



Department of Homeland Security Office of Inspector General

Review of the U.S. Department of Homeland Security's Recovery Act Plan



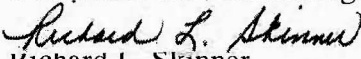
American Recovery and Reinvestment Act of 2009



Homeland Security

FEB 18 2010

MEMORANDUM FOR: The Honorable Elaine C. Duke
Under Secretary for Management

FROM: 
Richard L. Skinner
Inspector General

SUBJECT: *Final Letter Report: Review of the U.S. Department of
Homeland Security's Recovery Act Plan (OIG-10-57)*

Attached for your information is our report, *Review of the U.S. Department of Homeland Security's Recovery Act Plan*. The department did not provide comments on a draft of this report for inclusion in the final report. The report does not contain recommendations.

The Department of Homeland Security generally developed a practical and comprehensive plan to provide transparency and oversight of Recovery Act funds. DHS implemented transparency and oversight mechanisms to ensure compliance with Office of Management and Budget Guidance.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Should you have any questions, please call me, or your staff may contact Anne L. Richards, Assistant Inspector General for Audits, at (202) 254-4100.

Background

The *American Recovery and Reinvestment Act of 2009*, Public Law 111-5 (Recovery Act) was enacted on February 17, 2009, injecting \$787 billion in federal funds into the economy to preserve and stimulate economic growth in the United States. The Recovery Act made supplemental appropriations to federal departments and agencies for infrastructure investment, energy efficiency and science, assistance to the unemployed and disabled veterans, and state and local stabilization. The Department of Homeland Security (DHS) received approximately \$2.8 billion for equipment, construction, infrastructure improvement, and emergency management grants.

The Recovery Act called for unprecedented levels of transparency and accountability and included provisions for the establishment of a website (Recovery.gov) that would allow the public to monitor the progress of the stimulus package. The Office of Management and Budget (OMB) required each agency to develop formal plans to ensure accountability and transparency of Recovery Act funds. OMB also provided government-wide requirements and guidelines to manage Recovery Act activities through Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, dated April 3, 2009 (OMB Guidance). DHS issued its Recovery Act plan on May 15, 2009. We conducted this review to determine whether DHS developed a practical and comprehensive plan to ensure transparency and oversight of Recovery Act funds and complied with OMB Guidance.

Results of Review

DHS generally developed a practical and comprehensive plan to provide transparency and oversight of Recovery Act funds. DHS implemented transparency and oversight mechanisms to ensure compliance with OMB Guidance; however, at the time of our review, DHS was still in the process of assessing its controls to ensure the validity of the data reported to Recovery.gov. We address issues related to data quality in a separate report, *Process Used by the Department of Homeland Security to Monitor Reporting by Recipients of American Recovery and Reinvestment Act of 2009 Funds*, OIG-10-08, October 2009.

DHS Developed a Practical and Comprehensive Recovery Act Plan

DHS generally developed a practical and comprehensive plan to manage and oversee the spending of the Recovery Act funds. DHS' plan summarized the broad Recovery Act goals and detailed how the specific component plans met the objectives of the Recovery Act as required by OMB. DHS also integrated prudent management principles into its Recovery Act plan. For example, the plan described the accountability mechanisms senior managers use to regularly review and assess the performance of the programs receiving Recovery Act funds. The plan also identified areas of risk and the strategies that DHS implemented to mitigate the risks.

Transparency of Recovery Act Funds and Activities

DHS met its transparency requirements by providing a summary of obligations (total dollars made available) and outlays (total dollars paid out), milestones achieved, and major planned actions for its Recovery Act funds. DHS reported this information weekly to OMB for submission to Recovery.gov. In addition, DHS created its own website (dhs.gov/recovery) to further increase transparency by providing information such as:

- An explanation of the implementation of the Recovery Act,
- An overview of DHS programs affected by the Recovery Act,
- Component plans and weekly reports, and
- Links directing vendors to information regarding opportunities and awards.

Oversight of Recovery Act Funds

DHS met its oversight obligations by implementing a multilayered approach to oversee the spending of Recovery Act funds and ensure compliance with OMB Guidance. This approach included program reviews to provide oversight of obligations and outlays for each program receiving Recovery Act funds. The program reviews included an overview of each project receiving Recovery Act funds, the program structure chart, contract strategy or type, cost and schedule, staffing, post-award oversight, and risks or issues. The reviews also assessed major management challenges facing DHS in relation to the Recovery Act funds.

DHS developed an Internet reporting tool, the Electronic Program Management Office (ePMO) system, to record and track the components' Recovery Act obligations and outlays. Components enter information manually into the ePMO system, which generates weekly reports for DHS management, component senior accountable officials, and budget points of contact. DHS management performs a broad-level review of the obligations and outlays listed in the weekly reports before submitting this information to Recovery.gov.

As part of the multilayered approach to oversight of Recovery Act funds, DHS management participates in the following meetings:

- Daily internal management meetings
- Weekly meetings with the Vice President of the United States
- Weekly teleconferences with other federal agencies
- Weekly meetings and briefings with DHS management, component senior accountable officials, and the Secretary of Homeland Security
- Weekly meetings with component leads
- Biweekly meetings with OMB

Data Validation Controls

At the time of our review, DHS was still in the process of assessing its controls to ensure the validity of the data reported to Recovery.gov. DHS was evaluating its controls over transparency and oversight to create a detailed design and operating assessment. DHS intended to use the completed design and operating assessment to help establish data validation controls. We address issues related to data quality in a separate report, *Process Used by the Department of Homeland Security to Monitor Reporting by Recipients of American Recovery and Reinvestment Act of 2009 Funds*, OIG-10-08, October 2009.

Management Comments

The department did not provide written comments on a draft of this report. We discussed this report with agency officials and where appropriate incorporated their verbal comments.

Appendix A

Purpose, Scope, and Methodology

Our objective was to determine whether DHS developed a practical and comprehensive plan to provide oversight and ensure transparency for the expenditure of Recovery Act funds according to OMB guidance and prudent management principles.

To accomplish our objective, we:

- Reviewed OMB Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, April 3, 2009 to determine guidance applicable to agency-wide Recovery Act plans;
- Reviewed DHS' Recovery Act Plan, *Creating Jobs While Making America Safer*, U.S. Department of Homeland Security *Recovery Act Plan*, dated May 15, 2009, to determine whether the plan is practical and comprehensive and in compliance with OMB Memorandum M-09-15;
- Reviewed component programs for compliance with OMB Memorandum M-09-15; and
- Interviewed senior accountable officials, as well as officials representing the Offices of the Chief Information Officer, Financial Operations, Procurement, and the program management offices.

We performed fieldwork at DHS facilities in the Washington, DC area. We conducted our review between April and August 2009 under the authority of the *Inspector General Act of 1978*, as amended.

We appreciate the cooperation by DHS management and staff in providing the information and access necessary to accomplish this review.

Appendix B
Major Contributors to this Report

Linda Howard, Director
Sean Pettersen, Audit Manager
Brian Blaha, Auditor
Lindsey Cabral, Auditor
Thomas J. Bobrowski, Program Analyst
Lisa Vonder Haar, Desk Officer

Appendix C
Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff for Operations
Chief of Staff for Policy
Deputy Chiefs of Staff
General Counsel
Executive Secretary
Director, GAO/OIG Liaison Office
Assistant Secretary for Office of Policy
Assistant Secretary for Office of Public Affairs
Assistant Secretary for Office of Legislative Affairs

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees, as appropriate



ADDITIONAL INFORMATION AND COPIES

To obtain additional copies of this report, please call the Office of Inspector General (OIG) at (202) 254-4100, fax your request to (202) 254-4305, or visit the OIG web site at www.dhs.gov/oig.

OIG HOTLINE

To report alleged fraud, waste, abuse or mismanagement, or any other kind of criminal or noncriminal misconduct relative to department programs or operations:

- Call our Hotline at 1-800-323-8603;
- Fax the complaint directly to us at (202) 254-4292;
- Email us at DHSOIGHOTLINE@dhs.gov; or
- Write to us at:
DHS Office of Inspector General/MAIL STOP 2600,
Attention: Office of Investigations - Hotline,
245 Murray Drive, SW, Building 410,
Washington, DC 20528.

The OIG seeks to protect the identity of each writer and caller.