

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

Review of Costs Invoiced by the Spokane Airport  
Board for Closed Circuit Television Cameras at  
Spokane International Airport Under Other  
Transaction Agreement Number  
HSTS04-09-H-REC304 Awarded by the  
Transportation Security Administration



American Recovery and Reinvestment Act of 2009

OIG-12-76

April 2012



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

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

**APR 30 2012**

MEMORANDUM FOR: Kelly Hoggan  
Assistant Administrator  
Office of Security Capabilities  
Transportation Security Administration

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

SUBJECT: *Review of Costs Invoiced by the Spokane Airport Board for Closed-Circuit Television Cameras at Spokane International Airport Under Other Transaction Agreement Number HSTS04-09-H-REC304 Awarded by the Transportation Security Administration*

Attached for your information is our final letter report entitled, *Review of Costs Invoiced by the Spokane Airport Board for Closed-Circuit Television Cameras at Spokane International Airport Under Other Transaction Agreement Number HSTS04-09-H-REC304 Awarded by the Transportation Security Administration*. 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 Ashley Smith, 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



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### 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-REC304, as modified, TSA agreed to reimburse the Spokane Airport Board (Airport Board) for the allowable, allocable, and reasonable costs up to \$1,950,696 to support the design, installation, and operation of closed-circuit television cameras (CCTVs) at the Spokane International Airport (Airport). Under the OTA, the Airport Board was required to install CCTVs throughout the Airport to monitor activities at various locations, including curbside ticketing, ticket counter baggage drop off, and TSA work stations.

The OTA, signed on June 25, 2009, specifies a project period from June 25, 2009, through December 25, 2010, and requires the Airport Board 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*. The CCTV installation was completed on December 20, 2010, with total invoiced costs of \$1,950,696.

The agreement also requires the Airport Board to comply with the 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 Board are allowable, allocable, and reasonable according to the funding agreement and applicable Federal requirements.



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**Results of Review**

We determined that invoiced costs of \$1,950,696 for the CCTV design and installation were allowable, allocable, and reasonable. We also concluded that the Airport Board complied with the requirements for submitting quarterly reports, for paying prevailing wages, and for reporting project status to the Federal Government.



## **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 Board are allowable, allocable, and reasonable according to the funding agreement and applicable Federal requirements. Our audit covered invoiced costs of \$1,950,696 for the period June 25, 2009, through December 20, 2010. This project is completed, and as such this amount represents the total reimbursable and invoiced amount.

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 Board accounting records supporting the amounts invoiced.
- Interviewing Airport Board officials to obtain an understanding of project management, accounting, procurement, and invoicing.
- Inspecting the CCTV project.
- Reviewing the audit working papers of the Washington State Auditor's Office, which performed the Single Audit of the Airport Board for the fiscal year ending December 31, 2010.

The Single Audit of the Airport Board was performed by the Washington State Auditor's Office and included Recovery Act-funded CCTV project costs totaling \$1,948,466 (or almost 100% of invoiced costs). The Single Audit report classified the CCTV project as a major program. The report did not identify any questionable costs or compliance issues related to the CCTV project or any deficiencies in internal controls that were identified as material weaknesses that would affect the CCTV project.

We also tested Airport Board 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 Board internal controls over the administration of TSA funds in determining our audit procedures.

We conducted this performance review between January 2012 and March 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 upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.



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**Appendix B**  
**Report Distribution**

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Departmental Recovery Act Coordinator

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## ADDITIONAL INFORMATION AND COPIES

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DHS Office of Inspector General/MAIL STOP 2600,  
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