

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

## **American Samoa's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011**





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Department of Homeland Security

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

DEC 10 2013

MEMORANDUM FOR: Brian E. Kamoie  
Assistant Administrator  
Grant Programs Directorate  
Federal Emergency Management Agency

FROM: Anne L. Richards   
Assistant Inspector General for Audits

SUBJECT: *American Samoa's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011*

Attached for your action is our final report, *American Samoa's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011*. We incorporated the formal comments from the Office of Policy, Program Analysis and International Affairs and the American Samoa Department of Homeland Security in the final report.

The report contains 17 recommendations aimed at improving the overall effectiveness of American Samoa's management of State Homeland Security Program grants. Your office concurred with all of the recommendations. Based on information provided in your response to the draft report, we consider recommendations 2, 5, and 6 closed, and recommendations 1, 3, 4, and 7 through 17 unresolved and open.

As prescribed by the *Department of Homeland Security Directive 077-01, Follow-Up and Resolutions for Office of Inspector General Report Recommendations*, within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for each recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendation.

Please email a signed PDF copy of all responses and closeout requests to [OIGAuditsFollowup@oig.dhs.gov](mailto:OIGAuditsFollowup@oig.dhs.gov). Until we receive and evaluate your response, recommendations 1, 3, 4, and 7 through 17 are open and unresolved.

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. We will post the report on our website for public dissemination.



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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



November 14, 2013

Ms. Anne L. Richards  
Assistant Inspector General for Audits  
Office of Inspector General  
U.S. Department of Homeland Security  
245 Murray Drive, S.W. Building 410  
Washington, D.C. 20528

Dear Ms. Richards:

Foxx & Company performed an audit of American Samoa's management of the Department of Homeland Security's State Homeland Security Program grants for Fiscal Years 2009 through 2011. The audit was performed in accordance with our Task Order No. TPD-FIG-BPA-10-0006, Order No. 0001 dated September 24, 2012. This report presents the results of the audit and includes recommendations to help improve American Samoa's management of the audited State Homeland Security Program grants.

Our audit was conducted in accordance with applicable *Government Auditing Standards*, 2011 revision. The audit was a performance audit as defined by Chapter 2 of the *Standards* and included a review and report on program activities with a compliance element. Although the audit report comments on costs claimed by American Samoa, we did not perform a financial audit, the purpose of which would be to render an opinion on American Samoa's financial statements or the funds claimed in the Financial Status Reports and Federal Financial Reports submitted to the Department of Homeland Security.

We appreciate the opportunity to have conducted this audit. Should you have any questions, or if we can be of any further assistance, please call me at (513) 639-8843.

Sincerely,

Foxx & Company

Martin W. O'Neill  
Partner



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## Abbreviations

ASDHS	American Samoa Department of Homeland Security
CFR	Code of Federal Regulations
DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
FY	fiscal year
HSAC	Homeland Security Advisory Council
HSEEP	Homeland Security Exercise and Evaluation Program
HSGP	Homeland Security Grant Program
NIMS	National Incident Management System
OIG	Office of Inspector General
SHSP	State Homeland Security Program
SMART	specific, measurable, achievable, results-oriented, and time-limited
SPR	State Preparedness Report
State strategy	State Homeland Security Strategy
TEMCO	Territorial Emergency Management Coordinating Office
Territory	Territory of American Samoa
THIRA	Threat and Hazard Identification Risk Assessment



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### Executive Summary

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, as amended, requires the Department of Homeland Security (DHS) Office of Inspector General (OIG) to audit individual States' and U.S. Territories' management of State Homeland Security Program and Urban Areas Security Initiative grants. This report responds to the reporting requirement for the Territory of American Samoa (Territory).

The audit objectives were to determine whether the Territory spent State Homeland Security Program grant funds effectively and efficiently, and in compliance with applicable Federal laws and regulations. We also addressed the extent to which grant funds enhanced the Territory's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters. The Territory was awarded approximately \$4.1 million in State Homeland Security Program grants during fiscal years 2009 through 2011. Because only a small portion of fiscal years 2009 through 2011 grant funds had been obligated and expended, we reviewed personnel charges against the fiscal year 2008 grant.

The Territory did not aggressively manage fiscal years 2009 through 2011 State Homeland Security Program grant funds, did not adequately identify and assess its risks and vulnerabilities, and did not measure its progress in achieving needed capabilities. As of January 25, 2013, only \$204,000 of the \$4,057,280 awarded had been obligated and expended. The Territory also did not comply with Federal requirements regarding training and exercise activities, property management, and accounting for personnel time charges. As a result, the Territory's preparedness was not in compliance with the Federal Emergency Management Agency's (FEMA) requirements in the areas of emergency response equipment, training, and exercises. We questioned costs totaling \$52,292 that resulted from charging fiscal year 2012 management and administration costs against the fiscal year 2008 grant.

We made 17 recommendations that call for FEMA to initiate improvements, which, if implemented, should strengthen grant program management, performance, and oversight. FEMA and the Territory concurred with all 17 recommendations. Written comments to the draft report are incorporated as appropriate and are included in appendix B.



## **Background**

DHS provides Federal funding through the Homeland Security Grant Program (HSGP) to help State and local agencies enhance capabilities to prevent, deter, respond to, and recover from terrorist attacks, major disasters, and other emergencies. Within DHS, FEMA is responsible for administering the HSGP. FEMA supports preparedness by developing policies, ensuring that adequate plans are in place and validated, defining capabilities required to address threats, providing resources and technical assistance to States and U.S. Territories, and synchronizing preparedness efforts throughout the Nation. Appendix C contains a detailed description of the interrelated grant programs that constitute the HSGP.

HSGP guidance requires the Governor of each State and U.S. Territory to designate a State Administrative Agency to apply for and administer grant funding awarded under the HSGP. The State Administrative Agency is the only entity eligible to apply for HSGP funds. The Governor of American Samoa designated the American Samoa Department of Homeland Security (ASDHS) to serve as the State Administrative Agency for the Territory. The ASDHS organization is included in appendix D.

The Territory was awarded \$4,154,177 in HSGP funds during fiscal years (FYs) 2009 through 2011. This included \$4,057,280 in State Homeland Security Program (SHSP) funds. The additional HSGP funds totaling \$97,297 were awarded under the HSGP Citizens Corp Program. Appendix A contains details on the audit's objectives, scope, and methodology.

## **Results of Audit**

The Territory did not efficiently and effectively implement and manage its SHSP grants to achieve needed capabilities. As a result, the Territory could not accurately estimate capability requirements, or build, sustain, or plan to deliver capabilities.

The Territory needs to implement improvements in:

- The Territory's Preparedness System
- Obligating and Expending Funds
- Training and Exercise Activities
- Property Management and Accountability
- Personnel Time Charges



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As of January 25, 2013, the Territory had only obligated and expended \$204,000 of the \$4,057,280 awarded. The Territory also did not comply with Federal requirements regarding training and exercise activities, property management and accountability, and accounting for personnel time charges. As a result, the Territory's preparedness did not meet national preparedness standards in the areas of emergency response equipment, training, and exercises. We reviewed personnel charges against the FY 2008 grant and questioned costs totaling \$52,292 that resulted from charging FY 2012 management and administration costs against the FY 2008 grant.

The Territory needs to improve its implementation and management of SHSP grants in order to receive the intended benefits of the grant programs. In addition, the Territory needs to increase its training and exercise activities to better prepare first responder capabilities to prevent, prepare for, protect, and respond when called upon. Compliance improvements are also needed in the Territory's property management and personnel time reporting systems.

#### **American Samoa's Preparedness System**

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ASDHS did not approach preparedness based on the components of the National Preparedness System. The *National Preparedness System*, dated November 2011, states that implementation of the system will result in integration of the following components into an efficient and effective system:<sup>1</sup>

1. Identifying and assessing risk;
2. Estimating capability requirements;
3. Building and sustaining capabilities;
4. Planning to deliver capabilities;
5. Validating capabilities; and
6. Reviewing and updating

Instead, the Territory used a fragmented approach in its efforts to enhance preparedness capabilities. The Territory's preparedness system consisted primarily of ASDHS taking the actions required to secure grant funding; e.g., periodic review and update of State Homeland Security Strategies (State strategies), submission of State Preparedness Reports (SPRs), and submission of

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<sup>1</sup> Appendix F provides a description of the National Preparedness System and the six components of the system. These components are integral to each of the five mission areas described in the National Preparedness Goal (prevention, protection, mitigation, response, and recovery).



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grant applications.<sup>2</sup> The fragmentation resulting from not integrating the six National Preparedness System components into a single system has negatively impacted the Territory's efforts to achieve capabilities and improve preparedness. As a result, the Territory did not adequately identify and assess risks and vulnerabilities, accurately estimate capability requirements, or build, sustain, or plan to deliver capabilities.

Until the Territory designs and implements an integrated preparedness system based on the National Preparedness System, lives and infrastructure could be at risk because:

- The risk to the Territory based on threats, vulnerabilities, and consequences will not be fully known.
- Core capability requirements will remain uncertain.
- Opportunities to enhance capabilities across the five mission areas of prevention, protection, mitigation, response, and recovery will be lost.
- Basic emergency response needs will remain unmet.
- The ability to validate plans and capabilities through exercises will be minimal.
- Reviews of plans, resources, and capabilities will not provide the means to examine preparedness, determine priorities, direct preparedness actions, adjust goals and objectives, and monitor major programs that impact preparedness.

Three factors that contributed to the Territory's inability to integrate the National Preparedness System components into an efficient and effective system are weaknesses in utilizing governance bodies, demonstrating improvements and measurable accomplishments of SHSP funded projects, and preparing and prioritizing investment justifications.

### **SHSP Governance**

The Territory's governance over its SHSP was ineffective. ASDHS established governance bodies consisting of the American Samoa Homeland Security Advisory Council (HSAC) and HSAC working groups. These governance bodies did not (1) collaborate on risk and capabilities-based assessments and (2) evaluate goals, objectives, and implementation steps in State strategies. Furthermore, the governance bodies did not support ongoing reviews and refinement of the

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<sup>2</sup> The State Preparedness Report is a self-assessment of the capabilities required to prevent, protect against, mitigate the effects of, respond to, and recover from all threats and hazards.



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Territory's homeland security program as new lessons were learned, and new priorities, challenges, threats, and hazards evolved.

FEMA grant guidance for FYs 2009 through 2011 re-emphasized the importance of creating or utilizing existing governing bodies to act on grant application requirements and funding priorities specified in the guidance and to coordinate grant resources. According to the guidance, the membership of a governing body, such as a State Senior Advisory Committee, must, at a minimum, include officials directly responsible for the administration of the FEMA grants. The guidance also says that State strategies should reflect an ongoing process of review and refinement as new lessons, new priorities, and new challenges, threats, and hazards evolve. Governing bodies are essential to ensuring that *Department of Homeland Security State and Urban Areas Homeland Security Strategy Guidance on Aligning Strategies with the National Preparedness Goal*, July 2005, is followed.

According to the FYs 2010 and 2011 State strategies, the HSAC was established by Executive Order No. 001-2006, to advise ASDHS in all homeland security areas including planning, organization, equipment, training, and exercises.<sup>3</sup> This council was comprised of the heads of American Samoa Government departments and agencies, Federal government representatives, and representatives from the private sector. The HSAC was established to conduct comprehensive reviews and analyses of the current state of preparedness and assess local capabilities to detect, prevent, and respond to acts of terrorism and weapons of mass destruction; to develop and provide recommendations; and to review and approve the State strategy and ASDHS program goals, objectives, and implementation plans. See appendix G for HSAC membership.

While the FYs 2010 and 2011 State strategies say that the HSAC has a major role in establishing the State strategy for the Territory, only four HSAC meetings were convened between 2007 and January 2013. The one HSAC meeting within the scope of the audit (FYs 2009 through FY 2011) was convened for HSAC members to meet and interact with FEMA Headquarters and FEMA Region IX staff. We found no evidence that the HSAC collaborated on risk and capabilities-based assessments; evaluated State strategies as required; or supported ongoing reviews and refinement of the Territory's homeland security program as new

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<sup>3</sup> Executive Order 001-2006, dated January 24, 2006, established the Homeland Security Advisory Committee. Executive Order 008-2007, dated July 22, 2007 superseded and rescinded Executive Order 001-2006 and established the Homeland Security Advisory Council.



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lessons were learned, and new priorities, challenges, threats, and hazards evolved.

Seventeen HSAC working groups (see appendix G) were established between 2007 and 2012 to review past State strategies and make necessary revisions as required based on the Territory's needs and in conjunction with the National Strategy. Only 6 of the 17 HSAC working groups identified by ASDHS were involved in homeland security activities. These six HSAC working groups were mostly involved with project management or project specific efforts such as developing the Territorial Disaster Assistance Plan and monitoring a land mobile radio project. Because the HSAC rarely met, HSAC working groups were not called upon for strategic planning. The Strategic Planning Team described in the FYs 2010 and 2011 State strategies was established to help guide the strategy development process for allocating and distributing grant funding among emergency responders in the Territory. However, there also was no evidence that the Strategic Planning Team had ever met.

For the most part, the Territory did not ensure that its Homeland Security Program got the attention and resources needed for an effective program outcome. Lapses in leadership and accountability occurred because established governance bodies rarely met to address homeland security matters or to ensure preparedness activities were integrated across disciplines, agencies, and levels of government. In addition, ASDHS organizational duties and responsibilities were not always clearly defined, and frequent organizational and personnel changes occurred. Between 2009 and 2012, 23 ASDHS memoranda were issued adding additional or new duties and responsibilities to ASDHS staff. In addition, staff positions in the Strategic Plan, Program Monitoring and Evaluation, and State Preparedness Report Sections of ASDHS' Office of Homeland Security were not filled, although this organizational component of ASDHS was approved by the Territorial Governor in February 2011.

Each American Samoa department or agency with homeland security responsibilities determined its own needs without obtaining a Territory-wide risk and capabilities-based view of preparedness. Additionally, because governing bodies rarely met, the Territory's departments and agencies did not actively participate in State strategy development and evaluation, State preparedness reporting, or prioritization of homeland security projects. The resulting impression was that homeland security matters were the sole responsibility of ASDHS rather than the American Samoa Government.



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FEMA officials confirmed that the absence of leadership and accountability regarding program success were the primary reasons why projects in the Territory were not being accomplished. FEMA officials also said changes in management, priorities, and projects had been problematic. They also said that because the Territory is a very small island, political influences played an important part in homeland security management decisions.

A stabilized ASDHS organization with defined roles and responsibilities is one of the key elements of accountability for program success and would help mitigate the political influences affecting homeland security management decisions.

### **SHSP Improvements and Accomplishments**

ASDHS could not demonstrate specific improvements and measurable accomplishments of SHSP funded projects because it:

- Did not establish a baseline of objectives in its State strategy that complied with the *Department of Homeland Security State and Urban Area Homeland Security Strategy Guidance on Aligning Strategies with the National Preparedness Goal*, dated July 2005, and
- Did not monitor grant implementation.

ASDHS had not evaluated the effectiveness of its State strategies or established grant performance measures. Reviews and updates of the Territory's State strategies for FYs 2009 through 2011 were ineffective because the strategies did not include appropriate goals, objectives, and implementation steps; or did not address the Territory's needs for basic emergency response capabilities.

According to *Department of Homeland Security State and Urban Area Homeland Security Strategy Guidance on Aligning Strategies with the National Preparedness Goal*, July 2005, an objective sets a tangible and measurable target level of performance over time against which actual achievement can be compared. Therefore, the objectives in State strategies should be specific, measurable, achievable, results-oriented, and time-limited (SMART):

- Specific, detailed, particular, and focused – helping to identify what was to be achieved and accomplished;
- Measurable – quantifiable, providing a standard for comparison, and identifying a specific achievable result;



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- Achievable – the objective is not beyond a State, region, jurisdiction, or locality’s ability;
- Results-oriented – identifies a specific outcome; and
- Time-limited – a target date exists to identify when the objective will be achieved.

ASDHS did not always have SMART objectives consistent with Federal requirements in its State strategies, as shown in table 1.

**Table 1. American Samoa State Homeland Security Strategies’ Objectives**

Fiscal Year	Specific, detailed, particular, and focused	Measurable (output-oriented)	Achievable	Results-oriented (outcomes vs. outputs)	Time-limited
	Yes / No	Yes / No	Yes / No	Yes / No	Yes / No
2009	18 / 47	29 / 36	28 / 37	17 / 48	0 / 65
2010/2011	58 / 17	58 / 17	58 / 17	57 / 18	15 / 60

Source: Foxx & Company analysis

The *Department of Homeland Security State and Urban Area Homeland Security Strategy Guidance on Aligning Strategies with the National Preparedness Goal* also stated that to ensure the success of the strategy, an evaluation plan was required to monitor progress, compile key management information, track trends, and keep the strategy on track. The State strategies provided an evaluation plan which called for quarterly meetings of a territorial assessment working group to review strategic goals, objectives, and implementation steps; evaluate achievements and identify pending objectives that remain incomplete; and revise as needed homeland security objectives in order to meet the goals of the Territory. Although ASDHS employed a technical assistance contractor to aid in the development of the FY 2010 State strategy, there was no evidence that a territorial assessment working group or any other working group or committee ever met to assist in revising the strategy or to measure the success of the strategy.

Code of Federal Regulations (CFR) Title 44 §13.40(a), *Monitoring and Reporting Program Performance*, required that the grantee monitor grant-supported activities to ensure compliance with applicable Federal requirements and to ensure that performance goals were being achieved. However, ASDHS could not demonstrate specific improvements and measurable accomplishments of SHSP funded projects because it did not monitor grant implementation. As a result,



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ASDHS did not have a basis for measuring improvements in its preparedness and response capabilities.

ASDHS officials said that they measured improvements in preparedness every time the Emergency Operations Center was activated. Activating the Emergency Operations Center may be a means to validate capabilities, but only if a measurable target level of performance has been established. ASDHS officials also said that progress towards increasing their level of preparedness was reported to DHS annually with their submission of the SPR and the Threat and Hazard Identification Risk Assessment (THIRA).<sup>4</sup> The FY 2011 SPR did not report improvements in capabilities; did not identify risks, vulnerabilities, or needs; did not crosswalk to the goals and objectives in the State strategies; and did not contain any performance measures.

### **Investment Justifications**

ASDHS did not prepare and prioritize Investment Justifications based on risks or gaps in capabilities. No risk assessments were completed during FYs 2009 through 2011. As a result, capability gaps, excesses, and deficiencies were not known.

Guidance on preparing the FY 2011 SPR required States and U.S. Territories to identify threats and hazards, identify the capabilities stressed by the possibility of those threats and hazards occurring, conduct a self-assessment of current capabilities, and identify any gaps in capabilities. Each of these actions is necessary in order to prepare and prioritize Investment Justifications that are based on risks and gaps in capabilities.

The 2011 SPR identified threats and hazards for which the Territory was preparing and answered basic questions on self-assessed capability limitations. However, the 2011 SPR did not address gaps in levels of preparedness associated with planning, organization, equipment, training, and exercises; or the steps needed to fill the gaps. ASDHS officials reported in its FYs 2009 and 2010 SPRs that, due to a freeze of DHS/FEMA funding, limited progress had been made toward specific target capabilities.

FEMA guidance for preparing Investment Justifications (grant applications) during FYs 2009 through FY 2011 generally required States and U.S. Territories to: (1) describe how terrorism and natural hazards influenced the development

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<sup>4</sup> While requested, ASDHS could not provide us a copy of the FY 2011 THIRA.



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of the investments (projects), (2) identify State strategy goals, objectives, and milestones associated with each project; and (3) describe each project including funding for each solution area (planning, organization, equipment, training, and exercises).

ASDHS did not adequately describe the spectrum of terrorism and natural hazard risks that the Territory faced or explain how this understanding influenced development of the grant applications. In its FY 2011 application package, ASDHS said that the probability of a terrorist attack had increased due to rising turbulence and terrorist activities in the surrounding Asia Pacific Theater. However, a mainstream media report with information obtained from open sources said in July 2010 that the Territory was one of 15 States and U.S. Territories that the Department of Homeland Security and U.S. intelligence agencies assessed as having no specific foreign or domestic terrorism threat.<sup>5</sup> In addition, State strategy references to goals, objectives, and milestones associated with each project were broad and primarily addressed National Priorities that only tied back to the individual projects in a general sense. For FY 2010, 5 of the 10 SHSP projects did not identify State strategy references as required.

Individually proposed projects were not prioritized based on risk, and investment descriptions were often vague and incomplete. ASDHS officials stated that other Territorial departments and agencies were asked to identify projects that addressed needs and priorities when grant guidance became available. ASDHS also said it did not dictate the needs and priorities of any one agency or department but allowed the agencies and departments the opportunity to develop their own investment projects based on perceived or identified threats and vulnerabilities. ASDHS officials said that project submissions were compared to FEMA's guidance on preparing the grant application in order to select and prioritize projects. Two examples of vague and incomplete projects are:

- ASDHS proposed a FY 2009 project to strengthen chemical, biological, radiological, nuclear, and explosives detection and response capabilities. The proposed project required an investment of \$250,000, which consisted of \$247,500 for unspecified equipment and \$2,500 for training. No funds were identified for planning, organization, or exercises.
- A proposed FY 2010 project requested \$685,494 for ASDHS personnel costs. The project did not describe an actual need for additional staff or

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<sup>5</sup> *Top Secret America, A Washington Post Investigation*, July 2010.



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for the payment of personnel costs for existing staff. In addition, the project did not conform to FY 2010 grant guidance regarding organizational activities or allowable management and administration costs.

According to ASDHS officials, the Territory's SHSP planning was not an ongoing process. Instead of planning in advance of the grant year, the officials said that the Territory's planning began with FEMA's issuance of Grant Guidance and Application Kits for each FY. While departments and agencies submitted needs in the form of Investment Justifications for projects, the identified needs were not based on formal risk assessments. Project descriptions, funding allocations by solution area, and project milestones were not readily apparent. For example, the description for a FY 2011 project entitled Multi-Discipline Border Control was unclear as to the Territory's needs, its existing border control capabilities, or its capability gaps. Of the \$609,576 in project funding requested, ASDHS identified \$20,000 for planning, \$20,000 for organization, \$569,576 for unspecified equipment, and \$0 for training and exercises. While expected outcomes were identified by ASDHS, there was no specificity in project documentation to indicate how these outcomes would be achieved.

Projects and requested funding associated with agreed upon capability needs and capability gaps were not carried forward from year to year when the need or gap continued to exist. New projects were proposed while older projects were never started or remained incomplete with needed capabilities unmet. According to FEMA officials, advance planning and grant oversight were systemic problems with the Territory. While it is not uncommon for preparedness priorities to change, changes from year-to-year should be minimal until basic emergency response capabilities and equipment are acquired.

As stated in the FYs 2010 and 2011 State strategies, "The reality for isolated territories with weak economies such as American Samoa is that we remain deficient in most aspects of basic emergency response services. It is critical that recognition of American Samoa's unique status directs attention to these deficits and acknowledges the need to replace antiquated basic emergency response equipment and update training in order to benefit from technological advances in emergency response, lessons learned, and documented best practices." Accordingly, ASDHS should continue with a static plan from year to year until it reaches a basic level of competence for the basic emergency response services in which the Territory remains deficient.



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ASDHS officials stated that an initial risk and vulnerability assessment of critical infrastructure sites was underway during our fieldwork and was expected to be completed in early February 2013. ASDHS officials also said that ultimately a full review of approximately 13 critical infrastructural sites would be completed although a completion date was not specified. In addition, ASDHS officials said that capability gaps, excesses, and deficiencies were not known since this information would be determined during the risk and vulnerability assessment mentioned above.

In April 2012, FEMA required States, U.S. Territories, and local governments receiving FEMA preparedness grants to complete a THIRA by December 31, 2012.<sup>6</sup> The THIRA provides a comprehensive approach for identifying and assessing risks and associated impacts using the core capabilities identified in the National Preparedness Goal. In addition to the THIRA, States and U.S. Territories receiving FEMA preparedness grants are required to annually submit a SPR. FEMA officials state that THIRA results and the SPR will provide a quantitative summary of preparedness. However, we did not review the THIRA process because it was still under development in FY 2011 and therefore not within the scope of our review. See appendix E for more information about the THIRA.

### Conclusion

To summarize, the Territory's homeland security program remained fragmented and ASDHS' approach to preparedness was inefficient and ineffective. As a result, the Territory's preparedness remained deficient in basic emergency response equipment, training, and exercises. In addition, the Territory risked losing SHSP funding due to the expiration of grant fund periods of performance. Until the Territory designs and implements an integrated preparedness system, lives and infrastructure could be at risk because:

- Risks to the Territory will not be fully known,
- Core capability requirements will remain uncertain,
- Opportunities to enhance capabilities will be lost,
- Basic emergency response needs will remain unmet,
- The ability to validate plans and capabilities through exercises will be minimal, and

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<sup>6</sup> According to the FY 2011 HSGP Guidance and Application Kit (May 2011), in order to qualify for FY 2011 funding, all grantees shall develop and maintain a THIRA. Current State Hazard Identification and Risk Assessments developed for the purposes of Pre-Disaster Mitigation or Hazard Mitigation Grant Program that have a terrorism component satisfy the FY 2011 SHSP requirement.



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- Reviews of plans, resources, and capabilities may not provide the means to examine preparedness, determine priorities, direct preparedness actions, adjust goals and objectives, and monitor major programs that impact preparedness.

### **Recommendations**

We recommend that the Assistant Administrator, Grant Programs Directorate, require the Director, American Samoa Department of Homeland Security to:

#### **Recommendation #1:**

Stabilize the ASDHS organization by defining the roles and responsibilities of ASDHS staff in relation to the responsibilities of the Department.

#### **Recommendation #2:**

Design and implement an integrated preparedness system that demonstrates to FEMA that the leadership activities of ASDHS align with the priorities and goals of the American Samoa Government and address the components of the National Preparedness System.

#### **Recommendation #3:**

Establish a firm requirement for HSAC and working group meetings to be held quarterly or more frequently for the purpose of:

- Providing a risk and capabilities-based blueprint for comprehensive, Territory-wide planning for the homeland security efforts;
- Identifying realistic strategic goals, SMART objectives, and implementation steps that provide sufficient information on how goals and objectives would be achieved;
- Monitoring State strategy progress, compiling key management information, tracking trends, and keeping the strategy on track; and
- Mitigating the political influences affecting homeland security management decisions.



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### **Recommendation #4:**

Require that each HSAC and Working Group meeting be fully documented, reviewed, and acknowledged by ASDHS officials; and, as appropriate, be forwarded to FEMA officials for review and approval.

### **Recommendation #5:**

Establish grant performance measures so that grant-supported activities can be sufficiently monitored to ensure that performance goals are being achieved.

### **Recommendation #6:**

Demonstrate consistency in acquiring needed capabilities or filling capability gaps by tracking progress for approved projects from year-to-year, and performing needs assessments before planning new projects.

### **Management Comments and Auditors' Analysis**

**Recommendation 1.** FEMA concurred with the recommendation and will require ASDHS to develop a staffing plan that encompasses authorized staff positions with approved job descriptions that can support its unique homeland security organizational activities.

ASDHS said that its leadership has introduced a new organizational chart which has been reviewed by the Directors of the Department of Human Resources and the Office of Planning and Budget and is currently awaiting the required signatures. In addition, position descriptions further defining the roles and responsibilities of ASDHS personnel in relation to the mission and mandated functions of the Department have been submitted. With the submission of the position descriptions and organizational chart, ASDHS requested closure of this recommendation.

**Auditors' Analysis.** The actions proposed by FEMA and ongoing at ASDHS meet the intent of the recommendation. However, until FEMA provides a firm timetable for completion, the recommendation will remain unresolved and open.

**Recommendation 2.** FEMA concurred with the recommendation. FEMA said that the integrated preparedness system has its basis in the strategic plan and



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planning process, part of which is designed to help the Territory establish measurable goals and objectives and systematically measure improvements in first responder capabilities and Territory-wide preparedness.

FEMA described actions taken in 2012 to develop a consistent THIRA methodology for determining risks. FEMA said that the THIRA and SPR processes are scalable to allow sub-jurisdictions, sub-grantees, and subject matter experts to provide input to the State or Territory, and taken together, the THIRA and SPR highlight gaps in capability and the progress of grantees in closing those gaps over time. FEMA provided copies of the Territory's FY 2012 THIRA and SPR but because of their length, they were not included in appendix B of this report.

FEMA also said that States and Territories should build and sustain capabilities based on the capability needs, shortfalls, requirements, and gaps identified in grant applications. FEMA said that Investment Justifications submitted in the grant application must specifically identify the core capability or capabilities, the priority of the core capability, the capability gaps noted in SPRs that the investment intends to address, and the specific outcome(s) that the investment will yield.

FEMA concluded that that use of the THIRA, SPR, and Investment Justifications satisfies the intent of this recommendation and it requested that recommendation be closed.

In its response, ASDHS said it is willing to revisit its preparedness system processes to ensure that the leadership activities of ASDHS align with the priorities and goals of the Territory.

**Auditors' Analysis.** The actions taken by FEMA meet the intent of the recommendation. The recommendation is considered resolved and closed.

**Recommendations 3.** FEMA concurred with the recommendation and said that it would remind ASDHS to comply with its own administrative policies which call for the HSAC to conduct risk-based planning for the Territory's preparedness goals and objectives at least quarterly. FEMA said that it will address this with the Territory to ensure it has the proper structure in place to support quarterly planning meetings. In addition, FEMA said it would follow up with the Territory to confirm steps have been taken to document and record meeting discussions when they occur and to determine how these meetings influence forward planning for the HSGP.



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ASDHS said that it will establish firm requirements for the HSAC and working group meetings to be held quarterly or more frequently as the need exists. ASDHS also said it would consider the bullet points in the recommendation as it restructures the HSAC and working groups to improve their functionality as the governing bodies for the HSGP.

**Auditors' Analysis.** The actions proposed by FEMA and ongoing at ASDHS meet the intent of the recommendation. However, until FEMA provides a firm timetable for completion, the recommendation will remain unresolved and open.

**Recommendation 4.** FEMA concurred with the intent of the recommendation and said that the way in which ASDHS should document its HSAC meetings is addressed in its response to recommendation 3. ASDHS concurred with the recommendation and said that when held, minutes of HSAC and Working Group meetings are documented and made available upon request by FEMA officials for their information and review.

**Auditors' Analysis.** FEMA's response meets the intent of this recommendation. However, until FEMA provides a firm timetable for completion, the recommendation will remain unresolved and open.

**Recommendations 5 and 6.** FEMA concurred with the recommendations. FEMA said that as discussed in its response to recommendation 2, a system has been established to help States, Territories, and Urban Areas establish measurable goals and objectives, thus enabling them to systematically measure improvements in first responder capabilities and statewide preparedness. Processes in this system (1) help ensure consistency in the methodologies used for acquiring needed capabilities or filling capability gaps, (2) allow for the tracking of progress for approved projects from year-to-year, and (3) allow for performing needs assessments before planning new projects.

ASDHS concurred with recommendation 5 and said it will ensure performance measures documented in Investment Justifications and other reports are sufficiently monitored with a view toward achieving goals and objectives. ASDHS also concurred with recommendation 6 stating that the completion of the Territory's THIRA in December 2013 will aid ASDHS and its stakeholder partners in responding collectively and collaboratively to this recommendation.



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**Auditors' Analysis.** As discussed in FEMA's response to recommendation 2, the actions taken by FEMA meet the intent of recommendations 5 and 6, which are resolved and closed.

### **Management of the SHSP Grant Funds**

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ASDHS did not aggressively manage its SHSP grant funds, did not obligate and expend grant funds in a timely manner, and did not demonstrate to FEMA that the Territory's projects had been sufficiently planned with clearly defined project descriptions, milestones, and funding allocations by solution area. As of January 31, 2013, ASDHS had only obligated and expended \$102,000 of the \$1,430,000 in FY 2009 SHSP grant funding; \$102,000 of the \$1,469,000 in FY 2010 SHSP grant funding; and \$0 of the \$1,157,680 in SHSP grant funding awarded for FY 2011. The pace of the Territory's obligations and funding activities could result in the Territory losing SHSP funding due to the expiration of grant fund periods of performance. If this occurs, the Territory will lose the opportunity to acquire needed capabilities or fill capability gaps to adequately prepare for, prevent, respond to, and recover from threats to public safety.

*FEMA Guidance to State Administrative Agencies to Expedite the Expenditure of Certain DHS/FEMA Grant Funding*, dated February 13, 2012, recognized the benefits of Federal investment in State and local preparedness capabilities. The Guidance provided a process for reprioritizing and modifying current investment projects to ensure that funds were made available for use quickly and efficiently.

ASDHS officials attributed the delay in obligating and expending grant funds to a freeze on HSGP funding imposed on the Territory by FEMA in January 2007, resulting from an OIG audit of FYs 2002 through 2004 HSGP awards.<sup>7</sup> ASDHS officials said that they looked for ways to use unspent grant funds, but often experienced difficulties due to FEMA's:

- Rigid pre-approval process prior to initiating projects,
- Restrictive periods of performance, and
- Restrictive cash drawdown procedures.

While FEMA had placed a hold on most of the Territory's SHSP grant funding, the FYs 2009 through 2011 Initial Strategy Implementation Plans submitted by ASDHS and approved by FEMA gave the Territory the authority to begin its

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<sup>7</sup> OIG Report Number OIG-07-42, *Audit of State Homeland Security Grants Awarded to the American Samoa Government*, May 2007.



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projects once the project details had been firmly established and approved by FEMA. ASDHS did not initiate projects because it failed to work out specific project details and obtain FEMA's approval to begin. Appendix H provides a history of FEMA's funding freeze and restricted cash drawdown procedures.

We discussed ASDHS' concerns regarding its inability to initiate projects with FEMA officials on February 6, 2013, who said:

- There was nothing keeping ASDHS from initiating projects if FEMA's pre-approval procedures were followed. The Territory is different from States and other Territories in that funds classified by FEMA as on hold (frozen) would only be made available for obligation and expenditure when ASDHS assured FEMA that advance project planning had adequately identified project requirements and ASDHS was prepared to initiate and monitor the project.
- Funding on open grants should be expended prior to opening additional grants. However, additional grant programs could be opened for warranted projects on a case-by-case basis if the Territory identified a requirement for additional grant funding to complete those projects.
- Until ASDHS demonstrated that it could manage multiple projects with multiple years funding, the administrative hold on funds would remain in place.

Because of the administrative hold placed on the Territory's HSGP funds in 2007, ASDHS erroneously believed that projects submitted by ASDHS as part of its grant application and approved by FEMA could not be initiated until FEMA released the grant funds. In the prior audit of HSGP funds, OIG recommended that FEMA make greater use of existing authorities, up to and including designating the Territorial Office of Homeland Security (now ASDHS) as a "high-risk" grantee due to the nature of the findings reported. In lieu of a high risk designation, FEMA froze all grant funding in January 2007 pending a full review of financial activity related to the grant programs. When outstanding issues in the OIG report were adequately addressed in September 2009, the freeze on older HSGP grant funds was lifted, but restricted cash drawdown procedures were put in place. FEMA required ASDHS to provide supporting documentation, and obtain approval from FEMA, in advance of drawing down the grant funds.

In summary, FEMA continued an administrative hold on FYs 2010 through 2012 grants but did not prohibit ASDHS from initiating projects if FEMA's pre-approval procedures were followed. With improved leadership and



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accountability, mitigation of political influences, advance project planning, and a process to achieve consistency in achieving preparedness capabilities, the Territory can acquire needed capabilities or fill capability gaps to adequately prepare for, prevent, respond to, and recover from threats to public safety.

### **Recommendation**

We recommend that the Assistant Administrator, Grant Programs Directorate, require the Director, American Samoa Department of Homeland Security to:

#### **Recommendation #7:**

Seek FEMA's approval to initiate projects in a timely manner after grant award based on documentation that assures FEMA that the projects have been sufficiently planned with appropriate defined project descriptions, funding allocations by solution area, and project milestones.

### **Management Comments and Auditors' Analysis**

FEMA concurred with recommendation 7 and said that it will work with ASDHS as it implements policies and practices that promote earlier and more timely communication with FEMA on allowable project activity under the current program hold conditions. ASDHS also concurred with the recommendation and said that it does not need to wait for FEMA approval to initiate projects as the conditions imposed by FEMA are financial in nature. ASDHS also said that it promptly reviews and revises grant awards with the grantee and routinely issues grant adjustment notices to reflect the revisions.

**Auditors' Analysis.** The actions proposed by FEMA meet the intent of the recommendation. ASDHS correctly pointed out that current program hold conditions are financial in nature and projects could be initiated without additional FEMA project approval. FEMA will only release SHSP funds when it has assurance that projects have been sufficiently planned with appropriate defined project descriptions, funding allocations by solution area, and project milestones. Therefore, the earlier these activities are accomplished, the earlier ASDHS can seek reimbursement for actual project costs. Until FEMA provides a firm timetable for completion of its proposed actions, the recommendation remains unresolved and open.



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### **Training and Exercise Activities**

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ASDHS was not proactive in recognizing the requirements for training and exercises. ASDHS did not (1) conduct an annual Training and Exercise Plan Workshop and update its Training and Exercise Plan in 2012, and (2) complete a cycle of exercise activity during the 2009 through 2011 period. In addition, ASDHS did not meet National Incident Management System (NIMS) requirements for obtaining the NIMS baseline curriculum courses for those personnel involved in emergency management. As a result, there was no assurance that ASDHS and the Territory's first responders were adequately trained or had the ability to prepare for, prevent, respond to, and recover from threats to public safety.

According to FYs 2009, 2010, and 2011 HSGP guidance, States and U.S. Territories were required to conduct an annual Training and Exercise Plan Workshop to identify key priorities and major events over a multi-year time frame and to align training and exercises in support of those priorities. A multi-year Training and Exercise Plan would be produced from the workshop to include the Territory's training and exercise priorities, associated training and exercise capabilities, and a multi-year training and exercise schedule. This plan was to be updated annually and the schedule would reflect all exercises that were to be conducted.

Grant guidance also provided that grant recipients must complete a cycle of exercise activity during the period of the grant. The guidance stated that all exercises would be performance-based and evaluated using Exercise Evaluation Guides found in the Homeland Security Exercise and Evaluation Program (HSEEP) at the HSEEP website. According to the guidance, an After-Action Report/Improvement Plan would be prepared and submitted to FEMA. After-Action Reports/Improvement Plans must conform to HSEEP format and should capture objective data pertaining to exercise conduct.

Homeland Security Presidential Directive 5, issued in February 2003, required Federal departments and agencies to make adoption of NIMS by State, tribal and local governments, and non-government organizations a condition for Federal preparedness assistance, through grants, contracts, and other activities. NIMS was published in March 2004 and revised in December 2008. According to NIMS documentation, everyone involved in emergency management (including emergency operation center personnel in support of the field), regardless of



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discipline or level of government, should take the NIMS baseline curriculum courses (Independent Study-700 and ICS-100).

FEMA officials stated that FEMA provided assistance to ASDHS in developing and implementing the Territory's initial Training and Exercise Plan Workshop in December 2010. The Workshop produced a 2011-2014 multi-year Training and Exercise Plan. According to FEMA, a workshop was also held in 2011, but not in 2012. An ASDHS official stated that the Training and Exercise Plan Workshop was not conducted in 2012 because the gubernatorial election that year would result in changes occurring in the administration. Therefore, ASDHS decided to wait until the following year to conduct the annual workshop. A Training and Exercise Plan Workshop was scheduled to be held in November 2013.

The multi-year Training and Exercise Plan defined capability areas including a critical resource logistics and distribution capability. This capability, when achieved, accurately tracks and records available key players (stakeholders) and material critical resources throughout all incident management phases. The Training and Exercise Plan stated that as the program matures, the Territory would focus on this capability area. While ASDHS provided us with an After Action Report/Improvement Plan Distribution list which listed the key American Samoa department and agency directors and contact information, the list did not provide areas of expertise and prior exercise experience, nor was there any indication that all the stakeholders had been identified.

According to ASDHS officials, ASDHS had not performed any exercises during the periods of performance for the FYs 2009 through 2011 HSGP awards. The Territory conducted a district-wide evacuation drill for certain schools in May 2009 and a tsunami tabletop exercise in May 2010. However, according to an ASDHS official, the evacuation drill and tabletop exercise were not official exercises because HSEEP requirements were not met. The HSEEP protocol required that the individuals conducting the exercise be HSEEP trained or that a HSEEP trained evaluator observe the exercise to assure the exercise was conducted properly. ASDHS had not trained HSEEP employees because of the expense of obtaining the training outside of the Territory.

According to ASDHS officials, a full scale first responder exercise was planned for November 2013. The Territory and FEMA were also planning for a catastrophic hurricane tabletop exercise in 2014.

According to ASDHS officials, about 35 percent of the employees involved in emergency management activities had completed the required NIMS baseline



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curriculum courses. ASDHS officials said that some personnel did not have computers and could not access the required online computer-based training course. In addition, some employees had difficulty in completing the course. ASDHS officials said that ASDHS conducted an in-house training course each year to assist those who had difficulty completing the course or did not have computer access. The officials also said that, because there has been a high turnover in emergency response personnel positions, there was a constant need to provide training to new employees.

While the FEMA-approved spending plans for FYs 2009 through 2011 HSGP funds provided budgets for training, no funds had been expended for training purposes. According to an ASDHS official, ASDHS had established the Planning, Training and Exercise Working Group composed of training coordinators from other American Samoa departments and agencies who met quarterly to determine Territory-wide training and exercise requirements at all levels. In addition, the ASDHS training coordinator stated that twice a year, ASDHS contacted the training coordinators from the various American Samoa departments and agencies to determine which emergency response personnel needed the required NIMS training. FEMA also provided ASDHS with a computer disc which included completion records for all participants who have completed the required training.

When annual Training and Exercise Plan Workshops are not held, the Territory loses the opportunity to translate State strategy goals into specific training and exercise activities. Furthermore, the Territory loses the chance to determine areas for improvement and assess training needs that would assure its ability to prepare for, prevent, respond to, and recover from threats to public safety. Only by holding an annual Training and Exercise Plan Workshop and executing the subsequent exercises can the Territory define specific corrective actions that must be taken to remedy issues observed during the exercises.

### **Recommendations**

We recommend that the Assistant Administrator, Grant Programs Directorate, require the Director, American Samoa Department of Homeland Security to:

#### **Recommendation #8:**

Conduct an annual Training and Exercise Plan Workshop, require the Planning, Training and Exercise Working Group to determine the Territory's training and



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exercise needs, and update the multi-year Training and Exercise Plan each year as required.

### **Recommendation #9:**

Identify the stakeholders in exercise activities by contact information, areas of expertise, and prior exercise experience, and integrate the stakeholders into the exercise program.

### **Recommendation #10:**

Complete a cycle of exercise activity that includes the stakeholders and organizations that would be involved in an actual incident or event.

### **Recommendation #11:**

Provide HSEEP training to individuals who have responsibility relevant to conducting exercises.

### **Recommendation #12:**

Require the Planning, Training and Exercise Working Group to develop and implement a plan to identify and train all appropriate American Samoa Government employees on the NIMS baseline curriculum courses.

### **Management Comments and Auditors' Analysis**

**Recommendations 8 through 10.** FEMA concurred with the recommendations and will require ASDHS to establish policies and procedures for developing a multi-year training and exercise program plan which addresses the actions identified in the three recommendations. In the implementation of this plan, FEMA will require ASDHS to complete a cycle of exercise activity that includes the stakeholders and organizations that would be involved in an actual incident or event.

For recommendation 8, ASDHS said that the Multi-year Training and Exercise Plan 2011-2014, developed in December 2010, is updated constantly and activities in the plan are held in accordance with the schedule. ASDHS concurred with recommendations 9 and 10 and noted that the only modified full scale exercise funded by FEMA and monitored in accordance with HSEEP requirements was conducted in 2005 - 2006. ASDHS said the cycle of exercise activity is



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included in the Multi-year Training and Exercise Plan 2011 – 2014 and that a Continuity of Operations Workshop and full scale exercise conducted by the American Samoa Department of Health occurred after the audit in early September 2013. ASDHS also said that depending on an incident or event, a list of stakeholders and organizations is a part of the required After Action Report.

**Auditors' Analysis.** The actions proposed by FEMA meet the intent of recommendations 8 through 10. ASDHS' response to recommendation 8 and concurrence with recommendations 9 and 10 are noted. However, until FEMA provides a firm timetable for completion of its proposed actions, recommendations 8 through 10 remain unresolved and open.

**Recommendation 11.** FEMA concurred with the recommendation. FEMA will require Territory government employees with responsibilities for conducting exercises to ensure that Training and Exercise Coordinators are NIMS qualified. ASDHS also concurred with the recommendation and said the ASDHS Training Coordinator, in coordination with the respective stakeholder first response and support agency training points of contact, will include the delivery of HSEEP training to individuals who have responsibilities for conducting exercises. ASDHS also said it will pursue obtaining HSEEP certification for ASDHS training personnel.

**Auditors' Analysis.** The actions proposed by FEMA and ASDHS meet the intent of the recommendation. However, until FEMA provides a firm timetable for completion, the recommendation remains unresolved and open.

**Recommendation 12.** FEMA concurred with the recommendation and stated that it will require the Planning, Training, and Exercise Working Group to develop and implement a plan to identify and train all appropriate Territorial government employees on NIMS baseline curriculum courses. ASDHS also concurred with the recommendation and said that it will work collectively with the Planning, Training, and Exercise Working Group and the NIMS Working Group to achieve a 95 percent compliance level by March 2014.

**Auditors' Analysis.** The actions proposed by FEMA and ASDHS meet the intent of the recommendation. However, until FEMA provides a firm timetable for completion, the recommendation remains unresolved and open.



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### Property Management and Accountability

ASDHS' property management system did not include specific procedures for adequate property management and accountability; did not include all items of equipment that had been received; and did not always include location, use and condition of the property, and disposition data. In addition, ASDHS did not always follow up on missing items found during annual inventories until the following year's inventory. As a result, ASDHS did not comply with the Federal property management and accountability requirements.

CFR Title 44 §13.3, *Definitions*, defines equipment as tangible, nonexpendable personal property having a useful life of more than 1 year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

CFR Title 44 §13.32(d), *Management requirements*, establishes procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, and includes the following minimum requirements:

- Maintain property records that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, the cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- Conduct a physical inventory of the property and reconcile the results with the property records at least once every 2 years.
- Establish and maintain a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- Perform adequate maintenance procedures to keep the property in good condition.

CFR Title 44 §13.20(b)(3), *Internal control*, states effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes. Sensitive equipment that is portable, such as lap-top computers and



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handheld radios, should be safeguarded even though the cost of the equipment might be less than the \$5,000.

Our review of ASDHS' property management system noted the following instances of noncompliance with Federal regulations:

- ASDHS did not consolidate all asset (equipment) information in the Territory's property management system. This finding was reported by FEMA in its monitoring report dated August 23, 2010. Our follow-up on this finding confirmed that this problem had not been corrected. For example:
  - Radios to be used as part of the Territory's land mobile radio system were received, but were not included in the property management system. ASDHS officials said they did not intend to record these radios in the property records until the radio system was fully constructed and operational.
  - Although 47 of the 48 warning towers within the tsunami siren warning system had been installed, the location of the 47 towers was not included in the Territory's property management records. Separate documentation was maintained that provided the location.
- ASDHS' property management system did not always include:
  - All of the minimum requirements for managing equipment. For example, the holder of title or custodian, location of the equipment, and ultimate disposition data were not always identified.
  - A clear statement of the operational status or use of the equipment. For example, the disposition column on the inventory list might show "keep" for a particular item without an explanation of its actual condition or how it was being used.
- Although ASDHS performed an inventory once a year, it did not follow up on missing items until the following year's inventory unless the items were considered expensive, such as vehicles. For example, the April 2012 inventory found that 10 laptop or desktop computers were missing. The ASDHS Logistics Administrator provided this information to other ASDHS



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officials, but investigations were not initiated to determine the disposition of the computers.

ASDHS officials said that the time required to fully comply with Federal regulations had not been available. As a result, the previously reported property management conditions had not been fully resolved. Because ASDHS had only a brief summary of the Territory's system rather than detailed operating procedures to ensure compliance with Federal requirements, ASDHS' property management system did not include specific procedures for adequate property management and accountability. Without these controls, the risk of equipment not being included in the system in a timely manner, or items being lost, damaged, or stolen was high.

#### **Recommendation:**

We recommend that the Assistant Administrator, Grant Programs Directorate, require the Director, American Samoa Department of Homeland Security to:

#### **Recommendation #13:**

Establish procedures to ensure that all Federal property management requirements are fully implemented, including:

- The consolidation of all property management information into a single system;
- The identification of the holder of title or custodian, location of the equipment, and ultimate disposition data;
- A clear statement of the operational status or use of the equipment;
- Controls to mitigate the loss, damage, or theft of equipment; and
- Timely investigations of any lost, damaged, or stolen equipment.

#### **Management Comments and Auditors' Analysis**

FEMA concurred with recommendation 13 and will require ASDHS to develop a property management system that meets the requirements of CFR Title 44 §13.32. ASDHS also concurred with the recommendation and said it would incorporate the recommended bullets points in updated inventory policies and procedures.



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**Auditors' Analysis.** The actions planned by FEMA and ASDHS meet the intent of the recommendation. However, until FEMA provides a firm timetable for completion, the recommendation remains unresolved and open.

### Personnel Time Charges

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ASDHS did not appropriately account for personnel activity costs for the FYs 2008 through 2011 grant awards. Personnel costs were charged to the oldest grant that had available funds rather than to the grant for which the activity was performed. For example, ASDHS' financial report for FY 2012 management and administration activities showed that \$52,292 was charged to the FY 2008 grant. In addition, personnel time charges were not supported by activity reports or time sheets that identified the grant that personnel had worked on, as required by regulations. As a result, ASDHS could not support the accuracy of what was charged to the grants in their appropriate grant year. Therefore, the \$52,292 claimed on the FY 2008 award which represented effort in 2012 is considered a questioned cost.

CFR Title 2 Part 225, *Cost Principles for State, Local, and Indian Tribal Governments*, requires that when employees work on multiple activities or cost objectives, a distribution of their salaries or wages is supported by personnel activity reports or equivalent documentation. Personnel activity reports must reflect an after-the-fact distribution of the actual activity, must account for the total activity for each employee, must be prepared at least monthly, and must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards. Substitute systems for allocating salaries and wages may be used in place of activity reports. These systems are subject to approval if required by the cognizant Federal agency.

ASDHS did not have standard operating procedures to ensure that personnel activity costs were claimed in accordance with Federal requirements. ASDHS' Assistant Finance Administrator said that an employee's direct time was allocated to the various grants based on which grants had funds available. The Assistant Finance Administrator stated that a spending plan was prepared that identified the grant against which each employee's time was to be charged. The spending plan was then given to the ASDHS Payroll Clerk who coded the timecards for each employee according to the plan. The Payroll Clerk continued to charge the oldest grant for personnel activity costs until the personnel funds for that grant were no longer available.



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ASDHS required each employee to submit a weekly activity report for the time spent during the week. Although these activity reports did not provide the hours of work performed by individual grant year, financial records provided by ASDHS showed that personnel costs were charged to prior year grants. Because so little of FYs 2009 through 2011 grant funds had been obligated and expended by ASDHS at the time of our audit, we reviewed personnel charges to the FY 2008 grant and questioned costs totaling \$52,292 that resulted from charging FY 2012 management administration costs to the FY 2008 grant.

ASDHS' practice of charging prior year grants for activities not related to those grants and not completing personnel activity reports with the information needed to accurately distribute costs was not in compliance with Federal requirements. The coding of timecards by the payroll clerk for effort not actually worked on those projects was also a violation of CFR Title 2, Part 225. This practice resulted in inflated costs for the prior year grants and an understatement of the costs for the fiscal year grant that received the benefit of the activity performed.

### **Recommendations**

We recommend that the Assistant Administrator, Grant Programs Directorate, require the Director, American Samoa Department of Homeland Security to:

#### **Recommendation #14:**

Establish and implement standard operating procedures to ensure compliance with Federal requirements concerning the use of grant funds for personnel activity costs.

#### **Recommendation #15:**

Ensure that employees prepare activity reports, or develop a substitute system that can identify the grant against which employees' hours should be charged.

#### **Recommendation #16:**

Determine the amount of personnel costs, including the \$52,292 in costs associated with FY 2012 management and administration activities, which were inappropriately charged to the FYs 2008 through 2011 grants, and adjust the financial records to reflect the appropriate costs by grant year.



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We also recommend that the Assistant Administrator, Grant Programs Directorate:

### **Recommendation #17:**

Disallow all claimed personnel costs for management and administration activities that were not in compliance with Federal requirements.

### **Management Comments and Auditors' Analysis**

**Recommendation 14.** FEMA concurred with the recommendation and said that it would work with ASDHS to develop and implement policies and procedures that ensure personnel activity costs comply with grant program requirements and with CFR Title 44. ASDHS also concurred with the recommendation and said it would ensure compliance by adopting and utilizing templates and reporting formats and procedures to document and track time and attendance of all personnel activity costs regardless of funding sources.

**Auditors' Analysis.** The actions planned by FEMA and ASDHS meet the intent of the recommendation. However, until FEMA provides a firm timetable for completion, the recommendation remains unresolved and open.

**Recommendation 15.** FEMA concurred with the recommendation and said that it would work with the Territory to develop and implement policies and procedures that ensure that grant program funds only pay salaries for personnel who completed work related to the program. ASDHS also concurred with the recommendation and said that as a matter of policy, all ASDHS personnel already submit activity reports. ASDHS said that it would follow through with tasks discussed in its response to recommendation 14 regarding the preparation of personnel activity reports.

**Auditors' Analysis.** The actions planned by FEMA and ASDHS meet the intent of the recommendation. However, until FEMA provides a firm timetable for completion, the recommendation remains unresolved and open.

**Recommendations 16 and 17.** FEMA concurred with both recommendations and said that it will require ASDHS to determine the amount of personnel costs that were inappropriately charged to FY 2008 - 2011 grants. Where applicable, FEMA will require ASDHS to adjust its financial records to reflect the appropriate costs



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by grant year, and for those costs determined as unallowable, FEMA will institute its normal debt collection procedures.

ASDHS concurred with recommendation 16 but said that personnel costs from 2012 were charged to the FY 2008 HSGP because the FY 2008 HSGP was the only award open to ASDHS at the time. ASDHS said that the costs questioned in the finding were subsequently reversed or backed out of FYs 2008 through 2011 and charged under the appropriate award. ASDHS said that it will request that FEMA permit allowable management and administration costs to be charged to the remaining HSGP awards.

ASDHS concurred with recommendation 17 and said that if the Assistant Administrator, Grant Programs Directorate concurs with the recommendation to disallow the claimed personnel costs, ASDHS will comply accordingly.

**Auditors' Analysis.** The actions planned by FEMA meet the intent of recommendations 16 and 17. However, until FEMA provides a firm timetable for completion, the recommendations remain unresolved and open.



## Appendix A Objectives, Scope, and Methodology

The Department of Homeland Security Office of Inspector General 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 provides the results of our work to determine whether the Territory spent SHSP grant funds (1) effectively and efficiently, and (2) in compliance with applicable Federal laws and regulations. We also addressed the extent to which funds enhanced the Territory's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters.

The HSGP and its interrelated grant programs, described in appendix C, fund a range of preparedness activities, including planning, organization, equipment purchase, training, exercises, and management and administration costs. The HSGP awards to the Territory for FYs 2009 through 2011 only included SHSP and Citizen Corps Program funds. The scope of the audit included the SHSP funding shown below:

**Table 2. American Samoa Homeland Security Grant Program Awards FYs 2009 - 2011**

Homeland Security Grant Program FYs 2009 through 2011				
Funded Activity	FY 2009	FY 2010	FY 2011	Total
State Homeland Security Program	\$1,430,000	\$1,469,600	\$1,157,680	\$4,057,280
Citizen Corps Program	38,284	32,793	26,220	97,297
<b>Grand Total</b>	<b>\$1,468,284</b>	<b>\$1,502,393</b>	<b>\$1,183,900</b>	<b>\$4,154,577</b>

Source: Federal Emergency Management Agency

In addition, because so little of FYs 2009 through 2011 grant funds had been obligated and expended by ASDHS at the time of our audit, we also reviewed personnel charges to the FY 2008 grant.

We reviewed the plans developed by the Territory to improve preparedness and respond to all types of hazards, the goals set within those plans, the measurement of progress toward the goals, and the assessments of performance improvement that result from this activity.



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In accordance with the audit guide provided by the DHS OIG, Foxx & Company auditors met with FEMA officials and conducted reviews and interviews at FEMA Headquarters and FEMA Region IX at the beginning of the audit and, as needed, during the audit. The FEMA officials provided important background information and key documentation concerning the Territory's management and expenditure of the SHSP grants.

We conducted audit work at the State Administrative Agency where we: (1) interviewed responsible American Samoa Department of Homeland Security and Territorial Emergency Management Coordinating Office officials, (2) reviewed documentation supporting Territory management of the awarded grant funds (including expenditures for equipment, training, and exercises), and (3) physically inspected some of the equipment procured with the grant funds. In addition, we met with representatives of the American Samoa Department of the Treasury, Department of Public Safety, and the Office of Procurement. The Territory does not award funds to subgrantees. Accordingly, the audit did not include visits to subgrantee locations.

At all locations visited during the audit, the audit team conducted interviews with key officials directly involved in the management and administration of the Territory's Homeland Security Grant Program. The team reviewed and analyzed data related to grant management and associated management processes identified by the team and discussed with American Samoa officials at the beginning of the audit. These key management processes included:

- Threat, capability, and needs assessment
- Grant application preparation and submission
- Grant expenditure and reporting
- Grant monitoring

We conducted this performance audit between January and June 2013, 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.

Although this audit included a review of costs claimed, we did not perform a financial audit of those costs. This was a performance audit as defined by Chapter 2 of the *Standards*, and included a review and report of program activities with a compliance element. Foxx & Company was not engaged to and did not perform a financial



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statement audit, the objective of which would be to express an opinion on specified elements, accounts, or items. Accordingly, Foxx & Company was neither required to review, nor express an opinion on, the costs claimed for the grant programs included in the scope of the audit. Had Foxx & Company been required to perform additional procedures, or conducted an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to their attention that would have been reported. This report relates only to the programs specified and does not extend to any financial statements of the Territory.

While the audit was being performed and the report prepared under contract, the audit results are being reported by the DHS Office of Inspector General to appropriate Federal Emergency Management Agency and Territory of American Samoa officials.



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Appendix B  
Management Comments to the Draft Report

U.S. Department of Homeland Security  
Washington, DC 20472



FEMA

NOV 05 2013

MEMORANDUM FOR: Anne L. Richards  
Assistant Inspector General  
Office of Audits (OIG)  
Department of Homeland Security

FROM: David J. Kaufman  
Associate Administrator for  
Policy, Program Analysis and International Affairs  
Federal Emergency Management Agency (FEMA)

SUBJECT: FEMA's Response to OIG-12-122-AUD-FEMA Draft Report:  
"American Samoa's Management of Homeland Security Grant  
Program Awards for Fiscal Years 2009 through 2011".

Thank you for the opportunity to review and comment on OIG-12-122-AUD-FEMA Draft Report: "American Samoa's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 through 2011". The draft report contains 17 recommendations for which FEMA concurs with all 17 recommendations. FEMA has provided a consolidated response for recommendations 5-6, 8-10, and 16-17.

**OIG Recommendation 1:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate, require the Director, American Samoa Department of Homeland Security (ASDHS) to stabilize the ASDHS organization by defining the roles and responsibilities of ASDHS staff in relation to the responsibilities of the Department.

**FEMA Response to Recommendations 1: Concur.** FEMA will require ASDHS to develop a staffing plan that encompasses authorized staff positions with approved job descriptions that can support their unique homeland security organizational activities.

**OIG Recommendation 2:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate, require the Director, American Samoa Homeland Security to design and implement an integrated preparedness system that demonstrates to FEMA that the leadership activities of ASDHS align with the priorities and goals of the American Samoa Government and address the components of the National Preparedness System.

[www.fema.gov](http://www.fema.gov)



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**FEMA Response to Recommendations 2: Concur.** The integrated preparedness system has its basis in the strategic plan and planning process. As part of this plan and process, OIG has recommended that FEMA help states, territories and urban areas establish measurable goals and objectives that will enable them to systematically measure improvements in first responder capabilities and statewide preparedness. FEMA has established and implemented a system to do exactly that, as described below.

**Measuring Grant Effectiveness**

As part of the National Preparedness System, FEMA has developed and is implementing performance assessments that measure progress toward achieving the Goal. FEMA's strategy is to base assessments on the principles that the Nation needs to understand existing risks, use those risks to determine required capabilities, assess current capability levels against those requirements, and track its progress in closing identified capability gaps.

In 2012, FEMA released a consistent methodology for determining risks in the *Comprehensive Preparedness Guide 201: Threat and Hazard Identification and Risk Assessment (THIRA) Guide (CPG-201)*. CPG-201 details a five-step process jurisdictions can use to achieve desired outcomes and capability targets for each of the core capabilities. This approach allows a jurisdiction to establish its own capability targets based on the risks it faces.

On December 31, 2012, states, territories, and major urban areas receiving Homeland Security Grant Program (HSGP) funds were required to submit their THIRAs to FEMA. Once each jurisdiction has determined capability targets through the THIRA process, it estimates its current capability levels against those targets. Also in 2012, states and territories were required to submit State Preparedness Reports (SPRs) to FEMA. The THIRA and SPR processes are scalable to allow sub-jurisdictions, sub-grantees and subject matter experts to provide input to the state or territory. Taken together, the THIRA results and the SPR identify capability needs and gaps. The THIRA and SPR results highlight gaps in capability and the progress of grantees in closing those gaps over time. FEMA reports the results of the capability assessments annually in the National Preparedness Report (NPR).

**Sustaining, Building and Delivering Capabilities**

Having estimated capability requirements, the next component of the National Preparedness System is to build and sustain capabilities. This step ties grant investments directly to needs and shortfalls. Grantees address documented capability requirements and gaps in their grant applications. In the investment justifications (IJ) submitted in the grant application, grantees must specifically identify the core capability or capabilities, the priority of the core capability as well as the capability gaps noted in their SPR that investment intends to address. In addition, the grantee must identify the specific outcome(s) that the investment will yield. FEMA verifies completion of the investment/project through its programmatic monitoring and spending on the investment through the Biannual Strategy Implementation Report (BSIR), also a tool used in the monitoring process. Since the period of performance for the Homeland Security Grant Program is two years, a time limit is set for completion of the project once it is funded.



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FEMA addressed the OIG recommendation for States to establish SMART goals and objectives that will enable States and Territories to systematically measure improvements in first responder capabilities and statewide preparedness by requiring states to use a set of tools including the THIRA, SPR, and Investment Justifications (IJs). Strategy updates are encouraged but not required as the THIRA, SPR and IJ methodology provide the goals and assessment of progress against those goals.

Finally, CPG 201: Threat and Hazard Identification and Risk Assessment Guide Supplement 1: Toolkit provides all the required templates to complete the THIRA process including information and documentation used to develop and compile threat and hazard information. As the THIRA will be an annual iterative process, subsequent iterations will build on the documents from previous years.

American Samoa has submitted their FY 2012 THIRA (attachment 2A) and SPR (attachment 2B). In accordance with the FY 2013 Homeland Security Grant Program Funding Opportunity Announcement, Oregon has submitted investment justifications based on their THIRA and SPR." See attached THIRA and SPR submitted by the Territory.

FEMA addressed the recommendation for assessment and reporting systems by requiring States and Territories to use the THIRA, SPR, and IJs as the basis for statewide assessment and reporting. The methodology and tools for THIRA and SPR are scalable and available to local jurisdictions and sub-grantees.

FEMA believes that use of the THIRA, SPR and IJ satisfies the intent of this recommendation and requests that recommendation be closed.

**OIG Recommendation 3:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate establish a firm requirement for HSAC and Working Group meetings to be held quarterly or more frequently for the purpose of:

- Providing a risk and capabilities-based blueprint for comprehensive, Territory-wide planning for the homeland security efforts;
- Identifying realistic strategic goals, SMART objectives, and implementation steps that provide sufficient information on how goals and objectives would be achieved;
- Monitoring State strategy progress, compiling key management information, tracking trends, and keeping the strategy on track; and,
- Mitigating the political influences affecting homeland security management decisions.

**FEMA Response to Recommendations 3: Concur.** FEMA will remind ASDHS that they must comply with their own administrative policies to ensure that the ASDHS Advisory Committee meets at least every three months; e.g., quarterly, to conduct risk-based planning to meet their own preparedness goals and SMART objectives as outlined in their plans. FEMA will address this with the Territory to ensure they have the proper structure in place to support quarterly planning meetings.



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FEMA also will follow up with American Samoa to confirm these steps have been properly instituted with the requisite capability they need to document and record meeting discussions when they occur each quarter, and how these meetings influence forward planning for HSGP. FEMA will confirm with American Samoa that these actions have been implemented before the final OIG report is published.

**OIG Recommendation 4:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate, require the Director, American Samoa Homeland Security to require that each HSAC and Working Group meeting be fully documented, reviewed, and acknowledged by ASDHS officials; and, as appropriate, be forwarded to FEMA officials for review and approval.

**FEMA Response to Recommendations 4: Concur.** FEMA agrees with the intent of this recommendation. FEMA believes that the steps outlined in FEMA Response to Recommendation #3, will address this recommendation (#4), and will provide remedy for the way in which American Samoa documents their quarterly planning meetings.

**OIG Recommendation 5:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate, require the Director, American Samoa Homeland Security to establish grant performance measures so that grant-supported activities can be sufficiently monitored to ensure that performance goals are being achieved.

**FEMA Response to Recommendations 5: Concur.** *(See consolidated response below for recommendations 5-6)*

**OIG Recommendation 6:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate direct that ASDHS demonstrate consistency in acquiring needed capabilities or filling capability gaps by tracking progress for approved projects from year-to-year, and performing needs assessments before planning new projects.

**FEMA Consolidated Response to Recommendations 5 and 6: Concur.** The OIG has recommended that FEMA help states, territories and urban areas establish measurable goals and objectives that will enable them to systematically measure improvements in first responder capabilities and statewide preparedness. FEMA has established and implemented a system to do exactly that, as described above, in our response to recommendation 2. Inherent in this system are processes that will effectively achieve consistency in the methodologies used for acquiring needed capabilities or filling capability gaps. These processes include components for tracking progress for approved projects from year-to-year, and for performing needs assessments before planning new projects.

**OIG Recommendation 7:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate direct ASDHS to seek FEMA's approval to initiate projects in a timely manner after grant award based on documentation that assures FEMA that the projects have been sufficiently planned with appropriate defined project descriptions, funding allocations by solution area, and project milestones.



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**FEMA Response to Recommendation 7: Concur.** Under normal circumstances, HSGP grantees are not required to request prior approval from FEMA to begin work on projects that are described in their investment justifications unless such approval would be required by 44 C.F.R. § 13.30. However as noted in the draft report, American Samoa is currently under the program hold condition for HSGP. In order to comply with the terms set by this condition, ASDHS must gain approval from FEMA prior to commencing work and drawing down funds on a project.

In order for the grantee to draw down funds, and commence projects more expeditiously, FEMA will work with the ASDHS on implementing policies and practices that will promote earlier and more timely communication with FEMA to enhanced the grantee's understanding of allowable project activity under the current program hold conditions.

**OIG Recommendation 8:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate direct ASDHS to conduct an annual Training and Exercise Plan Workshop, require the Planning, Training and Exercise Working Group to determine the Territory's training and exercise needs, and update the multi-year Training and Exercise Plan each year as required.

**FEMA Response to Recommendation 8: Concur.** *(See consolidated response below for recommendations 8-10)*

**OIG Recommendation 9:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate require ASDHS to identify the stakeholders in exercise activities by contact information, areas of expertise, and prior exercise experience, and integrate the stakeholders into the exercise program.

**FEMA Response to Recommendation 9: Concur.** *(See consolidated response below for recommendations 8-10)*

**OIG Recommendation 10:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate require ASDHS to complete a cycle of exercise activity that includes the stakeholders and organizations that would be involved in an actual incident or event.

**FEMA Consolidated Response to Recommendations 8-10: Concur.** FEMA will require ASDHS to develop the policies and procedures for the development of a multi-year program plan for the conduct of planning, training, and exercise workshops and events. As part of the plan development process, the Planning, Training, and Exercise Working Group will identify stakeholder requirements in determining the Territory's planning, training and exercise needs, and that these needs be reflected in the multi-year plan.

Additionally, FEMA will require that the plan contain provisions for an annual update using this process and identify the stakeholders in exercise activities by contact information, areas of expertise, and prior exercise experience. In the implementation of this plan, FEMA will require ASDHS to complete a cycle of exercise activity that includes the stakeholders and organizations that would be involved in an actual incident or event.



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**OIG Recommendation 11:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate require ASDHS to provide HSEEP training to individuals who have responsibility relevant to conducting exercises.

**FEMA Response to Recommendation 11: Concur.** FEMA will require that AS government employees with responsibilities relevant to conducting exercises to ensure that Training and Exercise Coordinators are National Incident Management System (NIMS) qualified.

**OIG Recommendation 12:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate require the Planning, Training and Exercise Working Group to develop and implement a plan to identify and train all appropriate American Samoa Government employees on the NIMS baseline curriculum courses.

**FEMA Response to Recommendation 12: Concur.** FEMA will require the Planning, Training and Exercise Working Group to develop and implement a plan to identify and train all appropriate American Samoa Government employees on the NIMS baseline curriculum courses.

**OIG Recommendation 13:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate establish procedures to ensure that all Federal property management requirements are fully implemented, including:

- The consolidation of all property management information into a single system;
- The identification of the holder of title or custodian, location of the equipment, and ultimate disposition data;
- A clear statement of the operational status or use of the equipment;
- Controls to mitigate the loss, damage, or theft of equipment; and
- Timely investigations of any lost, damaged, or stolen equipment.

**FEMA Response to Recommendation 13: Concur.** FEMA will require the ASDHS to develop a property management system that meets the requirements of 44 C.F.R. § 13.32 to account for all grant-related purchases of equipment and technology ASDHS procures.

**OIG Recommendation 14:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate establish and implement standard operating procedures to ensure compliance with Federal requirements concerning the use of grant funds for personnel activity costs.

**FEMA Response to Recommendation 14: Concur.** FEMA will work with the ASDHS to develop and implement policies and procedures that will ensure personnel activity costs are in compliance with the grant program compliance requirements and with 44 CFR.

**OIG Recommendation 15:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate require ASDHS ensure that employees prepare activity reports, or develop a substitute system that can identify the grant against which employees' hours should be charged.



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**FEMA Response to Recommendation 15: Concur.** FEMA will work with American Samoa to develop and implement policies and procedures that will ensure that grant program funds only pay salaries for personnel who completed work related the program.

**OIG Recommendation 16:** Require ASDHS determine the amount of personnel costs, including the \$52,292 in costs associated with FY 2012 management and administration activities, which were inappropriately charged to the FYs 2008 through 2011 grants, and adjust the financial records to reflect the appropriate costs by grant year.

**FEMA Response to Recommendation 16: Concur.** *(See consolidated response below for recommendations 16-17)*

**OIG Recommendation 17:** We recommend that the FEMA Assistant Administrator, Grant Programs Directorate disallow all claimed personnel costs for management and administration activities that were not in compliance with Federal requirements.

**FEMA Consolidated Response to Recommendations 16-17: Concur.** Through implementation of its process for identifying and collecting unallowable costs, FEMA will require the ASDHS to determine the amount of personnel costs, including the \$52,292 in costs associated with FY 2012 management and administration activities that were inappropriately charged to FY 2008 – 2011 grants, where applicable, adjust their financial records to reflect the appropriate costs by grant year. For those costs determined as unallowable, FEMA will institute its normal debt collection procedures to recover any unallowable costs from ASDHS.

Thank you again for the opportunity to comment on OIG-12-122-AUD-FEMA Draft Report: “American Samoa’s Management of Homeland Security Grant Program Awards for Fiscal Years 2009 through 2011” and for the work that you and your team have done to better inform us throughout this audit so that we may enhance the program’s overall effectiveness. We look forward to your final report for this audit. Please direct any questions regarding this response to Gary McKeon, FEMA’s Chief Audit Liaison, at 202-646-1308.



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Hon. Lolo M. Moliga  
*Governor*  
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Hon. Lemanu P. Mauga  
*Lt. Governor*

**DEPARTMENT OF HOMELAND SECURITY**  
OTICIDE-SPICIN-INTERPOL  
TEMCO  
Vital Statistics  
Office of Homeland Security  
**AMERICAN SAMOA GOVERNMENT**

November 12, 2013



Iuniasolua T. Savusa  
*Director*  
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Jacinta G. Brown  
*Deputy Director*

Mr. Martin O'Neill, CPA  
Partner  
Foxx & Company, CPAs  
700 Goodall Complex  
324 West Ninth Street  
Cincinnati, OH 45202-5715

Dear Mr. O'Neill:

In response to your letter of August 20, 2013, submitted in the attached worksheets is our formal response to the 17 recommendations identified in the audit performed by Foxx & Company of American Samoa's Management of Homeland Security Grant Program (HSGP) awards for Fiscal Years 2009 through 2011. Also included are attachments to four of the recommendations in support of our responses to these particular issues.

Consistent with our documented responses, we, at the American Samoa Department of Homeland Security (ASDHS) as the State Administrative Agency (SAA) for the majority of USDHS/FEMA grants administered in the Territory of American Samoa concur with all of the mentioned 17 recommendations. Moreover, the format by which the attachment was compiled for purposes of the entire audit report is acceptable to ASDHS.

Thank you for the opportunity to work with you and your colleagues in completing this audit. It is our hope that the findings and the corrective action plans as required of most audits will contribute to further improve and strengthen our grants management system and processes.

Sincerely,

**UTUALI'I IUNIASOLUA T. SAVUSA**  
Director

**Attachments**

xc: Honorable Governor Lolo Matalasi Moliga  
Jerome Jerome, Administrator, Office of Grants Oversight and Accountability

P.O. Box 4567  
Pago Pago, American Samoa 96799

Phone: (684) 633-2827  
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**American Samoa Department of Homeland Security Response to OIG DRAFT REPORT:  
 "American Samoa's Management of Homeland Security Grant Program Awards for  
 Fiscal Years 2009 Through 2011"**

Note: On October 18, 2013, ASDHS provided its responses to the recommendations in 17 corrective action plan worksheets. Updates/revisions to these responses were made on November 11, 2013. The worksheet responses were copied verbatim into the table below. The attachments referred to in ASDHS' responses are not included herein due to their length.

**Table 3. ASDHS Management Responses to the Draft Report**

No.	Recommendation	ASDHS Response
1	Stabilize the ASDHS organization by defining the roles and responsibilities of ASDHS staff in relation to the responsibilities of the Department.	American Samoa Department of Homeland Security (ASDHS) leadership has started this process with the introduction of a new organizational chart, copy attached, which was reviewed jointly with the Directors of the Department of Human Resources and Planning and Budget. The required signatures are pending as of this submission. In addition to the revised organizational chart are position descriptions of personnel which further define their roles and responsibilities as identified thereon and in accordance with the mission statement and mandated functions of the Department. With the submission of the mentioned position descriptions and completed organizational chart, ASDHS requests closure of this recommendation.
2	Design and implement an integrated preparedness system that demonstrates to FEMA that the leadership activities of ASDHS align with the priorities and goals of the American Samoa Government and address the components of the National Preparedness System.	ASDHS, while continuing to implement its USDHS/FEMA grant program under preapproved and restricted drawdown conditions is committed to demonstrating a willingness to revisit its processes to ensure the leadership activities align with the priorities and goals of the American Samoa Government relative to the components of the National Preparedness System.
3	Establish a firm requirement for HSAC and Working Group meetings to be held quarterly or more frequently for the purpose of: <ul style="list-style-type: none"> <li>• Providing a risk and capabilities-based blueprint for comprehensive, Territory-wide planning for the homeland security efforts;</li> <li>• Identifying realistic strategic goals, SMART objectives, and implementation steps that provide sufficient information on how goals and objectives would be achieved;</li> </ul>	Under the new leadership and government, additional human resources and time, ASDHS will establish firm requirements for the HSAC and its Working Group meetings to be held quarterly or more frequently as the need may require. In moving forward, the HSAC held two meetings (January 17, 2013 and February 20, 2013) to discuss updates to the Territorial Disaster Assistance Plan (TDAP). Copies of attendance sheets and meeting minutes are attached to document these meetings. A schedule of HSAC meetings will be inserted in the ASDHS calendar of events for FY 2014 and forwarded to FEMA Region IX for their information. HSAC Working Groups such as the Territorial Emergency Communication Committee (TECC) and the Early Alert



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No.	Recommendation	ASDHS Response
	<ul style="list-style-type: none"> <li>• Monitoring State strategy progress, compiling key management information, tracking trends, and keeping the strategy on track; and,</li> <li>• Mitigating the political influences affecting homeland security management decisions.</li> </ul>	<p>System (EAS) Committee also hold meetings frequently depending on projects in progress. The four bullet points outlined in the recommendation shall be taken into consideration in the restructuring of the HSAC and its Working Groups for purposes of improving their respective roles and functionality as the governing bodies for these federal grant programs.</p>
4	<p>Require that each HSAC and Working Group meeting be fully documented, reviewed, and acknowledged by ASDHS officials; and, as appropriate, be forwarded to FEMA officials for review and approval.</p>	<p>ASDHS concurs with the recommendation and submits that the issue is not new to the Department as it was and still is the practice of the management and staff to ensure minutes of HSAC and Working Group meetings are documented and made available upon request by FEMA officials for their information and review. As such, attendance sheets and meeting minutes of the two HSAC meetings mentioned in recommendation #3 make up part of this audit report response. Due to time constraints, attendance sheets and meeting minutes from the TECC and EAS Committees held this calendar year will be submitted immediately following this submission.</p>
5	<p>Establish grant performance measures so that grant-supported activities can be sufficiently monitored to ensure that performance goals are being achieved.</p>	<p>ASDHS concurs with the recommendation and will ensure that established grant performance measures as documented in investment justifications are sufficiently monitored with a view toward achieving goals and objectives. ASDHS personnel assigned as project lead points of contact have developed a template as a tool for this purpose to assist in tracking grant supported activities for new and historical grant awards.</p>
6	<p>Demonstrate consistency in acquiring needed capabilities or filling capability gaps by tracking progress for approved projects from year-to-year, and performing needs assessments before planning new projects.</p>	<p>ASDHS concurs with the recommendation. The completion of the Territorial THIRA/SPR in December 2013 will aid ASDHS personnel and stakeholder partners in a collective and collaborative response to the requirements of this recommendation. In support of this effort, ASDHS emergency management personnel and core stakeholder partners representing government and non-government organizations continue to hold THIRA/SPR weekly meetings in addition to planned workshops with FEMA Region IX's Hawaii Pacific Area Office (PAO).</p>
7	<p>Seek FEMA's approval to initiate projects in a timely manner after grant award based on documentation that assures FEMA that the projects have been sufficiently planned with appropriate defined project descriptions, funding allocations by solution area, and project milestones.</p>	<p>ASDHS concurs with the recommendation and further agrees with the notion that ASDHS does not need to wait for FEMA approval to initiate projects as the conditions imposed are financial in nature. Consequently, ASDHS management staff routinely conducts prompt reviews and revisions of existing historical grant awards with the grantor which result through the issuance of approved Grant Adjustment Notices (GAN) with appropriate date of approval and related requirements. ASDHS further requests closure of this recommendation.</p>



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No.	Recommendation	ASDHS Response
8	Conduct an annual Training and Exercise Plan Workshop, require the Planning Training and Exercise Working Group to determine the Territory's training and exercise needs, and update the multi-year Training and Exercise Plan each year as required.	ASDHS has developed on December 7-8, 2010 a Multi-year Training and Exercise Plan 2011-2014 which is treated as a living document. It is updated constantly and related activities relevant to the Plan are held in accordance with the schedule therein such as the Continuity of Operations Workshop held on September 3-4 with FEMA Region IX Headquarters and Pacific Area Office. Additionally, a THIRA technical assistance workshop was provided by Hawaii PAO while the American Samoa Department of Health conducted a Full Schedule Exercise in which ASDHS and first responder/support agencies as well as other Federal and military partners participated. An updated Training and Exercise Schedule is available upon request in addition to requesting closure of this recommendation.
9	Identify the stakeholders in exercise activities by contact information, areas of expertise, and prior exercise experience, and integrate the stakeholders into the exercise program.	ASDHS concurs with the recommendation and submits that the only modified FSE funded under USDHS/FEMA grants and monitored in accordance with HSEEP requirements was held in 2005/2006. However, the COOP Workshop and FSE conducted by the ASG Department of Health occurred in early September 2013 after the audit. An after action report from the aforementioned DOH exercise and others held in the following weeks thereafter will be made available upon request with the appropriate ASG agency/agencies.
10	Complete a cycle of exercise activity that includes the stakeholders and organizations that would be involved in an actual incident or event.	ASDHS concurs with the recommendation and submits that the cycle of exercise activity is included in the Multi-year Training and Exercise Plan 2011 - 2014. Depending on the event or incident, the list of stakeholders and organizations that would be involved make up part of the required After Action Report.
11	Provide HSEEP training to individuals who have responsibility relevant to conducting exercises.	ASDHS concurs with the recommendation. The ASDHS Training Coordinator in coordination with the respective stakeholder first response/support agency training points of contact will include the delivery of HSEEP training to individuals who have responsibility relevant to conducting exercises. It is also important to note that although currently ASDHS training personnel are not HSEEP certified, ASDHS management will pursue this Federal requirement in the immediate future.
12	Require the Planning, Training and Exercise Working Group to develop and implement a plan to identify and train all appropriate American Samoa employees on the NIMS baseline curriculum courses.	ASDHS concurs with the recommendation and will work collectively with the Planning, Training and Exercise and the NIMS Working Groups in the implementation of the recommended actions. Suffice it to say, ASDHS staff is continuing with NIMS baseline curriculum courses while the Training Coordinator is also continuing efforts to assist ASG employees with the same to ensure 95% NIMS compliant at all levels by March 2014.



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No.	Recommendation	ASDHS Response
13	<p>Establish procedures to ensure that all Federal property management requirements are fully implemented, including:</p> <ol style="list-style-type: none"><li>1. The consolidation of all property management information into a single system;</li><li>2. The identification of the holder of title or custodian, location of the equipment, and ultimate disposition data;</li><li>3. A clear statement of the operational status or use of the equipment;</li><li>4. Controls to mitigate the loss, damage, or theft of equipment; and</li><li>5. Timely investigations of any lost, damaged, or stolen equipment.</li></ol>	<p>ASDHS concurs with the recommendation and submits that its current inventory system and procedure will incorporate the recommended five bullet points listed if not already completed. An updated copy of ASDHS' inventory management policy and procedure will be submitted to FEMA following this submission.</p>
14	<p>Establish and implement standard operating procedures to ensure compliance with Federal requirements concerning the use of grant funds for personnel activity costs.</p>	<p>ASDHS concurs with the recommendation and will ensure compliance by adopting and utilizing templates and reporting formats/procedures to document and track time and attendance of all personnel activity costs regardless of funding sources. The FEMA/BJA sponsored Grants Management Technical Assistance (GMTA) Workshop delivered to the ASG workforce from October 30th to November 8th, 2013 provided new insights on ASG's ability inclusive of ASDHS to better manage, track, implement and expend its grants programs in accordance with applicable Federal requirements and guidelines. One-on-one sessions with trainers Lisa Nine Gordini, a Senior Staff Associate with the National Criminal Justice Association (NCJA) and Farrah Gosford, a Senior Emergency Planner for Innovative Emergency Management (IEM) with over ten years of planning experience with the State of Florida and around the nation provided an excellent forum for ASDHS management personnel to tweak existing methods of tracking project status with ASG Procurement and address issues of concern surrounding the bidding process, vendor contracts relevant to debarment and suspension provisions, performance periods and other procurement related topics. The two subject matter experts delivered lectures and hands-on exercises on basic and advance grants management principles and practices as outlined in the attached workshop agenda which make up part of our audit responses. Strong emphasis was also placed upon the importance of information sharing with ASG Departments of Procurement, Treasury, Budget and Planning and Homeland</p>



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No.	Recommendation	ASDHS Response
		Security. Close working relationships with the newly established ASG Office of Grants Oversight and Accountability within the Office of the Governor will also provide the catalyst for better coordination and serve as the impetus in ASG's overall efforts toward the improvement of its grants management systems and processes.
15	Ensure that employees prepare activity reports, or develop a substitute system that can identify the grant against which employees' hours should be charged.	ASDHS concurs with the recommendation and submits that it is already a matter of policy that all ASDHS personnel are required to submit activity reports. In lieu of a substitute system, ASDHS management staff in addition will follow through with tasks discussed in recommendation #14 in the preparation of personnel activity reports.
16	Determine the amount of personnel costs, including the \$52,292 in costs associated with FY 2012 management and administration activities, which were inappropriately charged to the FYs 2008 through 2011 grants, and adjust the financial records to reflect the appropriate costs by grant year.	ASDHS concurs with the recommendation but submits that personnel costs from 2012 were charged against HSGP FY 2008 M&A due to the fact this was the only award opened to ASDHS at the time. Nevertheless, the questioned personnel costs have been reversed or backed out of FYs 2008 through 2011 and charged under the appropriate award. However, ASDHS requests with FEMA that approval is rendered whereby ASDHS is allowed to cost share M&A allowable expenditures among the remaining HSGP awards.
17	The Assistant Administrator, Grant Programs Directorate disallow all claimed personnel costs for management and administration activities that were not in compliance with Federal requirements.	ASDHS concurs with the recommendation in part primarily to maintain a sense of consistency as illustrated in our response to Recommendation #16. Should the Assistant Administrator of Grant Programs Directorate concur with the recommendation to disallow all claimed personnel costs for management and administration activities not in compliance with Federal requirements, ASDHS will comply accordingly in this regard.



## **Appendix C**

### **Description of the Homeland Security Grant Program**

The HSGP provides Federal funding to help State and local agencies enhance capabilities to prevent, deter, respond to, and recover from terrorist attacks, major disasters, and other emergencies. The HSGP encompasses several interrelated Federal grant programs that together fund a range of preparedness activities, including planning, organization, equipment purchase, training, and exercises, as well as management and administration costs. Programs include the following:

- **The State Homeland Security Program** provides financial assistance directly to each of the States and Territories to prevent, respond to, and recover from acts of terrorism and other catastrophic events. The program supports the implementation of the State Homeland Security Strategy to address identified planning, equipment, training, and exercise needs.
- **The Urban Areas Security Initiative** provides financial assistance to address the unique planning, equipment, training, and exercise needs of high-risk urban areas, and to assist in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism and other disasters. Allowable costs for the urban areas are consistent with the SHSP. Funding is expended based on the Urban Area Homeland Security Strategies.

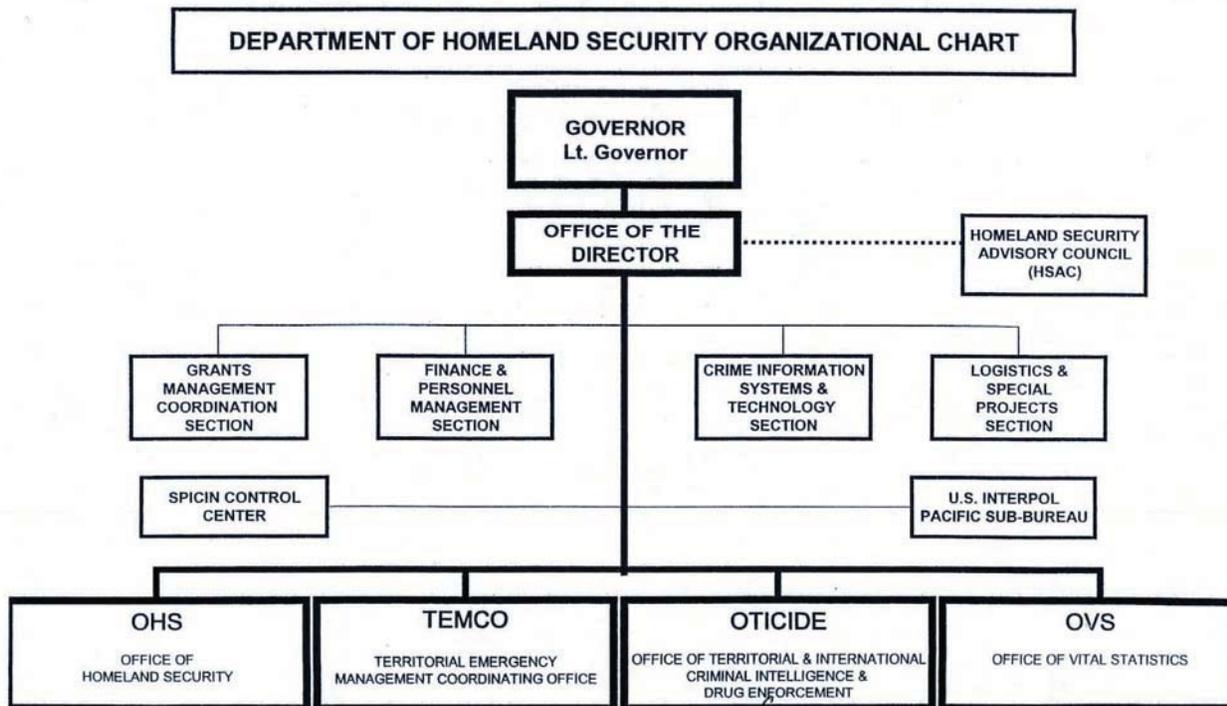
The HSGP also includes other interrelated grant programs with similar purposes. Depending on the fiscal year, these programs include the following:

- **Metropolitan Medical Response**
- **Citizen Corps**
- **Operation Stonegarden** (beginning in FY 2010)



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**Appendix D**  
**American Samoa Department of Homeland Security**  
**Organization Chart**





## **Appendix E**

### **Threat and Hazard Identification and Risk Assessment**

The National Preparedness System establishes the process to define and achieve specific capability targets and meet the National Preparedness Goal. One of the six components of the National Preparedness System includes identifying and assessing risk. The THIRA provides a comprehensive approach for identifying and assessing risks and associated impacts, using the core capabilities identified in the National Preparedness Goal and employing the following five-step process:

1. Identify threats and hazards;
2. Give threats and hazards context (assess vulnerability, how affects the community);
3. Examine core capabilities using the threats and hazards (estimate consequences, impacts to the community);
4. Set capability targets; and
5. Apply the results (use results for planning and preparedness activities, identify means to deliver target level of capability).

THIRA submission is required of all 56 States and Territories receiving HSGP and Emergency Management Performance Grant funds and 31 eligible UASIs. The first THIRA submission was due December 31, 2012. Subsequent submissions will be an annual performance requirement for FEMA preparedness grant awards.

In addition to the THIRA, States and Territories receiving FEMA preparedness grants are required to annually submit a State Preparedness Report. FEMA officials state that THIRA results and the State Preparedness Report will provide a quantitative summary of preparedness, document current capabilities and potential shortfalls, and set priorities for addressing shortfalls. FEMA officials also state that the State Preparedness Report results will be used by the States to identify funding requirements and set priorities for subgrantee project applications. The grant application (investment justification) must demonstrate how proposed projects address gaps and deficiencies in delivering one or more core capabilities outlined in the National Preparedness Goal, and as FEMA officials state, address capability gaps reported in the State Preparedness Report.

FEMA officials said that the FY 2013 Homeland Security Grant Program funding announcement will require applicants to map proposed investments to specific core capabilities and capability gaps identified in the State Preparedness Reports, linking investments to actions that build and sustain capabilities aligned with the National Preparedness Goal. We have not had the opportunity to audit this process or the outcomes for the Territory.



## Appendix F Description of the National Preparedness System

The National Preparedness Goal is the cornerstone for implementing Presidential Policy Directive-8. Identified within Presidential Policy Directive-8 are the Nation's core capabilities across five mission areas: Prevention, Protection, Mitigation, Response, and Recovery. The National Preparedness System is the instrument the Nation will employ to build, sustain, and deliver those core capabilities in order to achieve the goal of a secure and resilient Nation. The guidance, programs, processes, and systems that support each component of the National Preparedness System enable a collaborative, whole community approach to national preparedness that engages individuals, families, communities, private and nonprofit sectors, faith-based organizations, and all levels of government.

The components of the National Preparedness System, depicted in figure 1 and described in greater detail below, provide a consistent and reliable approach to support decision making, resource allocation, and measure progress toward these outcomes. The maturation and use of the NIMS will aid in ensuring a unified approach across all mission areas as the National Preparedness System is implemented.

**Figure 1. National Preparedness System Components**



### Identifying and Assessing Risk.

Developing and maintaining an understanding of the variety of risks faced by communities and the Nation, and how this information can be used to build and sustain preparedness, are essential components of the National Preparedness System. Risk assessments collect information regarding the threats and hazards, including the projected consequences or impacts.

### Estimating Capability Requirements.

Each community, organization, and level of government must consider single threats or hazards as well as the

full range of risks they may face in order to understand capability requirements. Using the results from a risk assessment, the required types and levels of capability can be estimated. This estimation process begins with developing a set of planning factors



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which help inform decisions about the capability level required and the resources needed to achieve it. The process of comparing current and required capability levels will identify gaps and shortfalls the community may choose to address.

Building and Sustaining Capabilities. After completing the estimation process, existing and needed capabilities can be analyzed and gaps identified. These gaps can be prioritized based on a combination of the desired outcomes, risk assessments, and the potential effects of not addressing the gaps. Working together, planners, government officials, and elected leaders can develop strategies to allocate resources effectively, as well as leverage available assistance to reduce risk. These strategies consider both how to sustain current levels of capability and address gaps in order to achieve the National Preparedness Goal. However, not all capabilities can be addressed in a given funding cycle; officials must prioritize the capabilities to most effectively ensure security and resilience while understanding the effects of not addressing identified gaps. As capabilities are built, training and education are used to develop and strengthen the specific knowledge, skills, and abilities required to meet each capability's target.

Planning to Deliver Capabilities. Using an integrated approach to planning, risks can be systemically managed by effectively using capabilities to prevent, protect, mitigate, respond to, and recover from any threat or hazard. This integration comes from implementing a National Planning System that promotes a consistent planning process and a unified coordinating structure to deliver the capabilities and establish the critical links that span the five mission areas. This integration will help ensure planning accounts for relationships and dependencies among the core capabilities both within and across mission areas. An integrated approach to planning also helps ensure that plans are synchronized and ensures that the whole community participates and understands its roles and the desired outcomes across all mission areas.

Validating Capabilities. Measuring progress toward achieving the National Preparedness Goal will provide the means to decide how and where to allocate scarce resources and prioritize preparedness. This can be done through exercises, remedial action management programs, and assessments. Exercises are conducted to test and validate plans and capabilities. An effective and comprehensive exercise program that includes active collaboration with the whole community is essential to the success of the National Preparedness System.

Reviewing and Updating. On a recurring basis, capabilities, resources, and plans should be reviewed to determine if they remain relevant or need to be updated. This review should be based on a current risk assessment and utilize information gathered during the validation process.



## **Appendix G**

### **American Samoa Homeland Security Advisory Council and Working Groups**

#### **Homeland Security Advisory Council**

1. Homeland Security Advisor/Director, American Samoa Department of Homeland Security
2. Director, Department of Port Administration
3. Commissioner, Department of Public Safety
4. Director, Office of Marine and Wildlife Resources
5. Director, Department of Health
6. Director, Criminal Justice Programs
7. Director, Territorial Emergency Management Coordinating Office (TEMCO)
8. Chief Executive Officer, American Samoa Medical Authority
9. Attorney General, Department of Legal Affairs
10. Treasurer
11. Director, American Samoa Environmental Protection Agency
12. Director, Department of Agriculture
13. Manager, Office of Petroleum Management
14. United States Coast Guard (observer)
15. General Manager, Pacific Energy
16. General Manager, Star Kist Samoa
17. Chief Executive Officer, American Samoa Power Authority
18. Director, Department of Public Works
19. Tri-Marine Company
20. Transportation Security Agency (observer)
21. American Red Cross – American Samoa
22. American Samoa Voluntary Organizations Active in Disaster
23. National Park Service
24. Pualele Foundation
25. United States Army Reserves
26. Governor's Authorized Representative



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**Homeland Security Advisory Council Working Groups**

(established by ASDHS Memorandum 29-2007, June 2007, unless otherwise noted)

1. American Samoa Critical Infrastructure Protection Program Working Group - Chaired by ASDHS/TEMCO
2. Law Enforcement Terrorism Prevention Program Working Group - Chaired by Federal Bureau of Investigation
3. Pandemic Planning Working Group - Chaired by Department of Health
4. Strategic Planning Working Group - Chaired by ASDHS
5. Fusion Center Working Group - Chaired by Federal Bureau of Investigation
6. All Hazard Mitigation Working Group - Chaired by ASDHS
7. Special Needs Working Group - Chaired by ASDHS/TEMCO
8. Planning, Training and Exercise Working Group - Chaired by ASDHS<sup>8</sup>
9. Tactical Interoperable Communications Plan Working Group - Chaired by American Samoa Telecommunications Authority
10. All HazMat and WMD Working Group - Chaired by Department of Public Safety/Fire-Police
11. National Incident Management System Working Group - Chaired by ASDHS/TEMCO
12. Emergency Alert System Working Group - Chaired by American Samoa Telecommunications Authority
13. Emergency Operations Center Working Group - Chaired by ASDHS/TEMCO
14. Territorial Disaster Assistance Plan or Territorial Emergency Operations Plan Working Group - Chaired by ASDHS/TEMCO
15. Citizens Corps Working Group - Chaired by ASDHS/TEMCO
16. Cyber Security Working Group – Presiding at initial meeting – TEMCO (established by ASDHS Memorandum 9-2011, September 2011)
17. Mass Care Working Group – Chaired by Department of Education (established by ASDHS Memorandum 2-2012, March 2012)

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<sup>8</sup> The Education and Training Working Group, established by ASDHS Memorandum 29-2007, June 2007, appears to be similar to the Planning, Training and Exercise Working Group, which was established by ASDHS Memorandum 6- 2011 in June 2011. The latter working group is not listed above.



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## Appendix H FEMA Funding Freeze and Restricted Drawdown History

Date(s)	Event
March 2005 to August 2006	DHS OIG performed audit fieldwork of FYs 2002-2004 HSGP grants awarded to the Territory.
December 2006	DHS OIG held an audit exit conference with Office of Domestic Preparedness.
January 12, 2007	As a result of the ongoing DHS OIG audit of the HSGP, all DHS grant program funds were frozen pending a full review of financial activity in the Territory related to these programs.
February 6, 2007	The Governor established the ASDHS.
March 16, 2007	Twenty-nine TEMCO and Territorial Office of Homeland Security personnel funded by US DHS grants were laid off by the ASDHS Director due to the funding freeze.
May 2, 2007	The DHS OIG issued its audit which contained three findings: (1) developing and implementing strategic plans; (2) ensuring expenditures comply with grant guidelines (\$1.7 Million of \$2.3 Million in expenditures examined was questioned); and (3) addressing problematic management practices and controls.
December 18, 2008	FEMA funds remained frozen. FEMA Region IX informed the Governor that additional audit findings needed to be addressed in order to release grant funds to the Territory. FEMA officials said that once outstanding issues identified in the OIG audit report were adequately addressed, the Territory would be placed on restricted cash drawdown status.
January 5, 2009	ASDHS was formally institutionalized/created by the passage of a Territorial Public Law.
July 6, 2009	FEMA informed the Governor that once outstanding issues identified in the OIG audit report were adequately addressed, the Territory would be placed on restricted cash drawdown status for five preparedness grant programs including the FY 2005 HSGP. The release of grant funds under the restricted cash draw status would be limited to the five grant awards to enable FEMA to further evaluate the internal controls and accountability guidelines ASDHS has established and how well these guidelines are followed.



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<b>Date(s)</b>	<b>Event</b>
September 1, 2009	The funding freeze for the five grant programs was lifted and restricted drawdown procedures were put in place. FEMA officials said that the restricted drawdown procedure would be reevaluated after 6 months to determine if additional preparedness grant program could be placed on restricted drawdown or if the restriction could be lifted.
May 5, 2011	DHS OIG reviewed FEMA's March 2011 Corrective Action Plan and indicated that five open recommendations were considered resolved and closed.
February 17, 2012	FEMA Grant Programs Directorate removed all special terms and conditions on FYs 2008 and 2009 HSGP funds based on reclassification of open recommendations to closed.
February 20, 2012	FEMA Grant Programs Directorate informed the Governor that all Special Conditions and Administrative Holds for FYs 2007 through 2009 HSGP awards had been removed.
May 29, 2012	FEMA Region IX confirmed that FYs 2008 and 2009 HSGP funds had been released; but special conditions and the administrative hold had been reinstated. The special conditions and administrative hold required that prior to the release of funds, the Territory submit supporting expenditure and invoice documentation to FEMA for review.
October 31, 2012 & November 26, 2012	ASDHS submitted spending plans to FEMA identifying the planned use of FYs 2009 through 2011 HSGP funds, including the acquisition of a building to headquarter ASDHS. ASDHS officials said the plans were submitted in part due to challenging periods of performance associated with FEMA's decision to reinstate the restricted drawdown status imposed on its grant funds once again.
December 6, 2012	FEMA Grant Programs Directorate recommended that the Administrator approve the purchase of a building to consolidate Emergency Management and Homeland Security operations currently dispersed across the Island.
January 24, 2013	The FEMA Administrator approved ASDHS' purchase of a building using FYs 2009 through 2011 HSGP funds. FEMA made no mention of the remainder of the spending plan.
January 25, 2013	FEMA Region IX indicated that FYs 2008 and 2009 HSGP awards were "open" and FYs 2010, 2011, and 2012 HSGP awards were "on hold." Region IX officials explained that "frozen" and "on hold" are synonymous. Region IX officials indicated that the restricted draw down status became applicable to (1) the FYs 2005 through 2007 HSGP in September 2009, 2010, and 2011, respectively and (2) to the FYs 2008 and 2009 HSGP in March 2012.



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**Appendix I**  
**Potential Monetary Benefits**

Classification of Monetary Benefits					
Finding	Rec. No.	Funds To Be Put to Better Use	Questioned Costs – Unsupported Costs	Questioned Costs – Other	Total
Personnel Time Charges	16	\$0	\$52,292	\$0	\$52,292
<b>Total</b>		\$0	\$52,292	\$0	\$52,292



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**Appendix J**  
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