORANDUM FOR: The Honorable Joseph V. Cuffari
Inspector General
Office of Inspector General

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

SUBJECT: Management Response to OIG's Draft Report: "Major
Management and Performance Challenges [MMPC]
Facing the Department of Homeland Security"
(OIG-20-XX, dated October 30, 2019)

Thank you for the opportunity to comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates having the DHS Office of Inspector General's (OIG) independent perspective on the most serious management and performance challenges facing the Department and our progress in addressing these challenges.

DHS' highest priority is to protect the American people from threats to their security, and we are pleased to note OIG's efforts to tie this year's annual MMPC report to the DHS Strategic Plan for Fiscal Years (FY) 2020 – 2024. The DHS Strategic Plan comprehensively reflects the Department's complex mission. Every day, each operator and employee across the Department advances the strategic goals and objectives contained in the plan to keep Americans safe, secure, and resilient. The plan establishes a common framework to implement mission specific White House, Congressional, and internal DHS guidance (e.g., the new DHS Countering Terrorism and Targeted Violence Strategic Framework), to analyze and inform the Department's management decisions, operational requirements, budget formulation, annual performance reporting, and mission execution.

A high-level review of OIG's draft report, due to the limited time available to review and respond to the draft, disclosed that many of the OIG-identified management and performance challenges generally comport with challenges the Department is already aware of and working to address. Examples include:



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

• **Managing Programs and Operations Effectively and Efficiently During Times of Changes in Leadership, Vacancies, and Hiring Difficulties**

At some level, this challenge duplicates government-wide “Strategic Human Capital Management” concerns previously identified as part of the U.S. Government Accountability Office (GAO) High-Risk List, “Strengthening DHS Management Functions,” issue area. DHS has made tremendous progress addressing this area which, as of March 2019, was the only area out of 35 to meet the majority of criteria for removal from the GAO High-Risk List. Additional insights concerning our progress can be found in publicly available updates to the DHS “Integrated Strategy for High-Risk Management,” which is published every six months and details (1) corrective action plans outlining steps the Department is taking to address issues, (2) select initiatives and performance measures supporting broader efforts to resolve GAO’s High-Risk designation, and (3) actions taken to address root causes of DHS’ management challenges.

• **Coordinating Efforts to Address the Sharp Increase in Migrants Seeking to Enter the United States through Our Southern Border**

DHS has worked relentlessly to respond to the challenge posed by a surge in migration, and to mitigate the overflow conditions at facilities along the Southwest border. Recent efforts undertaken by the current Administration and its international partners, including the Migrant Protection Protocols (MPP) initiative, as well as the emergency supplemental appropriation the U.S. Customs and Border Protection (CBP) received from Congress contributed to numerous successes in this area. For example, overall apprehensions of family units and unaccompanied alien children between ports of entry decreased by roughly 50 percent from May to July 2019. DHS believes this was due in part to the June 2019 MPP agreement with the Government of Mexico to stem the flow of illegal migration, as well as collaboration with several Central American governments to dismantle and disrupt migrant smuggling and human trafficking organizations.

The Emergency Supplemental Appropriations for Humanitarian Assistance and Security at the Southern Border Act of 2019 also provided CBP with \$1.1 billion for humanitarian support, border operations, and mission supports. This included \$112 million for food, water, sanitary items, blankets, and other consumables for migrants, and for medical assets and support, and \$35 million for transportation of migrants in CBP custody to help alleviate overcrowding and expedite processing. Without this supplemental appropriation, the funding for these humanitarian custodial efforts provided in the Consolidated Appropriations Act of 2019 would have been exhausted before September 30, 2019.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

- **Ensuring Cybersecurity in an Age When Confidentiality, Integrity, and the Availability of Information Technology Are Essential to Mission Operations**

Since 2016, DHS has identified “Strengthening Federal Cyber Security” as one of two long-term Agency Priority Goals in accordance with the Government Performance and Result Act Modernization Act of 2010, as part of its efforts to improve the performance and management of the Federal Government. The other goal is to “Enhance Southern Border Security.” DHS reports progress to achieve these goals as part of its Annual Performance Report, which is available to the public on DHS.gov.

DHS’ Cybersecurity and Infrastructure Security Agency (CISA) leads the national effort to defend critical infrastructure against the threats of today, while working with partners across all levels of government and in the private sector to secure against the evolving threats of tomorrow. These activities have never been more important, as the threats against the Nation—digital and physical, manmade, technological, and natural—are more complex, and the threat actors more diverse, than at any point in our history. Ultimately, CISA seeks to defend and preserve the open society within which the Nation lives, the innovation culture America aims to foster, and the essential rights to privacy and civil liberties enshrined within the Constitution.

CISA’s FY 2018 accomplishments in this challenge area include conducting ongoing cyber vulnerability scans for approximately 900 customers and detecting more than 200,000 vulnerabilities through the National Cybersecurity and Communication Integration Center. CISA also facilitated the execution of operational directives through the Federal Network Resilience office, which oversees federal agencies implementation of enhanced email and web security standards, and resulted in the removal of potentially compromised software from more than 30,000 endpoints and devices.

DHS remains committed to safeguarding our homeland, our values, and our way of life—whether it is within our country, at our borders, in cyberspace, or beyond. DHS will continue striving to fully address its management and performance challenges, and to build the toughest homeland security enterprise America has ever seen. This will help us defend the country against a range of natural disasters and man-made threats as well as implement a policy of relentless resilience; ensuring DHS can focus on today’s threats, while preparing for the future.

Again, thank you for the opportunity to review and comment on this draft report. DHS previously provided technical comments under a separate cover for OIG consideration. Please feel free to contact me if you have any questions. We look forward to working with you during the coming year.

3

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Acronym List



Unaudited, see accompanying Auditors' Report

Acronyms

AFR – Agency Financial Report	EMI – Emergency Management Institute
AGA – Association of Government Accountants	ERM – Enterprise Risk Management
APG – Agency Priority Goal	FAA – DHS Financial Accountability Act
APP – Application	FBwT – Fund Balance with Treasury
BOD – Binding Operational Directive	FCRA – Federal Credit Reform Act of 1990
BRS – Blended Retirement System	FECA – Federal Employees Compensation Act of 1916
CBP – U.S. Customs and Border Protection	FEMA – Federal Emergency Management Agency
CDL – Community Disaster Loans	FERS – Federal Employees Retirement System
CDP – Center for Domestic Preparedness	FEVB – Federal Employee and Veterans' Benefits
CEAR – Certificate of Excellence in Accountability Reporting	FFMIA – Federal Financial Management Improvement Act of 1996
CFATS – Chemical Facility Anti-Terrorism Standards	FHMRA – Flood Hazard Mapping & Risk Analysis
CFO – Chief Financial Officer	FISMA – Federal Information Security Management Act
CFR – Code of Federal Regulations	FLETC – Federal Law Enforcement Training Centers
CIO – Chief Information Officer	FMFIA – Federal Managers' Financial Integrity Act
CISA – Cybersecurity and Infrastructure Security Agency	FPS – Federal Protective Service
COBRA – Consolidated Omnibus Budget Reconciliation Act of 1985	FRC – Fast Response Cutter
COTS – Commercial Off-the-Shelf	FRDAA – Fraud Reduction and Data Analytics Act
CSRS – Civil Service Retirement System	FSM – Financial Systems Modernization
CUAS – Counter Unmanned Aircraft Systems	FY – Fiscal Year
CWMD – Countering Weapons of Mass Destruction	GAAP – Generally Accepted Accounting Principles
DADLP – Disaster Assistance Direct Loan Program	GAO – U.S. Government Accountability Office
DATA Act – Digital Accountability and Transparency Act of 2014	GETS – Government Emergency Telecommunications Service
DC – District of Columbia	GSA – General Services Administration
DCIA – Debt Collection Improvement Act of 1996	GTAS – Government-wide Treasury Account Symbol
DHS – Department of Homeland Security	HSAM – Homeland Security Acquisition Manual
DIEMS – Date of Initial Entry into Military Service	HSAR – Homeland Security Acquisition Regulation
DMO – Departmental Management and Operations	HS-STEM – Homeland Security Science, Technology, Engineering, and Mathematics
DNP – Do Not Pay	
DOD – U.S. Department of Defense	
DOL – U.S. Department of Labor	
DRF – Disaster Relief Fund	
ECTF – Electronic Crimes Task Force	
EDS – Explosive Detection System	

I&A – Office of Intelligence and Analysis	OPM – Office of Personnel Management
ICE – U.S. Immigration and Customs Enforcement	OPS – Office of Operations Coordination
ICMM – Internal Control Maturity Model	ORB – Other Retirement Benefits
IEFA – Immigration Examination Fee Account	OSLTF – Oil Spill Liability Trust Fund
IHP – Individuals and Households Program	OTA – Other Transaction Agreement
INA – Immigration Nationality Act	PA – Public Assistance
IPE – Information Produced by Entity	PP&E – Property, Plant, and Equipment
IPERA – Improper Payments Elimination and Recovery Act of 2010	PSC – Passenger Screening Canines
IPERIA – Improper Payments Elimination and Recovery Improvement Act of 2012	Pub. L. – Public Law
IPIA – Improper Payments Information Act of 2002	RDC – Research & Development Center
IT – Information Technology	Risk MAP – Risk Mapping, Assessment and Planning
LOI – Letter of Intent	RTF – Reduce the Footprint
MERHCF – Medicare–Eligible Retiree Health Care Fund	SAM – System for Award Management
MGMT – Management Directorate	SBR – Statement of Budgetary Resources
MHS – Military Health System	SEAR – Special Event Assessment Ratings
MRS – Military Retirement System	SEP – Special Events Program
NCCIC – National Cybersecurity and Communications Integration Center	SF – Square Feet
NFA – National Fire Academy	SFFAS – Statement of Federal Financial Accounting Standards
NFIP – National Flood Insurance Program	SFRBTF – Sport Fish Restoration Boating Trust Fund
NHS – National Household Survey	SNC - Statement of Net Cost
NPPD – National Protection and Programs Directorate	SOS – Schedule of Spending
OBIM – Office of Biometric Identity Management	S&T – Science and Technology Directorate
OCPO – Chief Procurement Officer	TAFS – Treasury Appropriation Fund Symbol
OIG – Office of Inspector General	TCM – Trade Compliance Measurement
OMB – Office of Management and Budget	TSA – Transportation Security Administration
OM&S – Operating Materials and Supplies	UNGA – United Nations General Assembly
OPA – Oil Pollution Act of 1990	U.S. – United States
OPCON – Operational Control	USC – United States Code
OPEB – Other Post Retirement Benefits	USCG – U.S. Coast Guard
OpEx – Operational Experimentation	USCIS – U. S. Citizenship and Immigration Services
	USSGL – U.S. Standard General Ledger
	USSS – U.S. Secret Service
	VA – U.S. Department of Veterans Affairs
	VP – Vendor Pay
	WYO – Write Your Own

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Acknowledgements



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

- Within the Office of the Chief Financial Officer, the division of Financial Management is responsible for financial management policy, preparing annual financial statements and related notes and schedules, and coordinating the external audit of the Department's financial statements.
- The division of Risk Management and Assurance provides direction in the areas of internal control to support the Secretary's assurance statement, risk management, and improper payments.
- The division of Program Analysis and Evaluation conducts analysis for the Department on resource allocation issues and the measurement, reporting, and improvement of DHS performance, and coordinates the Performance Overview section of the AFR.
- The division of GAO-OIG Audit Liaison facilitates Department relationships with audit organizations and coordinates with OIG on the Management Challenges report.

We offer our sincerest thanks to all the offices involved in the Department's FY 2019 Agency Financial Report for their hard work and contributions.



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