



Department of Homeland Security Office of Inspector General

United States Coast Guard's Internal Controls and Cost Capturing for the Deepwater Horizon Oil Spill



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Preface

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.

This report addresses the strengths and weaknesses of the United States Coast Guard's ability to identify and capture costs associated with the Deepwater Horizon oil spill as authorized by *The Oil Pollution Act of 1990* and *The National Contingency Plan*. It is based on interviews with employees and officials of the United States Coast Guard, direct observations, and a review of applicable documents.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. We trust this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Anne L. Richards".

Anne L. Richards
Assistant Inspector General for Audits

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Abbreviations

AOPS	Abstract of Operations
ALMIS	Asset Logistics Management Information System
DHS	Department of Homeland Security
FOSC	Federal On-Scene Coordinator
GAO	Government Accountability Office
NPFC	National Pollution Funds Center
OIG	Office of Inspector General
Oil Pollution Act	<i>The Oil Pollution Act of 1990</i>
SONS	Spill of National Significance
UAC	Unified Area Command
USCG	United States Coast Guard

OIG

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Executive Summary

On April 20, 2010, an explosion on the Deepwater Horizon Mobile Off-Shore Drilling Unit caused approximately 207 million gallons of oil to spill into the Gulf of Mexico. The United States Coast Guard initiated and directed the response to this oil spill as the Federal On-Scene Coordinator. The United States Coast Guard is billing the responsible parties for recoverable removal costs associated with this incident.

The United States Coast Guard has adequate policies, procedures, and internal controls to accurately identify and bill direct costs for this oil spill. The unprecedented size of this oil spill challenged its existing processes for capturing indirect costs and revealed weaknesses in these processes.

Because of these process weaknesses and inaccurate and inadequate supporting documentation, the United States Coast Guard may not be able to bill for as much as \$193.7 million in indirect costs. Additionally, the United States Coast Guard cannot bill for as much as \$38.7 million because its standard reimbursable rates instruction was not updated prior to the oil spill, as scheduled. The United States Coast Guard has not issued the final bill for this oil spill, and continues to identify and capture costs for billing to the responsible parties.

We made three recommendations aimed at improving internal controls, processes, and systems to accurately capture and bill all allowable costs associated with this oil spill and future oil spills. The United States Coast Guard concurred with these recommendations.

Background

The *Oil Pollution Act of 1990*¹ (Oil Pollution Act) established oil spill liability and compensation requirements to help facilitate cleanup activities and compensate for damages. Under the Oil Pollution Act, those responsible for an oil spill are liable for all removal costs, which include the cost of the incident; lost revenue, profit, or earning capacity; and damages to natural resources, real or personal property, and public services. Executive Order 12771² assigned oversight and management of removal cost claims and payments to the United States Coast Guard (USCG). The USCG's National Pollution Funds Center (NPFC) was created for this oversight.

On April 20, 2010, an explosion on the Deepwater Horizon Mobile Off-Shore Drilling Unit caused approximately 207 million gallons of oil to spill into the Gulf of Mexico. The USCG initiated and directed the response to this oil spill as the Federal On-Scene Coordinator (FOSC). The USCG is billing the responsible parties (listed in appendix D) for recoverable removal costs associated with this incident, and BP is centrally processing all claims.



Source: USCG. Fireboat response crews battle the blazing remnants of the offshore oilrig Deepwater Horizon on April 21, 2010.

¹ 33 U.S.C. §§ 2701-2761.

² 56 Fed. Reg. §54757 (Oct. 22, 1991).

Cost Recovery Process

The Oil Spill Liability Trust Fund, funded by the Oil Pollution Act, pays for removal costs and damages resulting from oil spills in the navigable waters, adjoining shorelines, or exclusive economic zones of the United States. The NPFC administers the Oil Spill Liability Trust Fund and replenishes it with the money it recovers from the responsible parties. As of May 10, 2011, the USCG issued 11 bills totaling \$711.8 million to the parties responsible for the Deepwater Horizon oil spill (see appendix E, Summary of Billing Activity to Date).

The FOSC and designated representatives direct oil spill response efforts and coordinate all other efforts at the scene of a discharge or release. The FOSC is required to track, maintain, review, and verify that costs incurred were for recoverable removal activities and billable to the responsible parties. Examples of recoverable removal costs are listed in appendix F.

The NPFC billed the responsible parties using direct and indirect cost categories on the bills. The USCG defines direct costs as those captured using the USCG's accounting system and charged directly against the Oil Spill Liability Trust Fund. Examples of direct cost categories include—

- Contracts,
- Charge cards,
- Delivery orders,
- Purchase orders,
- Reimbursable agreements with federal, state, and local agencies, and
- Travel vouchers.

The USCG defines indirect costs as those it incurred for USCG assets operating in support of the response. These costs are recovered from the responsible parties to replenish the Oil Spill Liability Trust Fund. Examples of indirect cost categories include the use of—

- Aircraft,
- Boats,
- Cutters,³
- Equipment and vehicles, and

³ A cutter is any USCG vessel exceeding 65 feet in length.

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- Personnel.

Results of Audit

The USCG had adequate internal controls, policies, and procedures to accurately bill direct costs from the Deepwater Horizon oil spill, but the unprecedented size of the spill challenged its existing processes for capturing indirect costs and revealed weaknesses in these processes. Because of these process weaknesses and inaccurate and inadequate supporting documentation, the USCG may not be able to bill for as much as \$193.7 million in indirect costs incurred through August 31, 2010. Additionally, the USCG cannot bill as much as \$38.7 million because its standard reimbursable rates instruction was not updated prior to the oil spill, as scheduled.

Direct Costs

The USCG accurately billed \$340.7 million in direct costs to the responsible parties using its official accounting system. Direct costs billed to the responsible parties included those from purchase orders, delivery orders, charge cards, contracts, and travel vouchers. Direct costs also included other federal and state agency costs captured on reimbursable agreements these agencies had with the USCG.

The NPFC assigns a unique project number to each oil spill. The USCG bills only those costs charged against this project code. We used statistical sampling to test costs not charged against the oil spill project code and determined that the USCG had adequate policies and procedures to ensure that all direct costs associated with the oil spill, with minor exceptions, were properly coded and billed. (See appendix C, Testing Results.)

Indirect Costs

The USCG did not accurately capture and bill all indirect costs incurred for this oil spill response effort. The NPFC guidance in effect for Deepwater Horizon was insufficient to capture indirect costs for a spill of this magnitude. Indirect costs billed to the responsible parties include costs for the use of USCG aircraft, cutters and boats, equipment and vehicles, and personnel.

The CG-5136 daily form is the official record for all indirect cost activity for an oil spill. Indirect costs are recorded on this form and submitted to the FOSC or delegate for review and submission to the NPFC, which compiles these records for inclusion on the bills to the responsible parties. The NPFC is tasked with ensuring that all submitted documentation meets its guidelines and adjusts the documentation as necessary. The NPFC did

not keep a record of these adjustments and does not have a supervisory review process to ensure accuracy and completeness. Table 1 summarizes the indirect cost discrepancies discussed in following sections.

Table 1. Indirect Cost Discrepancies (\$ million)

Indirect Cost	Total	Discrepancy
Aircraft	\$0.8	Not billed
Cutters	As much as \$191.0	Not billed
Boats	\$1.9	Not billed
Vehicles	\$0.03	Not supported; billed
Equipment	\$4.7	Not supported; billed
Personnel	\$3.0	Not supported; billed



Source: USCG. The USCG Cutter *Aspen*, home-ported in San Francisco, California, recovers fast sweep boom after oil skimming operations in the Gulf of Mexico less than one mile from the shoreline on June 28, 2010.

Aircraft

The USCG initially did not bill the responsible parties for \$10.9 million for aviation costs incurred through August 31, 2010, because of internal control weaknesses in its cost-capturing process. The following issues contributed to the internal control weaknesses:

- There was no historical record of the documentation used by the NPFC to generate each individual bill, and
- Bills did not include all aircraft types that flew in support of the oil spill.

The Asset Logistics Management Information System (ALMIS) is the USCG's official system of record for flight time. We compared

ALMIS data with the NPFC’s CG-5136 form information submitted by the FOSC and determined that ALMIS contains a more accurate record of missions. However, the FOSC is not required to use these data to fill out CG-5136 forms. The process currently used to bill indirect aviation costs relies on manually entered data on the CG-5136 forms submitted to the NPFC.

The forms also contained numerous errors and miscalculations. Table 2 details an example of errors in documentation from the FOSC and NPFC on May 5, 2010. According to the CG-5136 record, a C-143 aircraft flew 5.7 hours on this day. However, according to ALMIS data, the aircraft flew only 3.6 hours. NPFC did not have a record of this flight and therefore did not bill the responsible parties for any hours.

Table 2. Documentation Errors from FOSC and NPFC from May 5, 2010

Aircraft	FOSC CG-5136	NPFC Records	ALMIS
C-143	5.7 hours	0 hours	3.6 hours



Source: USCG. USCG aircrew members, from a C-130 aircraft stationed at USCG Air Station Clearwater, Florida, prepare to drop a satellite-enabled data marker buoy into the Gulf of Mexico to help track the spill on May 29, 2010.

On May 10, 2011, the USCG billed for an additional \$10.1 million in aviation costs incurred before August 31, 2010. The NPFC used ALMIS to identify costs that were not accurately recorded on the CG-5136 forms submitted by the FOSC for this reconciliation. Had the NPFC required use of ALMIS information for verification prior to billing the responsible parties, the initial billings could have been more accurate and complete.

Cutters and Boats

The USCG did not accurately bill the responsible parties for indirect cutter and boat costs. The current cost recovery process is inadequate because it relies on FOSC representatives to fill out forms for reporting recoverable hours without the aid of the USCG's cutter and boat systems of record for documenting these hours. Based on our analysis—

- The USCG did not bill the responsible parties for as much as \$191.0 million in indirect cutter costs.
- The USCG did not bill the responsible parties for \$1.9 million of boat costs.

Cutter Costs

The USCG did not initially bill the responsible parties by as much as \$242.1 million for cutter costs through August 31, 2010, because of internal control weaknesses in its cost capturing process. The following issues contributed to the internal control weaknesses:

- Unwritten business practices⁴ were used to determine if specific categories of cutter hours (e.g., in-port, stand-by, certain missions, decontamination) are recoverable,
- The processes for verifying information submitted on CG-5136 forms were inadequate, and
- No historical record of the documentation was used to generate each individual bill.

The Abstract of Operations (AOPS) database was the official system of record for cutter mission hours during this oil spill.⁵ We compared data in AOPS with NPFC's CG-5136 form information submitted by the FOSC and determined that the AOPS database contains a more accurate record of missions. However, the FOSC is not required to use these data to fill out CG-5136 forms. The NPFC used unwritten business practices to determine recoverable costs, and did not bill for missions recorded in the cutters' navigation logs that it determined were not related to oil spill activities. The following are examples of types of cutter hours not considered recoverable by the NPFC:

⁴ The USCG reported that these decisions were based on established yet unwritten practices and guidance that have been in place for more than 11,000 previous oil spills. We did not review the practices in place during previous oil spills; therefore, we are unable to validate this statement.

⁵ The USCG is currently transitioning its system of record for its boats and cutters from AOPS to ALMIS. AOPS will remain the official system of record until the transition is complete.

-
- In-port hours
 - Standby hours
 - Decontamination hours
 - Transit hours out of the operations area

According to the USCG, direct decontamination costs were billed to the responsible parties, but the in-port hours spent by the cutters and boats in decontamination were not. By excluding these categories of cutter hours, the USCG may not have billed the responsible parties for all of its indirect costs.

For example, according to the USCG, the cutter *Dolphin*, which is home-ported in Miami Beach, Florida, was assigned to the oil spill response. Its duties involved patrolling closed fishing zones and serving as a radio relay for civilian vessels employed to skim oil. The NPFC, based on the *Dolphin*'s logs,⁶ determined that none of the 659.5 hours accrued while it was assigned to the oil spill were recoverable, despite the cutter's employment for oil spill response. These logs did not specifically mention Deepwater Horizon missions, but these missions were coded in AOPS for the oil spill. Additionally, the Commanding Officer of the cutter said that these missions were in support of oil spill response during this period. This resulted in \$1.7 million not being billed to the responsible parties for the *Dolphin*'s oil spill-related missions.

As a second example, the Oil Pollution Act mandated that USCG buoy tenders be outfitted with an onboard spill recovery system. Buoy tenders skimmed oil in this spill, but the NPFC did not consider their in-port time recoverable despite the need to return to port to offload skimmed oil. The NPFC did not bill the responsible parties for \$94.6 million for in-port hours, decontamination, and transit hours from the oil spill for these cutters.



Source: USCG. Left – A USCG crewmember monitors a hose transporting an oil-and-water mix from the Spilled Oil Recovery System to a 4,200-gallon tank onboard the USCG Cutter *Juniper* on June 11, 2010.

⁶ Cutter logs (CG-4380A forms) record the cutter's movements and actions during each 24-hour period.

Right – Crewmembers aboard the USCG Cutter *Juniper* deploy the Spilled Oil Recovery System pump from the buoy deck into the boom area where oil is collected and contained on June 11, 2010.

Another example involved the cutter *Venturous* serving as an offshore response coordinator for vessels and aircraft during the oil spill response. Table 3 compares the cutter’s recorded hours, including—

- Hours recorded by the FOSC on the cutter’s CG-5136 forms,
- Hours credited to oil spill operations by the NPFC,
- Hours recorded in AOPS with the oil spill code, and
- Hours recorded in AOPS using NPFC’s exclusion of types of activities as discussed above.

Table 3. Cutter *Venturous* Hours from FOSC, NPFC, and AOPS

Cutter	Hours on the FOSC CG-5136	Hours from NPFC Assessment of Navigation Logs	Hours in AOPS with Operations Code “DWHorizn”	Hours in AOPS Using NPFC Unwritten Business Practices
<i>Venturous</i>	922	706	875	725

USCG personnel said that when in port, the *Venturous* maintained its duties as the offshore coordinator of the response as well as radio guard duties for USCG assets on the surface or in the air. The NPFC did not consider in-port hours recoverable, resulting in 215.7 hours being excluded from the bill at a cost of \$1.3 million.



Source: USCG. An oily sheen on the surface of the water distorts the reflection cast by the hull of the USCG Cutter *Resolute* on July 9, 2010. The *Resolute*, home-ported in St. Petersburg, Florida, served as a search and rescue

guard to help support and protect people and ships involved in the Deepwater Horizon response efforts.

On March 10, 2011, the USCG billed an additional \$51 million in cutter costs incurred through August 31, 2010. According to the USCG, this bill was reconciled using cutter logs and AOPS. We did not audit the supporting documentation the USCG used to complete this reconciliation.

Table 4 summarizes the cutter mission hours billed to the responsible parties using the NPFC’s unwritten business practices. It also shows Deepwater Horizon-related mission hours as recorded in AOPS (including the hours that the NPFC excludes) and the amount not billed to the responsible parties for these hours. Table 4 includes all costs incurred through August 31, 2010.⁷

Table 4. Cutter Mission Hours Billed Through August 31, 2010

Cutter Length in Feet	Hourly Rate	Hours Billed by the NPFC	Amount Billed to Responsible Parties	Hours in AOPS	Amount Not Billed to Responsible Parties *
87	\$2,577	5,671	\$14,612,879	25,381	\$50,794,448
110	\$3,452	42	\$143,258	1,196	\$3,985,334
140	\$7,257	703	\$5,099,857	2,783	\$15,098,769
160	\$4,243	465	\$1,970,874	404	-\$256,617
175	\$6,475	2,004	\$12,972,663	5,181	\$20,573,536
210	\$5,808	2,364	\$13,727,208	3,166	\$4,660,688
225	\$8,820	7,239	\$63,850,185	17,970	\$94,641,687
270	\$10,305	280	\$2,880,248	428	\$1,531,838
Total			\$115,257,172		\$191,029,683
*Amount Not Billed = (Hours in AOPS – Hours in NPFC) x Hourly Rate					

Boat Costs

The USCG did not bill the responsible parties for \$1.9 million in recoverable boat costs. The unbilled amount was for boat hours that were not captured on any CG-5136 forms submitted by the FOSC but were captured in ALMIS. ALMIS was the official system of record for boat mission hours with the exception of boats assigned to the Deployable Operations Group (which were recorded in AOPS). The USCG accurately billed the responsible parties for \$3.8 million for the Deployable Operations Group’s boats through August 31, 2010.

⁷ On March 10, 2010, the USCG billed an additional \$51 million in cutter costs incurred between April 20 and August 31, 2010. We adjusted table 4 to reflect the additional amount billed.

Equipment and Vehicles

The USCG does not have adequate records to substantiate \$4.7 million of equipment and vehicle costs billed to the responsible parties through August 31, 2010. The USCG does not have adequate internal control procedures in place to ensure that documentation is accurate and complete. Internal control weaknesses resulted in—

- Inconsistencies between the multiple sources of information that feed into the bill,
- Multiple versions of submitted CG-5136 forms with different cost information,
- Calculation errors not identified and corrected in CG-5136 forms, and
- No record of the documentation used to generate each individual bill.

The NPFC cannot validate the accuracy of the CG-5136 forms. It does not require supporting documentation, such as a CG-213 Resource Request form, to be submitted with these forms. There is no official system of record for capturing this information. Table 5 summarizes differences between vehicle and equipment costs on CG-5136 forms from the FOOSC, NPFC records, and the bills.

Table 5. Vehicle and Equipment Cost Discrepancies

	Total Costs from FOOSC CG-5136 Records	Total Costs from NPFC Records	Amount Billed to Responsible Parties
Equipment	\$5,121,372	\$5,875,623	\$4,688,952
Vehicles	\$33,268	\$39,119	\$34,131
Totals	\$5,154,640	\$5,914,742	\$4,723,083

Additionally, hazardous waste cleanup equipment used in this spill was not billed to the responsible parties because there were no published hourly rates prior to the spill. Because there was no hourly rate, the USCG did not track the use of this oil spill equipment and therefore will not be able to quantify these costs. The USCG is working to establish hourly rates for this equipment so its use can be tracked and the cost recovered in future oil spills.

Personnel

The USCG does not have adequate records to substantiate \$3.0 million of the \$94.2 million in personnel costs billed to the

responsible parties through August 31, 2010. The USCG does not have internal control procedures in place to ensure that all documentation is accurate and complete. For example, based on the results of our statistical sample, \$33.9 million (36%) of the \$94.2 million in personnel costs may be incorrectly calculated. The USCG has also not yet billed the responsible parties for USCG civilian overtime costs (approximately \$330,000). Civilian personnel costs were billed using the standard hourly rate, which does not include overtime costs. The USCG is in the process of billing these costs. The following paragraphs discuss three examples of deficiencies that led to inadequate capturing of personnel costs.

First, the USCG tracks personnel costs for oil spills on a standard form but decided to rely on a pass card system owned by BP to track personnel hours for USCG personnel at the Unified Command and Incident Command Posts due to the volume of personnel involved in this spill. The USCG did not audit this system for accuracy and relied on BP to provide personnel hour data from this system for billing to the responsible parties. For example, a USCG Time Unit Leader in New Orleans noticed that the entire USCG Finance Section was missing from a BP daily report of USCG personnel. This error might not have been noticed if the missing information had been from another response section. Had the USCG conducted regular audits of the pass card system's data, it might have been able to determine whether the system was accurate and complete.

Second, the USCG did not accurately record personnel costs on the CG-5136 forms for billing purposes. The USCG selected the wrong pay grade 129 times (36% of our sample), resulting in inaccurate personnel costs being recorded. The USCG does not use the Employee Identification Number of each USCG employee to record the information on the CG-5136 forms. Use of the Employee Identification Number would allow the USCG to distinguish between USCG personnel with the same first and last name deployed to oil spills.

Finally, the USCG did not have a complete list of all USCG military and civilian personnel who mobilized as individuals to the oil spill. The USCG developed the Mobilization Readiness Tracking Tool from lessons learned in Hurricane Katrina.⁸ According to the USCG, this tool was used to request and deploy

⁸ *Observations on the Preparation, Response, and Recovery Missions Related to Hurricane Katrina*, Government Accountability Office (GAO) 06-903 (July 2006), p. 42

approximately 80% of personnel for the oil spill response. However, the USCG was not required to use this tool prior to April 2011. In April 2011, the USCG issued policy that designates the Mobilization Readiness Tracking Tool as its “Human Resource Information System for requesting, sourcing, and tracking personnel in support of contingency and surge operations.” It is now required to use this tool “upon the start of a contingency”. Use of the system in future oil spills will allow the USCG to track and account for personnel costs more accurately.

Standard Reimbursable Rates for Indirect Costs

The USCG’s *Standard Reimbursable Rate Instruction* contains standard hourly rates for computing reimbursable costs for USCG equipment, assets, and personnel. This instruction includes the indirect hourly rates used to bill the responsible parties.

The USCG’s instruction, in place at the time of the oil spill, had not been updated as scheduled. The instruction should have been published in early 2010 but was not published until February 28, 2011. According to the USCG, this instruction is updated every 2 years, or sooner⁹ if necessary. The instruction was not updated in 2010 because the USCG implemented advanced activity-based costing software and realigned its contract support for the standard reimbursable rate process. The USCG said that it would continue to modify selected standard rates based on the results of this audit.

The rates in the instruction are valid only from the date of publication until a new instruction is published. Therefore, the USCG cannot retroactively bill the responsible parties using the current rates. Table 6 compares the 2008 and current rates for indirect costs through August 31, 2010, reflecting our estimates based on the best available information during this audit.¹⁰

⁹ *Office of Management and Budget Circular Number A-25 (Revised)*, July 8, 1993.

¹⁰ The USCG updated its current standard reimbursable rates on May 17, 2011; these totals reflect the updates.

Table 6. Comparison of Standard Reimbursable Rates (\$ millions)

Indirect Cost	Totals Using 2008 Rates	Totals Using Current Rates	Difference
Aircraft	\$45.86 ¹	\$51.52	\$5.66
Cutters	As much as \$306.29 ²	As much as \$330.94	\$24.65
Boats	\$5.80 ³	\$6.24	\$0.44
Vehicles	\$0.03 ⁴	\$0.04	\$0.01
Equipment	\$4.69 ⁴	\$4.91	\$0.22
Personnel	\$91.84 ⁵	\$99.58	\$7.74
	Total		As much as \$38.72
1. ALMIS data for Deepwater Horizon coded flights, excluding search and rescue missions, for April 21, 22, and 23. 2. AOPS data for Deepwater Horizon related missions, including missions that NPFC excluded from bills 1–10. 3. ALMIS data for Deepwater Horizon coded missions and NPFC summary spreadsheet for boats. 4. Bill 8 was issued on November 18, 2010. We used updated cost information on this bill for April 20 through August 31, 2010. 5. NPFC CG-5136 data.			

The USCG has adequate controls in place to ensure that its standard reimbursable rates include all relevant cost components for military and civilian personnel, aircraft, cutters, and boats. For example, the military personnel rate includes base pay and allowances, retirement, and health care benefits.

For vehicle reimbursements, the USCG uses standard vehicle rates established by the General Services Administration. The USCG provided a link to the General Services Administration’s 2008 vehicle rates in its *Standard Reimbursable Rate Instruction* for 2008. This link expired in 2010, and the USCG did not include guidance to use the current year’s rates. As a result, the USCG did not bill the responsible parties using 2010 rates. We notified the USCG about the expired link, and an active link is now included in its current instruction, as well as guidance to use the relevant year’s General Services Administration vehicle rates.

Auxiliary

The USCG provides oversight and funding to the USCG Auxiliary, a volunteer organization of more than 30,000 personnel who assist the USCG in carrying out its missions. The USCG billed direct Auxiliary costs for travel expenditures and air and surface patrols to the responsible parties. However, because the USCG Auxiliary is a volunteer organization, the USCG did not incur any costs for auxiliary personnel efforts. We estimated that Auxiliary personnel efforts during this oil spill were valued at \$370,000¹¹ through August 31, 2010.

¹¹ According to the USCG, an Auxiliary member’s hourly rate is valued at \$19.92 (equivalent to GS-09, Step 1).

During the Deepwater Horizon oil spill, Auxiliary members performed duties at many locations, including—

- Incident command posts and emergency operations centers,
- Vessel decontamination sites,
- Equipment and personnel staging areas,
- Safety zone enforcement,
- Vessel inspections for civilian skimming vessels, and
- Public affairs liaisons.



Source: USCG Auxiliary. A USCG Auxiliary member conducts a vessel safety check for a boat on standby for opportunity work during the oil spill.

Travel costs for USCG Auxiliary members were billed to the responsible parties because the NPFC considers auxiliaries' orders a recoverable removal cost. Auxiliary air and surface patrols costs initially were not billed to the responsible parties because they could not be coded as Deepwater Horizon in the patrol system of record. According to the USCG, this issue was resolved in August 2010, and the patrol costs are now being billed to the responsible parties.

Conclusion

The USCG accurately billed the responsible parties for all direct costs related to this oil spill but did not accurately bill the responsible parties for all indirect costs related to this oil spill. The USCG does not have adequate policies, procedures, and internal controls to ensure that—

- Indirect costs are verified using USCG official systems of record (AOPS, ALMIS, Mobilization Readiness Tracking Tool), and
- Documents are submitted with correct hourly rates, correct types of assets (e.g., aircraft, boats, cutters), and correct employee names.

The USCG’s delay in issuance of its *Standard Reimbursable Rates* instruction prevented it from billing the responsible parties for as much as \$38.7 million in indirect costs. The USCG did not bill the responsible parties for as much as \$193.7 million because of weak internal controls, policies, and procedures. Table 7 summarizes these costs.

Table 7. Unbilled Indirect Costs Summary

Costs Not Billed to Responsible Parties (\$ millions)	
Aircraft	\$0.8
Boats	\$1.9
Costs Excluded by NPFC Policies and Processes	
Cutters	As much as \$191.0
Costs Not Billed Because of Delay in Standard Reimbursable Rates	
Standard Rates Difference	As much as \$38.7
Total	As much as \$232.4

Based on information we shared during the course of the audit, the USCG immediately started taking corrective action on issues identified in this report. The USCG is reconciling its records with AOPS and ALMIS information. As a result, these additional amounts have been billed for costs incurred through August 31, 2010, and are included in the costs discussed throughout this report:

- Aircraft – \$10.1 million
- Cutters – \$51.0 million

According to the USCG, it could take up to a decade to issue the final bill to the responsible parties. The USCG will continue to identify and capture costs as well as issue bills to the responsible parties for all recoverable costs.

Recommendations

We recommend that the Assistant Commandant for Resources and Chief Financial Officer of the United States Coast Guard:

Recommendation #1: Direct the NPFC to reconcile the bills sent to the responsible parties with the amounts identified in this report as potentially incorrect or not billed, and revise the bills as appropriate.

Recommendation #2: Revise existing policies, procedures, and internal controls to require the FOSC to verify collected indirect cost information using the USCG’s official systems of record for aircraft, boat, and cutter hours and to require the NPFC to verify submitted FOSC information using these systems during a spill

classified as a Spill of National Significance (SONS) or when a Unified Area Command (UAC) is established.

Recommendation #3: Implement an appropriate system to collect data for indirect costs, including—

- Internal controls that ensure that data are entered and summed correctly at the FOSC level,
- Segregation of duties between preparation and approval of manual entries or adjustments to indirect cost data,
- Verification of all manual entries or adjustments for validity and accuracy,
- A record of changes that documents and justifies any adjustments to information after it is recorded and submitted to the NPFC,
- Submission of CG-213 Resource Request forms for equipment and vehicles during a spill classified as a SONS or when a UAC is established, and
- A field for the Employee Identification Number for USCG personnel.

Management Comments and OIG Analysis

Management Comments to Recommendation #1

Concur. The period under review ended on August 31, 2010, but the FOSC response is ongoing. The NPFC will continue to review, update, reconcile, and bill to the responsible parties federal oil removal costs resulting from the Deepwater Horizon incident using additional financial information provided by the responding and supporting agencies.

OIG Analysis

We consider the USCG's proposed corrective actions to be responsive to the recommendation. However, the recommendation will remain open and unresolved until the USCG provides evidence that it has reconciled its bills to the responsible parties with appropriate supporting documentation.

Management's Comments to Recommendation #2

Concur. The USCG concurs with this recommendation for spills that involve a significant amount of indirect costs, defined as a SONS or a spill in which a UAC is established.

The NPFC relies on the FOSC's certification of costs and resources used based on the CG-5136 collection system (as directed by the NPFC User Resource Guide), which the auditors noted is a USCG system of record. During the vast majority of spills, only a small number of USCG assets generating indirect costs are used. These responses are efficiently and effectively documented using existing procedures, including the CG-5136. In cases where a UAC is required and established, additional resources are usually mobilized to augment the FOSC's local response capacity. Incidents that are designated as a SONS or that require a UAC frequently have subordinate Incident Command Posts and are inherently more complex organizationally. We agree that indirect costs generated under an incident that requires a UAC should be reconciled against other USCG systems of record, such as the ALMIS and AOPS, when those systems can provide discrete spill-specific data. USCG policies and procedures will be updated to reflect this requirement.

OIG Analysis

We consider the USCG's proposed corrective actions to be responsive to the recommendation. However, the recommendation will remain open and unresolved until the USCG provides us with final revised policies and procedures that adequately address our recommendation.

Management's Comments to Recommendation #3

Concur. FOSC certification of indirect costs is critical to resource tracking and supports cost recovery where responsible parties can be identified. The USCG concurs with the recommendations to implement an appropriate system to collect data for indirect costs that includes the following:

- Internal controls that ensure that data are entered and summed correctly at the FOSC level,
- Segregation of duties between preparation and approval of manual entries or adjustments to indirect cost data,
- Verification of all manual entries or adjustments for validity and accuracy,
- A record of changes that documents and justifies any adjustments to information after it is recorded and submitted to the NPFC,
- Submission of CG-213 Resource Request forms for equipment and vehicles, and

-
- A field for the Employee Identification Number for USCG personnel.

NPFC will amend internal controls for all adjustments to manual entry transactions. This will include a requirement for improved documentation of any adjustments and notations in the file during the reconciliation process. NPFC has added the Employee Identification Number data field to all CG-5136 spreadsheets.

For spills that involve a significant amount of additional assets being brought in to assist the FOSC, as defined as any SONS or a spill during which a UAC is established, the USCG agreed with the OIG recommendation to formally use the ICS-213RR CG Resource Request Form. USCG policies and procedures will be updated to reflect this requirement.

OIG Analysis

We consider the USCG's proposed corrective actions to be responsive to the recommendation. However, the recommendation will remain open and unresolved until the USCG provides the following:

- A revised CG-5136 form that includes a field for the Employee Identification Number for USCG personnel.
- Revised policies and procedures indicating that for a spill defined as a SONS or when a UAC is established, the FOSC must submit the ICS-213RR CG Resource Request Form for equipment and vehicle costs to the NPFC with the CG-5136 form.
- Revised policies and procedures that include—
 - Internal controls that ensure that data are entered and summed correctly at the FOSC level,
 - Segregation of duties between preparation and approval of manual entries or adjustments to indirect cost data,
 - Verification of all manual entries or adjustments for validity and accuracy, and
 - A record of changes that documents and justifies any adjustments to information after it is recorded and submitted to the NPFC.

Appendix A

Purpose, Scope, and Methodology

This report provides the results of our work to determine whether the USCG has adequate policies, procedures, and internal controls to accurately capture all direct and indirect costs associated with the Deepwater Horizon oil spill from April 20 through August 31, 2010.

We tested the USCG's direct and indirect cost-capturing processes for accuracy and completeness for costs incurred through August 31, 2010. Bills 1 through 7 generally covered the audit's scope; however, the NPFC has begun to reconcile the bills with supporting documentation. We used this information, included in bills 8–11, to update totals billed to the responsible parties. Accuracy was determined by analyzing the documents and data that the USCG used to bill the responsible parties. The bills were accurate if the totals in the documents and data were equal to the amounts in the bills to the responsible parties through September 7, 2010 (date of bill that included August 31, 2010). Completeness was determined by statistically sampling the relevant population of all non-Deepwater Horizon coded transactions (for example, USCG contracts issued is one population) during the scope of the audit. The bills were considered complete if miscoded transactions were not identified and were not considered material if they were less than 1% of the sample.

We conducted statistical sampling using a 95% confidence interval and a 5% sampling error. Samples were drawn for each population using IDEA software, except for travel vouchers. Because of the limitations of the travel voucher system, the USCG extracted random samples based on information we provided. Appendix C contains the testing results for accuracy and completeness for direct and indirect costs for the Deepwater Horizon oil spill through August 31, 2010.

We conducted the following site visits:

- Aviation Logistics Command – Elizabeth City, North Carolina
- National Pollution Funds Center – Washington, DC
- Shore Infrastructure Logistics Center – Norfolk, Virginia
- Unified Command for the Deepwater Horizon oil spill – New Orleans, Louisiana
- USCG Financial Center – Chesapeake, Virginia
- USCG Headquarters – Washington, DC
- USCG Personnel and Pay Center – Topeka, Kansas
- USCG Telecommunication and Information Systems – Alexandria, Virginia

Appendix A

Purpose, Scope, and Methodology

We assessed compliance with federal and USCG policies, procedures, and internal controls for capturing costs for recovery from an oil spill's responsible party, including—

- *The Clean Water Act,*
- *The National Contingency Plan,*
- *The Oil Pollution Act of 1990,*
- *Standard Reimbursable Rate Instruction,* and
- *NPFC User Reference Guide.*

We conducted this performance audit between July 2010 and May 2011 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 findings and 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.

We would like to thank the USCG for the cooperation and courtesies extended to our staff during this review.

Appendix B Management Comments to the Draft Report

U.S. Department of
Homeland Security

United States
Coast Guard



Commandant
United States Coast Guard

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7501

AUG 15 2011

MEMORANDUM

From: RDML S. P. Metruck
COMDT (CG-8)

Reply to Audit Manager,
Attn of: Mark Kulwicki
(202) 372-3533

To: Anne L. Richards
Assistant Inspector General for Audits

Subj: DHS OIG REPORT ON UNITED STATES COAST GUARD'S INTERNAL
CONTROLS AND COST CAPTURING FOR THE DEEPWATER HORIZON OIL
SPILL

Ref: (a) DHS OIG Draft Report dated July 5, 2011

1. This memorandum transmits the Coast Guard's response to the findings and recommendations identified in reference (a).
2. If you have any questions, my point of contact is Mr. Mark Kulwicki who can be reached at (202) 372-3533.

#

Enclosure: (1) USCG response

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Appendix B

Management Comments to the Draft Report

UNITED STATES COAST GUARD STATEMENT ON DEPARTMENT OF HOMELAND SECURITY OFFICE OF INSPECTOR GENERAL REPORT

UNITED STATES COAST GUARD'S INTERNAL CONTROLS AND COST CAPTURING FOR THE DEEPWATER HORIZON OIL SPILL. (10-152-AUD-USCG)

INTRODUCTION

Thank you for the opportunity to review and comment on Department of Homeland Security (DHS) Office of Inspector General's (IOG's) Draft Report 10-152-AUD-USCG entitled, "United States Coast Guard's Internal Controls and Cost Capturing for the Deepwater Horizon Oil Spill."

The United States Coast Guard (USCG) appreciates the efforts of the OIG to document current policies, procedures and internal controls to accurately identify and bill direct costs for this oil spill. The OIG reviewed over \$75M worth of USCG purchases, contracts, travel orders, reserve orders and other direct expenditures from the Fund and over \$323M in interagency agreements with 126 different partner agencies, many with several dozen amendments. In both areas the OIG found that the USCG has adequate policies, procedures, and internal controls to accurately identify and bill costs for this event.

The unprecedented size of the spill, however, did challenge existing processes for capturing indirect costs. The Deepwater Horizon Oil Spill remains unique in the history of spill response in its sheer magnitude; at the height of the spill there were more vessels involved than were used in the D-Day landings at Normandy. Similarly, within a few weeks the Unified Command had scaled to an organization comparable in size to Microsoft USA. Historically, the USCG has incurred less than \$2M per year in USCG indirect costs for all spills which average 500 per year in number. As of 31 May 2011 the ongoing Deepwater Horizon incident alone had incurred indirect costs of \$313M, 157 times that historic annual average.

The official USCG record for all indirect cost activity is the CG-5136 daily form per the NPFC User Reference Guide (URG). The URG is a supplement to the Marine Safety Manual, Volume IX, describing how to obtain, spend, document, and recover pollution response funds. The only person who can spend OSLTF funds for removal activities is the Federal On Scene Coordinator (FOSC) and the CG-5136 is, among other things, the FOSC's certification of the amount of time a particular unit or individual was devoted specifically to removal activities. Other USCG systems of records such as the Asset Logistics Management Information System (ALMIS) and Abstract of Operations (AOPS) are used to document USCG mission activity. The program and mission hours designed to be captured by AOPS and ALMIS do not necessarily equate to recoverable Clean Water Act removal costs. It is important to highlight that the CG-5136 uses a different baseline than ALMIS and AOPS. ALMIS and AOPS are additional sources of information that should be used when appropriate to validate and reconcile the information contained in CG-5136s, and current policy requires that FOSCs include official records and logs for USCG resources in the FOSC's financial summary report. Generally, the standard for charging indirect costs is driven by how much time was spent on actual removal activities. Current written policy in the URG does not provide a discrete definition of a removal hour; rather, it sets out multiple examples of how the Fund might be used by an FOSC for removal

Appendix B

Management Comments to the Draft Report

activities. This is intended to provide guidance without limiting the scope of the FOSC's authority in conducting a response. The Coast Guard will revisit this guidance and the lessons learned from the Deepwater Horizon Incident and make necessary improvements to the guidance given to FOSCs.

Based on established yet unwritten practice and guidance, the Coast Guard considers recoverable hours as those hours spent on-scene engaged in removal operations. While the Deepwater Horizon Incident may invite one to question this policy, it has been the established practice for over 11,000 previous oil spills; therefore the NPFC did not bill for in-port hours, standby hours, in-port hours spent in decontamination, and transit hours. There are reasons for this policy and historical practice. First, the standard hourly rate for a USCG asset is developed by dividing the full annual cost of that asset by the planned operational program hours of that asset (underway hours). Thus, the cost of in-port time, training, and vessel maintenance yard periods (including standby or decontamination) is factored into the standard rate per underway hour performing removal operations. With respect to transit time, USCG vessels and aircraft involved in a response have historically come from the same geographic locale as the spill. These same assets were typically under the command and control of the FOSC or were assets operating in the geographic area that could readily shift to work for the FOSC. This is the first major oil spill response during which USCG vessels and aircraft transited such long distances. Including these long transits as removal costs poses unique issues that must be carefully considered before making reimbursement policy changes. Cutters in transit remain available to execute other missions, such as Search and Rescue (SAR) and Maritime Law Enforcement (MLE), while en route and they can accomplish some training and routine maintenance during the transit that would have otherwise been done at another time. One of the cutters that transited from Oregon to the Gulf last summer was not mission capable on arrival due to a rudder casualty. . These examples highlight some of the challenges in determining what hours outside of those hours on-scene engaged in removal operations may be appropriately billed to a responsible party. The determination of whether an asset hour equates to a removal hour is a factual determination that requires analysis and discretion

The USCG concurs with the intent of the OIG's recommendations to improve the accuracy and completeness of the documentation for indirect costs. Actions have been taken or are currently in process to address these recommendations. In developing actions to address these recommendations, the USCG must move forward deliberately and methodically to ensure that any policy and process changes resulting from the challenges presented by this unprecedented event are balanced by what has worked for 11,000+ other spills. The USCG provides the following comments in response to the findings of the report.

RECOMMENDATIONS AND USCG RESPONSES

Recommendation #1: Direct the National Pollution Funds Center (NPFC) to reconcile the bills sent to the responsible parties with the amounts potentially incorrectly and not billed, and revise as appropriate.

USCG Response: The USCG concurs with this recommendation with comments.

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Management Comments to the Draft Report

While the period under audit ended on August 31, 2010, the FOSC response is ongoing. NPFC will continue to review, update, reconcile, and bill to the Responsible Parties, Federal oil removal costs resulting from the Deepwater Horizon incident, using additional financial information provided by the responding and supporting agencies.

Recommendation #2: Revise existing policies, procedures, and internal controls to require the FOSC to verify collected indirect cost information using the USCG's official systems of record for aircraft, boat, and cutter hours and to require the NPFC to verify submitted FOSC information using these systems.

USCG Response: The USCG concurs with this recommendation for spills which involve significant amount of indirect costs, defined as a Spill of National Significance (SONS) or a spill in which a Unified Area Command (UAC) is established.

The NPFC relies on the FOSC's certification of costs and resources used based on the CG-5136 collection system (as directed by the NPFC URG), which the auditors noted is a USCG system of record. During the vast majority of spills – often just one or two field responders being verbally dispatched on scene, quickly assessing the situation and responding appropriate – only a small number of USCG assets generating indirect costs are used. These responses are efficiently and effectively documented using existing procedures, including the CG-5136. In those cases where a UAC is established, additional resources are being brought in to augment the FOSC's capacity. Incidents requiring a UAC frequently have subordinate Incident Command Posts and are inherently more complex organizationally. We agree that indirect costs generated under an incident requiring establishment of a UAC be reconciled against other USCG systems of record such as the ALMIS and AOPS when those systems can provide discrete spill-specific data. Coast Guard policies and procedures will be updated to reflect this requirement.

Recommendation #3: Implement an appropriate system to collect data for indirect costs that include:

- Internal controls that ensure that data is entered and summed correctly at the FOSC level.
- Segregation of duties between preparation and approval of manual entries or adjustments to indirect cost data.
- Verification of all manual entries or adjustments for validity and accuracy.
- A record of changes that documents and justifies any adjustments to information after it is recorded and submitted to the NPFC.

USCG Response: The USCG concurs with the above recommendations with comments. FOSC certification of indirect costs is critical to resource tracking and supports cost recovery where Responsible Parties can be identified. NPFC will amend internal controls for all adjustments to manual entry transactions. This will include a requirement for improved documentation of any adjustments and notations in the file during the reconciliation process.

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Management Comments to the Draft Report

- Submission of CG-213 Resource Request forms for equipment and vehicles, and

USCG Response: The USCG concurs with this recommendation for spills which involve a significant amount of additional assets being brought in to assist the FOSC, as defined as any SONS or spill during which a UAC is established. During the vast majority of spills, only a small number of assets are used, often just one or two field responders being verbally dispatched on scene, quickly assessing the situation and responding appropriately. These responses are efficiently and effectively documented using existing procedures, including the CG-5136. In those cases where a UAC is established, additional resources are brought in to augment the FOSC's capacity. Incidents requiring a UAC frequently have subordinate Incident Command Posts and are inherently more complex organizationally. We agree that use of the ICS-213RR CG Resource Request forms during a SONS or an incident requiring establishment of a UAC should be formally adopted. Coast Guard policies and procedures will be updated to reflect this requirement.

- A field for the Employee Identification number for USCG personnel.

USCG Response: The USCG concurs with this recommendation. NPFC has added the Employee Identification Number data field to all CG-5136 spreadsheets.

OIG Note: Page 5 of this document contained technical comments that were incorporated into the report, as appropriate.

Appendix C Testing Results

Random statistical samples were drawn using IDEA software, a 95% Confidence Interval, and a 5% sampling error.

Accuracy and Completeness – Direct Costs			
Transaction Type	Population	Sample	Results
Purchase Orders and Delivery Orders	68 (Deepwater Horizon coded) <i>4,516 (non-Deepwater Horizon)</i>	68 <i>354</i>	Bills 1–7 are accurate based on testing <i>Bills 1–7 are complete based on testing</i>
Purchase Cards	1,735 (Deepwater Horizon coded) <i>276,869 (non-Deepwater Horizon)</i>	1,735 <i>384</i>	Bills 1–7 are accurate based on testing <i>Bills 1–7 are complete based on testing</i> <i>3 purchases (0.8%) may be recoverable</i>
Contracts	24 (Deepwater Horizon coded) <i>2,989 (non-Deepwater Horizon)</i>	24 <i>340</i>	Bills 1–7 are accurate based on testing <i>Bills 1–7 are complete based on testing</i>
Pollution Removal Funding Requests	38 (Deepwater Horizon coded) <i>0 (non-Deepwater Horizon)</i>	38 <i>0</i>	Bills 1–7 are accurate based on testing <i>Bills 1–7 are complete based on testing</i>
Military Interdepartmental Purchase Requests	64 (Deepwater Horizon coded) <i>1,117 (non-Deepwater Horizon)</i>	64 <i>286</i>	Bills 1–7 are accurate based on testing <i>Bills 1–7 are complete based on testing</i>
Travel Vouchers	17,879 (Deepwater Horizon coded) <i>16,017 (non-Deepwater Horizon)</i>	17,879 <i>375</i>	Bills 1–7 are accurate based on testing <i>Bills 1–7 are complete based on testing</i> <i>1 travel voucher (0.3%) may be recoverable</i>
Accuracy and Completeness – Indirect Costs			
Transaction Type	Population	Sample	Results
Aircraft	1,060 Missions (Deepwater Horizon coded) <i>22,764 Missions (non-Deepwater Horizon)</i>	1,060 <i>378</i>	Bills 1–7 are not accurate based on testing <i>Bills 1–7 are not complete based on testing</i>
Cutters	506 Missions (Deepwater Horizon coded) <i>8,975 Missions (non-Deepwater Horizon)</i>	506 <i>368</i>	Bills 1–7 are not accurate based on testing <i>Bills 1–7 are not complete based on testing</i>
Boats	304 Missions (Deepwater Horizon coded) <i>51,414 Missions (non-Deepwater Horizon)</i>	304 <i>381</i>	Bills 1–7 are not accurate based on testing <i>Bills 1–7 are not complete based on testing</i>
Equipment	All CG-5136 forms received from the USCG for Deepwater Horizon		Bills 1–7 are not accurate based on testing <i>Bills 1–7 are not complete based on testing</i>
Vehicles	All CG-5136 forms received from the USCG for Deepwater Horizon		Bills 1–7 are not accurate based on testing <i>Bills 1–7 may not be complete based on testing</i>
Personnel	6,368 deployments (Deepwater Horizon coded)	362	Bills 1–7 are not accurate based on testing <i>Bills 1–7 may not be complete based on testing</i>

Appendix D
Deepwater Horizon Oil Spill Responsible Parties

BP Exploration and Production, Incorporated
New Orleans, Louisiana

BP Corporation North America, Incorporated
Houston, Texas

Anadarko E and P Company, Limited Partnership
Houston, Texas

Anadarko Petroleum Corporation
Houston, Texas

MOEX Offshore 2007, Limited Liability Corporation
Houston, Texas

Transocean Holdings, Incorporated
Houston, Texas

QBE Underwriting, Limited
Lloyds Syndicate 1036
New York, New York

Appendix E
Summary of Billing Activity to Date

Direct Costs Billed to Responsible Parties					
Bills	Date of Bill	Purchases	Contracts	Travel	MIPRs and PRFAs¹²
1	27-May	\$0.00	\$0.00	\$0.00	\$0.00
2	2-Jun	\$0.00	\$0.00	\$0.00	\$69,090,958.57
3	21-Jun	\$0.00	\$0.00	\$0.00	\$34,236,836.27
4	13-Jul	\$732,163.83	\$149,180.72	\$3,405,394.74	\$40,780,907.55
5	10-Aug	\$1,773,084.27	\$3,146,398.10	\$8,043,375.00	\$75,829,183.80
6	7-Sep	\$379,464.85	\$3,853,432.69	\$10,152,038.65	\$77,696,901.12
7	12-Oct	\$124,401.00	\$3,121,446.81	\$9,087,813.34	\$25,701,240.83
8	18-Nov	\$253,425.63	\$5,444,741.22	\$5,208,842.12	\$0.00
9	11-Jan	\$571,433.96	\$9,965,415.83	\$4,911,783.73	\$0.00
10	10-Mar	\$237,563.39	\$442,483.23	\$2,138,617.92	\$0.00
11	10-May	\$357,310.75	\$514,924.66	\$1,359,736.54	\$0.00
Subtotals		\$4,428,847.68	\$26,638,023.26	\$44,307,602.04	\$323,336,028.14
TOTAL DIRECT COSTS (Bills #1–11):				\$398,710,501.12	

Indirect Costs Billed to Responsible Parties						
Bills	Date of Bill	Aviation	Cutters and Boats	Equipment	Vehicles	Personnel
1	27-May	\$692,232.36	\$0.00	\$0.00	\$0.00	\$1,128,493.00
2	2-Jun	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3	21-Jun	\$4,758,015.00	\$3,520,020.00	\$195,698.00	\$0.00	\$8,724,979.00
4	13-Jul	\$13,014,387.20	\$19,960,534.00	\$1,339,498.00	\$0.00	\$20,279,293.30
5	10-Aug	\$13,708,121.30	\$34,836,255.70	\$1,768,077.00	\$2,667.33	\$28,789,331.77
6	7-Sep	\$1,879,430.40	\$8,936,155.42	\$1,385,679.00	\$31,463.73	\$24,135,761.74
7	12-Oct	\$63,057.50	\$878,348.40	\$493,591.00	\$23,032.21	\$23,129,115.62
8	18-Nov	\$0.00	\$0.00	-\$98,647.00	\$28,603.40	\$14,539,873.13
9	11-Jan	\$982,518.40	\$0.00	\$0.00	\$43,484.92	\$9,774,378.85
10	10-Mar	\$0.00	\$52,604,496.00	\$0.00	\$44,249.10	\$6,536,647.00
11	10-May	\$10,264,332.40	\$0.00	\$0.00	\$36,459.35	\$4,617,700.91
Subtotals		\$45,362,094.56	\$120,735,809.52	\$5,083,896.00	\$209,960.04	\$141,655,574.32
TOTAL INDIRECT COSTS (Bills #1–11):					\$313,047,334.44	

Total Costs Billed to the Responsible Parties through May 10, 2011:
\$711,757,835.56

¹² A MIPR is a Military Interdepartmental Purchase Request. A PRFA is a Pollution Removal Funding Authorization.

Appendix F

Examples of Recoverable Removal Costs

- Auxiliarist orders
- Consumables or services specifically purchased during the response, such as sorbent supplies, incident-specific vehicle and equipment lease or rentals
- Contract clerical services
- Contract documentation services
- Contract for capturing, cleaning, and emergency care for oiled animals, such as costs to capture, clean, temporarily care for, and release birds oiled by spill, or dispose of dead animals
- Contract for cleanup labor
- Contract for diving when necessary to control the source or spread of oil, salvage operations
- Contract for disposal
- Contract for temporary feeding for evacuees
- Contract for temporary lodging for evacuees
- Contractor costs such as contract cleanup expertise
- Costs of transporting and staging of required supplies and equipment
- Decontamination of oiled equipment
- Government equipment inventory use at standard cost, such as boom, skimmers, transfer systems, pumping systems, dracones, vapor analyzers, gas indicators, and protective gear
- Government or contract laboratory sample analysis, such as Coast Guard Marine Safety Lab services, at standard costs
- Government or leased communications systems, such as paging systems, cellular phones, and facsimile equipment, normally charged at standard rates plus any identifiable direct costs
- Government or leased facility use, such as office space at standard cost or mobile command post lease
- Government personnel assigned, such as scientific support, FOSC personnel, strike personnel, or legal support for administrative orders, at standard costs
- Government systems use, such as telecommunications systems or computer systems
- Government vehicles, boats, aircraft use at standard costs
- In special circumstances, contract for temporary docking of salvaged vessel
- Local and temporary duty travel, transportation, and any per diem
- Long distance telephone charges
- Overnight or express delivery services
- Purchase of equipment, such as boom, skimmers, transfer systems, pumping systems, dracones, vapor analyzers, gas indicators, and protective gear
- Purchase of nonexpendable equipment (generally those items, of value greater than \$1,000, with useful life greater than 1 year)
- Purchase of water as alternative drinking water
- Rental or purchase of fencing, barricades, and security material
- Repair of damages caused by cleanup activities, such as damage to lawns by vehicles
- Replacement of excavated soils
- Replacement of oiled equipment and property that cannot be cleaned cost-effectively
- Replacement, repair, renovation, or cleaning of equipment to the extent that the damage is due to the specific response and not the result of improper maintenance, improper use of the equipment, or the actions of others unrelated to the removal
- Reservist orders
- Traffic control
- Warehousing or storage services, such as costs to store records and samples

Appendix G
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Appendix H
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