

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

Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2013



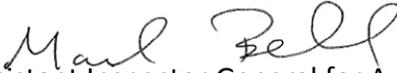


OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

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

DEC 20 2013

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

FROM: Mark Bell 
Acting Assistant Inspector General for Audits

SUBJECT: *Annual Report to Congress on States' and Urban Areas'
Management of Homeland Security Grant Programs
Fiscal Year 2013*

Attached for your action is our final report, *Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2013*. This report, required by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, is a summary of 11 individual audit reports completed in fiscal year 2013. The report summarizes the findings and recommendations made to the Federal Emergency Management Agency, requiring the States and urban areas to take corrective actions to improve their grant management programs.

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.

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

Attachment



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Abbreviations

DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
FY	fiscal year
OIG	Office of Inspector General
SHSP	State Homeland Security Program
UASI	Urban Areas Security Initiative



Executive Summary

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires the Department of Homeland Security (DHS), Office of Inspector General (OIG), to audit individual States' management of State Homeland Security Program and Urban Areas Security Initiative grants, and annually submit to Congress a report summarizing the results of those audits. This report responds to the annual reporting requirement and summarizes audits of 10 States and 1 urban area completed in fiscal year 2013: Connecticut, Indiana, Kentucky, Massachusetts, Mississippi, Nebraska, North Carolina, Rhode Island, Virginia, Wisconsin, and Illinois (Urban Areas Security Initiative only).

The objectives of the State and urban area audits were to determine whether each State and urban area distributed and spent the grant funds (1) effectively and efficiently, and (2) in compliance with applicable Federal laws and regulations. We also addressed the extent to which grant funds enhanced the States' and urban area's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters. The audits included more than \$668 million in State Homeland Security Program and Urban Areas Security Initiative grants awarded to the 10 States and 1 urban area during 3-year or 4-year periods between fiscal years 2006 and 2011.

In most instances, the States and urban area did an efficient and effective job of administering the grant program requirements in compliance with grant guidance and regulations. Additionally, we identified two innovative practices that can be considered for use by other jurisdictions.

Two major areas were identified for improvement: strategic planning and oversight of grant activities. We also identified more than \$5.7 million in questioned costs. We made 76 recommendations addressing these areas. In its corrective action plans, the Federal Emergency Management Agency (FEMA) concurred with 70 of the recommendations.



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Background

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires DHS OIG to annually submit to Congress a report summarizing completed audits of State Homeland Security Program (SHSP) grants and Urban Areas Security Initiative (UASI) grants awarded to States, territories, and the District of Columbia. This report summarizes our fiscal year (FY) 2013 audits of the management of Homeland Security Grant Program funds awarded to 10 States and 1 urban area, as indicated in table 1.¹

Table 1: Audits Included in This Report

State	Fiscal Years Reviewed	SHSP Grant Awards (000)	UASI Grant Awards (000)
Connecticut	2008 – 2010	\$28,820	\$15,083
Indiana	2008 – 2011	\$35,610	\$21,688
Kentucky	2008 – 2010	\$26,191	\$5,829
Massachusetts	2008 – 2011	\$55,995	\$66,216
Mississippi	2008 – 2010	\$19,318	\$0
Nebraska	2009 – 2011	\$18,275	\$1,013
North Carolina	2008 – 2010	\$47,439	\$13,985
Rhode Island	2008 – 2010	\$19,308	\$14,544
Virginia	2008 – 2010	\$60,529	\$29,571
Wisconsin	2008 – 2010	\$30,511	\$12,811
Illinois UASI	2006 – 2008	N/A	\$145,401
TOTAL		\$341,996	\$326,141

Source: DHS OIG.

Appendixes A and C provide additional details on the purpose, scope, and methodology of this report and the State and urban area grant management audits. Appendix B provides Internet links to the individual reports.

¹ The term “State” means any one of the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and any other territory or possession of the United States.



Results of Audits

In most instances, the States and urban area did an efficient and effective job of administering grant program requirements in compliance with grant guidance and regulations. We also identified two innovative practices that can be considered for use by other jurisdictions.²

Our audit reports identified two major areas for improvements: strategic planning and oversight of grant activities. We also identified more than \$5.7 million in questioned costs in Massachusetts (\$4,069,772), Mississippi (\$991,681), and Virginia (\$660,230). We made 76 recommendations to FEMA that, when implemented, should strengthen program management, performance, and oversight. In its corrective action plans, FEMA concurred with 70 of the recommendations and did not concur with 6 recommendations. Table 2 summarizes the audit recommendations for FY 2013 by category and status. Details by jurisdiction are included in appendix D.

Table 2: Status of Audit Recommendations

Areas for Improvement	Issued	FEMA Concurrence		Status:	
		Yes	No	Open	Closed
I. State Strategic Planning Processes					
Fully measurable and achievable goals and objectives	17	17	0	3	14
Capabilities/risk assessments	5	4	1	0	5
Subtotal	22	21	1	3	19
II. State Oversight of Grant Activities					
Allocation, obligation, and expenditure of grant funds	12	10	2	8	4
Monitoring of subgrantee activities	11	11	0	7	4
Financial management, reporting, and costs	7	6	1	6	1
Compliance with procurement and property management requirements	24	22	2	15	9
Subtotal	54	49	5	36	18
Total	76	70	6	39	37

Source: DHS OIG.

² OIG-13-33 *Wisconsin's Management of Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2008 Through 2010* and OIG-13-41 *Kentucky's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded Fiscal Years 2008–2010*.



Appendix A

Objectives, Scope, and Methodology

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

The purpose of this report, prepared in accordance with Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, was to assess and summarize the audit reports completed during FY 2013 on SHSP and UASI grants awarded to States, territories, and the District of Columbia. Specifically, we were to determine (1) the number of audits conducted and completed; (2) whether findings are applicable to the mandate; (3) whether the funds awarded were used in accordance with the law, program guidance, and State homeland security plans and other applicable plans; and (4) the extent to which funds awarded enhanced the ability of a grantee to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism and other manmade disasters.

The audit reports included in this annual consolidated report to Congress were the result of 11 audits conducted by OIG and by independent public accounting firms under contract to OIG. Appendix B provides citations and Internet links to each report.

The audits summarized in this report were conducted 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. No additional audit work was performed in preparing this report.



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Appendix B
Audit Reports Included in this Report

Report	Report Number	Date Issued	Internet Link
The State of Illinois' Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2006 Through 2008	OIG-13-08	11/09/12	http://www.oig.dhs.gov/assets/Mgmt/2013/OIG 13-08 Nov12.pdf
The Commonwealth of Virginia's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2008 Through 2010	OIG-13-10	11/14/12	http://www.oig.dhs.gov/assets/Mgmt/2013/OIG 13-10 Nov12.pdf
The State of Rhode Island's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2008 Through 2010	OIG-13-16	12/11/12	http://www.oig.dhs.gov/assets/Mgmt/2013/OIG 13-16 Dec12.pdf
Wisconsin's Management of Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2008 Through 2010	OIG-13-33	01/30/13	http://www.oig.dhs.gov/assets/Mgmt/2013/OIG 13-33 Jan13.pdf
Kentucky's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded Fiscal Years 2008-2010	OIG-13-41	02/27/13	http://www.oig.dhs.gov/assets/Mgmt/2013/OIG 13-41 Feb13.pdf
Connecticut's Management of Homeland Security Program Grants Awarded During Fiscal Years 2008 Through 2010	OIG-13-43	02/28/13	http://www.oig.dhs.gov/assets/Mgmt/2013/OIG 13-43 Feb13.pdf
Massachusetts' Management of Homeland Security Grant Program Awards for Fiscal Years 2008 Through 2011	OIG-13-44	02/28/13	http://www.oig.dhs.gov/assets/Mgmt/2013/OIG 13-44 Feb13.pdf
Indiana's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2008-2011	OIG-13-45	02/28/13	http://www.oig.dhs.gov/assets/Mgmt/2013/OIG 13-45 Feb13.pdf
Mississippi's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2008 through 2010	OIG-13-72	04/09/13	http://www.oig.dhs.gov/assets/Mgmt/2013/OIG 13-72 Apr13.pdf



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Report	Report Number	Date Issued	Internet Link
North Carolina's Management of Homeland Security Program Grants Awarded During Fiscal Years 2008 Through 2010	OIG-13-74	04/16/13	http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-74_Apr13.pdf
Nebraska's Management of Homeland Security Grant Program Awards For Fiscal Years 2009 Through 2011	OIG-13-109	08/19/13	http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-109_Aug13.pdf



Appendix C

Scope of State and Urban Area Grant Program Management Audits

The purpose of each State audit was to determine whether the State distributed and spent SHSP and UASI grant funds (1) effectively and efficiently, and (2) in compliance with applicable Federal laws and regulations and DHS guidelines. We were to also address the extent to which grant funds enhanced the State's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters.

The scope of the audits included the plans developed by the States and urban areas to improve preparedness and all-hazards response, the goals set within those plans, the measurement of progress toward the goals, and the assessments of performance improvement that result from this activity. Furthermore, the scope included an assessment of these activities within the context of risk to determine whether the States' plans produced strategic performance improvements related to the areas of highest risk, rather than merely producing improvements in a broader sense.

The entire Homeland Security Grant Program and its interrelated grant programs fund a range of preparedness activities, including planning, organization, equipment purchase, training, exercises, and management and administration costs. Because of the interrelationship of these grant programs, all were considered when evaluating the planning cycle and the effectiveness of the overall grant program. However, only SHSP and, where applicable, UASI funding, equipment, and supported programs were reviewed for compliance.

The scope of the audits included SHSP and UASI grants, where applicable, for FYs 2006 through 2008, FYs 2008 through 2010, FYs 2008 through 2011, or FYs 2009 through 2011. Appendix B lists specific years for individual States and urban areas.



Appendix D

Status of Audit Recommendations

Areas for Improvement	Issued	FEMA Concurrence		Status:	
		Yes	No	Open	Closed
I. State Strategic Planning Processes					
Fully measurable and achievable goals and objectives	17	17	0	3	14
Illinois UASI	1	1			1
Indiana	1	1		1	
Kentucky	2	2			2
Massachusetts	2	2			2
Mississippi	3	3			3
Nebraska	2	2		2	
North Carolina	2	2			2
Rhode Island	2	2			2
Virginia	1	1			1
Wisconsin	1	1			1
Capabilities/risk assessments	5	4	1	0	5
Illinois UASI	2	2			2
Kentucky	1	1			1
Nebraska	1		1		1
North Carolina	1	1			1
Subtotal	22	21	1	3	19
II. State Oversight of Grant Activities					
Allocation, obligation, and expenditure of grant funds	12	10	2	8	4
Connecticut	1	1		1	
Illinois UASI	1	1			1
Indiana	2	2		1	1
Massachusetts	3	1	2	3	
Mississippi	1	1		1	
Nebraska	1	1		1	
North Carolina	1	1		1	
Virginia	2	2			2



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Areas for Improvement	Issued	FEMA Concurrence		Status:	
		Yes	No	Open	Closed
Monitoring of subgrantee activities	11	11	0	7	4
Connecticut	1	1		1	
Indiana	1	1		1	
Massachusetts	1	1		1	
Mississippi	1	1		1	
Nebraska	1	1		1	
North Carolina	1	1		1	
Rhode Island	2	2			2
Virginia	1	1		1	
Wisconsin	2	2			2
Oversight of financial management, reporting, and costs	7	6	1	6	1
Massachusetts	2	1	1	2	
Mississippi	2	2		2	
North Carolina	1	1		1	
Virginia	2	2		1	1
Compliance with procurement and property management requirements	24	22	2	15	9
Illinois UASI	4	4		1	3
Indiana	1	1		1	
Kentucky	2		2		2
Massachusetts	3	3		3	
Mississippi	5	5		5	
Nebraska	2	2		2	
North Carolina	2	2		2	
Rhode Island	2	2			2
Virginia	1	1		1	
Wisconsin	2	2			2
Subtotal	54	49	5	36	18
Total	76	70	6	39	37



Appendix E

Report Distribution

Department of Homeland Security

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Should you be unable to access our website, you may submit your complaint in writing to:

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You may also call 1(800) 323-8603 or fax the complaint directly to us at (202) 254-4297.

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