OFFICE OF INSPECTOR GENERAL

United States Coast Guard's Management Letter for DHS' FY 2015 Financial Statements Audit

Homeland Security

May 3, 2016

OIG-16-77

DHS OIG HIGHLIGHTS

United States Coast Guard's Management Letter for DHS' FY 2015 Financial Statements Audit

May 3, 2016

Why We Did This Audit

The *Chief Financial Officers Act of 1990* (Public Law 101-576) and the *Department Of Homeland Security Financial Accountability Act* (Public Law 108-330) require us to conduct an annual audit of the Department of Homeland Security's (DHS) consolidated financial statements and internal control over financial reporting.

For Further Information:
Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

KPMG LLP, under contract with the DHS Office of Inspector General, audited the United States Coast Guard's financial statements and internal control over financial reporting for fiscal year (FY) 2015. The resulting management letter contains 13 observations related to internal controls and other operational matters for management's consideration. KPMG LLP noted internal control deficiencies and the need for improvement in several processes including financial disclosure reports; accounts receivable; civilian and military payroll; financial reporting process; and accounts payable accrual. These deficiencies are not considered significant and were not required to be reported in the *Independent Auditors' Report on DHS' FY 2015 Financial Statements and Internal Control over Financial Reporting,* dated November 13, 2015, included in the DHS FY 2015 *Agency Financial Report*. These observations are intended to improve internal control or result in other operating efficiencies.

OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

May 3 2016

MEMORANDUM FOR: Rear Admiral Todd A. Sokalzuk
Chief Financial Officer
United States Coast Guard

FROM: Mark Bell Mark Bell
Assistant Inspector General for Audits

SUBJECT: *United States Coast Guard's Management Letter for DHS' FY 2015 Financial Statements Audit*

Attached for your action is our final report, *United States Coast Guard's Management Letter for DHS' FY 2015 Financial Statements Audit.* This report contains 13 observations related to internal control deficiencies that were not required to be reported in our *Independent Auditors' Report on DHS' FY 2015 Financial Statements and Internal Control over Financial Reporting,* dated November 13, 2015, which was included in the Department of Homeland Security's (DHS) fiscal year (FY) 2015 *Agency Financial Report.* We do not require management's response to the recommendations.

The independent public accounting firm KPMG LLP conducted the audit of DHS' FY 2015 financial statements and is responsible for the attached management letter and the conclusions expressed in it.

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

Please call me with any questions, or your staff may contact Maureen Duddy, Deputy Assistant Inspector General for Audits, at (617) 565-8723.

Attachment

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

December 18, 2015

Office of Inspector General,
U.S. Department of Homeland Security, and
Chief Financial Officer
U.S. Department of Homeland Security, United States Coast Guard
Washington, DC

Ladies and Gentlemen:

In planning and performing our audit of the consolidated financial statements of the U.S. Department of Homeland Security (DHS or Department), as of and for the year ended September 30, 2015, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements. In conjunction with our audit of the general purpose financial statements, we also performed an audit of internal control over financial reporting in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The United States Coast Guard (USCG) is a component of DHS. During our audit we noted certain matters involving internal control and other operational matters, related to USCG, that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies. These matters are summarized in the Table of Financial Management Comments. The disposition of each internal control deficiency identified during our FY 2015 audits – as either reported in our *Independent Auditors' Report*, or herein as a financial management letter comment – is presented in Appendix A. Our findings related to information technology systems have been presented in a separate letter to the DHS Office of Inspector General, USCG Chief Information Officer and USCG Chief Financial Officer.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and on the effectiveness of internal control over financial reporting, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of USCG's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

The purpose of this letter is solely to describe comments and recommendations intended to improve internal control or result in other operating efficiencies. Accordingly, this letter is not suitable for any other purpose.

Very truly yours,

KPMG LLP

United States Coast Guard
Table of Financial Management Comments
September 30, 2015

TABLE OF FINANCIAL MANAGEMENT COMMENTS (FMC)

APPENDIX

FMC 15-01 – Financial Disclosure Reports *(NFR No. USCG 15-02)*

Controls over the confidential financial disclosure report (CFDR or Office of Government Ethics (OGE) Form 450) review process were not fully effective during the current year. Specifically, of the 35 samples tested, we noted:

- One instance in which the OGE-450 was completed subsequent to the February 15 filing deadline without evidence of a filing extension.

- Four instances in which the OGE-450 was not reviewed timely (within 60 days of receipt of the signed form from the filer).

- One instance in which the front section of the OGE-450 was not fully completed; and no evidence was available to support timely follow up by the reviewer to confirm the filer's intended response.

Recommendations:
We recommend that USCG notify personnel involved in the OGE-450 review process of training relating to the CFDR program that is available through the Office of Government Ethics MAX.GOV website. Office of Government Ethics provides ongoing training through live, web-based demonstrations and discussions that assist the CFDR program coordinators and reviewing officials to more fully understand their responsibilities. Additionally, USCG ethics officials should continue to notify CFDR program coordinators of their program responsibilities and remain available to answer any CFDR program responsibilities coordinators have.

FMC 15-02 – Operating Expense Process *(NFR No. USCG 15-03)*

Controls over the operating expense process were not designed and/or operating effectively. Specifically we noted that USCG:

- Lacked control procedures to ensure goods and services associated with intra-governmental payments were received. USCG Finance Center (FINCEN) personnel, accounting for Intra-Governmental Payment and Collection (IPAC) transactions reported from Treasury, relied on vendor-provided information to assign the accounting line to the transaction without verifying propriety of the charge. USCG personnel based accounting line distribution on the document information referenced on the face of the IPAC transmittal entered by the vendor. They performed a check to ensure that posting the transaction did not exceed available funding on that document. USCG policy and procedures prescribe this treatment for IPAC redistribution. We noted similar over-reliance on vendor-provided information associated with processing military cross-disbursing, Foreign Affairs Disbursing Office and Public Health Services payments.

- Control procedures were not operating effectively to ensure system errors related to recording of expense transactions were timely corrected for financial reporting as of June 30, 2015. Specifically, we noted one instance in which USCG incorrectly processed a transaction to record a receipt of services on June 1, 2015 and did not fully correct the error until subsequent to June 30, 2015 reporting.

- Controls within the Asset Material Management Information System were not fully effective to ensure accurate recordation of expenses for labor hours. Specifically, we noted six out of 21 instances in which expenses were recorded in excess of supporting invoices due to system limitations/rounding of labor hours.

- Policies and procedures related to approval of payments were not sufficiently and consistently documented. Specifically, the USCG FINCEN Commercial Payables Branch, Commercial Payments Section *Contracts Desk Guide* noted that payments under $2,500 are to be automatically routed for payment without Authorizing Certifying Official approval, whereas the USCG FINCEN Commercial Payables Branch, Commercial Payments Section *Standard Operating Procedures* noted that one Authorizing Certifying Official level of review is required.

- Lacked controls to ensure the proper recording of costs of goods sold. Specifically, we noted USCG recorded cutter fuel as inventory (SGL 1521) rather than operating materials and supplies (SGL 1511) and then recorded an expense to cost of goods sold (SGL 6500) rather than other expenses not requiring budgetary resources (SGL 6790).

Recommendations:
We recommend that USCG:

- Review the accounting for IPACs as well as military cross-disbursing, Foreign Affairs Disbursing Office and Public Health Services processes to determine where controls can be implemented to ensure USCG receives the goods and services associated with intra-governmental payments.

- Investigate underlying causes of system issues and implement corrective actions to mitigate risks.

- Update standard operating procedures to ensure consistency.

- Continue to work toward full transition of cutter fuel from the supply fund to operating expense.

FMC 15-03 – New Hire Ethics Requirements *(NFR No. USCG 15-04)*

Controls over the new hire ethics training were not operating effectively. Specifically, we noted seven out of 25 instances in which the ethics training was not completed within the first 90 days of hire date.

Recommendation:
USCG should continue to follow up with new hires to ensure that they complete their initial ethics training.

FMC 15-04 – Preparation of U.S. Government Accountability Office (GAO) Financial Audit Manual (FAM) 2010 Checklist *(NFR No. USCG 15-05)*

Control procedures were not properly designed and implemented for FY 2015 to ensure proper preparation of the GAO FAM 2010 Checklist. We noted based on current operations and processes, USCG's response of "Y", "N", or "N/A" was not correct and USCG comments were not consistent to properly explain responses. Specifically, we noted:

- USCG answered “Y” to recording donated items at fair value at the time of donation; however, per USCG policies, donated items are valued at historical cost or the current moving-average price. Additionally, USCG does not value excess, obsolete, or unserviceable operating materials and supplies at net realizable value. Thus, comments regarding the calculation of gains/losses associated with excess, obsolete, or unserviceable items were not consistently applied in the checklist responses based on operations.

- As remediation of policies and control process associated with general property, plant, and equipment (PP&E) continued throughout the current fiscal year, the referenced policies in the checklist were not consistent with current operations.

Recommendation:
USCG should continue to refine the implementation of the GAO FAM 2010 Checklist and Non-GAAP (Generally Accepted Accounting Principles) Analysis Standard Operating Procedure and ensure the roles and responsibilities are executed properly in the preparation of the GAO FAM 2010 Checklist.

FMC 15-05 – Fund Balance with Treasury *(NFR No. USCG 15-06)*

USCG lacked policies and controls to ensure that reconciling items identified in the fund balance with Treasury reconciliation process had been evaluated for material financial statement impact prior to submission of financial reporting information to the Department. USCG’s fund balance with Treasury account statement reconciliation (cited to support adjustments included in the financial data) was completed subsequent to the submission of that financial data, including those adjustments, to the Department. The June 2015 Government Wide Accounting (GWA) reconciliation was approved on July 23, 2015; the final June 2015 DHS Treasury Information Executive Repository (DHSTIER) file was submitted to DHS including 'cash' adjustments on July 13, 2015. We noted reconciling items associated for which explanations and support accompanying the reconciliation did not differentiate between legitimate timing differences and error/exception-type differences precluding a reviewer from assessing the financial statement impact of each category.

Military cross-disbursing and Foreign Affairs Disbursing Office transactions reported on the GWA/Central Accounting Reporting System statement comprised a portion of the reconciling items and adjustments recorded to each appropriated Treasury fund symbol to bring fund balance with Treasury to the amounts reported by Treasury. The Treasury statement provided a level of support for the transactions reported to Treasury by the other agency, but lacked independent verification by USCG of the validity of the charge prior to recording against appropriated funds. For the months October 2014 through June 2015, differences associated with military cross-disbursing and Foreign Affairs Disbursing Office averaged $5 million per month in total.

Recommendation:
USCG should refine fund balance with Treasury reconciliation procedures and controls to ensure reconciling items are properly evaluated and resolved and/or explained.

FMC 15-06 –Entity-Level Controls *(NFR No. USCG 15-07)*

Due to continuing remediation activities throughout FY 2015, USCG was unable to perform a full risk assessment over all of its business processes:

- Certain control weaknesses remain uncorrected as a number of prior year audit findings remain open.
- There were numerous risks and control objectives that did not have adequate control activities in place to either prevent or detect instances of material misstatement. As such, USCG was not able to perform a sufficient enterprise-wide full monitoring evaluation over all key control activities in FY 2015.

Controls over the hiring procedures for military employees were not operating effectively. Specifically, we noted 10 out of 20 instances in which the employee's Accession Checklist was not properly retained in accordance with documented policies and procedures.

Controls over the review of employee performance evaluations were not operating effectively. Specifically we noted the following:

- Twelve out of 15 civilian employees for which the initial performance plan was not reviewed by the employee and management timely.
- Three out of 15 instances in which the military employee's initial performance plan was not reviewed by the employee and management timely.

Controls over timely communication with regulatory authorities were not operating effectively. Specifically, we noted one out of 25 instances in which the inquiry response was not provided by the requested deadline.

Recommendations:
We recommend that USCG:

- Continue to perform its annual risk assessment as part of its internal controls assessment cycle.
- Strengthen controls and coordination between the USCG's Pay and Personnel Center and Servicing Personnel Offices to ensure Accession Checklists are properly retained.
- Reinforce existing policies and procedures over timely review of performance plans.
- Aggressively monitor the drafting and clearance of inquiries from regulatory authorities.

FMC 15-07 – Property, Plant, and Equipment Site Visit Observations *(NFR No. USCG 15-09)*

USCG's personal property asset count control was not operating effectively to ensure the completeness, existence, and accuracy of personal property assets. As of interim testwork, we noted the following:

- The USCG inventory procedures did not require aircraft or vessel upgrades to be inventoried; however, upgrades were entered into FA as separate asset records with their own associated costs.

- One instance in which the remnants of a destroyed aircraft was incorrectly recorded as an operational asset.

- One instance in which an asset currently not in use was incorrectly recorded as a general purpose asset.

- Inconsistencies were noted across units in following the USCG inventory procedures to inventory property by all five asset identifiers: description, tag number, model number, serial number and detailed location. Specifically, in performing site visit testwork, we noted:

  - Inconsistencies in recordation of serial number among small boats (one included the country-code prefix in the serial number, whereas another did not),

  - Inconsistencies in recordation of aircraft identification number among the HC-130H, Dolphin, Jayhawk, and HC144A aircraft classes (several were inventoried and recorded based on the tag number visible on the airframe, whereas several were inventoried and recorded based on the serial number noted on the plaque within the aircraft),

  - Inconsistencies in inventory process for the C27 aircraft class (count teams inventoried these aircraft based solely on tag number, as the aircraft identification number recorded in the system of record is the legacy Air Force serial number which is documented in a transfer memo for this asset class).

Control procedures over USCG's real property were not fully designed and implemented to ensure the completeness, existence, and accuracy of real property assets. As of interim testwork, we noted:

- Policies and control procedures related to the real property asset count process, including the count process for linear, utility, and remote assets, continued to be under remediation through September 30, 2015.

- One instance, while performing site visits, in which a light was not timely inspected or serviced.

Controls over the USCG personal and real property physical asset count were not operating effectively. We noted discrepancies between the asset record details per the population/system of record, and the assets physically inspected onsite. Specifically, we noted the following:

- Fifteen assets were not physically tagged.

- Discrepancies in the tag number for two asset records.

- Discrepancy in the minor classification for one asset record.

- Discrepancies in the serial number (or equivalent) for 13 asset records.

- Discrepancy in the description for one asset record.

Recommendation:
USCG should continue to develop and implement procedures and controls to ensure the effective reporting and accounting of property assets and associated inventories.

FMC 15-08 – Heritage Assets and Stewardship Property *(NFR No. USCG 15-15)*

Policies and control procedures over the review of all potential heritage personal property assets were not fully designed and implemented to ensure that all assets meeting criterion per Statements of Federal Financial Accounting Standards (SFFAS) No. 29, *Heritage Assets and Stewardship Land* were properly classified. As of interim audit testwork, policies and control procedures to document the determination of personal property assets as heritage were not yet disseminated.

Control procedures were not fully designed and implemented over the evaluation of real property heritage asset classification to ensure complete and accurate presentation of the heritage asset footnote. As of interim testwork, interim policies were developed, however, implementation of control procedures continued to be in remediation. Specifically we noted:

- Two instances out of 46 samples in which asset activity reported in the footnote was not sufficiently supported (i.e., fully vetted by the heritage asset review board, as required) as of June 30, 2015.

- One instance out of 46 samples in which an asset was incorrectly classified as a multi-use heritage asset and the subsequent correction to reclassify the asset to non-collection type heritage was not sufficiently documented.

- One instance out of 46 samples in which duplicate asset records were removed from the footnote due to real property remediation efforts.

As of final testwork, we noted 14 out of 14 samples in which asset records were removed from the footnote due to real property remediation efforts.

Recommendation:
USCG should monitor newly developed procedures to ensure controls are effective and strengthen controls over real property to ensure heritage assets are properly classified in a timely manner and are correctly identified as heritage or multi-use heritage.

FMC 15-09 – Accounts Receivable *(NFR No. USCG 15-18)*

Controls over the annual review of allowance for doubtful accounts were not appropriately designed to ensure allowance percentages are accurate. Specifically, USCG had not defined the precision to ensure the review was performed at a level that would detect a material misstatement. Additionally, the review of changes in collection rates and evaluation of fluctuations was not sufficiently evidenced.

Controls were not operating effectively to ensure all direct and indirect oil spill-related costs were reviewed prior to the billing of responsible parties. Specifically, we noted:

- One instance out of eight in which the reviewed expenditure inquiry did not contain the full costs on the invoice.

- One instance out of eight in which supporting documentation was not available for all expenditures billed on the invoice.

Controls were not designed and implemented to ensure accurate aging of billed accounts receivable. Specifically, we noted six instances out of 169 instances in which the aging bucket did not represent the actual days aged from the invoice date.

Policies and procedures over the recording of unbilled and billed allowance for doubtful accounts were not developed to ensure consistency of application to properly reflect accounts receivable balances that were expected to be uncollectible. Specifically, an allowance was not recorded for a receivable in the amount of $173 million for which there was not a reasonable expectation of payment.

Recommendation:
We recommend that USCG refine standard operating procedures, design and implement controls, and conduct training to ensure proper recording and of accounts receivable and allowance for doubtful accounts.

FMC 15-10 – Civilian and Military Payroll *(NFR No. USCG 15-19)*

Control procedures over the timesheet review and approval for civilian payroll were not operating effectively. Specifically, we noted:

- One instance out of 45 samples in which documentation to support the approval of overtime was not provided.

- One instance out of 45 samples in which overtime was taken prior to approval.

- Six instances out of 45 samples in which leave was taken prior to approval.

Control procedures over accessions of military personnel actions were not operating effectively. Specifically, we noted one instance out of 30 samples in which supporting documentation was not available to evidence an accession.

Recommendations:
USCG should continue to issue annual reminders to supervisors regarding the requirement for appropriate approvals of leave, premium pay, and time and attendance records in support of all activity within the time and attendance process. The USCG should also continue to require annual WebTA training for supervisors. The Office of Civilian Human Resources (OCHR) should continue to work to incorporate timecard reviews into Force Readiness Command’s Finance and Administration inspection team capabilities in order to improve unit level knowledge of recordkeeping requirements. The OCHR should continue monitoring the leave and overtime areas to identify trends and problem areas and work with the management of those

organization units where issues exist to implement changes to address any deficiencies or weaknesses identified.

USCG should continue to issue annual reminders to Training Center Cape May regarding the requirement for appropriate documentation of accession documents. The USCG should continue to work to incorporate appropriate reviews into recordkeeping requirements. The USCG should continue monitoring accession document processing to identify trends and problem areas. The USCG should work with the Training Center Cape May to implement changes to address any deficiencies or weaknesses identified.

FMC 15-11 – Accounts Payable Accrual *(NFR No. USCG 15-21)*

Controls over the accounts payable accrual were not operating effectively. Specifically, USCG personnel used inappropriate evidence to support receipt of goods and services for 22 of 159 sampled transactions selected from their retrospective review of the prior year accounts payable estimate. No associated substantive errors were identified when additional support was obtained for those sample items. USCG personnel also made an error in one accrual decision out of the sample of 159 based on the date of services provided. This error was not identified in the two levels of review documented on the associated test package. The incorrect accrual decision for that item resulted in an immaterial extrapolated error of approximately $217,000.

Recommendations:
USCG should continue to evaluate and validate its policies and procedures to ensure supporting documentation used for its accounts payable accrual process complies with established guidelines. In addition, USCG should continue to make recommendations and provide updates to the Documentation Matrix utilized in the accounts payable accrual process when documentation is discovered that would comply with the validation of when goods and or services are received by USCG personnel. Where applicable, the USCG should continue to utilize the "Memo to File" in support of providing dates relative to the transactions being tested to determine the impact on the accrual estimate.

FMC 15-12 – Preparation of Non-GAAP Analysis *(NFR No. USCG 15-25)*

USCG's non-GAAP analysis was not operating effectively. Specifically we noted the analysis excluded a full year quantitative assessment of materiality of each item identified in order to properly determine the impact to the year-end financial statements and record adjustments if necessary. In USCG's second FY 2015 analysis submission, management quantified the impact of many non-GAAP policies as of an interim date or as of a date prior to FY 2015 but did not reassess or project the impact as of September 30, 2015.

Recommendations:
USCG should develop and implement quantitative assessment procedures to more precisely define the financial statement impact of the non-GAAP policies and procedures for all identified areas. USCG should also further develop policy and procedures to track all non-GAAP accounting policies to include analysis to determine the full-year quantitative assessment amount.

FMC 15-13 – Financial Reporting Process *(NFR No. USCG 15-26)*

Controls over the preparation of the USCG Net Cost to Budget Reconciliation manual footnote were not properly designed and implemented. Specifically, we noted:

- Due to posting logic issues within Core Accounting System, purchases of capitalized property and inventory were not properly recorded to Standard General Ledger accounts 8801, 8802 and 8803. As a result, USCG utilized analytical procedures rather than the appropriate transactional level detail to support Line 15, Resources that finance the acquisition of assets of the Net Cost to Budget Reconciliation. Additionally, without proper controls over PP&E, USCG could not assure reliability of Line 15.

Recommendations:
USCG should continue using manual analytical procedures until posting logic functionality is corrected or the new financial system is implemented. USCG should review the expended obligations to proprietary costs and capitalized costs analytic to determine if a reconciliation can be implemented to identify the actual current year activity to address this line item of the Net Cost to Budget Reconciliation.

United States Coast Guard
Crosswalk – Financial Management Comments to Active NFRs
September 30, 2015

			Disposition			
			IAR			FMC
Component	**NFR No.**	**Description**	**MW**	**SD**	**NC**	**No.**
USCG	15-01	Opening Balances	A			
USCG	15-02	Financial Disclosure Reports				15-01
USCG	15-03	Operating Expense Process				15-02
USCG	15-04	New Hire Ethics Requirements				15-03
USCG	15-05	Preparation of U.S. Government Accountability Office (GAO) Financial Audit Manual 2010 Checklist				15-04
USCG	15-06	Fund Balance with Treasury				15-05
USCG	15-07	Entity-Level Controls				15-06
USCG	15-08	Environmental and Disposal Liabilities	A, C			
USCG	15-09	Property, Plant, and Equipment Site Visit Observations				15-07
USCG	15-10	Leases and Leasehold Improvements	C			
USCG	15-11	Internal Use Software and Internal Use Software in Development	C			
USCG	15-12	Construction in Process	A, C			
USCG	15-13	Personal Property and Equipment	A, C			
USCG	15-14	Real Property	A, C			
USCG	15-15	Heritage Assets and Stewardship Property				15-08
USCG	15-16	Operating Materials and Supplies	A, C			
USCG	15-17	Manual Journal Entries and On-Top Adjustments (Financial Reporting)	A			
USCG	15-18	Accounts Receivable				15-09
USCG	15-19	Civilian and Military Payroll				15-10
USCG	15-20	Intra-Governmental Transactions and Balances	A			
USCG	15-21	Accounts Payable Accrual				15-11
USCG	15-22	Actuarial Liabilities	A			
USCG	15-23	Federal Financial Management Improvement Act of 1996	A		K	
USCG	15-24	Budgetary Process – Undelivered Orders		D		
USCG	15-25	Preparation of Non-GAAP Analysis				15-12
USCG	15-26	Financial Reporting Process				15-13

United States Coast Guard
Crosswalk – Financial Management Comments to Active NFRs
September 30, 2015

[1]Disposition Legend:

IAR	Independent Auditors' Report dated November 13, 2015
FMC	Financial Management Comment
MW	Contributed to a Material Weakness at the Department-level when combined with the results of all other components
SD	Contributed to a Significant Deficiency at the Department-level when combined with the results of all other components
NC	Contributed to Non-Compliance with laws, regulations, contracts, and grant agreements at the Department-level when combined with the results of all other components
NFR	Notice of Finding and Recommendation

Cross-reference to the applicable sections of the IAR:

A	Financial Reporting
B	Information Technology Controls and Financial System Functionality
C	Property, Plant, and Equipment
D	Budgetary Accounting
E	Entity-Level Controls
F	Grants Management
G	Custodial Revenue and Refunds and Drawback
H	*Federal Managers' Financial Integrity Act of 1982* (FMFIA)
I	*Single Audit Act Amendments of 1996*
J	*Antideficiency Act*, as amended (ADA)
K	*Federal Financial Management Improvement Act of 1996* (FFMIA)

Appendix B
Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief 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
Chief Financial Officer

United States Coast Guard

Commandant
Chief Financial Officer
Audit Liaison

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees

ADDITIONAL INFORMATION AND COPIES

To view this and any of our other reports, please visit our website at: www.oig.dhs.gov.

For further information or questions, please contact Office of Inspector General Public Affairs at: DHS-OIG.OfficePublicAffairs@oig.dhs.gov. Follow us on Twitter at: @dhsoig.

OIG HOTLINE

To report fraud, waste, or abuse, visit our website at www.oig.dhs.gov and click on the red "Hotline" tab. If you cannot access our website, call our hotline at (800) 323-8603, fax our hotline at (202) 254-4297, or write to us at:

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