

**OFFICE OF INSPECTOR GENERAL**

**Transportation Security  
Administration's  
Management Letter for  
DHS' FY 2014 Financial  
Statements Audit**



Homeland  
Security

**April 8, 2015**  
**OIG-15-56**



# HIGHLIGHTS

## ***Transportation Security Administration's Management Letter for DHS' FY 2014 Financial Statements Audit***

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**April 8, 2015**

### **Why We Did This**

The Federal Government has a fundamental responsibility to be an effective steward of taxpayers' dollars. Sound financial practices and related management operations, reliable financial systems, and effective internal control are essential for reliable, timely financial information that supports management decision making needed to achieve the Department of Homeland Security's (DHS) mission.

#### **For Further Information:**

Contact our Office of Public Affairs at (202) 254-4100, or email us at [DHS-IG.OfficePublicAffairs@oig.dhs.gov](mailto:DHS-IG.OfficePublicAffairs@oig.dhs.gov)

### **What We Found**

KPMG LLP reviewed the Transportation Security Administration's (TSA) internal control over financial reporting. The management letter contains 15 observations related to internal control and other operational matters for management's considerations.

KPMG LLP noted deficiencies and the need for improvements in certain TSA processes. These deficiencies did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2014 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2014, included in DHS' fiscal year 2014 *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](http://www.oig.dhs.gov)

APR 8 2015

MEMORANDUM FOR: Pat Rose  
Assistant Administrator  
Chief Financial Officer  
Transportation Security Administration

FROM: Mark Bell   
Assistant Inspector General for Audits

SUBJECT: *Transportation Security Administration's Management Letter for DHS' FY 2014 Financial Statements Audit*

Attached for your information is our final report, *Transportation Security Administration's Management Letter for DHS' FY 2014 Financial Statements Audit*. This report contains observations related to internal control deficiencies that were not required to be reported in the *Independent Auditors' Report on DHS' FY 2014 Financial Statements and Internal Control over Financial Reporting*. Internal control deficiencies which are considered significant deficiencies were reported, as required, in the *Independent Auditors' Report*, dated November 14, 2014, which was included in the Department of Homeland Security (DHS) fiscal year (FY) 2014 *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 2014 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 appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security.

Please call me with any questions, or your staff may contact Paul Wood, Acting Deputy Assistant Inspector General for Audits, at (202) 254-4100.

Attachment



Suite 12000  
1801 K Street, NW  
Washington, DC 20006

December 8, 2014

Office of Inspector General  
U.S. Department of Homeland Security, and  
Chief Financial Officer  
U.S. Department of Homeland Security, Transportation Security Administration  
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, 2014, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 14-02, *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 consolidated financial statements. In conjunction with our audit of the consolidated 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 Transportation and Security Administration (TSA) is a component of DHS. During our audit we noted certain matters involving internal control and other operational matters, related to TSA, 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 on the following pages. The disposition of each internal control deficiency identified during our FY 2014 audit – 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, the TSA Chief Information Officer and 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 TSA'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**

Transportation Security Administration  
*Table of Financial Management Comments*  
 September 30, 2014

**TABLE OF FINANCIAL MANAGEMENT COMMENTS (FMC)**

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**FMC 14-01 – Ineffective Controls over the Time and Attendance Process (*Notice of Finding and Recommendation (NFR) No. Transportation Security Administration (TSA) 14-01*)**

During our fiscal year (FY) 2014 site visits to airports we noted that controls over time and attendance were not fully effective. We noted the following:

- Controls over the review and approval of timesheets are not operating effectively. Specifically, we noted:
  - Three of 56 instances where overtime requests were not approved prior to the employee working the overtime hours.
  - One of 56 instances where the employee's WebTA approver validated the employee's timesheet with actual overtime hours worked improperly classified as base hours worked.

During our FY 2014 testwork, we noted that controls over time and attendance were not fully effective. We noted the following:

- Controls over review and approval of timesheets are not operating effectively. Specifically we noted:
  - Two of 14 instances where leave request approval documents (Office of Personnel Management-71 forms) could not be provided.
  - One of 14 instances where leave was taken prior to supervisor approval.

During our FY 2014 site visits to the Federal Air Marshal Service field offices, we noted that controls over time and attendance were not fully effective. We noted the following:

- Controls over review and approval of timesheets are not operating effectively. Specifically, we noted:
  - One of 58 instances where sick leave was not approved until after the pay period ended.

*Recommendations:*

We recommend that TSA:

- Continue to provide guidance, update job aids and refresher training on governing policies for leave and overtime approvals and procedures for the use of Electronic Time, Attendance, and Scheduling system and WebTA.
- Continue to conduct monthly meetings with the payroll user community to gather concerns and to provide training focusing awareness on maintaining effective controls over time and attendance processes and proper time and attendance recordation.
- Remind those involved with the Federal Air Marshal Service to adhere to local guidelines established for the minimum time frame to submit and approve leave requests.

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**FMC 14-02 – Entity-Level Controls (NFR No. TSA 14-02)**

We noted controls were not operating effectively to ensure performance plans include the minimum required training standards. Specifically we noted three of 15 FY 2014 Financial Management Division performance plans did not include reference to compliance with the Financial Management Division training curriculum.

*Recommendations:*

We recommend that TSA:

- Continue to use performance plans to foster employees' individual and career development and ensure compliance with the Financial Management Division Training Curriculum.
- Review all performance plans to ensure compliance with the Financial Management Division Training Curriculum.

**FMC 14-03 – Inadequate Review of Personnel Actions (NFR No. TSA 14-03)**

Controls over review of personnel actions were not operating effectively. Specifically, we noted one instance out of 45 where the EmpowHR Personnel Action Request was prepared and reviewed by the same person. We noted proper segregation of duties and adequate review did not exist in this instance.

*Recommendations:*

We recommend that TSA:

- Enhance the scope of its biweekly request for personnel actions oversight audits to highlight and review compliance of segregation of the processing and quality assurance review for all personnel actions.
- Review all aspects of the Service Provider's Quality Assurance program for all personnel actions processing including new hires to ensure it is operating effectively and in compliance with Federal regulations, policies, internal procedures and processes

**FMC 14-04 – Intra-Governmental Payment and Collection Review Controls (NFR No. TSA 14-04)**

In response to past NFRs, TSA implemented a process in FY 2012 to review Intra-Governmental Payment and Collection (IPAC) transactions in order to properly clear these transactions from suspense. Under this new policy, all IPAC transactions are reviewed, validated, and approved by the appropriate TSA point of contact (Contracting Officer or Contracting Officer's Representative) prior to being cleared from the suspense account and recorded as an expense. We noted, however, in the current year,

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certain IPAC transactions, including intra-DHS Working Capital Fund charges, were not subjected to this review process.

- Controls were not fully in place to document review of all categories of IPAC payments, specifically Working Capital Fund payments. We noted in one instance out of 30, there was no evidence of approval for the IPAC.
- Controls were not operating effectively to ensure that adequate supporting documentation exists for IPAC payments. Specifically, we noted in one instance out of 30, there was no matching of the contract number per the purchase order to the contract number per the IPAC prior to payment.

*Recommendations:*

We recommend that TSA:

- Financial Management Division should work with the Budget Performance Division to ensure the Working Capital Fund IPACs are maintained, reconciled, liquidated, and closed out in a timely manner.
- Budget Performance Division should approve and obligate the Working Capital Fund financial transactions as prescribed in the Unassisted interagency agreements in FY 2015.
- Financial Management Division should monitor the Finance Center's Authorized Certifying Official review on approving IPACs to ensure that proper matching of the contract to the IPAC.

**FMC 14-05 – Undelivered Orders Controls – Validation and Verification (NFR No. TSA 14-05 and TSA 14-05a)**

TSA's policies and procedures were not operating effectively to ensure liquidation of remaining stale obligation balances on a timely basis for financial reporting purposes. Specifically we noted:

- During our interim recoveries of prior year unpaid obligations substantive testwork, we noted one instance out of three in which the remaining funding of a contract with an expired period of performance and completion certificate per the undelivered order verification and validation was not appropriately included in the undelivered order adjustment provided to DHS for FY 2013.
- At year end, we noted TSA has not accurately classified their undelivered orders in the verification and validation process in support of the DHS on-top adjustment. Specifically, \$110 million of undelivered orders were classified as status 2 "under review."

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*Recommendations:*

We recommend that TSA take the following corrective action:

- TSA should update its business process for defining statuses at year-end with regard to the Component required on-top adjustment.
- TSA should categorize documents as a “Status 4” for those noted in the fiscal year end verification and validation as “Closeout Initiated.”
- TSA work with the Department to provide specific business process rules to be used across all components when categorizing undelivered order balances into the various statuses on the Chief Financial Officer report.
  - Clear established rules for the categorization of undelivered order documents should be presented by DHS to the components early enough in the fiscal year so that components can effectively manage the undelivered order verification and validation process within these business rules throughout the fiscal year.
  - These rules should not be revised after the second quarter in the fiscal year as changes to these rules could require modifications to component business processes for undelivered order verification and validation.

**FMC 14-06 – Contract Administration (NFR No. TSA 14-06)**

Controls were not operating effectively to ensure contracts were effectively administered, including executing modifications timely to extend contract periods of performance when services were still being received from the vendor. Specifically, in our testwork performed over undelivered orders, we noted two obligations for which a contract modification was executed after the contract period of performance expired – in particular, one of the modifications was executed after our sample request date.

*Recommendations:*

We recommend that TSA take the following corrective actions:

- TSA should review policies and procedures associated with period of performance and develop controls to ensure that all period of performance are accurate
- The Office of Acquisition should emphasize to the Contracting Officers the need to ensure periods of performance on all contract or Other Transaction Agreement vehicles remain valid
- Contracting Officers should ensure that all invoices are certified in a timely and appropriate manner, even though the certification may have been delegated to the Contracting Officer’s Representative.

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**FMC 14-07 – Travel Authorization and Expenditure Support (NFR No. TSA 14-07)**

During testwork over the approval, coding, and recording of travel authorizations and vouchers, we noted controls over the travel authorizations were not operating effectively. Specifically, we noted:

FedTraveler (October FY 2014- June FY 2014)

- In one instance out of 31, TSA failed to provide evidence of a three-way match to ensure the travel expenditures incurred were approved by the supervisor prior to travel, were within the amount authorized and were properly supported by a receipt. Concur (June FY 2014-September FY 2014)
- Due to Concur system report limitations, not all Centrally Billed Account offices were consistently performing a three-way match to ensure the travel expenditures incurred were approved by the supervisor prior to travel, were within the amount authorized and were properly supported by a receipt.

*Recommendation:*

We recommend that TSA institutionalize Centrally Billed Account process changes and control improvements initiated in third quarter of 2014, prior to the implementation of E-Gov Travel Services 2.

**FMC 14-08 – Insufficient Research of Intra-Departmental Trading Partner Differences (NFR No. TSA 14-08)**

Controls related to journal entry reviews were not fully effective during the current year and controls over Intra-Departmental eliminations were not effectively implemented. Specifically, we noted one sample item out of 19 that did not reflect the underlying events and transactions and was not consistent with the entity's accounting policies. Specifically, per the support provided related to the journal entry we noted TSA improperly reclassified Intragov (I) expenses to Nongov (N). In our walkthrough performed over the Intra-Departmental elimination process, we noted the following:

- In the June 2014 TIER eliminations entry for expenses (Standard General Ledger (SGL) 610000), the absolute value of the amounts reclassified from Intra-Departmental to Non-Federal Expense was \$17.6 million.
- In the September 2014 TIER eliminations entry for expenses (SGL 610000), the absolute value of the amounts reclassified from Intra-Departmental to Non-Federal Expense was \$25.1 million.

*Recommendations:*

We recommend that TSA:

- Work with the Finance Center to generate a NON-GOV transaction detail for SGL 6100 for non-payroll activities (Budget Object Class not equal to 1%) to enhance the

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current Trading Partner Identification Number (TPIN) detail reconciliation and review process to ensure review of vendor name for possible reclassification to/from Federal entity.

- Accounting Branch should continue to work with the Finance Center and TSA/Financial Management Division/Financial Systems Branch in monitoring invalid vendor IDs/vendor type identified in the monthly TPIN review, coordinating de-activation of vendor ID once all open documents have been cleared.
- Review existing SOP to ensure analysis and review that adjustments are within the materiality threshold for each component.

**FMC 14-09 – Control Deficiencies Relating to Office of Government Ethics (OGE)-278 and OGE-450 Forms (NFR No. TSA 14-09)**

Controls over the submission and review of OGE 278 and 450 forms are not operating effectively.

During our work over OGE 278 filings, we noted:

- One of 15 instances involved an administrative error.
- Five of 15 instances where the forms were not certified timely – four of which had not been certified at the time of our review, which was on September 4, 2014.
- One of 15 instances where the OCC had not received timely notification of a new filer from the Office of Human Capital resulting in a late filing.
- Four of 15 instances where we were unable to inspect cautionary advice and as such, we were unable to conclude regarding appropriate remediation of potential conflicts on these samples.

During our work over OGE 450 filings, we noted:

- Six of 45 instances involved administrative errors.
- Three of 45 instances where ethics training was completed late.
- Two of 45 instances where forms were not submitted timely.
- Three of 45 instances where forms were not certified timely – all of which had not been certified at the time of our review, which was on September 4, 2014.
- Four of 45 instances where we were unable to inspect cautionary advice and as such, we were unable to conclude regarding appropriate remediation of potential conflicts on these samples.

*Recommendations:*

We recommend that TSA take the following corrective actions:

- TSA should review and revise its processes and procedures for identifying and notifying TSA employees required to file a financial disclosure report.
- TSA should train reviewing officials of the requirements and if they believe additional information is required from a financial disclosure filer, they are to request the necessary information by a specific date.

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- TSA should also remind reviewing officials to follow-up with filers in a timely manner.
- TSA should review and revise its processes and procedures for notifying and reminding financial disclosure filers of their requirement to complete annual ethics training.

**FMC 14-10 – Lease Accounting and Disclosure (NFR No. TSA 14-10)**

Controls over the Master Lease Listing maintained by Chief Administrative Officer were not operating effectively to ensure leases were appropriately classified as cancelable versus non-cancelable. Specifically, we noted one instance in our testwork performed as of September 30, 2014 where the lease was incorrectly classified as non-cancelable and improperly included in the minimum lease payment footnote disclosure.

*Recommendation:*

We recommend that TSA Field Real Estate Services Division continue to collaborate with the Financial Management Division to develop policies and procedures and ensure critical financial reporting data elements are captured and communicated timely and accurately.

**FMC 14-11 – Adjustments to Prior Year Obligations (NFR No. TSA 14-11)**

Controls were not operating effectively to ensure obligations, to include upward and downward adjustments, were properly and timely reviewed and correctly recorded. Specifically, in our testwork performed over downward adjustments of prior year unpaid undelivered orders (Standard General Ledger (SGL) account 4871), we identified one instance where downward adjustments of prior year unpaid undelivered orders in the amount of \$1.2 million were not recorded timely, as recoveries, based on the de-obligating document date. TSA was unable to provide the dual signed deobligating document as the original is filed at the Federal Records Center. The signature of the airport controller for the deobligation was dated September 16, 2013 and the recovery was not recorded in the general ledger until August 26, 2014.

Additionally, during our control testwork over the manual review of the prior year adjustment pool we noted one instance where downward adjustments of prior year unpaid undelivered orders in the amount of \$1.2 million were not identified in the manual review of potential prior year adjustments.

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*Recommendation*

We recommend that TSA:

- The Office of Acquisition should examine the award distribution process related to 'Non-Central Information Management System' generated obligations and ensure that effective controls are in place to accurately track the status of actions.
- Implement a process to review all prior year adjustment pools from previous month to determine which excluded prior year adjustment candidates should be recorded in the Core Accounting System as manual adjustments on a quarterly basis to ensure prior year adjustments are timely recognized.

**FMC 14-12 – Property, Plant, and Equipment Controls (NFR No. TSA 14-12)**

TSA lacked fully effective preventative controls to ensure that capitalizable transactions were recorded in the general ledger at the proper cost timely and relies upon detective controls at the Financial Management Division level to ensure complete and accurate financial reporting as of year-end.

Existing controls were not operating effectively to ensure that capitalizable costs related to Transportation Security Equipment were completely and accurately recorded. Specifically, we noted:

- Seven instances where assets with a warranty, which was listed as a separate line item on each of the purchase orders for the assets, were capitalized as part of Transportation Security Equipment capitalized costs rather than being recorded separately as a prepaid asset amortized over the life of the warranty.
- Two instances where IT equipment Switch Network upgrades were capitalized and immediately fully depreciated as their date placed in service was associated with a fully depreciated base asset.

*Recommendations:*

We recommend that TSA:

- Review policies and procedures for routine processing to address equipment delivered which separately identifies warranty costs.
- Work with Office of Security Capabilities to identify contracts with warranty costs as separate line items or contract holdbacks.
- Review policies and procedures for upgrades and peripherals to document procedures for upgrades which may extend the useful life of base units.

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**FMC 14-13 – Gross Cost Deficiencies (NFR No. TSA 14-13)**

During our substantive testwork over undelivered orders and the non-federal accounts payable accrual, we noted the following deficiencies related to gross cost:

- Controls were not operating effectively at the program office level to ensure transactions are recorded using the proper object class code. We noted two instances where the object class for the transaction line item was coded incorrectly.
- Controls were not operating effectively at the program level to ensure vendor type for transactions are properly coded as NONGOV or OSDOT. Specifically, we noted 28 instances, in which a federal vendor was improperly coded as NONGOV.

*Recommendations:*

We recommend that TSA:

- Funds Control and Program Support Branch should work with the Budget and Performance Division to optimize object class use throughout TSA.
- Accounting Branch should continue to work with the Finance Center and TSA/Financial Management Division/Financial Systems Branch in monitoring invalid vendor IDs/vendor type identified in the monthly TPIN review, coordinating de-activation of vendor ID once all open documents have been cleared.
- Coordinate training with program offices in looking up vendor ID and using correct vendor ID with applicable vendor type when submitting the Purchase Request.

**FMC 14-14 – Non-Compliance with the Federal Financial Management Improvement Act of 1996 (NFR No. TSA 14-14)**

*Federal Financial Management System Requirements*

- TSA's financial accounting system automatically recorded transactions to current year obligations (i.e. to SGLs 4801, 4802, 4901, and 4902) regardless of the obligation's actual budget year. Therefore, TSA's Financial Management Division must perform a manual process to identify and adjust for any transactions that relate to a prior year budgetary resource.

*USSGL Compliance*

- Throughout our testwork procedures performed over internal use software, we noted that for one internal use software project (OASIS Cohort), TSA recorded development costs directly to gross cost (SGL account 1830) rather than recording to work-in-progress (SGL account 1832) and transferring to gross cost upon deployment of the enhancement.

*Compliance with Federal Accounting Standards*

During the course of the audit, we noted the following instances of immaterial non-GAAP practices which were not tracked via the non-GAAP listing:

- Research & Development - In our review of the Government Accountability Office (GAO) 2010 checklist, we noted TSA first answered that they had no research and

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development; however, we noted DHS reported in the FY 2013 Agency Financial Report research and development for TSA. This item should be tracked in their required supplementary stewardship information non-GAAP policy.

- Lease Accounting - Due to the nature of General Services Administration lease operations, there were instances where leases with General Services Administration (TSA is the lessee) expired; however, TSA was still occupying the space. The time between expiration and finalization of the new lease was referred to as “holdover” status. TSA performed an analysis over these leases and did not include leases in “holdover” status in their future minimum lease payment disclosure as the amounts have been immaterial. This was not tracked on the non-GAAP listing.
- Internal use software - we noted the estimation of cost involved in the Alternative Valuation of OASIS Cohort Assets is a non-GAAP policy. This was not tracked on the non-GAAP listing.
- IT Additions - During our property, plant, and equipment additions testwork, we noted two capitalizable assets which had been capitalized and immediately depreciated due to the date placed in service assigned to the assets. TSA corrected this error for the total number of assets affected – approximately \$1 million. This was not tracked on the non-GAAP listing until September 30, 2014.

*Recommendations:*

We recommend that TSA:

*Federal Financial Management System Requirements*

- Financial Management Division’s Accounting Branch should review all previous month’s PYA pools for excluded transactions to determine manual adjustments on a quarterly basis to ensure PYA is properly recognized.

*USSGL Compliance*

- Review and implement the methodology for valuing capitalized OASIS work orders to assess ability to identify internal use software assets that could be tracked separately and record like any other internal use software asset to SGL account 1832 first.

*Compliance with Federal Accounting Standards*

*Research and Development*

- The finding regarding the GAO checklist was remedied during the fourth quarter of FY 2014. FRAP-071 was submitted October 2, 2014 and showed the updated GAO checklist correctly reporting that TSA has research and development activities.

*Lease Accounting*

- The Financial Management Division continues to work with the Field Real Estate Services Division during FY 2015 to fine tune the tracking and reporting of General Services Administration occupancy agreements in

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“holdover” status for proper financial reporting impact, including tracking on the non-GAAP list if needed.

*Internal Use Software*

- TSA should review and implement the methodology for valuing capitalized OASIS work orders to assess ability to identify internal use software assets that could be tracked separately.

*IT Additions*

- TSA should review policies and procedures for upgrades and peripherals to document procedures for upgrades which may extend the useful life of base units.

**FMC 14-15 – Accounts Receivable Accrual Deficiencies (NFR No. TSA 14-15)**

TSA updated their accrual methodology for August and September 2014 passenger fee by increasing the estimate by 21.6% based on information provided by the Revenue Division. We noted at September 30, 2014, the accounts receivable balance and revenue was understated by \$157 million. We confirmed this understatement via subsequent receipts per the Collections Information Repository Treasury report.

*Recommendations:*

We recommend that TSA:

- The Financial Management Division update the Accounts Receivable Accrual Internal Standard Operating Procedures (ISOP) ACCTG-1001 to create and implement quarterly cut-off procedure to evaluate and adjust the receivables accrual for financial reporting.
- The ISOP should include the process for the Revenue Division to document the rationale, calculation and basis for accrual projections.
- Financial Management Division should reconcile the collections to the accrual for a given month to determine if the accrual needs to be adjusted on a quarterly basis prior to quarter-ending month (i.e., quarterly review of previous three months’ collection to the Daily Deposit Records (DDR)) should be completed prior to DEC-YYYY, MAR-YYYY, JUN-YYYY and SEP-YYYY financial reporting period). This reconciliation should be based on the initial DDR from the Revenue Division made available prior to TIER I adjustment submission for quarter-end.
- Financial Management Division should refine and improve the Revenue/Fee metrics for the Chief Financial Officer’s certification to monitor the collections-to-accrual by month on a quarterly basis prior to quarter-ending month (i.e., quarterly review of previous three months’ collections to DDR should be completed prior to DEC-YYY, MAR-YYYY, JUN-YYYY and SEP-YYYY financial reporting period).

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*Crosswalk - Financial Management Comments to Active NFRs*  
 September 30, 2014

Component	NFR No.	Description	Disposition <sup>1</sup>			
			IAR			FMC
			MW	SD	NC	No.
TSA	14-01	Ineffective Controls over the Time and Attendance Process				14-01
TSA	14-02	Entity-Level Controls				14-02
TSA	14-03	Inadequate Review of Personnel Actions				14-03
TSA	14-04	Intra-Governmental Payment and Collection Review Controls				14-04
TSA	14-05 14-05a	Undelivered Orders Controls – Validation and Verification				14-05
TSA	14-06	Contract Administration				14-06
TSA	14-07	Travel Authorization and Expenditure Support				14-07
TSA	14-08	Insufficient Research of Intra-Departmental Trading Partner Differences				14-08
TSA	14-09	Control Deficiencies Relating to OGE-278 and OGE-450 Forms				14-09
TSA	14-10	Lease Accounting and Disclosure				14-10
TSA	14-11	Adjustments to Prior Year Obligations				14-11
TSA	14-12	Property, Plant, and Equipment Controls				14-12
TSA	14-13	Gross Cost Deficiencies				14-13
TSA	14-14	Non-Compliance with the Federal Financial Management Improvement Act of 1996				14-14
TSA	14-15	Accounts Receivable Accrual Deficiencies				14-15

<sup>1</sup>Disposition Legend:

IAR	Independent Auditors' Report dated November 13, 2014
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 Systems Functionality
C	Property, Plant, and Equipment
D	Budgetary Accounting
E	Entity-Level Controls
F	Grants Management
G	Custodial Revenue and Drawback
H	<i>Federal Managers' Financial Integrity Act of 1982 (FMFIA)</i>
I	<i>Single Audit Act Amendments of 1996</i>
J	<i>Antideficiency Act, as amended (ADA)</i>
K	<i>Federal Financial Management Improvement Act of 1996 (FFMIA)</i>



## **Appendix A**

### **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

#### **Transportation Security Administration**

Administrator  
Chief Financial Officer  
Audit Liaison

#### **Office of Management and Budget**

Chief, Homeland Security Branch  
DHS OIG Budget Examiner

#### **Congress**

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