

I GOT THE VACCINE BECAUSE...

I want to
protect my family

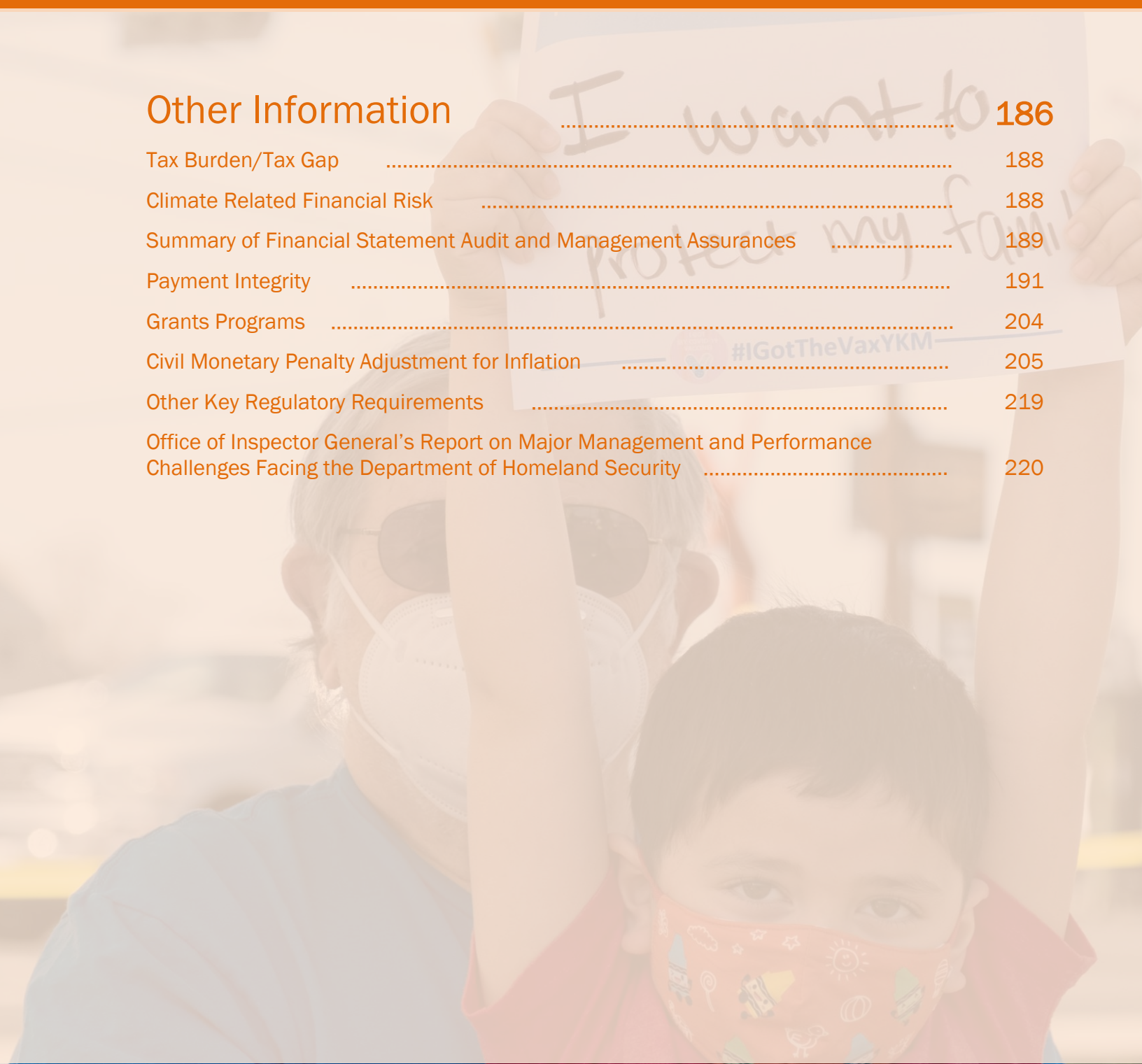


#IGotTheVaxYKM

Other
Information

The ***Other Information*** section contains information on Tax Burden/Tax Gap, Climate Related Financial Risk, Summary of Financial Statement Audit and Management Assurances, Payment Integrity, Grants Programs, Civil Monetary Penalty Adjustment for Inflation, 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).

Other Information	186
Tax Burden/Tax Gap	188
Climate Related Financial Risk	188
Summary of Financial Statement Audit and Management Assurances	189
Payment Integrity	191
Grants Programs	204
Civil Monetary Penalty Adjustment for Inflation	205
Other Key Regulatory Requirements	219
Office of Inspector General’s Report on Major Management and Performance Challenges Facing the Department of Homeland Security	220





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 (also called estimated revenue gap), 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 1: Entry Summary of Trade Compliance Measurement
(\$ in millions)

	FY 2022 (Preliminary)	FY 2021 (Final)
Estimated Revenue Gap	\$423.72	\$2,608.21
Estimated Revenue Gap of all collectable revenue for year (%)	0.36%	2.57%
Estimated Over-Collection	\$125.73	\$2,707.79
Estimated Under-Collection	\$549.10	\$5,316.00
Estimated Overall Trade Compliance Rate (%)	99.69%	98.59%

The preliminary overall compliance rate for FY 2022 is 99.69 percent. The final overall trade compliance rate and estimated revenue gap for FY 2022 will be issued in April 2023.

Climate Related Financial Risk

DHS recognizes the threats climate change poses to the Homeland and the American people. Sea-level rise, extreme weather events, drought, workforce health, and other direct and indirect impacts of climate change are already affecting the Homeland Security enterprise and the Nation's preparedness and national security over the long term.

DHS leads the federal government in smart business solutions, approaches, and technology. The Department is committed to reducing greenhouse gas emissions, energy and water use, and generated waste as well as operating high-performance, sustainable buildings and fleets. DHS is committed to increasing resilience and adaptation through an assortment of measures designed to reduce the risks associated with climate change. For more information on DHS's Climate Action Plan, please visit <https://www.dhs.gov/dhs-actions-climate-change>.

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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 2022.

Table 2: Summary of Financial Statement Audit

Audit Opinion	Unmodified				
Restatement	No				
Areas of Material Weakness(es)	Beginning Balance	New	Resolved	Consolidated	Ending Balance
IT Controls and Information Systems	1	0	0	0	1
Financial Reporting	1	0	0	0	1
Insurance Liabilities	0	1	0	0	1
Obligations Incurred	0	1	0	0	1
Total Areas of Material Weakness(es)	2	2	0	0	4

Management has performed its evaluation, and the assurance is provided based upon the cumulative assessment work performed in the following areas across the Department:

- Entity Level Controls,
- Financial Reporting,
- Budgetary Resource Management,
- Fund Balance with Treasury,
- Grants Management,
- Human Resources and Payroll Management,
- Information Technology General Controls,
- Insurance Management,
- Payment Management,
- Property Plant and Equipment, and
- Revenue and Receivables.

Unaudited



While DHS has remediation efforts continuing in FY 2023; the Budgetary Accounting and Insurance Liabilities areas of material weakness were newly identified as a result of the assessment work performed in FY 2022. The following table indicates the areas of material weakness(es) that have been identified and where DHS will continue focused remediation efforts in FY 2023.

Table 3: Summary of Management Assurances

Effectiveness of Internal Control Over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Modified					
Areas of Material Weakness(es)	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
IT Controls and Information Systems	1	0	0	0	0	1
Financial Reporting	1	0	0	0	0	1
Insurance Liabilities	0	1	0	0	0	1
Budgetary Accounting	0	1	0	0	0	1
Total Areas of Material Weakness(es)	2	2	0	0	0	4
Effectiveness of Internal Control Over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Areas of Material Weakness(es)	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None Noted	0	0	0	0	0	0
Total Areas of Material Weakness(es)	0	0	0	0	0	0
Conformance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems do not conform to financial management system requirements					
Non-Conformance(s)	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Federal Financial Management Systems Requirements: Financial System Security & Integration of Financial Management Systems	1	0	0	0	0	1
Federal Accounting Standards	1	0	0	0	0	1

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U.S. Government Standard General Ledger (USSGL): Transactional Level Reporting	1	0	0	0	0	1
Total Non-Conformance(s)	3	0	0	0	0	3
Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)						
	DHS			Auditor		
1. Federal Financial Management System Requirements	Lack of compliance noted			Lack of compliance noted		
2. Applicable Federal Accounting Standards	Lack of compliance noted			Lack of compliance noted		
3. USSGL at Transaction Level	Lack of compliance noted			Lack of compliance noted		

Payment Integrity

The Payment Integrity Information Act of 2019 (PIIA)¹⁰, requires agencies to review and assess all programs and activities they administer and identify those determined to be susceptible to significant improper payments¹¹, estimate the annual amount of improper payments, and submit those estimates to Congress. In accordance with the OMB Circular A-123, Appendix C¹², *Requirements for Payment Integrity Improvement*, Federal agencies are required to assess improper payments and report¹³ annually on their efforts. In addition to this report, official detailed information on the Department’s improper payments as well as information reported in prior years can be found on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov).

We remain strongly committed to ensuring our agency’s transparency and accountability to the American taxpayer and achieving the most cost-effective strategy on the reduction of improper payments.

Supplemental Appropriations for Disaster Relief Requirements

In 2017, the nation faced a historic Atlantic hurricane season. The effects from consecutive hurricanes Harvey, Irma and Maria were widespread, causing long-lasting damage across the

¹⁰ Unless otherwise indicated, the term “PIIA” is used to reflect the current legislative language regarding improper payments as it formal revoked the Improper Payments Information Act of 2002 (IPIA), the Improper Payments Elimination and Recovery Act of 2010 (IPERA), and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).

¹¹ 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.

¹² On March 5, 2021, OMB released an updated Circular A-123, Appendix C (M-21-19) to formalize implantation expectations under PIIA effective beginning with FY 2021 implementation.

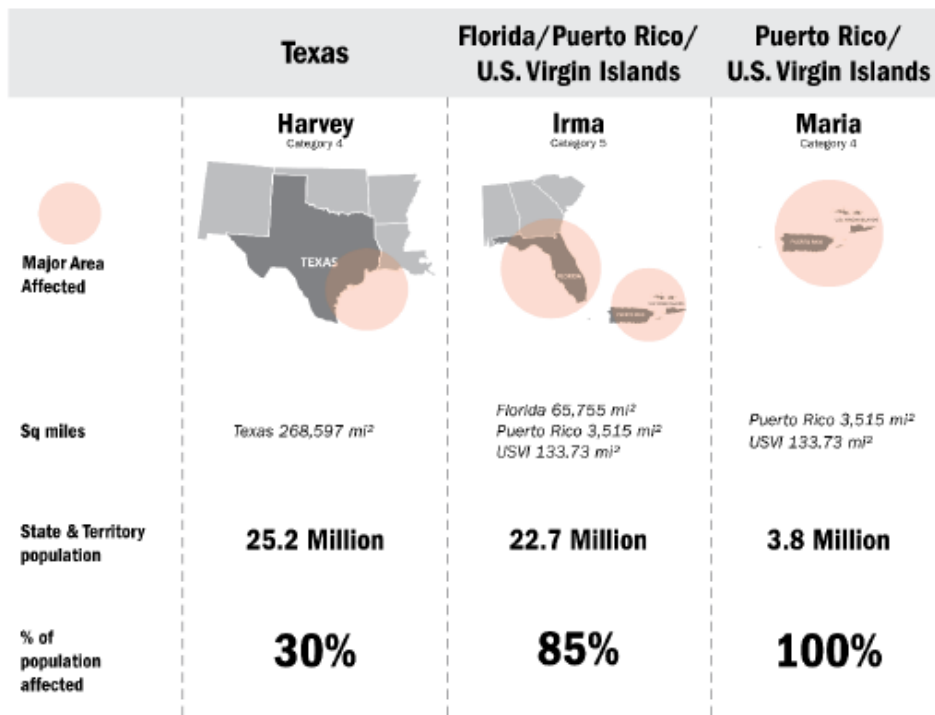
¹³ Due to rounding throughout all following figures and tables, amounts and percentages may reflect the exact total respective at the summary amounts and percentages reported. For precise data at the reportable program level, please refer to [PaymentAccuracy.gov](https://www.paymentaccuracy.gov).



southern continental U.S. and surrounding islands, as well as Puerto Rico and the U.S. Virgin Islands.

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

Figure 1: Harvey, Irma, and Maria Locations and Associated Impact



Supplemental appropriations were designated as an emergency requirement in the Supplemental Appropriations for Disaster Relief Requirements, 2017 (P.L. 115-56, the Additional Supplemental Appropriations for Disaster Relief Requirements Act of 2017 (P.L. 115-72), and the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (P.L. 115-123) were issued to specific agencies to provide the resources needed to recover and rebuild following recent hurricanes and other applicable natural disasters. Within

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these supplemental appropriations, DHS received a total supplemental appropriation amount of \$50.72 billion¹⁴. The breakout of DHS Components receiving this supplemental funding is documented in the table below.

Table 4: 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
		Procurement, Construction, and Improvements	18-20	\$1.20	\$0.00	\$0.00	\$1.20
		Disaster Relief Fund	No-Year	\$23,500.00	\$0.00	\$0.00	\$23,500.00
115-123	Federal Law Enforcement Training Center	Operations and Support	18-19	\$5.37	\$0.00	\$0.00	\$5.37
		Procurement, Construction, and Improvements	18-22	\$5.00	\$0.00	\$0.00	\$5.00
115-72	Office of the Inspector General	Operations and Support	No-Year	\$0.00	\$10.00	\$0.00	\$10.00
115-123		Operations and Support	18-20	\$25.00	\$0.00	\$0.00	\$25.00
115-123	Transportation and Security Administration	Operations and Support	18-19	\$10.32	\$0.00	\$0.00	\$10.32
115-123	U.S. Customs and Border Protection	Operations and Support	18-19	\$104.49	\$0.00	\$0.00	\$104.49
		Procurement, Construction, and Improvements	18-22	\$45.00	\$0.00	\$0.00	\$45.00
115-123	U.S. Immigration and Customs Enforcement	Operations and Support	18-19	\$30.91	\$0.00	\$0.00	\$30.91
		Procurement, Construction, and Improvements	18-22	\$33.05	\$0.00	\$0.00	\$33.05
115-123	United States Coast Guard	Operating Expenses	18-19	\$112.14	\$0.00	\$0.00	\$112.14
		Environmental Compliance and Restoration	18-22	\$4.04	\$0.00	\$0.00	\$4.04
		Acquisition, Construction, and Improvements	18-22	\$718.92	\$0.00	\$0.00	\$718.92
TOTAL:							\$50,724.24

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

Due to the burden of testing and reporting for the programs related solely to disaster supplemental appropriation disbursements, DHS is reporting statistical testing results two years in arrears. Therefore, FY 2020 disbursement testing and results are reported in the 2022 results noted below for the following programs:

- FEMA Disaster Case Management – Disaster Supplemental Funds
- FEMA Hazard Mitigation Grant Program – Disaster Supplemental Funds
- FEMA Payroll - Disaster Supplemental Funds
- FEMA Public Assistance – Validate as You Go (VAYGo)
- FEMA Vendor Pay - Disaster Supplemental Funds
- USCG Aviation Logistics Center – Disaster Supplemental Funds
- USCG Procurement, Construction, & Improvement - Disaster Supplemental Funds

¹⁴ Due to rounding, amounts may not reflect precise appropriated values.



1. Payment Reporting

The OMB Circular A-123, Appendix C provides the definition for an improper payment and serves as applicable guidance to agencies for compliance with PIIA. Following the updated OMB Circular A-123, Appendix C guidance, and accounting for the additional requirements within the Supplemental Appropriations for Disaster Relief Requirements, the Department has identified the following programs or activities susceptible to significant improper payments and is able to provide results and reporting this year.¹⁵

Disaster Supplemental¹⁶ DHS Programs for Reporting

FEMA Disaster Case Management (DCM) – Disaster Supplemental Funds Program

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

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

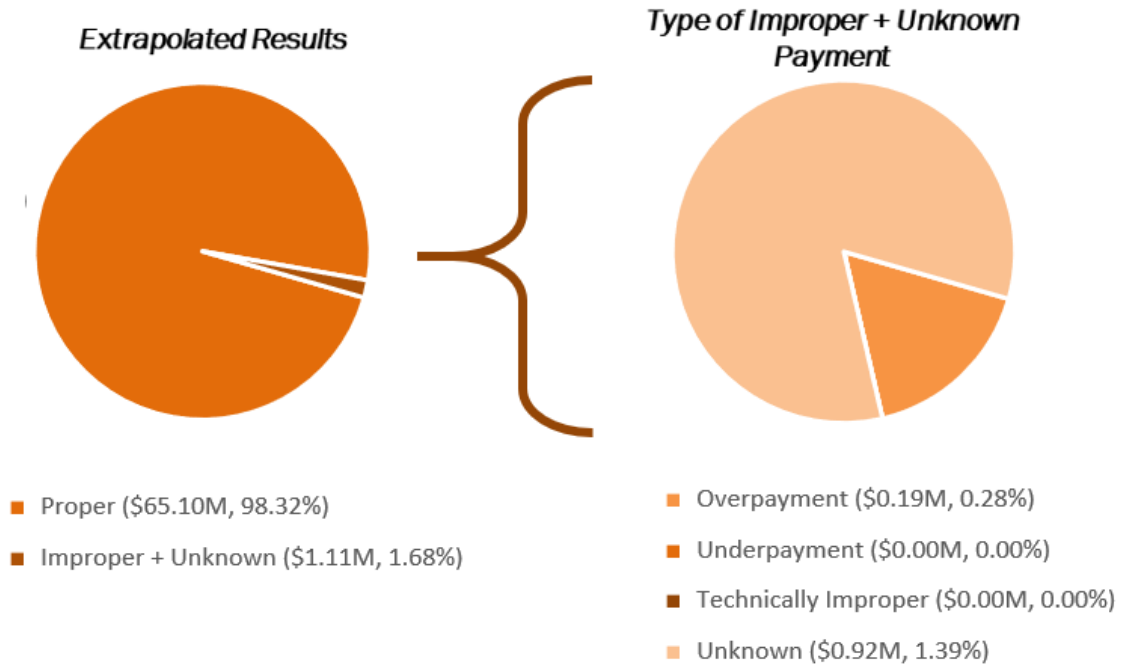
For the testing conducted in 2022, FEMA's assessment was focused on the associated FY 2020 disaster supplemental funding disbursements of over \$66 million applicable for review under PIIA. The FEMA DCM – Disaster Supplemental Funds program reported a 1.68 percent estimated payment error rate in 2022. Please refer to the figure below for additional detail regarding the breakouts and associated error categorization.

¹⁵ Due to the burden of testing and reporting for the seven programs related solely to disaster supplemental appropriation disbursements, DHS is reporting statistical testing results two years in arrears for these programs. For additional information, please refer to the additional detail around the Supplemental Appropriations for Disaster Relief Requirements supplied later in this section.

¹⁶ Program funding solely consisting of funding received through the Supplemental Appropriations for Disaster Relief Requirements, 2017 (P.L. 115-56, the Additional Supplemental Appropriations for Disaster Relief Requirements Act of 2017 (P.L. 115-72), and the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018 (P.L. 115-123)



Figure 2: FEMA DCM – Disaster Supplemental Funds Reported Results



Based on 2021 program reporting, the FEMA DCM – Disaster Supplemental Funds program had identified deficiencies primarily related to Region 6 internal processes and documentation. A corrective action plan has been established with all substantial milestones and corrective actions planned to be fully completed by May 2022 and further expansion and support by an electronic platform planned to be implemented by December 2023.

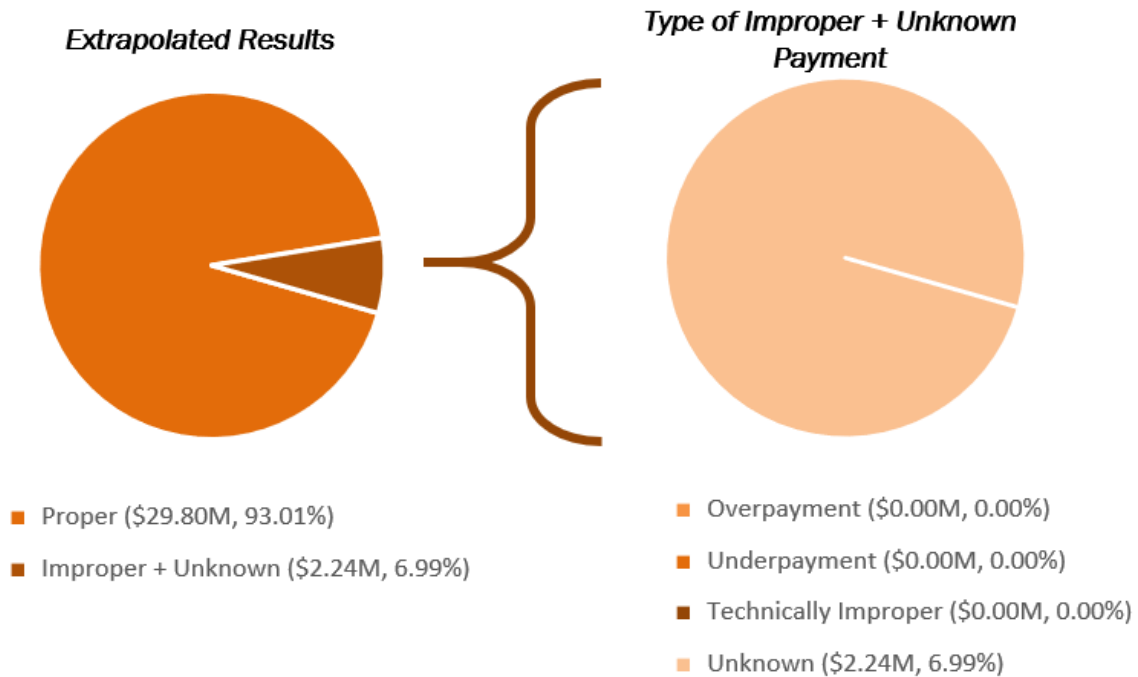
FEMA Hazard Mitigation Grant Program (HMGP) – Disaster Supplemental Funds Program

FEMA’s Hazard Mitigation Grant Program provides funding to state, local, tribal and territorial governments so they can develop hazard mitigation plans and rebuild in a way that reduces, or mitigates, future disaster losses in their communities. When requested by an authorized representative, this grant funding is available after a presidentially declared disaster.

For the testing conducted in 2022, FEMA’s assessment was focused on the associated FY 2020 disaster supplemental funding disbursements of over \$32 million applicable for review under PIIA. The FEMA HMGP – Disaster Supplemental Funds program reported a 6.99 percent estimated payment error rate in 2022. Please refer to the figure below for additional detail regarding the breakouts and associated error categorization.



Figure 3: FEMA HMGP – Disaster Supplemental Funds Reported Results



FEMA Payroll – Disaster Supplemental Funds Program

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

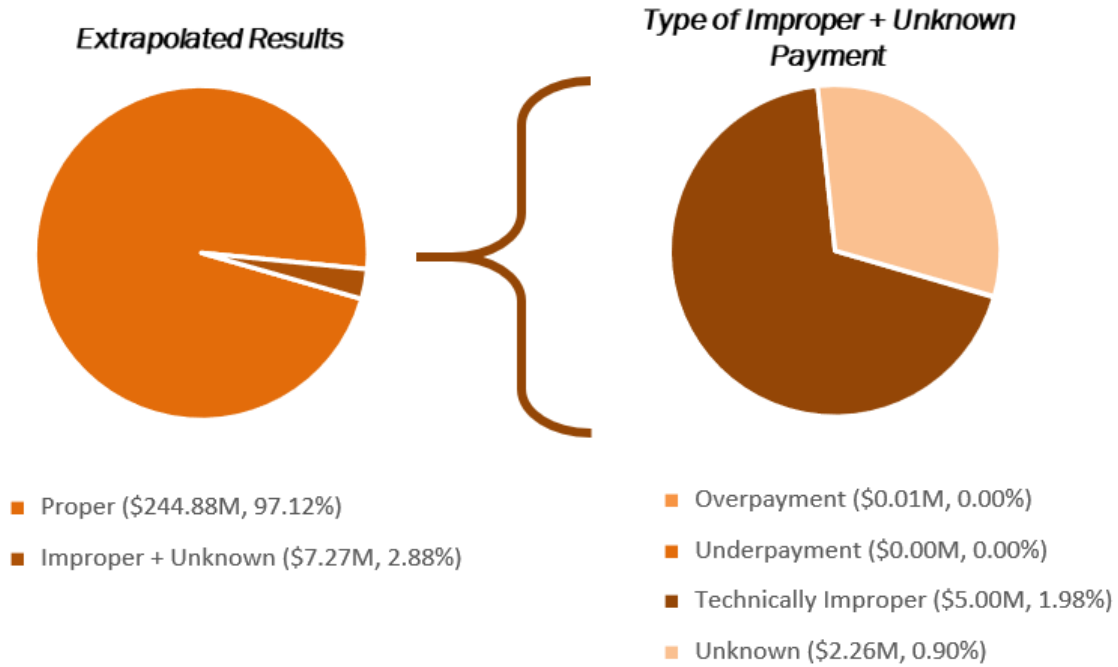
- **Title 5** – Employees that make up FEMA’s day-to-day workforce and are responsible for administering the agency’s ongoing program activities. During disasters, these employees can be deployed as needed.
- **Stafford Act** – Stafford Act employees provide support for disaster-related activities and augment FEMA’s disaster workforce. Stafford Act employees include on call and recovery staff who are temporary employees and can be deployed to fulfill any role specifically related to the incident for which they are hired and qualified. In addition, reservists can be utilized. These reservists work on an intermittent basis and are deployed as needed to fulfill incident management roles.
- **Surge Capacity Force** – The Surge Capacity Force supplements FEMA’s disaster workforce in a major disaster and consists of volunteers who are employees of DHS components, such as the Transportation Security Administration and U.S. Secret Service, as well as employees of other federal agencies, as authorized by the Post-Katrina Act¹⁷.
- **FEMA Corps** – FEMA Corps is a team-based national service program operated by AmeriCorps in partnership with FEMA. Members are not FEMA employees, but are deployed to augment FEMA’s workforce for disaster readiness, preparedness, response, and recovery work under the supervision of FEMA staff.

¹⁷ 266 U.S.C. § 711(b)



For the testing conducted in 2022, FEMA’s assessment was focused on the associated FY 2020 disaster supplemental funding disbursements of over \$252 million applicable for review under PIIA. The FEMA Payroll – Disaster Supplemental Funds program reported a 2.88 percent estimated payment error rate in 2022. Please refer to the figure below for additional detail regarding the breakouts and associated error categorization.

Figure 4: FEMA Payroll – Disaster Supplemental Funds Reported Results



FEMA Public Assistance (PA) – VAYGo 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, Indian Tribal, and local government capabilities to respond or recover.

The purpose of the PA Grant Program is to support communities’ recovery from major disasters by providing them with grant assistance for debris removal, life-saving emergency protective measures, and restoring public infrastructure. Local governments, states, tribes, territories and certain private nonprofit organizations are eligible to apply.



Figure 5: FEMA PA Program Categories of Work¹⁸



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 figure below.

Figure 6: FEMA Regions and Regional Offices



¹⁸ Source: Federal Emergency Management Agency (GAO-20-221).



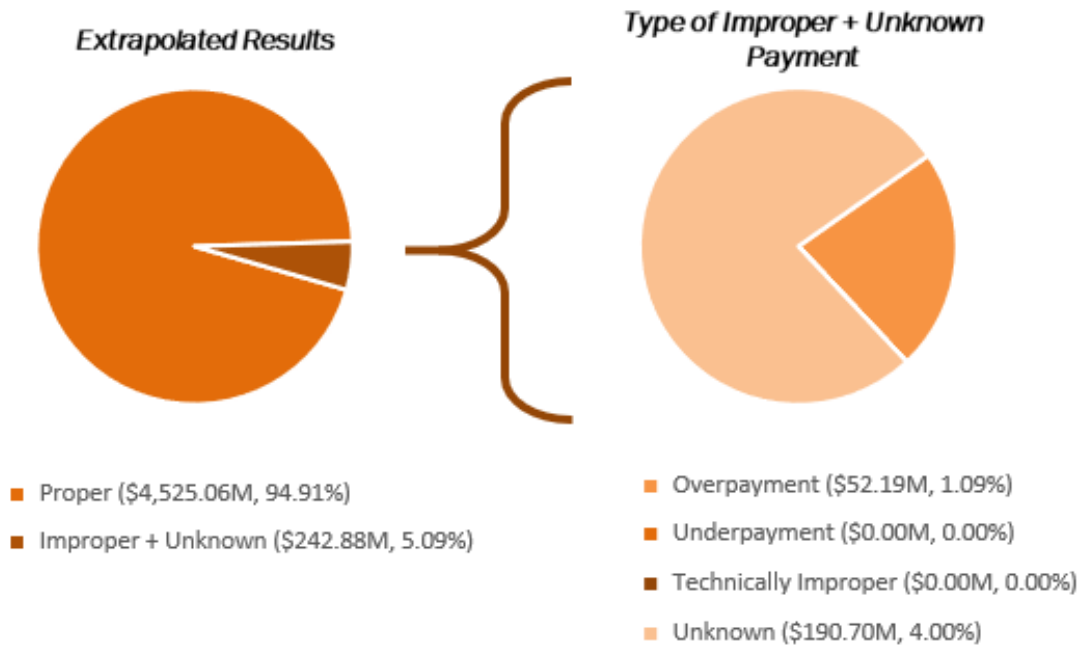
Public Assistance is FEMA's largest grant program and provides emergency assistance to save lives and protect property and assists communities with repairing public infrastructure affected by federally declared incidents.

FEMA implemented the VAYGo pilot program to test PA and certain other disaster grant expenditure, originally scoped to Hurricanes Harvey, Irma, and Maria. Since these disasters, the VAYGo program has expanded to include coverage over additional disaster declarations, such as COVID response. As part of VAYGo, FEMA reviews project documentation for a sample of funds as they are drawn down by recipients and conducts testing to verify whether the project funding was appropriately expended by the subrecipient. One goal of VAYGo is to identify potential problems earlier, allowing FEMA and recipients—including PA recipients—to correct or mitigate issues earlier in the process instead of waiting until grant closeout. According to FEMA officials that conduct the testing, the primary goal of VAYGo is to test for ineligible costs, which can serve as a gateway for the agency to be on notice of issues of fraud, waste, or abuse in the PA program.

For the testing conducted in 2022, FEMA's assessment was focused on the associated FY 2020 disbursements subject to VAYGo coverage of over \$4.7 billion applicable for review under PIIA. The FEMA Public Assistance – VAYGo program reported an overall 5.09 percent estimated payment error rate. Out of the overarching program error rate, 3.77 percent estimated payment error rate and approximately \$84 million in consolidated improper and unknown payments was reported for the Disaster Supplemental Funds (DSF) disbursed in FY 2020 related to Hurricane Harvey, Irma, and Maria. Additionally, testing over COVID and Other FY 2020 declared disasters reported an error rate of 6.26% and approximately \$159 million in consolidated improper and unknown payments. Insufficient documentation to determine the appropriateness of the payment was the driving factor for all published error rates for the program. Please refer to the figure below for additional detail regarding the breakouts and associated error categorization for the consolidated Public Assistance – VAYGo program inclusive of 1) Disaster Supplemental Funds received for Hurricane Harvey, Irma, and Maria response, 2) COVID and, 3) Other FY 2020 Declared Disasters.



Figure 7: FEMA PA – VAYGo Reported Results



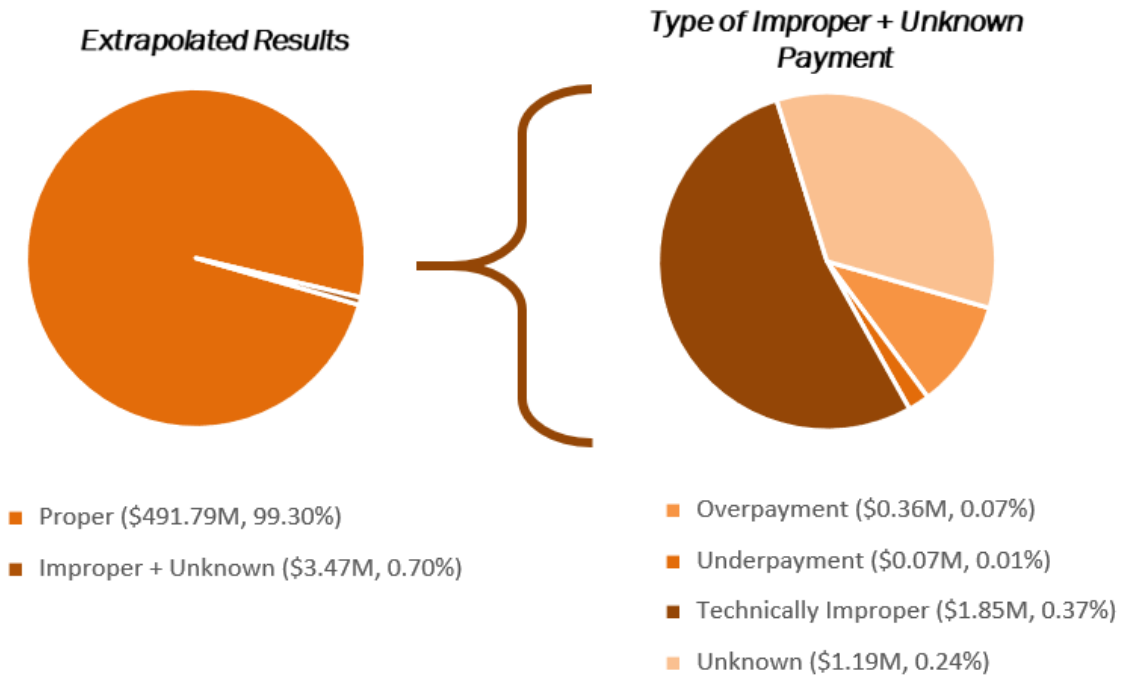
FEMA Vendor Payments (VP) – Disaster Supplemental Funds Program

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 – Disaster Supplemental Funds 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 in support of disaster response as a result of Hurricanes Harvey, Irma, and Maria.

For the testing conducted in 2022, FEMA’s assessment was focused on the associated FY 2020 disaster supplemental funding disbursements of over \$495 million applicable for review under PIIA. The FEMA VP – Disaster Supplemental Funds program reported a 0.70 percent estimated payment error rate in 2022. Please refer to the figure below for additional detail regarding the breakouts and associated error categorization.



Figure 8: FEMA VP – Disaster Supplemental Funds Reported Results



USCG Aviation Logistics Center (ALC) – Disaster Supplemental Funds Program

The Coast Guard ALC provides centralized logistics support for all Coast Guard aviation missions. ALC's mission supports 26 Coast Guard aviation units that operate approximately 200 aircraft with air stations located throughout the continental United States, Alaska, Hawaii, and Puerto Rico. In addition, ALC supports deployed aircraft worldwide. USCG receipt of Disaster Supplemental Funding addresses operational response costs as well as reconstitution costs for damage to Coast Guard aviation assets and equipment due to Hurricanes Harvey, Irma, and Maria.

For the testing conducted in 2022, USCG's assessment was focused on the associated FY 2020 disaster supplemental funding disbursements of over \$25 million applicable for review under PIIA. The USCG Aviation Logistics Center – Disaster Supplemental Funds program had no improper or unknown payments identified in 2022.

USCG Procurement, Construction, & Improvement (PC&I)– Disaster Supplemental Funds Program

Due to the expanse and extent of damage tied to Hurricanes Harvey, Irma, and Maria, many USCG facilities, assets, systems, and equipment suffered damage. Disaster Supplemental Funding received addresses recovery and reconstitution costs due to damage incurred by numerous coastal response and security stations, particularly along the Florida, Georgia, North Carolina, Virginia, and Texas coasts as well as throughout Puerto Rico and the U.S. Virgin Islands.

For the testing conducted in 2022, USCG's assessment was focused on the associated FY 2020 disaster supplemental funding disbursements of over \$52 million applicable for review under PIIA. The USCG PC&I – Disaster Supplemental Funds program reported a

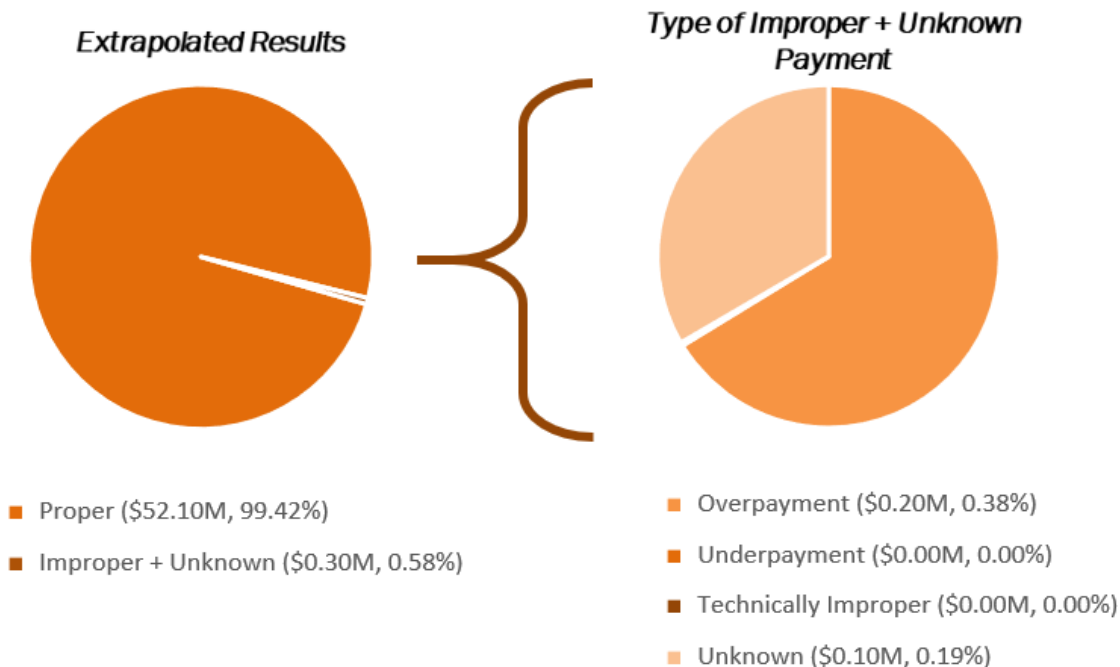
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Other Information

0.58 percent estimated payment error rate in 2022. Please refer to the figure below for additional detail regarding the breakouts and associated error categorization.

Figure 9: USCG PC&I – Disaster Supplemental Funds Reported Results



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 consolidated improper and unknown payments and the associated rates for each applicable DHS program or activity.



Table 5: DHS Improper Payment Results and Reduction Outlook¹⁹

DHS Program Name	Testing Conducted in FY 2021			Testing Conducted in FY 2022					Testing Planned for FY 2023
	Outlays (\$M)	IP + UP (\$M)	IP + UP (%)	Outlays (\$M)	Proper (\$M)	Proper (%)	IP + UP (\$M)	IP + UP (%)	Reduction Target (%)
DHS Programs in Phase II and Reporting on Disbursements from Two Fiscal Years Prior									
FEMA DCM – Disaster Supplemental Funds	\$99.90	\$19.21	19.23%	\$66.21	\$65.10	98.32%	\$1.11	1.68%	N/A ²⁰
FEMA HMGP – Disaster Supplemental Funds	N/A - Program identified to begin reporting in 2022			\$32.04	\$29.80	93.01%	\$2.24	6.99%	N/A ²¹
FEMA Payroll – Disaster Supplemental Funds	\$334.78	\$11.54	3.45%	\$252.16	\$244.88	97.12%	\$7.27	2.88%	2.50%
FEMA PA – VAYGo	N/A	N/A	N/A	\$4,767.94	\$4,525.06	94.91%	\$242.88	5.09%	N/A ²¹
Stratum: Disaster Supplemental Funds	\$3,935.14	\$274.58	6.98%	\$2,231.69	\$2,147.53	96.23%	\$84.16	3.77%	N/A
Stratum: All Other	N/A	N/A	N/A	\$2,536.26	\$2,377.53	93.74%	\$158.73	6.26%	N/A
FEMA VP – Disaster Supplemental Funds	N/A – Program previously reported results under the FEMA Vendor Pay program.			\$495.26	\$491.79	99.30%	\$3.47	0.70%	0.70%
USCG ALC – Disaster Supplemental Funds	\$16.50	\$0.00	0.00%	\$25.11	\$25.11	100.00%	\$0.00	0.00%	0.00%
USCG PC&I – Disaster Supplemental Funds	\$42.60	\$0.15	0.36%	\$52.40	\$52.10	99.42%	\$0.30	0.58%	0.58%
DHS Programs Moved out of Phase II (Statistical Testing and Reporting) in 2022									
CBP O&S – Disaster Supplemental Funds	\$17.96	\$1.56	8.71%	N/A – As the program established a baseline and reported an IP and UP estimate that was below the statutory threshold, the CBP O&S – DSF program has been reverted to Phase I.					
FEMA CBoL – Disaster Supplemental Funds	\$18.69	\$0.67	3.58%	N/A - Program did not exceed \$10M of FY 2022 disbursements from Disaster Supplemental Funding. As such, the FEMA CBoL – DSF program has been reverted to Phase I.					
FEMA DRF IHP – Disaster Supplemental Funds	\$131.61	\$6.36	4.83%	N/A – As the program established a baseline and reported an IP and UP estimate that was below the statutory threshold, the FEMA DRF IHP - DSF program has been reverted to Phase I.					
FEMA – Travel – Disaster Supplemental Funds	\$108.58	\$0.63	0.58%	N/A – As the program established a baseline and reported an IP and UP estimate that was below the statutory threshold, the FEMA Travel – DSF program has been reverted to Phase I.					
FEMA US&R – Disaster Supplemental Funds	\$15.31	\$2.86	18.70%	N/A - Program did not exceed \$10M of FY 2022 disbursements from Disaster Supplemental Funding. As such, the FEMA US&R – DSF program has been reverted to Phase I.					

¹⁹ Due to rounding throughout all following figures and tables, amounts and percentages may reflect the exact total respective at the summary amounts and percentages reported. For precise data at the reportable program level, please refer to <https://www.PaymentAccuracy.gov>.

²⁰ As the FEMA DCM – Disaster Supplemental Funds disbursements (FY 2021 disbursements) applicable for review and reporting in FY 2023 are expected to drop below the \$10M threshold to be applicable for PIIA, a reduction target for the program has not been published.

²¹ As the FY 2022 reporting was the first year of PIIA reporting for the FEMA HMGP – Disaster Supplemental Funds program and the FEMA PA – VAYGo program, DHS is not considering the programs fully baselined and thus has not published reduction targets for these programs.

Unaudited



DHS Program Name	Testing Conducted in FY 2021			Testing Conducted in FY 2022					Testing Planned for FY 2023
	Outlays (\$M)	IP + UP (\$M)	IP + UP (%)	Outlays (\$M)	Proper (\$M)	Proper (%)	IP + UP (\$M)	IP + UP (%)	Reduction Target (%)
OIG Audits, Inspections, & Investigations – Disaster Supplemental Funds	\$16.03	\$0.34	2.15%	N/A - Program did not exceed \$10M of FY 2022 disbursements from Disaster Supplemental Funding. As such, the OIG All – DSF program has been reverted to Phase I.					
USCG O&S – Disaster Supplemental Funds	\$15.45	\$0.15	0.97%	N/A – As the program established a baseline and reported an IP and UP estimate that was below the statutory threshold, the USCG O&S – DSF program has been reverted to Phase I.					
TOTAL	\$4,752.54	\$318.06	6.69%²²	\$5,691.12	\$5,433.84	95.48%	\$257.28	4.52%²²	N/A

For additional information related to the Department’s improper payment efforts, details on the annual results to include error reasoning, corrective actions, as well as other areas of interest, please refer to the government-wide reporting archive available on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov).

2. Actions Taken to Address Auditor Recovery Recommendations

During FY 2022, the Department did not have any recapture audit activities conducted. As such, DHS did not have any auditor recovery recommendations to be addressed and reported in 2022. For additional information related to the Department’s recovery audit efforts, please refer to [PaymentAccuracy.gov](https://www.paymentaccuracy.gov).

Grants Programs

The DHS continues its efforts in closing out grants and cooperative agreement awards. The summary table below shows the number of awards and balances for which closeout has not yet occurred, but for which period of performance had elapsed by two years or more prior to September 30, 2022 (i.e., on or before September 30, 2020).

Table 6: Grants/Cooperative Agreements Summary Status

Category	2-3 years FYs 2019-20	3-5 years FYs 2018-19	More than 5 years Before FY 2017
Number of Grants / Cooperative Agreements with Zero Dollar Balances	31	48	10
Number of Grants / Cooperative Agreements with Undistributed Balances	29	26	15
Total Amount of Undistributed Balances	\$24,110,047	\$7,107,146	\$13,172,637

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



The above table comprises only FEMA’s data and efforts in closing out its grants and cooperative agreements. During FY 2022, FEMA continued to make a concerted effort to reduce the backlog of open grant awards through improved tracking, oversight, and coordination with responsible offices. Due to FEMA's efforts, the FY 2022 reportable population is 33% less than the grant population that the agency reported in FY 2021 and an 89% reduction since the agency reported in FY 2020. FEMA also significantly reduced the Total Amount of Undistributed Balances from \$101.95M in FY21 to \$44.39M in FY 2022, a 56% reduction.

FEMA is currently scheduled to deploy electronic closeout capabilities within FEMA GO during FY 2023, which will ensure a consistent closeout process across grants. This capability will positively support the timely closure of grant awards. Actions to be taken to closeout reported awards include, but are not limited to, continued tracking, oversight, and coordination with responsible officers, and systematic closeout functionality development.

In FY 2022, DHS awarded \$37.6 billion in grants and cooperative agreements through seven DHS financial assistance awarding offices. The awarding offices include the Federal Emergency Management Agency, U.S. Coast Guard, U.S. Citizenship and Immigration Services, Cybersecurity and Infrastructure Security Agency, U.S. Immigration and Customs Enforcement, Science and Technology Directorate, and Countering Weapons of Mass Destruction Office. FEMA awarded 99% of DHS grants and cooperative agreements in FY 2021

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 2022. Additional information about these penalties and the latest adjustment is available in the [Federal Register Volume 87, No. 7](#).

Table 7: 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	\$1,525
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	\$4,144

Unaudited



Penalty	Authority	Year Enacted	Adjusted New Penalty
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	\$3,494
Failure to remove alien stowaways under section 241(d)(2) of the INA	8 USC 1253(c)(1)(B); INA Section 243(c)(1)(B); 8 CFR 280.53(b)(5)	1996	\$8,736
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	\$414
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	\$10,360
Failure to control, detain, or remove alien crewmen	8 USC 1284(a); INA Section 254(a); 8 CFR 280.53(b)(7)	1990	Minimum \$1,036 Maximum \$6,215
Employment on passenger vessels of aliens afflicted with certain disabilities	8 USC 1285; INA Section 255; 8 CFR 280.53(b)(8)	1990	\$2,072
Discharge of alien crewmen	8 USC 1286; INA Section 256; 8 CFR 280.53(b)(9)	1990	Minimum \$3,107 Maximum \$6,215
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	\$20,719
Failure to prevent the unauthorized landing of aliens	8 USC § 1321(a); INA Section 271(a); 8 CFR 280.53(b)(11)	1990	\$6,215
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	\$6,215

Unaudited



Penalty	Authority	Year Enacted	Adjusted New Penalty
Bringing to the United States aliens without required documentation	8 USC § 1323(b); INA Section 273(b); 8 CFR 280.53(b)(13)	1990	\$6,215
Improper entry	8 USC § 1325(b) INA Section 275(b); 8 CFR 280.53(b)(15)	1996	Minimum \$87 Maximum \$438
Dealing in or using empty stamped imported liquor containers	19 USC 469	1879	\$580
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	\$873
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 \$1,017 Maximum \$3,198 plus \$174 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 \$1,746; Maximum \$8,736
Failure to depart	8 USC 1324d; INA Section 274D; 8 CFR 280.53(b)(14)	1952	\$874
Employing a vessel in a trade without a required Certificate of Documentation	19 USC 1706(a); 19 CFR 4.80(i)	1980	\$1,453
Transporting passengers coastwise for hire by certain vessels (known as Bowaters vessels) that do not meet specified conditions	46 USC 12118(f)(3)	1958	\$580
CISA			
Non-compliance with CFATS regulations	6 USC 624(b)(1); 6 CFR 27.300(b)(3)	2002	\$38,139
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 \$ 517 Maximum \$4,144

Unaudited



Penalty	Authority	Year Enacted	Adjusted New Penalty
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 \$438 Maximum \$3,494
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 \$4,144 Maximum \$10,360
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 \$3,494 Maximum \$8,736
Violation/prohibition of indemnity bonds	8 CFR 274a.8(b)	1986	\$2,507
Knowingly hiring, recruiting, referral, or retention of unauthorized aliens (per unauthorized alien) (First offense)	8 CFR 274a.10(b)(1)(ii)(A)	1986	Minimum \$627 Maximum \$5,016
Knowingly hiring, recruiting, referral, or retention of unauthorized aliens (per unauthorized alien) (Second offense)	8 CFR 274a.10(b)(1)(ii)(B)	1986	Minimum \$5,016 Maximum \$12,537
Knowingly hiring, recruiting, referral, or retention of unauthorized aliens (per unauthorized alien) (Subsequent offenses)	8 CFR 274a.10(b)(1)(ii)(C)	1986	Minimum \$7,523 Maximum \$25,076
I–9 paperwork violations	8 CFR 274a.10(b)(2)	1986	Minimum \$252 Maximum \$2,507
Failure to depart voluntarily	8 USC 1229c(d); INA Section 240B(d); 8 CFR 280.53(b)(3)	1996	Minimum \$1,746 Maximum \$8,736
Failure to depart	8 USC 1324(d); INA Section 274D; 8 CFR 280.53(b)(14)	1996	\$874

Unaudited



Penalty	Authority	Year Enacted	Adjusted New Penalty
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	\$14,950 (up to a total of \$74,754, total for small business, \$598,026 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	\$14,950 (up to a total of \$74,754, total for small business, \$598,026 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	\$37,377 (up to a total of \$598,026 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	\$12,794 (up to a total of \$63,973 for individuals and small businesses, \$511,780 for others)
USCG			
Saving Life and Property	14 USC 521(c)	2014	\$11,649
Saving Life and Property (Intentional Interference with Broadcast)	14 USC 521(e)	2012	\$1,195
Confidentiality of Medical Quality Assurance Records (first offense)	14 USC 645(i); 33 CFR 27.3	1992	\$5,851
Confidentiality of Medical Quality Assurance Records (subsequent offenses)	14 USC 645(i); 33 CFR 27.3	1992	\$39,011
Aquatic Nuisance Species in Waters of the United States	16 USC 4711(g)(1); 33 CFR 27.3	1996	\$43,678

Unaudited

Other Information



Penalty	Authority	Year Enacted	Adjusted New Penalty
Obstruction of Revenue Officers by Masters of Vessels	19 USC 70; 33 CFR 27.3	1935	\$8,723
Obstruction of Revenue Officers by Masters of Vessels—Minimum Penalty	19 USC 70; 33 CFR 27.3	1935	\$2,035
Failure to Stop Vessel When Directed; Master, Owner, Operator or Person in Charge	19 USC 1581(d)	1930	\$5,468
Failure to Stop Vessel When Directed; Master, Owner, Operator or Person in Charge - Minimum Penalty	19 USC 1581(d)	1930	\$1,094
Anchorage Ground/Harbor Regulations General	33 USC 471; 33 CFR 27.3	2010	\$12,647
Anchorage Ground/Harbor Regulations St. Mary's River	33 USC 474; 33 CFR 27.3	1946	\$873
Bridges/Failure to Comply with Regulations	33 USC 495(b); 33 CFR 27.3	2008	\$31,928
Bridges/Drawbridges	33 USC 499(c); 33 CFR 27.3	2008	\$31,928
Bridges/Failure to Alter Bridge Obstructing Navigation	33 USC 502(c); 33 CFR 27.3	2008	\$31,928
Bridges/Maintenance and Operation	33 USC 533(b); 33 CFR 27.3	2008	\$31,928
Bridge to Bridge Communication; Master, Person in Charge or Pilot	33 USC 1208(a); 33 CFR 27.3	1971	\$2,326
Bridge to Bridge Communication; Vessel	33 USC 1208(b); 33 CFR 27.3	1971	\$2,326
PWSA Regulations	33 USC 1232(a)	1978	\$103,050
Vessel Navigation: Regattas or Marine Parades; Unlicensed Person in Charge	46 USC 70041(d)(1)(B); 33 CFR 27.3	1990	\$10,360
Vessel Navigation: Regattas or Marine Parades; Owner Onboard Vessel	46 USC 70041(d)(1)(C); 33 CFR 27.3	1990	\$10,360

Unaudited



Penalty	Authority	Year Enacted	Adjusted New Penalty
Vessel Navigation: Regattas or Marine Parades; Other Persons	46 USC 70041(d)(1)(D); 33 CFR 27.3	1990	\$5,179
Oil/Hazardous Substances: Discharges (Class I per violation)	33 USC 1321(b)(6)(B)(i); 33 CFR 27.3	1990	\$20,719
Oil/Hazardous Substances: Discharges (Class I total under paragraph)	33 USC 1321(b)(6)(B)(i); 33 CFR 27.3	1990	\$51,796
Oil/Hazardous Substances: Discharges (Class II per day of violation)	33 USC 1321(b)(6)(B)(ii); 33 CFR 27.3	1990	\$20,719
Oil/Hazardous Substances: Discharges (Class II total under paragraph)	33 USC 1321(b)(6)(B)(ii); 33 CFR 27.3	1990	\$258,978
Oil/Hazardous Substances: Discharges (per day of violation) Judicial Assessment	33 USC 1321(b)(7)(A); 33 CFR 27.3	1990	\$51,796
Oil/Hazardous Substances: Discharges (per barrel of oil or unit discharged) Judicial Assessment	33 USC 1321(b)(7)(A); 33 CFR 27.3	1990	\$2,072
Oil/Hazardous Substances: Failure to Carry Out Removal/Comply With Order (Judicial Assessment)	33 USC 1321(b)(7)(B); 33 CFR 27.3	1990	\$51,796
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	\$51,796
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	\$6,215
Oil/Hazardous Substances: Discharges, Gross Negligence—Minimum Penalty (Judicial Assessment)	33 USC 1321(b)(7)(D); 33 CFR 27.3	1990	\$207,183
Marine Sanitation Devices; Operating	33 USC 1322(j); 33 CFR 27.3	1972	\$8,723

Unaudited

Other Information



Penalty	Authority	Year Enacted	Adjusted New Penalty
Marine Sanitation Devices; Sale or Manufacture	33 USC 1322(j); 33 CFR 27.3	1972	\$23,258
International Navigation Rules; Operator	33 USC 1608(a); 33 CFR 27.3	1980	\$16,307
International Navigation Rules; Vessel	33 USC 1608(b); 33 CFR 27.3	1980	\$16,307
Pollution from Ships; General	33 USC 1908(b)(1); 33 CFR 27.3	1980	\$81,540
Pollution from Ships; False Statement	33 USC 1908(b)(2); 33 CFR 27.3	1980	\$16,307
Inland Navigation Rules; Operator	33 USC 2072(a); 33 CFR 27.3	1980	\$16,307
Inland Navigation Rules; Vessel	33 USC 2072(b); 33 CFR 27.3	1980	\$16,307
Shore Protection; General	33 USC 2609(a); 33 CFR 27.3	1988	\$57,527
Shore Protection; Operating Without Permit	33 USC 2609(b); 33 CFR 27.3	1988	\$23,011
Oil Pollution Liability and Compensation	33 USC 2716a(a); 33 CFR 27.3	1990	\$51,796
Clean Hulls; Civil Enforcement	33 USC 3852(a)(1)(A); 33 CFR 27.3	2010	\$47,424
Clean Hulls; False statements	33 USC 3852(a)(1)(A); 33 CFR 27.3	2010	\$63,232
Clean Hulls; Recreational Vessel	33 USC 3852(c); 33 CFR 27.3	2010	\$6,323
Hazardous Substances, Releases Liability, Compensation (Class I)	42 USC 9609(a); 33 CFR 27.3	1986	\$62,689
Hazardous Substances, Releases Liability, Compensation (Class II)	42 USC 9609(b); 33 CFR 27.3	1986	\$62,689
Hazardous Substances, Releases Liability, Compensation (Class II subsequent offense)	42 USC 9609(b); 33 CFR 27.3	1986	\$188,069

Unaudited



Penalty	Authority	Year Enacted	Adjusted New Penalty
Hazardous Substances, Releases, Liability, Compensation (Judicial Assessment)	42 USC 9609(c); 33 CFR 27.3	1986	\$62,689
Hazardous Substances, Releases, Liability, Compensation (Judicial Assessment subsequent offense)	42 USC 9609(c); 33 CFR 27.3	1986	\$188,069
Safe Containers for International Cargo	46 USC 80509; 33 CFR 27.3	2006	\$6,852
Suspension of Passenger Service	46 USC 70305; 33 CFR 27.3	2006	\$68,529
Vessel Inspection or Examination Fees	46 USC 2110(e); 33 CFR 27.3	1990	\$10,360
Alcohol and Dangerous Drug Testing	46 USC 2115; 33 CFR 27.3	1998	\$8,433
Negligent Operations: Recreational Vessels	46 USC 2302(a); 33 CFR 27.3	2002	\$7,628
Negligent Operations: Other Vessels	46 USC 2302(a); 33 CFR 27.3	2002	\$38,139
Operating a Vessel While Under the Influence of Alcohol or a Dangerous Drug	46 USC 2302(c)(1); 33 CFR 27.3	1998	\$8,433
Vessel Reporting Requirements: Owner, Charterer, Managing Operator, or Agent	46 USC 2306(a)(4); 33 CFR 27.3	1984	\$13,132
Vessel Reporting Requirements: Master	46 USC 2306(b)(2); 33 CFR 27.3	1984	\$2,627
Immersion Suits	46 USC 3102(c)(1); 33 CFR 27.3	1984	\$13,132
Inspection Permit	46 USC 3302(i)(5); 33 CFR 27.3	1983	\$2,739
Vessel Inspection; General	46 USC 3318(a); 33 CFR 27.3	1984	\$13,132
Vessel Inspection; Nautical School Vessel	46 USC 3318(g); 33 CFR 27.3	1984	\$13,132

Unaudited

Other Information



Penalty	Authority	Year Enacted	Adjusted New Penalty
Vessel Inspection; Failure to Give Notice IAW 3304(b)	46 USC 3318(h); 33 CFR 27.3	1984	\$2,627
Vessel Inspection; Failure to Give Notice IAW 3309 (c)	46 USC 3318(i); 33 CFR 27.3	1984	\$2,627
Vessel Inspection; Vessel ≥ 1600 Gross Tons	46 USC 3318(j)(1); 33 CFR 27.3	1984	\$26,269
Vessel Inspection; Vessel <1600 Gross Tons	46 USC 3318(j)(1); 33 CFR 27.3	1984	\$5,254
Vessel Inspection; Failure to Comply with 3311(b)	46 USC 3318(k); 33 CFR 27.3	1984	\$26,269
Vessel Inspection; Violation of 3318(b)- 3318(f)	46 USC 3318(l); 33 CFR 27.3	1984	\$13,132
List/count of Passengers	46 USC 3502(e); 33 CFR 27.3	1983	\$273
Notification to Passengers	46 USC 3504(c); 33 CFR 27.3	1983	\$27,384
Notification to Passengers; Sale of Tickets	46 USC 3504(c); 33 CFR 27.3	1983	\$1,368
Copies of Laws on Passenger Vessels; Master	46 USC 3506; 33 CFR 27.3	1983	\$548
Liquid Bulk/Dangerous Cargo	46 USC 3718(a)(1); 33 CFR 27.3	1983	\$68,462
Uninspected Vessels	46 USC 4106; 33 CFR 27.3	1988	\$11,506
Recreational Vessels (maximum for related series of violations)	46 USC 4311(b)(1); 33 CFR 27.3	2004	\$362,217
Recreational Vessels; Violation of 4307(a)	46 USC 4311(b)(1); 33 CFR 27.3	2004	\$7,244
Recreational Vessels	46 USC 4311(c); 33 CFR 27.3	1983	\$2,739
Uninspected Commercial Fishing Industry Vessels	46 USC 4507; 33 CFR 27.3	1988	\$11,506
Abandonment of Barges	46 USC 4703; 33 CFR 27.3	1992	\$1,949

Unaudited



Penalty	Authority	Year Enacted	Adjusted New Penalty
Load Lines	46 USC 5116(a); 33 CFR 27.3	1986	\$12,537
Load Lines; Violation of 5112(a)	46 USC 5116(b); 33 CFR 27.3	1986	\$25,076
Load Lines; Violation of 5112(b)	46 USC 5116(c); 33 CFR 27.3	1986	\$12,537
Reporting Marine Casualties	46 USC 6103(a); 33 CFR 27.3	1996	\$43,678
Reporting Marine Casualties; Violation of 6104	46 USC 6103(b); 33 CFR 27.3	1988	\$11,506
Manning of Inspected Vessels; Failure to Report Deficiency in Vessel Complement	46 USC 8101(e); 33 CFR 27.3	1990	\$2,072
Manning of Inspected Vessels	46 USC 8101(f); 33 CFR 27.3	1990	\$20,719
Manning of Inspected Vessels; Employing or Serving in Capacity not Licensed by USCG	46 USC 8101(g); 33 CFR 27.3	1990	\$20,719
Manning of Inspected Vessels; Freight Vessel <100 GT, Small Passenger Vessel, or Sailing School Vessel	46 USC 8101(h); 33 CFR 27.3	1983	\$2,739
Watchmen on Passenger Vessels	46 USC 8102(a)	1983	\$2,739
Citizenship Requirements	46 USC 8103(f)	1983	\$1,368
Watches on Vessels; Violation of 8104(a) or (b)	46 USC 8104(i)	1990	\$20,719
Watches on Vessels; Violation of 8104(c), (d), (e), or (h)	46 USC 8104(j)	1990	\$20,719
Staff Department on Vessels	46 USC 8302(e)	1983	\$273
Officer's Competency Certificates	46 USC 8304(d)	1983	\$273
Coastwise Pilotage; Owner, Charterer, Managing Operator, Agent, Master or Individual in Charge	46 USC 8502(e)	1990	\$20,719
Coastwise Pilotage; Individual	46 USC 8502(f)	1990	\$20,719

Unaudited



Penalty	Authority	Year Enacted	Adjusted New Penalty
Federal Pilots	46 USC 8503	1984	\$65,666
Merchant Mariners Documents	46 USC 8701(d)	1983	\$1,368
Crew Requirements	46 USC 8702(e)	1990	\$20,719
Small Vessel Manning	46 USC 8906	1996	\$43,678
Pilotage: Great Lakes; Owner, Charterer, Managing Operator, Agent, Master or Individual in Charge	46 USC 9308(a)	1990	\$20,719
Pilotage: Great Lakes; Individual	46 USC 9308(b)	1990	\$20,719
Pilotage: Great Lakes; Violation of 9303	46 USC 9308(c)	1990	\$20,719
Failure to Report Sexual Offense	46 USC 10104(b)	1989	\$11,011
Pay Advances to Seamen	46 USC 10314(a)(2)	1983	\$1,368
Pay Advances to Seamen; Remuneration for Employment	46 USC 10314(b)	1983	\$1,368
Allotment to Seamen	46 USC 10315(c)	1983	\$1,368
Seamen Protection; General	46 USC 10321	1993	\$9,491
Coastwise Voyages: Advances	46 USC 10505(a)(2)	1993	\$9,491
Coastwise Voyages: Advances; Remuneration for Employment	46 USC 10505(b)	1993	\$9,491
Coastwise Voyages: Seamen Protection; General	46 USC 10508(b)	1993	\$9,491
Effects of Deceased Seamen	46 USC 10711	1983	\$548
Complaints of Unfitness	46 USC 10902(a)(2)	1983	\$1,368
Proceedings on Examination of Vessel	46 USC 10903(d)	1983	\$273
Permission to Make Complaint	46 USC 10907(b)	1983	\$1,368
Accommodations for Seamen	46 USC 11101(f)	1983	\$1,368
Medicine Chests on Vessels	46 USC 11102(b)	1983	\$1,368
Destitute Seamen	46 USC 11104(b)	1983	\$273
Wages on Discharge	46 USC 11105(c)	1983	\$1,368

Unaudited



Penalty	Authority	Year Enacted	Adjusted New Penalty
Log Books; Master Failing to Maintain	46 USC 11303(a)	1983	\$548
Log Books; Master Failing to Make Entry	46 USC 11303(b)	1983	\$548
Log Books; Late Entry	46 USC 11303(c)	1983	\$411
Carrying of Sheath Knives	46 USC 11506	1983	\$137
Documentation of Vessels	46 USC 12151(a)(1)	2012	\$17,935
Documentation of Vessels; Activities involving mobile offshore drilling units	46 USC 12151(a)(2)	2012	\$29,893
Engaging in Fishing After Falsifying Eligibility (fine per day)	46 USC 12151(c)	2006	\$137,060
Numbering of Undocumented Vessel; Willful violation	46 USC 12309(a)	1983	\$13,693
Numbering of Undocumented Vessels	46 USC 12309(b)	1983	\$2,739
Vessel Identification System	46 USC 12507(b)	1988	\$23,011
Measurement of Vessels	46 USC 14701	1986	\$50,154
Measurement; False Statements	46 USC 14702	1986	\$50,154
Commercial Instruments and Maritime Liens	46 USC 31309	1988	\$23,011
Commercial Instruments and Maritime Liens; Mortgagor	46 USC 31330(a)(2)	1988	\$23,011
Commercial Instruments and Maritime Liens; Violation of 31329	46 USC 31330(b)(2)	1988	\$57,527
Port Security	46 USC 70119(a)	2002	\$38,139
Port Security; Continuing Violations	46 USC 70119(b)	2006	\$68,529
Maritime Drug Law Enforcement	46 USC 70506(c)	2010	\$6,323
Hazardous Materials: Related to Vessels	49 USC 5123(a)(1)	2012	\$89,678

Unaudited



Other Information

Penalty	Authority	Year Enacted	Adjusted New Penalty
Hazardous Materials: Related to Vessels; Penalty from Fatalities, Serious Injuries/ Illness or substantial Damage to Property	49 USC 5123(a)(2)	2012	\$209,249
Hazardous Materials: Related to Vessels; Training	49 USC 5123(a)(3)	2012	\$540

Unaudited



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 2022 were 82% versus the goal of 95%. Total interest paid in FY 2022 was \$2,446,172.28 or \$110.93 per million invoiced. During FY 2021 the total interest paid was \$837,101.94 or \$40.33 per million invoiced. The increase in interest paid from FY 2021 to 2022 is mainly attributable to a financial system transition at the U.S. Coast Guard and the ability to timely pay invoices during the transition and stabilization period in the early months of FY 2022.

Debt Collection Improvement Act


The *Debt Collection Improvement Act (DCIA) of 1996* passed as part of the *Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P.L. 100-134)* tasked Treasury with certain governmentwide debt collection responsibilities. Among other things, the law provides that delinquent non-tax debts generally must be turned over to the Treasury for appropriate action to collect the debt. Certain types of debts are exempt from this requirement. In compliance with DCIA, the Department manages its debt collection activities under the DHS DCIA regulation. The regulation is implemented under the Department's comprehensive debt collection policies that provide guidance to the Components on the administrative collection of debt; referring non-taxable debt; writing off non-taxable debt; reporting debt to consumer reporting agencies; assessing interest, penalties, and administrative costs; and reporting receivables to the Treasury. The Digital Accountability and Transparency Act of 2014 was passed in May 2014 and updated DCIA requirements for referring non-taxable debt.



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

OFFICE OF INSPECTOR GENERAL

Major Management and Performance Challenges Facing the Department of Homeland Security

 **Homeland Security**

October 27, 2022
OIG-23-01

Unaudited



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, D.C. 20528 / www.oig.dhs.gov

October 27, 2022

MEMORANDUM FOR: The Honorable Alejandro N. Mayorkas
Secretary
Department of Homeland Security

FROM: Joseph V. Cuffari, Ph.D. **JOSEPH V
CUFFARI**

Digitally signed by JOSEPH
V CUFFARI
Date: 2022.10.27 15:36:06
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SUBJECT: *Major Management and Performance Challenges Facing
the Department of Homeland Security*

For your information is our final report, *Major Management and Performance Challenges Facing the Department of Homeland Security*. This annual publication, required by the *Reports Consolidation Act of 2000*, summarizes what the OIG considers the most serious management and performance challenges facing the Department of Homeland Security and assesses its progress addressing them. It is intended to help the Department improve program performance and ensure the effectiveness of its operations.

These challenges are based on OIG's independent research, assessment, and judgment. They also relate to the three major priorities you identified as you assumed leadership of DHS (immigration, cybersecurity, and targeted violence/terrorism); the Department's operations under its six strategic goals in the *Department of Homeland Security's Strategic Plan for Fiscal Years 2020–2024*¹; and the 12 strategic priorities in *DHS' 2022 Priorities*².

In this edition, OIG identifies eight challenges that reflect overarching issues affecting multiple DHS programs and responsibilities. They are not the only challenges confronting DHS - OIG's reports highlight specific opportunities to improve programs and operations. These eight challenges include:

- [Countering Terrorism and Homeland Security Threats;](#)
- [Coordinating Border Security Efforts and Managing Migrant Surges and Resettlements;](#)
- [Managing Detention Conditions;](#)
- [Securing Cyberspace and Critical Infrastructure;](#)
- [Ensuring Proper Financial Management and Oversight;](#)

¹ https://www.dhs.gov/sites/default/files/publications/19_0702_plcy_dhs-strategic-plan-fy20-24.pdf. See Appendix A

² <https://www.dhs.gov/2022-priorities>. See Appendix B



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

- [Ensuring Technology Supports Essential Mission Operations;](#)
- [Improving FEMA's Disaster Assistance and Fraud Prevention;](#) and
- [Strengthening Oversight and Management of Major Systems Acquisition and Procurement.](#)

In this report, we describe each challenge and potential associated risks, summarize actions DHS has taken or is taking to address each challenge, and summarize steps DHS needs to take to further address each challenge. OIG received technical comments on a draft of this report and made revisions as appropriate.

Countering Terrorism and Homeland Security Threats

THE CHALLENGE

DHS is challenged to effectively plan and provide adequate guidance, oversight, and monitoring of programs and operations to counter terrorism and homeland security threats and leverage law enforcement unity of effort. In addition, DHS seeks to achieve specific objectives related to countering terrorism and homeland security threats in [strategic goal 1](#) as well as [strategic priority 7](#).

WHY IS THIS A CHALLENGE?

Domestic and international actors abroad pose dangers to our Nation and at its borders. The threats are dynamic and becoming more complex. Threats are more interconnected, technologically advanced, targeted, and close to home.

Countering Terrorism:

Following the breach of the U.S. Capitol building in Washington, D.C. on January 6, 2021, we found DHS identified specific threat information prior to January 6 but did not issue any intelligence products about these threats until 2 days later. DHS was unable to provide its many state, local, and Federal partners with timely, actionable, and predictive intelligence.³ Additionally, DHS did not adequately follow its internal processes and comply with applicable Intelligence Community policy standards and requirements when editing and disseminating an Office of Intelligence and Analysis (I&A) intelligence product regarding Russian interference in the 2020 U.S. Presidential election,⁴ which put I&A at risk of creating a perception of politicization. We also determined DHS has not completed, as planned, 70 percent of the goals under its strategic framework for countering domestic

³ [I&A Identified Threats prior to January 6, 2021, but Did Not Issue Any Intelligence Products before the U.S. Capitol Breach, OIG-22-29, Mar. 2022.](#)

⁴ [DHS Actions Related to an I&A Intelligence Product Deviated from Standard Procedures \(REDACTED\), OIG-22-41, Apr. 2022.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

terrorism, and can improve how it identifies domestic terrorism threats, tracks trends for future risk-based planning, and informs partners and the public about domestic terrorism.⁵

We continue to identify challenges DHS faces countering improvised explosive devices. DHS needs to improve its management of component activities to comply with implementation of *Presidential Policy Directive 17: Countering Improvised Explosive Devices* within DHS. OIG continues to review DHS' countering terrorism efforts including DHS' response to the events of January 6, 2021, and DHS' procedures and technology systems to safeguard and share terrorist screening data.

Law Enforcement Unity of Effort:

We continue to identify law enforcement missions where DHS would benefit from better collaboration, sharing and leveraging processes, data collection, and best practices across components. We have identified inadequate oversight of DHS' law enforcement components to ensure proper DNA collection⁶ and preparation for cross-component protection of Federal facilities.⁷ We found that U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations investigated less than 1 percent of U.S. Customs and Border Protection's (CBP) Intellectual Property Rights seizures annually from fiscal years 2017 to 2020 because CBP did not prioritize reporting investigative referrals to ICE, nor did it establish guidance or a system to do so.⁸ Further, we found opportunities for the Cybersecurity and Infrastructure Security Agency (CISA), Office for Bombing Prevention to improve its oversight of components' input for countering improvised explosive devices and to better lead DHS and nationwide capability efforts to address these threats.⁹ Finally, DHS component collaboration on law enforcement virtual training is limited.¹⁰

⁵ [DHS Could Do More to Address the Threats of Domestic Terrorism, OIG-22-49, July 2022.](#)

⁶ [DHS Law Enforcement Components Did Not Consistently Collect DNA From Arrestees, OIG-21-35, May 2021.](#)

⁷ [DHS Had Authority to Deploy Federal Law Enforcement Officers to Protect Federal Facilities in Portland, Oregon, but Should Ensure Better Planning and Execution in Future Cross-Component Activities, OIG-21-31, Apr. 2021.](#)

⁸ [DHS and CBP Should Improve Intellectual Property Rights Management and Enforcement \(REDACTED\), OIG-22-52, July 2022.](#)

⁹ [The Office for Bombing Prevention Needs to Improve Its Management and Assessment of Capabilities to Counter Improvised Explosive Devices, OIG-22-33, Mar. 2022.](#)

¹⁰ [DHS Component Collaboration on Law Enforcement Virtual Training Is Limited, OIG-22-67, Sep. 2022.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

WHAT PROGRESS HAS DHS MADE?

Countering Terrorism:

DHS has developed strategies and taken other steps to help the U.S. counter terrorism, and has made progress countering domestic terrorism. For example, DHS implemented redundant capabilities to disseminate intelligence products addressing departmental threats. Additionally, DHS will initiate a needs assessment to identify staffing and budget requirements to counter domestic terrorism. The Department's Counterterrorism Coordinator will work with other program offices to evaluate the oversight and coordination of efforts to counter domestic terrorism following the conclusion of the needs assessment.

Law Enforcement Unity of Effort:

DHS continues its efforts to develop and update internal controls, directives, policies, procedures, and training plans, as well as improve its integration of data sources and modernize its reporting systems to generate real-time automated reports. These actions are designed to strengthen collaboration among its components and Federal law enforcement partners. For example, on September 29, 2021, the Secretary established the Law Enforcement Coordination Council that coordinates department-wide law enforcement related matters on training and policy.

WHAT DHS STILL NEEDS TO DO

DHS needs to remain committed to effective threat assessment methods and law enforcement collaboration, as well as internal control development, including useful and relevant goals, performance indicators, metrics, measures, corrective action plan implementation, and deliberate improvement. In addition, DHS needs to enhance and provide intelligence training and guidance and improve its processes for timely reviews of open source intelligence products. DHS could also improve how it identifies domestic terrorism threats, tracks trends for future risk-based planning, and informs partners and the public about domestic terrorism. DHS needs to better manage its counter-improvised explosive devices (C-IED) efforts, as well as its assessment of national, regional, and state C-IED capabilities. Finally, DHS needs to address multiple unresolved and open recommendations from OIG's previous reports.¹¹

¹¹[ICE Faces Challenges to Screen Aliens Who May Be Known or Suspected Terrorists, OIG-18-36, Jan 2018; A Joint Review of Law Enforcement Cooperation on the Southwest Border between the Federal Bureau of Investigation and Homeland Security Investigations, OIG-19-57, July 2019; and HSI Effectively Contributes to the FBI's Joint Terrorism Task Force, But Partnering Agreements Could Be Improved \(REDACTED\), OIG-20-59, Aug 2020.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Coordinating Border Security Efforts and Migrant Surges

THE CHALLENGE

Migrant and refugee surges continue to pose significant challenges for DHS. Meanwhile, DHS seeks to achieve specific objectives related to securing U.S. borders and approaches in [strategic goal 2](#) as well as [strategic priority 9](#).

WHY IS THIS A CHALLENGE?

CBP apprehended more than 1.6 million migrants illegally crossing the Southwest Border in FY 2021. This trend continued in FY 2022. Migrant surges require a whole-of-government approach. DHS manages a major part of the border security and immigration enforcement mission set, but in prior surges multi-component planning between CBP and ICE and a coordinated response ultimately did not occur. These surges in immigration have exposed technology challenges which impede CBP and ICE personnel from tracking migrants from apprehension to release or transfer. Technology deficiencies also meant that data was not consistently documented in DHS' systems of record, which can delay DHS from uniting children with families and sponsors, or cause migrants to remain in DHS custody longer than legally allowed.¹²

The United States also experienced a sudden influx of Ukrainian and Afghan citizens requesting entry into the country under unprecedented circumstances. This change in immigration patterns reconfirmed longstanding staffing issues at CBP. Sufficient staffing is needed to ensure complete and accurate processing of all individuals requesting entry into the United States. However, screening, vetting, and inspecting all evacuees during the recent Afghanistan crisis was a challenge, and OIG continues to evaluate CBP's access to critical data to fully vet individuals trying to enter the United States. OIG continues to conduct reviews in this area, such as DHS' preparations to receive and expedite requests from Afghan evacuees for long-term legal status, and the effectiveness of DHS' technology, procedures, and coordination to screen and vet non-citizens entering or resettling in the United States.

WHAT PROGRESS HAS DHS MADE?

Corrective action plans submitted to OIG show that DHS is updating its technology platforms to enhance information sharing across its components and with external partners, including the U.S. Department of Health and Human Services. DHS is also updating internal guidance to ensure staff fully

¹² [DHS Technology Systems Do Not Effectively Support Migrant Tracking at the Southwest Border](#), OIG 22-66, Sep. 2022; [ICE and CBP Should Improve Visa Security Program Screening and Vetting Operations](#), OIG-22-70, Sep. 2022; and [U.S. Border Patrol Screened Migrants at the Southwest Border but Could Strengthen Processes](#), OIG-22-71, Sep. 2022.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

understand processes, procedures, technology systems, and the value of robust controls.

WHAT DHS STILL NEEDS TO DO

DHS should continue to address internal fragmentation affecting border security and immigration processing. DHS should work on improving consistent application of standard procedures to fully document migrant apprehensions and to enhance timely and orderly processing to identify security threats. DHS should also develop a comprehensive contingency plan to handle evacuation efforts in the future and thoroughly account for, screen, vet, and inspect all individuals during unprecedented events when limited biographic data is available.¹³ Additionally, DHS needs to address multiple unresolved and open recommendations from OIG's previous reports.¹⁴

Managing Detention Conditions

THE CHALLENGE

Managing its detention system and safe, orderly, and humane immigration processes continues to be a significant challenge for DHS, particularly given recent surges at the Southwest border. In addition, DHS seeks to achieve specific objectives related to enforcing immigration law in [strategic goal 2](#) and [strategic priority 10](#).

WHY IS THIS A CHALLENGE?

Surges result in prolonged detention in short-term facilities, overcrowding, capacity issues, and inconsistent compliance with standards for care at Border Patrol stations. According to CBP officers, the lack of bed space at ICE detention facilities also contributes to the challenges CBP is experiencing managing migrants at its facilities. Additionally, DHS continues to struggle with contractor performance and overall compliance with detention standards such as segregation,¹⁵ medical care, and access to legal services.¹⁶ For example, in March 2022, OIG issued a Management Alert¹⁷ recommending the immediate removal of all detainees from the Torrance County Detention Facility

¹³ [DHS Encountered Obstacles to Screen, Vet, and Inspect All Evacuees during the Recent Afghanistan Crisis \(Redacted\)](#) OIG-22-64, Sep. 2022.

¹⁴ [DHS Missing Data Needed to Strengthen Its Immigration Enforcement Efforts](#), OIG-15-85, May 2015; [Border Patrol Needs a Better Plan For Hiring More Agents](#), OIG-19-23, Feb 2019; [CBP Has Taken Steps to Limit Processing of Undocumented Aliens at Ports of Entry](#), OIG-21-02, Oct 2020;

¹⁵ [ICE Needs to Improve Its Oversight of Segregation Use in Detention Facilities](#), OIG-22-01, Oct. 2021.

¹⁶ [Capping Report: CBP Struggled to Provide Adequate Detention Conditions During 2019 Migrant Surge](#), OIG-20-38, June 2020.

¹⁷ [Management Alert – Immediate Removal of All Detainees from the Torrance County Detention Facility](#), OIG-22-31, Mar. 2022.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

in Estancia, New Mexico due to safety risks and unsanitary living conditions. In April 2022, we made several recommendations aimed at improving care of detainees at the South Texas ICE Processing Center.¹⁸ We continue to perform unannounced inspections of ICE adult detention facilities and CBP holding facilities.

WHAT PROGRESS HAS DHS MADE?

CBP has taken steps to increase coordination and planning, enhance existing infrastructure to add capacity, and expand access to medical care through improved screening. According to DHS, ICE continues to improve conditions at its detention facilities and completing any identified repairs from internal or OIG inspections. In addition, ICE has updated its request tracking system and enhanced its documentation of commissary and mail services for detainees at the South Texas ICE Processing Center. Further, DHS [recently announced](#) it is creating a new Office of Health Security to coordinate and provide oversight for public health, medical, and safety activities for both its own workforce and those in its care.

WHAT DHS STILL NEEDS TO DO

DHS should work on improving consistent application of standards for treatment and care of migrants and timely, orderly, and humane processing. Additionally, DHS needs to address OIG recommendations including one unresolved and open recommendation from a previous report.¹⁹

Securing Cyberspace and Critical Infrastructure

THE CHALLENGE

DHS must provide a high level of cybersecurity for the information and systems supporting day-to-day operations for its approximately 240,000 personnel. DHS' mission in this area, providing enterprise-wide security solutions to protect the Department and partnering with industry and government, is multi-faceted and vast. This persistent challenge relates to every aspect of DHS' mission and relates to all of DHS' [strategic goals](#) as well as [strategic priority 8](#) to increase cybersecurity. Additionally, multiple administrations have issued executive orders to improve the Nation's cybersecurity and to secure the critical infrastructure underlying our Nation's economy and way of life.

¹⁸ [Violations of ICE Detention Standards at South Texas ICE Processing Center, OIG-22-40, Apr. 2022.](#)

¹⁹ [Violations of Detention Standards Amidst COVID-19 Outbreak at La Palma Correctional Center in Elou, AZ, OIG-21-30, Mar. 2021.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

WHY IS THIS A CHALLENGE?

Recent breaches have shown that cyber attacks pose a serious threat against the Nation's cyberspace and critical infrastructure, and why preventing such attacks will remain a major management challenge. These attacks have been designed to gain unauthorized access to sensitive data stored and processed by DHS systems, infiltrate U.S. Government computers and networks to slow or halt operations, access intellectual property and research, and gather useful intelligence. In addition to Nation-state sponsored Advanced Persistent Threats,²⁰ recent attacks include the SolarWinds Orion breach, Microsoft Exchange attacks, and the Colonial Pipeline ransomware victimization. As cyber threats evolve, securing U.S. technology systems and networks from unauthorized access and potential exploits will become more challenging.

WHAT PROGRESS HAS DHS MADE?

The DHS Secretary has made operationalizing cybersecurity and increasing cybersecurity awareness a top priority for DHS. Within DHS, CISA leads cybersecurity and critical infrastructure security programs, operations, and associated policy; and carries out DHS' antiterrorism efforts²¹. Other priorities include strengthening the integrity of elections, protecting government networks, applying new technologies to supply chain security, and preparing for the challenges of new, emerging technology. DHS has made some progress to address the threats of cyberattacks and reduce the likelihood of exploitation of critical weaknesses. For example, DHS implemented specific tools and technologies to detect and prevent security events on component systems and to help protect DHS' network communication and data. DHS has also made progress improving cybersecurity collaboration and coordination with the Department of Defense (DoD) in accordance with the Cyber Action Plan and memorandums. DHS continues to participate in critical infrastructure programs, improve cyber situational awareness, co-locate DHS and DoD liaisons, and conduct cybersecurity readiness training. DHS has also continued to provide oversight of the department-wide intelligence system and has implemented programs to monitor ongoing security practices. It is also working to update relevant plans, address identified vulnerabilities, and continues to improve configuration and patch management.

DHS concurred with recent OIG recommendations aimed at helping the Department improve upon its efforts to implement its critical infrastructure

²⁰ According to the National Institute of Standards and Technology (NIST), an Advanced Persistent Threat is an adversary that possesses sophisticated levels of expertise and significant resources which allow it to create opportunities to achieve its objectives by using multiple attack vectors including cyber, physical, and deception.

²¹ In addition to CISA, ICE, CBP, and other DHS components and agencies have significant roles in counterterrorism efforts for the Department.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

strategy and programs. CISA is working to improve oversight for Dams Sector security and resilience.²² Additionally, OIG is reviewing DHS' efforts to improve Energy Sector resilience.

WHAT DHS STILL NEEDS TO DO

OIG has issued numerous recommendations to DHS to address cybersecurity weaknesses and improve its information security program functions to identify, detect, respond, and recover from cybersecurity incidents.²³ DHS needs to revise its policies and procedures to reflect the latest NIST standards. The DHS Chief Information Officer should develop a change management process to identify and implement Policy Directives. DHS also needs to improve its Cybersecurity Awareness Training Program to ensure all DHS users receive a comprehensive, baseline level of cybersecurity education. Additionally, DHS needs to address weaknesses in access controls, patching procedures, and configuration settings. DHS needs to address recent recommendations to improve the Department's information security program.²⁴

OIG will continue to monitor DHS' cybersecurity coordination efforts by partnering with the National Security Agency (NSA) to review DHS and NSA's efforts to assess the actions taken by DHS in advance of, and in connection with, recent intrusions into U.S. Government and private networks. OIG is also reviewing CISA's ability to detect and mitigate risks from major cyberattacks based on lessons learned after the SolarWinds breach.

CISA needs to improve its oversight, coordination, and communication to better support the Dams Sector security and resilience. Also, DHS is receiving approximately \$8 billion from the *Infrastructure Investment and Jobs Act* (IIJA) to strengthen critical infrastructure. The Department will need to create new programs, and a strategy for spending IIJA funds.

Ensuring Proper Financial Management and Oversight

THE CHALLENGE

Ensuring strong financial management principles and results is foundational to every aspect of DHS' mission and supports all of DHS' [strategic goals](#) and [strategic priorities](#). Proper financial management and resulting data are commonly viewed as important strategic assets.

²² [CISA Can Improve Efforts to Ensure Dam Security and Resilience, OIG-21-59, Sept. 2021.](#)

²³ [USCIS Should Improve Controls to Restrict Unauthorized Access to its Systems and Information, OIG-22-65, Sep. 2022.](#)

[DHS Can Better Mitigate the Risks Associated with Malware, Ransomware, and Phishing Attacks, OIG-22-62, Aug. 2022.](#)

²⁴ [Evaluation of DHS' Information Security Program for Fiscal Year 2021, OIG-22-55, Aug. 2022.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

WHY IS THIS A CHALLENGE?

DHS has shown it has strong financial principles, but notable financial deficiencies can undermine the public's confidence in DHS and its ability to make strategic investments using taxpayer dollars. For FY 2022, Congress provided funding of \$57 billion, an increase of \$5.1 billion compared with FY 2021. It provided total funding of \$94.8 billion, including \$18.8 billion for major disaster response and recovery and \$19 billion offset by fee collections.

Independent auditors issued an adverse opinion on DHS' internal controls over financial reporting because of material weaknesses. Specifically, auditors found weaknesses in Information Technology Controls and Information Systems and Financial Reporting. Auditors identified significant deficiencies in Custodial Activities: Drawbacks and Seized and Forfeited Property; Grants Management and Other Needs Assistance Programs; Insurance Liabilities; and Journal Entries. They also noted noncompliance with the *Federal Managers' Financial Integrity Act of 1982* and *Federal Financial Management Improvement Act of 1996*.²⁵

OIG found DHS did not fully comply with the *Payment Integrity Information Act of 2019* (PIIA) in FY 2021.²⁶ OIG also found the Department continues to make progress meeting *Digital Accountability and Transparency Act of 2014* (DATA Act) requirements, but system limitations hinder the Federal Emergency Management Agency's (FEMA) ability to track spending associated with the Department's response to the pandemic.²⁷ FEMA received 98 percent (approximately \$45.4 billion) of the Department's COVID-19 funding.

In August 2020, the President directed FEMA to expend as much as \$44 billion from the Disaster Relief Fund for a Lost Wages Assistance (LWA) program. FEMA is challenged to ensure State Workforce Agencies (SWA) report suspected or identified LWA fraud to DHS OIG, as many agencies' plans lacked required procedures to report.²⁸ Further, FEMA did not implement controls to prevent SWAs from paying more than \$3.7 billion in potentially fraudulent and

²⁵ [Independent Auditors' report on DHS' FY 2021 Financial Statements and Internal Control over Financial Reporting, OIG-21-08, Nov. 2021.](#)

²⁶ [Department of Homeland Security's FY 2021 Compliance with the Payment Integrity Information Act of 2019 and Executive Order 13520, Reducing Improper Payments, OIG-22-45, June 2022.](#)

²⁷ [DHS Continues to Make Progress Meeting DATA Act Requirements, but Challenges Remain, OIG-22-04, Nov. 2021.](#)

²⁸ [Management Alert – Reporting Suspected Fraud of Lost Wages Assistance, OIG-22-28, Feb. 2022.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

improper payments through its LWA program.²⁹ FEMA relied on weak underlying Unemployment Insurance program controls, such as self-certifications, to determine eligibility and prevent fraud. This also allowed ineligible and potentially ineligible DHS employees, or individuals using their identities, to receive LWA. The Department also did not contain the necessary controls in its Unemployment Compensation for Federal Employees program to ensure SWAs had accurate information to determine claim eligibility. Consequently, FEMA and the Department significantly increased DHS employees' risk of fraud and exposure to identity theft.

CBP's revenue collection efforts focus on enforcing trade laws, facilitating legitimate trade, and collecting lawfully owed duties, taxes, and fees. Revenue Collection is designated as a Priority Trade Issue due to the high risk of significant revenue loss, harm to the U.S. economy, or threats to the health and safety of the American people. Importers may illicitly attempt to avoid paying duties, taxes, and fees and circumvent trade practices, defrauding the Federal Government and undermining lawful business. CBP implemented its Centers of Excellence and Expertise (Centers), in part, to centralize trade enforcement and facilitation. The absence of performance standards has made it difficult to determine to what extent establishing the Centers improved the assessment, collection, and protection of trade revenue.³⁰

WHAT PROGRESS HAS DHS MADE?

DHS continued to improve its financial management in FY 2021 and achieved its ninth consecutive unmodified (clean) opinion on all financial statements. DHS continues to make progress meeting its reporting requirements under the DATA Act. DHS implemented actions to improve the completeness of budgetary and award data in its DATA Act submission to make the spending information more transparent.

DHS is working to improve compliance with requirements set forth in laws, regulations, directives, and policies by strengthening oversight, internal control, data quality, and transparency. For example, DHS demonstrated through corrective action plans, its intent to address OIG recommendations to develop or enhance various performance measures, procedures, and internal controls.

²⁹ [FEMA Did Not Implement Controls to Prevent More than \\$3.7 Billion in Improper Payments from the Lost Wages Assistance Program, OIG-22-69, Sep. 2022](#), and [The Identities of DHS Employees Were Linked to More than \\$2.6 Million in Potentially Fraudulent Lost Wages Assistance, OIG-22-73, Sept. 2022](#).

³⁰ [CBP Needs Improved Oversight for Its Centers of Excellence and Expertise, OIG-22-34, Mar. 2022](#).



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

DHS has taken steps toward remediating other issues OIG previously reported, including in Financial Statement Audit reports. DHS has undertaken a Financial Systems Modernization program which is intended to replace outdated systems across the Department. To date, DHS has deployed a modernized financial management system to the Countering Weapons of Mass Destruction Office, the Transportation Security Administration, and United States Coast Guard. DHS is also planning to modernize financial management systems at other components. DHS officials have stated that this modernization effort will help mitigate many of the underlying causes of the Information Technology Controls and Information Systems and Financial Reporting material weaknesses identified in previous audit reports.

WHAT DHS STILL NEEDS TO DO

DHS must thoughtfully execute its role as steward of taxpayer investment in its programs, making continued progress toward full compliance with applicable laws, regulations, directives, policies, prevailing guidance, and internal control standards. DHS needs to sustain a clean opinion on its financial statements and obtain a clean opinion on its internal control over financial reporting. In addition, DHS needs to implement and consistently use the government-wide financial data standards to improve the accuracy of reporting for certain data elements to fully achieve the DATA Act's objective. Further, FEMA needs to strengthen its fraud preventive controls when determining claimant eligibility. Its reliance on self-certifications continues to lead to billions of dollars in potentially fraudulent and improper payments. Also, CBP needs to improve its compliance with the *Trade Facilitation and Trade Enforcement Act of 2015*, its procedural guidance for its Centers of Excellence and Expertise, and the reliability of trade import and enforcement data in its information systems.

Ensuring Technology Supports Essential Mission Operations

THE CHALLENGE

Providing technology support for personnel, maintaining system functionality and integration, addressing deficiencies, identifying and prioritizing systems for modernization, and ensuring data is accurate and reliable for strategic decision makers continues to be a major management challenge. In addition, DHS seeks to achieve specific objectives related to improving workforce capability and strengthening governance in [strategic goal 6](#) as well as innovating and harnessing technology to advance mission delivery in [strategic priority 5](#).

WHY IS THIS A CHALLENGE?

DHS continues to struggle with aligning DHS technology, personnel, resources, assets, systems, and infrastructure to support its mission. State-of-the-art technology and services remain critical tools to that end. It is important for



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

DHS to mitigate risks to operational performance before they become issues and to deploy capability timely.

Systems and Applications:

OIG continues to identify control deficiencies, outdated or incorrectly configured systems, and inadequate operator training. In addition, issues with technology and applications continue to be identified as underlying features of many of the OIG's recommendations for improvement in oversight work not primarily focused on technology. Further, independent auditors identified material weaknesses in Information Technology Controls and Information Systems.³¹

Data Management:

Significant challenges hinder DHS' day-to-day use of some of the Nation's largest and most diverse databases to support its vast mission operations.³² DHS needs to improve the collection and management of data across its components to better serve and safeguard the public. We continue to identify data access, availability, accuracy, completeness, and relevance issues which present numerous obstacles for DHS personnel as they make decisions or carry out day-to-day mission operations. In addition to data quality problems in the National Flood Insurance Program system,³³ shortcomings exist in systems supporting DHS' open source intelligence operations.³⁴

WHAT PROGRESS HAS DHS MADE?

Systems and Applications:

Responses to OIG's recommendations show that DHS continues to dedicate necessary resources to oversight, controls, configuration management, modernization, increased automation, and strategic capability deployment.

Data Management:

As noted previously, DHS has taken steps to remediate issues OIG previously reported, including in Financial Statement Audit reports. The Department has taken corrective actions to implement recommendations in prior reports and

³¹[Independent Auditors' report on DHS' FY 2021 Financial Statements and Internal Control over Financial Reporting, OIG-21-08, Nov. 2021.](#)

³²[Summary Report: Persistent Data Issues Hinder DHS Mission, Programs, and Operations, OIG-21-37, May 2021.](#)

³³[FIMA Made Progress Modernizing Its NFIP System, but Data Quality Needs Improvement, OIG-21-04, Nov. 2020.](#)

³⁴[The Office of Intelligence and Analysis Needs to Improve Its Open Source Intelligence Reporting Process, OIG-22-50, July 2022.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

has developed various plans and strategies to improve the quality and management of its data.³⁵

WHAT DHS STILL NEEDS TO DO

OIG's recommendations show that DHS still needs to increase and sustain its focus and effort to: (1) improve oversight, (2) ensure consistent configuration management, (3) prioritize systems and applications modernization, and (4) remediate the internal control issues that underlie data deficiencies. Additionally, DHS needs to address a remaining unresolved and open recommendation from OIG's evaluation of DHS' information security program for FY 2019.³⁶

Improving FEMA's Disaster Assistance and Fraud Prevention

THE CHALLENGE

FEMA continues to struggle to reimburse procurement costs and continues to experience systemic problems and operational difficulties contributing to inadequate management of disaster relief grants. According to DHS, COVID-19 response and recovery is the largest relief assistance program in American history. FEMA, as the lead response agency, has been charged with administering and overseeing \$45 billion in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Further, FEMA has recently been charged with administering \$6.8 billion in IIJA funding. In addition, DHS seeks to achieve specific objectives related to strengthening preparedness and resilience in [strategic goal 5](#) and [strategic priority 11](#).

WHY IS THIS A CHALLENGE?

FEMA struggles with ensuring disaster grant recipients and subrecipients understand and comply with relevant authorities governing grants and assistance. FEMA has also proven susceptible to widespread fraud and made billions in improper payments.³⁷

Grants Management:

³⁵ [Independent Auditors' report on DHS' FY 2021 Financial Statements and Internal Control over Financial Reporting, OIG-21-08, Nov. 2021.](#)

³⁶ [Evaluation of DHS' Information Security Program for Fiscal Year 2019 \(REDACTED\), OIG-20-77, Sept. 2020.](#)

³⁷ [Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities, OIG-21-25, Mar. 2021; FEMA Did Not Implement Controls to Prevent More than \\$3.7 Billion in Improper Payments from the Lost Wages Assistance Program, OIG-22-69, Sep. 2022.](#)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

OIG continues to identify grantee and subgrantee oversight weaknesses, insufficient systems to process information and data, inadequate policies and guidance, and improper payments.

Disaster Assistance:

OIG continues to identify persistent, systemic shortcomings in FEMA's disaster response and recovery efforts. OIG has published a significant body of work recommending improvements in Federal disaster response and recovery efforts. We remain committed to examining FEMA's disaster response and recovery programs, including program oversight and management, authorities, and data for decision making.³⁸ OIG also continues to examine FEMA's management of contracts, including FEMA's contracting practices during national disaster declarations.

Oversight of Pandemic Funding and Fraud Prevention:

OIG has received a substantial number of COVID-19 fraud complaints nationwide and continues to investigate COVID-19 fraud perpetrated by companies and individuals seeking to exploit DHS-affiliated programs, notably relief programs that FEMA administers. Further, as of July 31, 2022, OIG had received more than 7,500 complaints and initiated more than 300 investigations related to COVID-19, including allegations that fraud networks have secured pandemic-related benefits.

WHAT PROGRESS HAS DHS MADE?

Grants Management:

FEMA's corrective action plans show FEMA continues to strengthen adherence to Federal regulations and its own policy, oversight, risk assessment, and training.

Disaster Assistance:

Responses to OIG's recommendations show that FEMA continues efforts to augment staff and systems to improve oversight, and develop resources, tools, and procedures to support more effective programs.

Oversight of Pandemic Funding and Fraud Prevention:

³⁸ [FEMA Needs to Improve Oversight and Management of Hazard Mitigation Grant Program Property Acquisitions](#), OIG-22-46, June 2022; [FEMA's Waiver Authority under the Disaster Recovery Reform Act of 2018](#), OIG-22-43, May 2022; [Assessment of FEMA's Public Assistance Alternative Procedures Program](#), OIG-22-51, July 2022; [FEMA Did Not Prevent More than \\$3.7 Billion in Improper Payments from the Lost Wages Assistance Program](#), OIG-22-69, Sep. 2022 and [DHS Employees Were Linked to More than \\$2.4 Million in Potentially Fraudulent and Ineligible Lost Wages Assistance](#), OIG-22-73, Sep. 2022.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

FEMA continues to collaborate with OIG and others to leverage multi-disciplinary expertise to identify fraud schemes.

WHAT DHS STILL NEEDS TO DO

While DHS and FEMA continue to address OIG recommendations, they need to analyze systemic weaknesses across the spectrum of disaster-related funding and services and make overarching improvements in risk assessment, controls, policies, systems and applications, resources, training, data to support equitable assistance distribution, and collaboration with stakeholders.³⁹ FEMA also needs to address multiple unresolved and open recommendations from previous reports.⁴⁰

Strengthening Oversight and Management of Major Systems Acquisition and Procurement

THE CHALLENGE

Acquiring major acquisition systems is a key part of DHS' annual budget and fundamental to accomplishing its many critical missions. This challenge relates to every aspect of DHS' mission and relates to all [DHS strategic goals](#) and [strategic priorities](#). In addition, enhancing mission capabilities is included as a priority in the Office of the Chief Procurement Officer's annual report for FY 2021.⁴¹

WHY IS THIS A CHALLENGE?

Oversight of major acquisition programs is critical to obtaining the new capability that DHS needs to combat evolving threats. As reported by the U.S. Government Accountability Office (GAO), each year, DHS invests billions of dollars in a diverse portfolio of major acquisition programs to help execute its many critical missions. DHS and its components are acquiring capabilities to help secure the border, increase marine safety, screen travelers, enhance cybersecurity, improve disaster response, and execute a wide variety of other operations. In FY 2021, DHS planned to spend more than \$7 billion on major

³⁹ [Lessons Learned from Prior Reports on Disaster-related Procurement and Contracting](#), OIG-18-29, Dec. 2017; [Lessons Learned from FEMA's Initial Response to COVID-19](#), OIG-21-64, Sept. 2021; [Summary and Key Findings of Fiscal Year 2015 FEMA Disaster Grant and Program Audits](#), OIG-17-13, Nov. 2016.

⁴⁰ [FEMA Has Made More than \\$3 Billion in Improper and Potentially Fraudulent Payments for Home Repair Assistance since 2003](#), OIG-20-23, Apr. 2020; [FEMA Has Paid Billions in Improper Payments for SBA Dependent Other Needs Assistance since 2003](#), OIG-20-60, Aug. 2020; [FEMA Has Not Prioritized Compliance with the Disaster Mitigation Act of 2000, and Hindering Its Ability to Reduce Repetitive Damages to Roads and Bridges](#), OIG-21-43, July 2021.

⁴¹ [DHS' Office of the Chief Procurement Officer Fiscal Year 2021 Annual Report, Priority 3 – Enhance Mission Capabilities](#).



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

acquisition programs. In FY 2022, DHS plans to spend more than \$5 billion on major acquisition programs, and, ultimately, the Department plans to invest more than \$240 billion over the life cycle of these programs. Most of DHS' major acquisition programs have lifecycle costs of at least \$300 million and take multiple years to acquire.⁴²

We continue to identify issues with poorly defined operational requirements for assets being acquired, adherence to the DHS Acquisition Lifecycle Framework, contract oversight, and reporting.⁴³ Without effective oversight and plans, DHS cannot ensure systems are meeting critical system performance requirements or mitigating future vulnerabilities. Additionally, the Department may fund future systems without accurately defining capability needs.

WHAT PROGRESS HAS DHS MADE?

DHS continues to make progress in its acquisition program oversight processes and controls through implementation of a revised acquisition management directive and a revised acquisition instruction.⁴⁴ DHS continues to update acquisition management policy and guidance, including specific guidance on developing operational requirements and sharing lessons learned across acquisition programs.

WHAT DHS STILL NEEDS TO DO

DHS needs to continue to grow and mature the Joint Requirements Council and its requirements process the Joint Requirements and Integration Management System as well as other requirements determination guidance. DHS' Office of Program Accountability and Risk Management needs to continue to strengthen oversight of acquisitions programs to ensure they follow all key steps in the Acquisition Lifecycle Framework. DHS also needs to reinforce the use of the checklists, job aids, and guides developed by the DHS Office of the Chief Procurement Officer. DHS and its components also need to address multiple unresolved and open recommendations from OIG's previous reports.⁴⁵

⁴² [GAO's DHS Annual Assessment, GAO-21-175 and GAO-22-104684.](#)

⁴³ For example, [CBP and CWMD Need to Improve Monitoring and Maintenance of Radiation Portal Monitor Systems \(Redacted\)](#), OIG-22-39, Apr. 2022.

⁴⁴ DHS 102-01 Rev. 03.1 approved in February 2019; DHS 102-01-001 Rev. 01.3 approved in January 2021.

⁴⁵ [CBP Has Not Demonstrated Acquisition Capabilities Needed to Secure the Southern Border](#), OIG-20-52, July 2020; [DHS Grants and Contracts Awarded through Other Than Full and Open Competition, FYs 2018 and 2019](#), OIG-21-17, Feb. 2021; [U.S. Customs and Border Protection's Acquisition Management of Aviation Fleet Needs Improvement to Meet Operational Needs](#), OIG-21-53, Aug. 2021.



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



Building the Department You Deserve: DHS's [2022 Priorities](#)

Every day, our Department interacts more frequently with the public than any other federal agency. [Building on a strong year of progress in 2021](#) and seeking to enhance our capabilities in key mission areas, **Secretary Mayorkas and the leadership team across all DHS components developed 12 priorities to guide our Department's strategic focus this year.**

Each of you play a vital role in accomplishing these priorities. As we approach our Department's 20th anniversary next year, these priorities will complement your individual office and agency goals and meaningfully advance our critical mission.

Organizational Advancement

1. **Increase our effectiveness** through transformational, cross-cutting initiatives: Strengthen our workforce, enhance our incident management capabilities, bolster our operational management, and better integrate the work of our component agencies and personnel so that we are drawing on our best resources to prepare for and respond to complex and dynamic events
2. **Champion our workforce and a culture of excellence** internally and externally: Enhance employee engagement, build and maintain a culture of recognition, and champion the successes of our dedicated workforce
3. **Increase openness and accountability:** Build and maintain trust with the communities we serve through improved data transparency, robust



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

external communication, and strengthened oversight and disciplinary systems

4. **Advance Diversity, Equity, Inclusion, and Accessibility (DEIA)** in our workforce and **protect the privacy, civil rights, civil liberties, and human rights** of the communities we serve: Ensure our Department reflects the diversity of the communities we serve and ensure that our programs, policies, and operations improve equity and protect privacy, civil rights, and civil liberties
5. **Innovate and harness technology** to advance mission delivery: Adopt innovative approaches to optimize our operations and mission fulfillment and improve the customer experience
6. **Maximize our international impact** and strength: Leverage our international footprint and relationships to advance homeland security objectives, and unify and fortify Department efforts to counter threats from China

Mission-Specific Advancement

7. **Combat all forms of terrorism and targeted violence:** Counter all forms of terrorism, including through enhancing domestic and international information sharing, empowering communities, strengthening screening and vetting, and addressing new and emerging threats such as unmanned aerial vehicles
8. **Increase cybersecurity** of our nation's networks and critical infrastructure, including election infrastructure: Lead federal efforts to increase nationwide resilience across the public and private sectors, and continue playing a lead role in responding to major cybersecurity incidents
9. **Secure our borders and modernize ports of entry:** Harness technology at and between ports of entry, improve intelligence and information capabilities, and give our dedicated workforce the tools they need to secure our nation's borders, including interdicting irregular migration and illicit flows of drugs, weapons, and other contraband
10. **Build a fair, orderly, and humane immigration system:** Develop and implement regional migration solutions, lawful pathways as alternatives



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

to irregular migration, and enhanced policies and processes to expeditiously and fairly administer our nation's laws and uphold our values as a nation of immigrants

11. **Ready the nation to respond to and recover from disasters and combat the climate crisis:** Increase our investments in community resilience and adaptation and improve our disaster readiness capabilities
12. **Combat human trafficking, labor exploitation, and child exploitation:** Apply our resources and personnel to identify and protect victims, bring perpetrators to justice, and prevent the entry into the U.S. of products made with forced labor



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix C
Management Comments

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



**Homeland
Security**

October 17, 2022

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

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

**JIM H
CRUMPACKER**

Digitally signed by JIM H
CRUMPACKER
Date: 2022.10.17 13:58:55
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SUBJECT: Management Response to Draft Report: "Major Management and Performance Challenges Facing the Department of Homeland Security" (Project No. 23-003-NONE-DHS)

Thank you for the opportunity to comment on this draft report. Senior U.S. Department of Homeland Security (DHS or the Department) leadership appreciates the Office of Inspector General's (OIG's) independent research, assessment, and judgment identifying what the OIG considers the most serious management and performance challenges facing the Department, and DHS's progress in addressing these challenges.

DHS leadership, program officials, and subject matter experts throughout the Department will give appropriate consideration to the OIG perspectives offered in this report as part of continuing efforts to improve the effectiveness and efficiency with which the Department carries its mission of safeguarding the American people, our homeland, and our values.

Leadership, however, is concerned that OIG's major management and performance challenges (MMPC) report could be misleading to some readers about Departmental efforts to successfully carry out its mission. This is because of inaccurate, contextually incomplete, and confusing statements in the draft report resulting in misinformation, which calls into question the quality control processes OIG has in place to ensure its reporting can be relied upon by others. Selected examples include:

- The enacted funding and other dollar figures OIG references as part of the "Ensuring Proper Financial Management and Oversight" challenge in the draft report are not accurate. For example, it appears OIG used the fiscal year (FY)



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

2022 U.S. House of Representatives “mark up” version of legislation instead of the enacted values from the actual appropriations law¹ when stating:

“For FY 2022, Congress provided funding of \$52.81 billion, an increase of \$934 million compared with FY 2021. It provided total funding of \$76.15 billion, including \$18.8 billion for major disaster response and recovery and \$4.57 billion offset by fee collections.”

However, for FY 2022, Congress actually provided Adjusted Net Discretionary funding of \$58 billion, an increase of \$6.1 billion compared with FY 2021. In total, the final bill provided total funding of \$94.8 billion, including \$18.8 billion for major disaster response and recovery and \$18 billion from “Fees, Mandatory, & Rescissions.”

Also, it is unclear from where OIG sourced information that DHS received \$19 billion from the “Infrastructure Investment and Jobs Act” (referenced as part of the “Securing Cyberspace and Critical Infrastructure” challenge) when DHS actually received \$8 billion.

- The Department is concerned that the “Strengthening Oversight and Management of Major Systems Acquisition and Procurement” challenge does not clearly differentiate procurement, acquisition, and requirements oversight roles, thus creating an opportunity for confusion about these activities in the minds of readers of OIG’s report. For example, after focusing on acquisition budgets, acquiring assets, and the acquisition lifecycle framework (ALF) as to “Why Is This A Challenge,” OIG references DHS’s Office of the Chief Procurement Officer “checklists, job aids, and guides” as part of “What DHS Still Needs To Do.” This leaves the impression that this office supports acquisitions, which it does not. In addition, OIG’s narrative mentions specific guidance on operational requirements development as part of updated acquisition policy and guidance, but omits the relevant fact that operational requirements development policy and guidance is governed by the Joint Requirements Council (JRC), which works closely with, but is independent from, the DHS Office of Program Accountability and Risk Management.

The Department also does not believe the report adequately recognizes the strides DHS has made overseeing capability needs and operational requirements, especially as regards OIG’s statement that “the Department may fund future systems without accurately defining capability needs.” To the contrary, the JRC effectively governs the Department’s requirements process through the Joint Requirements Integration and Management System (JRIMS), which ensures:

¹ Public Law 117-103, “Consolidated Appropriations Act, 2022”



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

- (1) transparency across the Department;
- (2) that capability needs are valid and traceable to strategic goals;
- (3) that operational requirements are well-defined; and
- (4) that opportunities for common efforts are identified.

JRC’s actions and the JRIMS process also ensure the appropriate level of visibility and oversight on Component activities well before program establishment to deliver or field a new product or capability.

DHS also noted that only 1 of the 6 reports (i.e., OIG-22-39, “CBP and CWMD Need to Improve Monitoring and Maintenance of Radiation Portal Monitor Systems”) referenced in footnote 42 and used to support “Why Is This A Challenge” arguably pertained to OIG’s major systems acquisition-related statements regarding the ALF and operational requirements. The other reports addressed contract/procurement issues. Specifically, conducting an operational analysis to ensure that a system is meeting mission is part of the ALF, but assessing a fielded capability does not correlate directly with future funding of systems without accurately defining capability needs, which is a separate and thorough process which takes place before acquiring/fielding.

- As part of several challenges, OIG’s draft report states that “DHS and its Components also need to address multiple unresolved and open recommendations from OIG’s previous reports,” but in doing so creates what the Department believes is a fragmented and misleading presentation of the issue. For example, as part of the “Strengthening Oversight and Management of Major Systems Acquisition and Procurement” challenge, the aforementioned statement was linked to the four previously published reports referenced in footnote 44. However, only 2 of 18 (11 percent) recommendations in these reports are currently “open and unresolved.” Of the other 89 percent, 13 of the 18 (72 percent) have already been closed **with OIG agreement**, and 3 of 18 recommendations (17 percent) are currently “open and resolved” (i.e., no disagreement exists). In addition, two of the four reports (50 percent) OIG cites in this footnote as having “open and unresolved” recommendations do not.²

Department officials understand the value of minimizing the number of open and unresolved recommendations to the greatest extent possible, but having no such recommendations is an aspirational goal, as some level of efforts to resolve disagreements will likely always take place between DHS and OIG, as well as the U.S. Government Accountability Office (GAO), for that matter. DHS leadership is proud that its program officials and others have reduced the number of open and

² OIG-20-19, “PALMS Funding Did Not Comply with Federal Appropriations Law,” dated March 24, 2020; and OIG-21-53, “U.S. Customs and Border Protection’s Acquisition Management of Aviation Fleet Needs Improvement to Meet Operational Needs,” dated August 9, 2021.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

unresolved OIG recommendations more than 6 months old from a high of 691 during FY 2011 to the current number of about 35, only two of which involve acquisition or procurement-related issues. That said, some of DHS's currently open and unresolved recommendations represent "hard non-concurrences," from a Component-level perspective, which program office and OIG staff have been unsuccessful at reaching agreement on despite holding numerous follow-up meetings and discussions in the months and years after the original audit reports were issued.

Of significance, although not noted in OIG's draft MMPC report, DHS continues to strictly adhere to a self-imposed practice of not closing any open OIG or GAO recommendations without first reaching agreement with respective audit staff to do so. This provides Congress and the public added confidence that the Department has taken appropriate actions to implement these recommendations or otherwise resolve any disagreements.

In addition, it is important to note that, in accordance with Office of Management and Budget Circular A-50, "Audit Follow-up," the Secretary of Homeland Security has established a process whereby the Inspector General can elevate any open and unresolved recommendation to the Under Secretary for Management for a final resolution determination (i.e., whether to implement or not implement). However, the OIG has not taken advantage of this process since January 2018, nearly 5 years ago.

- Many of the examples cited in the OIG's draft MMPC report focus on highlighting the findings and conclusions of OIG auditors, evaluators, and inspectors summarized in previously published reports, generally without including any Departmental perspective on these issues. It is important to recognize that various DHS leaders, program officials, and subject matter experts expressed significant concerns about and disagreement with many of OIG's findings and conclusions at the time these reports were issued, as discussed in those reports.

For example, under the "Managing Detention Conditions" challenge, OIG referenced a Management Alert issued recommending the immediate removal of all detainees from the Torrance County Detention Facility (TCDF) due to safety risks and unsanitary living conditions.³ However, no reference was made to U.S. Immigration and Customs Enforcement (ICE) leadership's disagreement with OIG's recommendation and concerns about the accuracy and integrity of this report, and whether it met the "Quality Standards for Inspection and Evaluation" issued by the Council of Inspectors General on Integrity and Efficiency (i.e., the

³ OIG-22-31, "Management Alert – Immediate Removal of All Detainees from the Torrance County Detention Facility," dated March 16, 2022.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

“Blue Book”), dated December 2020. In a number of instances, it appeared the
OIG had mischaracterized evidence and ignored facts presented to it. This
included, according to ICE El Paso field office personnel, disconcerting and
unprofessional behavior by an OIG inspector during the TCDF inspection.

ICE is also concerned that corrective actions have not been acknowledged by the
OIG. The TCDF completed a majority of the repairs to address conditions
identified prior to the conclusion of the OIG’s inspection and the remaining repairs
were completed by April 30, 2022. ICE provided documentation to OIG
demonstrating completion of these repairs.

In another example under the “Coordinating Border Security Efforts and
Managing Migrant Surges and Resettlements” challenge, OIG references a report
questioning the processes used to screen, vet, and inspect all Afghan evacuees
arriving in the United States as part of Operation Allies Refuge/Operation Allies
Welcome (OAW).⁴ However, many of OIG’s claims are not accurate, which DHS
program officials, subject matter experts, and others repeatedly relayed to OIG
during the audit through significant efforts and multiple attempts to provide the
OIG a comprehensive understanding of the extensive details related to the
numerous facts and nuances of the unprecedented OAW vetting process.

For example, OIG’s draft report did not adequately reflect the *interagency* and
multi-layered vetting process that started overseas, continued at the U.S. Port of
Entry (POE), and is currently ongoing with recurrent vetting. OIG claimed that
U.S. Customs and Border Protection (CBP) was unable to appropriately “screen,
vet, and inspect” all Afghan nationals during the recent operation, when CBP was
only one part of an interagency screening and vetting process and did, in fact,
screen, vet, and inspect all Afghan nationals at the POE.

OIG’s draft report also used specific examples to allege that the vetting system
does not work, when in fact, these examples highlight how the process worked as
intended. Specifically, the report stated that two individuals were paroled into the
United States with derogatory information in their vetting records, which is
incorrect. In March 2022, DHS provided the OIG with information on these two
individuals, clarifying that they were cleared by the interagency vetting process at
the time of travel, and no derogatory information was reported prior to their parole
into the United States. Although DHS provided information to the OIG on
multiple occasions to clarify the end-to-end screening and vetting processes and
the specifics about the two referenced individuals, this information was not

⁴ OIG-22-64, “DHS Encountered Obstacles to Screen, Vet, and Inspect All Evacuees during the Recent Afghanistan
Crisis,” REDACTED, dated September 6, 2022.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

included in the final report, and the mistakes and omissions are repeated in the OIG's draft MMPC report.

- The “Law Enforcement Unity of Effort” sub-challenge under the “Countering Terrorism and Homeland Security Threats” challenge does not mention the significant progress DHS has made to better manage and coordinate DHS law enforcement with creation of the Law Enforcement Coordination Council (LECC) in October 2021. Comprised of the leadership of the operational law enforcement Components and offices, as well as relevant headquarters support and oversight offices, the LECC has three subcommittees focusing on use of force policy, training, and law enforcement administration. In FY 2022, the LECC was successful in implementing new use of force reporting, updating the use of force policy, reviewing law enforcement training programs, and beginning to address several requirements related to Presidential Executive Order 14074, “Advancing Effective, Accountable Policing and Criminal Justice Practices to Enhance Public Trust and Public Safety,” dated May 25, 2022.
- The Department notes that the draft MMPC report does not include an “Objective, Scope, and Methodology” section like most OIG reports. Such a section would provide readers of the report important insights about the independent research OIG undertook to identify the challenges highlighted, thus facilitating a better understanding of OIG's perspective.

Again, thank you for the opportunity to review and comment on this draft report. DHS also submitted technical comments addressing several accuracy, contextual and other concerns under a separate cover for OIG's consideration.



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Department of Homeland Security
Office of Inspector General, Mail Stop 0305
Attention: Hotline
245 Murray Drive, SW
Washington, DC 20528-0305



Appendix A: Acronyms

A

ACE – Automated Commercial Environment
AFR – Agency Financial Report
AGA – Association of Government Accountants
ALC – Aviation Logistics Center
AMVER – Automated Mutual Assistance Vessel Rescue
APG – Agency Priority Goal
APP – Annual Performance Plan
APR – Annual Performance Report
ARPA – American Rescue Plan Act, 2021
ATON – Aids to Navigation

B

BFR – Biennial Fee Review
BP – British Petroleum
BRS – Blended Retirement System

C

CAA – Consolidated Appropriations Act
CAESG – Climate Adaption Enterprise Steering Group
CARES – Coronavirus Aid, Relief, and Economic Security Act, 2020
CBP – U.S. Customs and Border Protection
CBRN – Chemical, Biological, Radiological and Nuclear
CDC – Centers for Disease Control and Prevention
CDM – Continuous Diagnostic and Mitigation Dataset
CDL – Community Disaster Loans
CEAR – Certificate of Excellence in Accountability Reporting
CFIUS – Committee on Foreign Investment in the United States
CFO – Chief Financial Officer
CFTF – Cyber Fraud Task Force

CIGP – Citizenship and Integration Grant Program
CFR – Code of Federal Regulations
CIO – Chief Information Officer
CISA – Cybersecurity and Infrastructure Security Agency
COBRA – Consolidated Omnibus Budget Reconciliation Act, 1985
COLA – Cost of Living Allowance
COP – Common Operating Picture
COTS – Commercial Off-the-Shelf
CPI – Consumer Price Index
CS – CyberSentry
CSR – Cancer Statistics Review
CSRS – Civil Service Retirement System
CT – Computed Tomography
CTMS – Cybersecurity Talent Management System
C-UAS – Counter Unmanned Aircraft Systems
CWMD – Countering Weapons of Mass Destruction Office

D

DADLP – Disaster Assistance Direct Loan Program
DC – District of Columbia
DCIA – Debt Collection Improvement Act, 1996
DCM – Disaster Case Management
DEF – Disaster Emergency Fund
DHS – Department of Homeland Security
DIEMS – Date of Initial Entry into Military Service
DOD – U.S. Department of Defense
DOJ – Department of Justice
DOL – U.S. Department of Labor
DPIO – Deputy PIO
DRF – Disaster Relief Fund

Acronym List



E

EDS – Explosive Detection System
EMS – Emergency Medical Services
EOIR – Executive Office for Immigration Review
ERM – Enterprise Risk Management
ERO – Enforcement and Removal Operations
ESTA – Electronic System for Travel Authorization

F

FAA – DHS Financial Accountability Act
FBwT – Fund Balance with Treasury
FCEB – Federal Civilian Executive Branch
FCRA – Federal Credit Reform Act, 1990
FECA – Federal Employees Compensation Act, 1916
FEMA – Federal Emergency Management Agency
FERS – Federal Employees Retirement System
FEVB – Federal Employee and Veterans' Benefits
FFMIA – Federal Financial Management Improvement Act, 1996
FISMA – Federal Information Security Management Act
FLETC – Federal Law Enforcement Training Centers
FLETF – Forced Labor Enforcement Task Force
FMA – Flood Mitigation Assistance
FMFIA – Federal Managers' Financial Integrity Act
FPS – Federal Protective Service
FR – Financial Report
FRDAA – Fraud Reduction and Data Analytics Act
FSM – Financial Systems Modernization
FY – Fiscal Year

FYHSP – Future Years Homeland Security Program

G

GAAP – Generally Accepted Accounting Principles
GAO – U.S. Government Accountability Office
GETS – Government Emergency Telecommunications Service
GPR – Government Performance and Results Act, 1993
GPRAMA – GPR Modernization Act, 2010
GS – General Service
GSA – General Services Administration
GTAS – Government-wide Treasury Account Symbol

H

HFIAA – Homeowner Floor Insurance Affordability Act
HHS – Health and Human Services
HMGP – Hazard Mitigation Grant Program
HSI – Homeland Security Investigations
HSIN – Homeland Security Information Network
HVA – High Value Assets

I

IA – Individual Assistance
I&A – Office of Intelligence and Analysis
IAFF – International Association of Firefighters
ICE – U.S. Immigration and Customs Enforcement
ICMM – Internal Control Maturity Model
ICOFR – Internal Control Over Financial Reporting
IEFA – Immigration Examination Fee Account
IHP – Individuals and Households Program



IJA – Infrastructure Investment and Jobs Act, 2022

INA – Immigration and Nationality Act

IPE – Information Produced by Entity

IPERA – Improper Payments Elimination and Recovery Act, 2010

IPERIA – Improper Payments Elimination and Recovery Improvement Act, 2012

IPIA – Improper Payments Information Act, 2002

IT – Information Technology

ITGC – Information Technology General Controls

J

JPMO – Joint Program Management Office

L

LOI – Letter of Intent

M

MERHCF – Medicare–Eligible Retiree Health Care Fund

MGMT – Management Directorate

MHS – Military Health System

MPAC – Multimodal Public Areas Capabilities

MPHISE – Medical and Public Health Information Sharing System

MRS – Military Retirement System

N

NCFI – National Computer Forensics Institute

NDAA – National Defense Authorization Act

NETC – National Emergency Training Center

NFIP – National Flood Insurance Program

NHTSA – National Highway Traffic Safety Administration

NISAC – National Infrastructure Simulation and Analysis Center

NOAA – National Oceanic and Atmospheric Administration

NOC – National Operations Center

NPFC – National Pollution Funds Center

NRCC – National Response Coordination Center

NRMC – National Risk Management Center

O

OAW – Operation Allies Welcome

O&S – Operations & Support

OCPO – Chief Procurement Officer

OIG – Office of Inspector General

OMB – Office of Management and Budget

OM&S – Operating Materials and Supplies

OPA – Oil Pollution Act, 1990

OPCON – Operational Control

OPEB – Other Post Retirement Benefits

OPLA – Office of the Principal Legal Advisor

OPM – Office of Personnel Management

OPO – Office of Protective Operations

OPS – Office of Operations Coordination

ORB – Other Retirement Benefits

OSLTF – Oil Spill Liability Trust Fund

OSTP – Office of Science, Technology, and Policy

OTA – Other Transaction Agreement

P

PA – Public Assistance

PA&E – Program Analysis and Evaluation

PC&I – Procurement, Construction, and Improvement

PIIA – Payment Integrity Information Act, 2019

PIO – Performance Improvement Officer

PM – Performance Management

PMDF – Performance Measure Definition Form

PMIAA – Program Management Improvement and Accountability Act, 2015



Acronym List

PP&E – Property, Plant, and Equipment
PPBE – Planning, Programming, Budgeting,
and Execution
P.L. – Public Law

R

RSI – Required Supplementary Information

S

SA – Situational Awareness
SAR – Search and Rescue
SBA - Small Business Administration
SBR – Statement of Budgetary Resources
SFFAS – Statement of Federal Financial
Accounting Standards
SFRBTF – Sport Fish Restoration Boating
Trust Fund
SLTT – State, Local, Tribal, and Territorial
SNC - Statement of Net Cost
SOC – Service Organization Control
SOS – Schedule of Spending
SR – Strategic Review
S&T – Science and Technology Directorate
sUAS – Small UAS
SWB – Southwest Border

T

TAFS – Treasury Appropriation Fund Symbol
TBI – Treasury Breakeven Inflation
TCM – Trade Compliance Measurement
TCO – Transnational Criminal Organization
TSA – Transportation Security
Administration
TSP – Thrift Savings Plan
Treasury – Department of the Treasury

U

UAS – Unmanned Aerial System
U.S. – United States
UD – Uniformed Division

UFLPA – Uyghur Forced Labor Prevention
Act, 2022

UPR – Unearned Premium Reserve
US&R – Urban Search & Rescue
USACE – U.S. Army Corps of Engineers
USC – United States Code
USCG – U.S. Coast Guard
USCIS – U. S. Citizenship and Immigration
Services
USPS – U.S. Postal Service
USSGL – U.S. Standard General Ledger
USSS – U.S. Secret Service

V

VA – U.S. Department of Veterans Affairs
VP – Vendor Payment

W

WFFR – Wildland Firefighter Respirator
WYO – Write Your Own

X

XRD – X-ray Diffraction

Appendix B: Acknowledgements



This 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 2022 Agency Financial Report for their hard work and contributions.

