

# Department of Homeland Security **Office of Inspector General**

Costs Invoiced by the Omaha Airport Authority  
for Closed-Circuit Television Cameras at  
Omaha Eppley Airfield Airport



American Recovery and Reinvestment Act of 2009

OIG-12-121

September 2012



**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

SEP 14 2012

MEMORANDUM FOR: John P. Sanders  
Assistant Administrator  
Office of Security Capabilities  
Transportation Security Administration

FROM: Anne L. Richards *Anne L. Richards*  
Assistant Inspector General for Audits

SUBJECT: *Costs Invoiced by the Omaha Airport Authority for Closed-Circuit Television Cameras at Omaha Eppley Airfield Airport*

Attached for your information is our final letter report, *Costs Invoiced by the Omaha Airport Authority for Closed-Circuit Television Cameras at Omaha Eppley Airfield Airport*. Since the report contains no recommendations to Transportation Security Administration management, we did not solicit formal comments.

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.

Major contributors to this report are Roger LaRouche, Audit Director; Karl Gallagher, Audit Manager; and Marisa Coccaro, Report Referencer.

Please call me with any questions, or your staff may contact John E. McCoy II, Deputy Assistant Inspector General for Audits, at (202) 254-4100.

Attachment



## **Background**

On February 17, 2009, Congress enacted the *American Recovery and Reinvestment Act of 2009*, as amended (Recovery Act) to preserve and create jobs, promote economic recovery, and invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits. The Recovery Act appropriated \$1 billion to the Transportation Security Administration (TSA) for “procurement and installation of checked baggage explosive detection systems and checkpoint explosives detection equipment....” According to TSA, \$61,827,702 of that amount was awarded to 14 airport organizations for the advanced surveillance program.

Under Other Transaction Agreement (OTA) No. HSTS04-09-H-REC309, as modified, TSA agreed to reimburse the Omaha Airport Authority (Airport Authority) for allowable, allocable, and reasonable costs up to \$3,562,994 to support the design, installation, and operation of closed-circuit television cameras (CCTVs) at the Omaha Eppley Airfield Airport. Under the OTA, the Airport Authority was required to install CCTVs throughout the airport to monitor activities at various locations, including checkpoint, ticket counter, and gate areas, and TSA search tables.

The OTA was signed on September 16, 2009, and specified a project period of 2 years. The OTA required the Airport Authority to submit invoices for reimbursement of project costs to TSA. Reimbursement for eligible project costs is based on the scope of the agreement and Office of Management and Budget (OMB) Circular A-87, Revised, *Cost Principles for State, Local and Indian Tribal Governments*. TSA accepted the CCTV as complete on December 9, 2011, with total invoiced costs of \$3,562,994.

The agreement also required the Airport Authority to comply with OMB Circular A-133, Revised, *Audits of States, Local Governments, and Non-Profit Organizations*, and Recovery Act provisions to submit quarterly recipient reports to the Federal Government; and pay prevailing wages as determined by the Secretary of Labor under 40 U.S.C., Chapter 31, Subchapter IV.

The objective of this audit was to determine whether costs invoiced by the Airport Authority are allowable, allocable, and reasonable according to the funding agreement and applicable Federal requirements.



## **Results of Audit**

We determined that invoiced costs of \$3,562,994 for the CCTV design and installation were allowable, allocable, and reasonable. Allowable invoiced costs consisted of \$3,323,425 for the contract to install the CCTV system, \$239,227 for a consultant contract for design and construction oversight, and \$342 for Airport Authority administrative costs for installation and testing. We also concluded that the Airport Authority complied with the requirements for submitting quarterly reports and paying prevailing wages.



## **Appendix A**

### **Objective, Scope, and Methodology**

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the Department.

The objective of this audit was to determine whether costs invoiced by the Airport Authority are allowable, allocable, and reasonable according to the funding agreement and applicable Federal requirements. Our audit covered invoiced costs of \$3,562,994 for the period September 16, 2009, through the final invoice dated September 26, 2011. This project is completed and as such this amount represents the total invoiced and reimbursable.

Our tests and procedures included the following:

- Reviewing TSA project files, the OTA and modifications, the Recovery Act, and TSA and OMB guidelines;
- Interviewing TSA officials to gain an understanding of the project and project management;
- Examining the Airport Authority accounting records supporting amounts invoiced;
- Interviewing Airport Authority officials to obtain an understanding of project management, accounting, procurement, and invoicing;
- Inspecting the CCTV project; and
- Reviewing the audit working papers of the certified public accounting firm that performed the Single Audits of the Airport Authority for the fiscal years ending December 31, 2010, and December 31, 2011.

The Single Audits of the Airport Authority were performed by KPMG and included Recovery Act-funded CCTV project costs totaling \$3,464,813 (97 percent of invoiced costs). The Single Audit reports classified the CCTV as a major program. The Single Audit reports did not identify any questionable costs or compliance issues related to the CCTV, or any deficiencies in internal controls that were considered material weaknesses that would affect the CCTV.

We also tested Airport Authority records supporting costs invoiced to determine compliance with OMB Circular A-87, Revised, and with other terms and conditions of



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the agreement. We considered Airport Authority internal controls over the administration of TSA funds in determining our audit procedures.

We conducted this performance audit between March and August 2012, pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.



## **Appendix B**

### **Report Distribution**

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

Chief, Homeland Security Branch  
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#### **Congress**

Congressional Oversight and Appropriations Committees, as appropriate

## ADDITIONAL INFORMATION AND COPIES

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Should you be unable to access our website, you may submit your complaint in writing to: DHS Office of Inspector General, Attention: Office of Investigations Hotline, 245 Murray Drive, SW, Building 410/Mail Stop 2600, Washington, DC, 20528; or you may call 1 (800) 323-8603; or fax it directly to us at (202) 254-4297.

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