

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

Wyoming's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012





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Department of Homeland Security

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

FROM: Mark Bell 
Acting Assistant Inspector General for Audits

SUBJECT: *Wyoming's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012*

Attached for your information is our final report, *Wyoming's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012*. We incorporated the formal comments from the Federal Emergency Management Agency and the State of Wyoming in the final report.

The report contains nine recommendations aimed at improving the State of Wyoming's management of State Homeland Security Program grants. Your office concurred with six of the recommendations. Recommendations #1, #3, #4, and #8 are open and unresolved. 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 status of the recommendation. Until your response is received and evaluated, the recommendations will be considered open and unresolved.

Based on information provided in your response to the draft report, we consider recommendations #5, #6, and #9 resolved and closed. Recommendations #2 and #7 are open and unresolved. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts.

Please email a signed PDF copy of all responses and closeout requests to OIGAuditsFollowup@oig.dhs.gov.



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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

CFR	Code of Federal Regulations
DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
FY	fiscal year
HSGP	Homeland Security Grant Program
OIG	Office of Inspector General
SAA	State Administrative Agency
SHSP	State Homeland Security Program
SPR	State Preparedness Report
State	State of Wyoming
THIRA	Threat and Hazard Identification and Risk Assessment
WOHS	Wyoming Office of Homeland Security



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. This report responds to the reporting requirement for the State of Wyoming.

The audit objectives were to determine whether the State of Wyoming distributed, administered, and spent State Homeland Security Program grant funds strategically, effectively, and in compliance with laws, regulations, and guidance. We also addressed the extent to which funds awarded enhanced the ability of State grantees to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters. The Federal Emergency Management Agency (FEMA) awarded the State of Wyoming approximately \$15 million in State Homeland Security Program grant funds during fiscal years 2010 through 2012.

In most instances, the State of Wyoming distributed and spent State Homeland Security Program grant funds in compliance with applicable Federal laws and regulations; however, the process still needs improvement. For example, the State of Wyoming did not 1) establish a means to measure progress toward preparedness as a result of receiving grant funds; 2) allocate funding based on risks; 3) ensure that grant funds were expended in compliance with Federal requirements and in alignment with the purpose of the grant; or 4) have a plan to sustain preparedness capabilities if grant funds are reduced or eliminated. We also identified \$393,752 in questioned costs, primarily resulting from the expenditures not complying with Federal or State procurement and employee compensation requirements.

We made nine recommendations to FEMA, which, when implemented, should strengthen program management, performance, and oversight. Both FEMA and the State of Wyoming concurred with six of the nine recommendations.



Background

DHS provides Federal funding through the Homeland Security Grant Program (HSGP) to help State, territory, local, and tribal governments to prevent, protect against, mitigate, respond to, and recover from terrorist attacks and major disasters. Within DHS, FEMA is responsible for the administration of the HSGP. The State Homeland Security Program (SHSP) is a program included in the HSGP, designed to fund preparedness needs, including planning, organization, equipment, training, and exercises. Appendix D contains a detailed description of the grant programs that constitute the HSGP.

FEMA awarded the State of Wyoming (State) SHSP grant funds during fiscal years (FY) 2010, 2011, and 2012, totaling approximately \$15 million. The State is comprised of 23 counties and 2 tribes, divided into 8 regions. See appendix E for a map of Wyoming counties and regions. Eight Regional Emergency Response Teams and the State's larger political subdivisions provide the resources necessary to aid smaller political subdivisions responding to major emergencies within the State.

The Governor of Wyoming designated the Director of the Wyoming Office of Homeland Security (WOHS) as the State Administrative Agency (SAA) responsible for administering the HSGP. The SAA is responsible for managing the grant program in accordance with established Federal guidelines and allocating funds to State and local government entities.

States are required to have a State Homeland Security Strategy and Investment Justifications, among other requirements, to apply for HSGP funds. State Homeland Security Strategies serve as the basis for requesting HSGP funds, as well as guide and focus state preparedness activities, budgets, and priorities. Grantees are encouraged to update the State Homeland Security Strategies every 2 years. Similarly, States use Investment Justifications to propose projects to FEMA that require funding to address gaps and deficiencies in current capabilities.

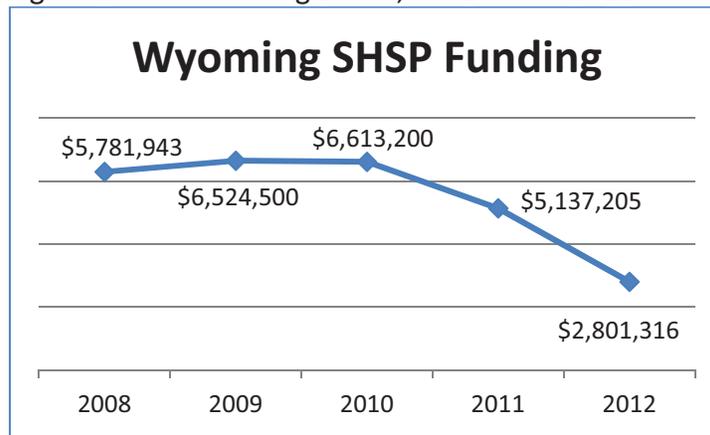
In June 2012, FEMA required SAAs receiving funding under the FY 2012 HSGP to complete a Threat and Hazard Identification and Risk Assessment (THIRA) by December 31, 2012. The goal of the THIRA process is to integrate threats into the risk assessment process more effectively. SAAs use the analysis of the THIRA results to guide future disaster preparedness efforts. Additionally, recipients of HSGP funds are required to complete State Preparedness Reports (SPR), which are self-assessments of preparedness and should address capability targets, current capability levels, and resource needs. FEMA uses SPR data in the development of the National Preparedness Report that summarizes progress toward achieving core capabilities in the DHS National



Preparedness Goal.¹ According to FEMA, State Homeland Security Strategy updates are still encouraged, but not required, as the THIRA and SPR have replaced them.

Figure 1 illustrates the levels of SHSP funding Wyoming received over a 5-year period. SHSP funding averaged \$5 million per year during FYs 2010 through 2012, the periods covered by our audit. The State received its highest level of SHSP funding in FY 2010, but faced a \$3.8 million decline from FY 2010 to FY 2012.

Figure 1. SHSP Funding Levels, FYs 2008 to 2012



Source: Prepared by DHS OIG

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires the DHS OIG to audit individual States' management of SHSP and Urban Areas Security Initiative grants. This report responds to the reporting requirement for the State of Wyoming. Appendix A contains details on the objective, scope, and methodology of the OIG audit.

Results of Audit

In most instances, the State of Wyoming distributed and spent SHSP grant funds in compliance with applicable Federal laws and regulations; however, improvements are needed. For example, the State of Wyoming did not 1) establish a means to measure progress toward preparedness as a result of receiving grant funds; 2) allocate funding based on risks; 3) ensure that grant funds were expended in compliance with Federal requirements and in alignment with the purpose of the grant; or 4) have a plan to sustain preparedness capabilities if grant funds are reduced or eliminated. We also

¹ The National Preparedness Goal establishes core capabilities necessary for a secure and resilient Nation with the capabilities required across the whole community to prevent, protect against, mitigate, respond to, and recover from the threats and hazards that pose the greatest risk.



identified questioned costs of \$393,752, primarily resulting from the expenditures not complying with Federal or State procurement and employee compensation requirements.

Measuring Preparedness Improvements

The WOHS linked its State Homeland Security Strategies to the national priorities and DHS mission areas, submitted SPR, and completed a THIRA. However, it could not demonstrate quantifiable preparedness improvements and accomplishments because it did not set measurable target performance levels that could be compared to actual achievements or have a plan to measure performance. Title 44 of the Code of Federal Regulations (CFR) §13.40(a), requires grantees to monitor grant- and subgrant-supported activities to ensure that performance goals are being achieved. Without goals and objectives against which it could measure progress and a plan to assess performance, the WOHS could not evaluate the effect of grant expenditures on the State's preparedness and response capabilities.

Measurable Target Levels of Performance

According to FEMA's *Department of Homeland Security State and Urban Area Homeland Security Strategy Guidance on Aligning Strategies with the National Preparedness Goal* (Guidance), dated July 22, 2005, an objective sets a tangible and measurable target level of performance over time against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate.

Although the goals and objectives in the State's FY 2010, 2011, and 2012 Homeland Security Strategies aligned with national priorities and met most Federal guidance requirements, they did not always include:

- Measurable target levels of performance to compare with actual achievement;
- Identification of specific outcomes; or
- Established target dates for completion.

For example, the objective to continue to strengthen information sharing and collaboration capabilities across Federal, state, tribal, local, and private partners to enhance communication processes was not measurable; did not identify a specific outcome; and was not time limited. Additionally, the objective contained an implementation step with a completion date of September 2009; this objective appeared again in the FY 2010 through 2012 strategies. Without



measurable goals and objectives, the WOHS could not evaluate the effect of grant expenditures on the State's preparedness and emergency response capabilities.

Performance Measurement Plan

FEMA's Guidance, also provides direction for establishing an evaluation plan. According to the Guidance, "[a] review and analysis process should be a part of the normal operations and management of the State or Urban Area. The review and analysis should focus on the steps being taken to achieve the goals and objectives of the strategy as well as determining whether the right elements are being used to measure progress."²

The WOHS completed SPRs; however, the WOHS did not have a performance measurement plan to assess progress in attaining preparedness and response capabilities to support its self-assessment. Additionally, the WOHS did not include preparedness assessments of local jurisdictions in the SPR, although local jurisdictions are required to receive 80 percent of SHSP grant funds. FEMA did not provide performance measurement guidance to the State to support its self-assessments in the SPRs or establish policies and procedures to validate SPR submissions for accuracy and reliability. As a result, the information reported in the SPRs, as well as the SPR data used to develop the National Preparedness Reports, may not be accurate and reliable.

Threat and Hazard Identification and Risk Assessment

The WOHS completed a THIRA that identified threats and hazards, and established preparedness and response capability targets. However, the WOHS did not include local jurisdictions when conducting its analysis. FEMA's guidance for completing the THIRA indicated the expectation that SAAs should include the whole community when completing the THIRA.³ The State's THIRA indicates the intention to solicit and address concerns from its counties regarding their local hazards, core capabilities, and to allow participation from a contributor perspective in future THIRAs. Without local jurisdiction involvement in the development of the THIRA, the State may not allocate resources effectively to achieve capability targets and mitigate risks.

² FEMA's *Department of Homeland Security State and Urban Area Homeland Security Strategy Guidance on Aligning Strategies with the National Preparedness Goal* (Guidance), July 22, 2005, page A-5.

³ FEMA Grant Programs Directorate Information Bulletin, No. 385(a), June 1, 2012, "The SAA is expected to engage its whole community to ensure the entire scope of statewide risk is incorporated into the State THIRA."



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Recommendations

We recommend that the Assistant Administrator, Grant Programs Directorate require WOHS to:

Recommendation #1: Develop and implement a performance measurement plan to assess its progress in attaining preparedness and response capabilities and to support its self-assessment in the SPR.

Recommendation #2: Include State, local, and tribal governments in the development of the Threat and Hazard Identification and Risk Assessment.

We recommend that the Assistant Administrator, Grant Programs Directorate:

Recommendation #3: Develop and provide performance measurement guidance to States to support their self-assessments in SPR.

Recommendation #4: Develop and implement a process to validate the information reported in the SPRs.

Management Comments and OIG Analysis

FEMA's Response to Recommendation #1:

FEMA concurred with recommendation #1. According to FEMA, it has established and implemented a system to help states, territories, tribes, and urban areas develop measurable goals and objectives that will enable them to measure improvements in first responder capabilities and preparedness systematically.

In December 2012, the State of Wyoming submitted its THIRA, which identified its capability targets based on the risks it faces, and its SPR, which identified the gaps. The two documents together allow the state to identify its threats and risks and assess what capabilities are available to meet and overcome catastrophes resulting from these gaps. The State Homeland Security Strategy is used to layout the plan to close the identified gaps in capabilities, and the Investment Justifications are the implementation of that plan. The State of Wyoming needs to update its strategic plan at this time.

FEMA believes that use of the THIRA, SPR, State Homeland Security Strategy, and Investment Justifications satisfies the intent of this recommendation and creates a methodology for measuring progress in building preparedness.



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FEMA requested that the recommendation be resolved and open pending completion of the update to the State Homeland Security Strategy.

WOHS' Response to Recommendation #1:

WOHS concurred with recommendation #1. According to WOHS, the current State Homeland Security Strategy covers the period of 2012–2014. The strategy will be reviewed and updated, in compliance with grant guidance that encourages States to update their strategies every other year. In particular, updates will focus on the inclusion of gaps identified in the SPR.

OIG Analysis:

While FEMA and WOHS concur with recommendation #1, the proposed actions do not address the intent of the recommendation. The proposed resolution did not include the development and implementation of a performance measurement plan to support the self-assessment information reported in the SPR.

We recognize the intent of the SPR was to measure progress toward identified capability gaps. However, the State reports this information itself. The State needs a method to validate the responses within the SPR to ensure the self-assessment process is accurate and the data corroborated. Without a performance measurement plan, and the underlying data to support it, there is no assurance that the information reported in the SPR and ultimately the National Preparedness Report is valid.

Recommendation #1 will remain unresolved and open until FEMA provides a corrective action plan that addresses the intent of the recommendation.

FEMA's Response to Recommendation #2:

FEMA concurred with recommendation #2. According to FEMA, it will assist the WOHS in preparing a policy with procedures to leverage the social infrastructure of the whole community in defining needs and devising ways to meet them, within 180 days of the published final report. This will involve not only the inclusion of State, local and tribal governments but also the inclusion of other types of institutions and individuals representing the volunteer, faith, and community-based organizations, the private sector and the public.

FEMA believes the above actions satisfy the intent of the recommendation and requests that this recommendation be resolved and open pending implementation of the stated corrective actions.



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WOHS' Response to Recommendation #2:

WOHS concurred with recommendation #2. According to WOHS, it has already begun the process of soliciting input from stakeholders. As a part of the 2013 THIRA process, WOHS provided training on the THIRA process for the 23 County Coordinators and 2 Tribal Coordinators. Because of this training, a draft THIRA was received by one county and the input will be incorporated into the state 2013 THIRA. In the 2014 THIRA process, WOHS intends to include other governmental and nongovernmental organizations, which will further enrich the state THIRA.

OIG Analysis:

The actions proposed by FEMA and WOHS meet the intent of recommendation #2. This recommendation will remain resolved and open until we have reviewed the WOHS procedures for including State, local, and tribal governments in the development of the THIRA.

FEMA's Response to Recommendation #3:

FEMA concurred with recommendation #3. According to FEMA, it agrees that not all the tools to measure performance progress were in place during the grant years looked at under this audit. However, as stated in response to recommendation #1, FEMA believes that use of the THIRA, SPR, State Homeland Security Strategy, and Investment Justifications, as a system, satisfies the intent of this recommendation.

FEMA believes that the National Preparedness System, when looked at in its totality, provides the recommended guidance and tools to States and creates a methodology for measuring progress in building preparedness. FEMA requested that this recommendation be resolved and closed.

WOHS' Response to Recommendation #3:

WOHS concurred with recommendation #3. According to WOHS, it has implemented a process to gather whole community input for the 2013 SPR. In an attempt to further develop the participation by the whole community and to better inform the SPR, a reporting tool was distributed to the 23 County Coordinators and 2 Tribal Coordinators. Two contributions were received and will be used in preparation of the 2013 SPR.

OIG Analysis:

While FEMA and WOHS concur with recommendation #3, the proposed actions do not address the intent of the recommendation. The intent of the recommendation was for FEMA to develop and provide performance measurement guidance to States, which would provide reasonable assurance



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that their self-assessments, reported in the SPR, are based on accurate and reliable data.

We recognize the intent of the SPR was to measure progress toward identified capability gaps. However, the State reports this information itself. The States need a method to validate the responses within the SPR to ensure the self-assessment process data are accurate and corroborated.

Recommendation #3 will remain unresolved and open until FEMA provides a corrective action plan that addresses the intent of the recommendation.

FEMA's Response to Recommendation #4:

FEMA concurred with recommendation #4. FEMA agrees that not all the tools to measure performance progress were in place during the grant years reviewed during this audit. FEMA believes that use of the THIRA, SPR, State Homeland Security Strategies, and Investment Justifications satisfies the intent of this recommendation. FEMA requested that this recommendation be resolved and closed.

WOHS' Response to Recommendation #4:

WOHS concurred with recommendation #4. According to WOHS, it will continue to develop the participation by the whole community into the THIRA, SPR, State Homeland Security Strategies, and Investment Justifications.

OIG Analysis:

While FEMA and WOHS concur with the recommendation, the proposed actions do not address the intent of the recommendation. The proposed resolution did not include the development and implementation of an oversight process to ensure SPR data, which is self-reported by States, is valid. FEMA incorporates States' SPR information into the National Preparedness Report. Without a process to validate the SPR information, FEMA cannot ensure the SPRs and subsequently the National Preparedness Reports, are accurate and reliable.

This recommendation is intended to work in conjunction with recommendations #1 and #3.

Recommendation #4 will remain unresolved and open until FEMA provides a corrective action plan that addresses the intent of the recommendation.



Grant Allocation Methodology

For most subgrantees, the WOHS' grant allocation methodology used a formula that included a base amount in addition to an amount that varied with population or the number of certified law enforcement officers. Other subgrantees received a fixed amount of funds. WOHS' allocation methodology did not include factors such as the potential risk of terrorism and other hazards to people, critical infrastructure, and economic security. Additionally, WOHS neither required subgrantees to provide spend plans or budgets, nor required them to show how planned expenditures would contribute to achieving homeland security strategic goals and objectives. According to WOHS officials, the State uses this allocation methodology to ensure all jurisdictions receive a "fair share" of grant funds. As a result, grant funds may not be distributed to areas where the risk of terrorism or other catastrophic event is greatest.

According to FEMA's 2010 HSGP guidance, activities implemented under SHSP must support terrorism preparedness by building or enhancing capabilities related to the prevention of, protection from, response to, and recovery from terrorism. FEMA allocated SHSP funds to States based on a risk assessment that considered the potential risk of terrorism to people, critical infrastructure, and economic security.

According to WOHS officials, jurisdictions applied for grant funds prior to 2003. However, smaller jurisdictions may not have received their fair share of the grants, because they did not have the staff or expertise to write grant proposals. In 2003, the allocation methodology changed to ensure all jurisdictions received a fair share of funds for equipment and training. However, this allocation methodology has resulted in:

- WOHS not being aware of how grant funds will be expended until reimbursement of expenses is requested by subgrantees;
- Subgrantees purchasing routine law enforcement items, such as flashlights and gloves, that would normally be procured with local funds;
- Individual subgrantees needing to pool their funds to purchase equipment;
- Subgrantees spending grant funds on activities that do not support terrorism preparedness (as shown in table 1 detailing the questioned costs associated with these expenditures); and
- Subgrantees not using the funds allocated to them.



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Therefore, WOHS did not spend SHSP grant funds effectively to address the State's and local jurisdiction's risks and preparedness needs associated with terrorism or other catastrophic disasters.

Recommendations

We recommend that the Assistant Administrator, Grant Programs Directorate encourage WOHS to:

Recommendation #5: Include risk factors such as population density, critical infrastructure, and economic impact in its SHSP allocation methodology to ensure grant funds are distributed to areas where the risk of terrorism and the effects of catastrophic disasters are greatest.

Recommendation #6: Use subgrantee project budgets or spend plans as the basis for subgrantee awards to ensure that the planned use of the grant funds support hazard and terrorism preparedness activities.

Management Comments and OIG Analysis

FEMA's Response to Recommendation #5:

FEMA did not concur with recommendation #5. According to FEMA, while it understands the intent of the recommendation, it cannot require States to use specific risk assessment factors to prioritize SHSP sub-awards. The *Homeland Security Act of 2002*, as amended, gives States the responsibility to assess their own risk and vulnerabilities by developing a State Homeland Security Plan that can be used to help the States develop effective funding priorities for SHSP grants.

Although WOHS is not required to use specific factors to assess risk for subgrant allocations, FEMA stated that it would support the use of risk-based allocation.

FEMA believes this satisfies the intent of the recommendation and requests that this recommendation be resolved and closed.

WOHS' Response to Recommendation #5:

WOHS did not concur with this recommendation. According to WOHS, Wyoming is a large state with a widely dispersed population; however, communications with its partners in communities across the State are frequent. Risk factors are evaluated at the local level through Mitigation plans and real world events. WOHS believes the methodology currently used for distribution of grant funds is an efficient and effective way of disbursing funds to its local communities.



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OIG Analysis:

FEMA responded that it cannot require WOHS to include risk factors such as population density, critical infrastructure, and economic impact in its SHSP allocation methodology. We have revised our recommendation for FEMA to encourage WOHS to include risk factors in its grant allocation methodology.

State and local governments are responsible for assessing their own risk factors that can be used to determine effective funding priorities. FEMA provided guidance for a community to use its THIRA results to make decisions about how to allocate limited resources.⁴ However, WOHS' SHSP allocation methodology is not based on the State's risks and vulnerabilities. According to WOHS, their allocation methodology is designed to ensure each jurisdiction gets a "fair share" of SHSP funds.

While FEMA may not be able to require WOHS to use specific risk factors to prioritize its allocation of SHSP funds, it may require the State to distribute funds based on risks to ensure the most critical disaster preparedness needs are addressed. It would be prudent for WOHS to implement a risk-based allocation methodology to ensure SHSP grant funds are distributed to areas where the risk of terrorism and the effects of catastrophic disasters are greatest. If WOHS were to allocate its SHSP funds based on risks and vulnerabilities, rather than ensuring all jurisdictions receive a "fair share" of grant funds without regard for need, the effectiveness of SHSP grant funds in attaining terrorism and hazardous preparedness capabilities may be improved.

Recommendation #5 has been resolved and closed based on FEMA's response.

FEMA's Response to Recommendation #6:

FEMA did not concur with recommendation #6. According to FEMA, it recognizes that the use of subgrantee project budgets or spend plans as the basis for subgrantee awards could be a promising practice, it does not have the authority to require the State to use a specific methodology in its subgranting process. States are required to follow their own State law and procedures when awarding or administering subgrants. To the extent that WOHS is following its own State law and procedures when making its subgrant allocations and awards, FEMA does not have the authority to prescribe a different method.

However, FEMA grantees must still spend grant funds in compliance with applicable statutes and regulations, and the stated purposes of their grants. To

⁴ *Threat and Hazard Identification and Risk Assessment Guide, Comprehensive Preparedness Guide (CPG) 201, Second Edition*, dated August 2013



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the extent WOHS' subgrant allocation method results in the purchase of prohibited items or uses of funds that do not support appropriate grant funded activities, FEMA may disallow these costs or seek reimbursement. For this reason, FEMA will encourage WOHS to use an allocation methodology that will ensure grant funds support activities that may be properly funded under the HSGP program, and thus avoid the potential for disallowed costs and recoupment of grant funds.

FEMA believes this satisfies the intent of the recommendation and requests that this recommendation be resolved and closed.

WOHS' Response to Recommendation #6:

WOHS does not concur with recommendation #6. According to the WOHS, while not required to do so by grant guidance, it has already initiated a budgeting process with subgrantees. With the 2013 Homeland Security Grant allocation process, subgrantees were required to submit a distribution of funds among the State Initiatives defined in the application prior to receiving their award.

OIG Analysis:

FEMA responded that it cannot require states use subgrantee project budgets or spend plans as the basis for subgrantee awards. We therefore revised our recommendation for FEMA to encourage WOHS to use subgrantee project budgets or spend plans as the basis for subgrantee awards.

FEMA acknowledged that implementing the recommendation could be a promising practice and that it will encourage WOHS to utilize an allocation methodology that will ensure grant funds are spent appropriately on activities that may be properly funded under the HSGP program. While not required to do so, the WOHS stated that it is requiring subgrantees to submit a distribution of funds among the State Initiatives defined in the application prior to receiving their award.

FEMA's and WOHS' actions meet the intent of recommendation #6 and it has been resolved and closed.

Grant Management Oversight

WOHS did not have a standardized process to ensure that the use of grant funds complied with Federal and State guidelines. For example, WOHS did not have written policies or procedures for day-to-day oversight of subgrantees' use of grant funds. Additionally, its Financial Monitoring Site Visit procedures were in draft. According to Office of Management and Budget Circular A-133,



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Compliance Supplement 2013, Part 3-Compliance Requirements, M. Sub-recipient Monitoring, grantees are responsible for monitoring subgrantees' use of Federal awards through reporting, site visits, regular contact, or other means. As a result, we identified instances of noncompliance with Federal and State guidelines for the use of SHSP grant funds.

Additionally, WOHS officials noted that the office had used an external accounting firm to audit subgrantee financial and inventory processes in the past. WOHS officials discontinued the use of the accounting firm after the FY 2009 audit because they determined that audits were not a good use of the limited grant funds. WOHS planned to conduct the subgrantee monitoring visits itself; however, it had not implemented procedures to conduct the reviews. As a result, neither WOHS nor any auditing firm reviewed subgrantee financial and inventory processes during FYs 2010, 2011, or 2012.

Subgrantee Compliance Issues

In our review of 26 SHSP subgrantee awards totaling approximately \$4 million, we identified instances of expenditures that did not comply with Federal requirements. If adequate oversight and monitoring procedures existed, these instances of noncompliance could have been identified and corrected.

Table 1 shows the instances of noncompliance with subgrantee expenditures resulting in questioned costs of \$393,752.

Table 1. Questioned Costs

Compliance Issues	Amount
Sole-Source Procurement	\$106,216
Employee Compensation	220,730
Equipment Purchases	51,621
Education	15,185
Total	\$393,752

Source: Prepared by DHS OIG

For example, Wyoming Law Enforcement Academy personnel were compensated \$211,942 while working multiple grants without properly accounting for hours worked on each grant, as required by the CFR.⁵ The

⁵ According to 2 CFR Appendix B to Part 225 – *Selected Items of Cost, §§ 8.h.(4) and (5)(a), Compensation for personal services*, “Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports ... [that] must reflect an after-the-fact distribution of the actual activity of each employee.”



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Laramie County Sheriff's Office also purchased a vehicle with grant funds although that vehicle was not used for official law enforcement activities. Finally, grant funds were used to administer a college scholarship program that did not support terrorism or other disaster preparedness activities. Appendix F contains additional information on the compliance issues identified in table 1.

State Compliance Issues

The WOHS did not properly budget, monitor, and track management and administration expenses as required by Federal Law and HSGP guidance. Specifically, the WOHS:

- FY 2010 budget exceeded the 5 percent authorized for grant management and administration expenses by \$168,608, or 2.5 percent of 2010 HSGP funds; and
- Used \$35,474 of management and administration funds for other expenditures not permitted under the FY 2010 HSGP guidance.

We notified the WOHS of these discrepancies in May 2013, and it has since corrected them.

Recommendations

We recommend that the Assistant Administrator, Grant Programs Directorate require WOHS to:

Recommendation #7: Develop and implement policies and procedures for day-to-day monitoring of grant funds usage to ensure compliance with applicable Federal requirements and achievement of HSGP goals.

Recommendation #8: Complete a review of the questioned costs and report its findings to FEMA for final determination and recovery of unallowable costs.

Management Comments and OIG Analysis

FEMA's Response to Recommendation #7:

FEMA concurred with recommendation #7. According to FEMA, it will require and work with WOHS to develop and implement policies and procedures for the conduct of day-to-day monitoring of grant funds usage to ensure compliance with applicable Federal requirements and achievement of HSGP goals within 180 days of this report being published.



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FEMA believes this satisfies the intent of the recommendation and requests that this recommendation be resolved and open pending implementation of the stated corrective actions.

WOHS' Response to Recommendation #7:

WOHS concurs with recommendation #7. According to WOHS, it is in the process of reviewing and updating policies and procedures within the grant reimbursement process. In addition, WOHS has developed a desktop monitoring process and WOHS is currently validating this methodology through preliminary site visits.

OIG Analysis:

The response and action plan proposed by FEMA and WOHS satisfies the intent of the recommendation. Recommendation #7 will remain resolved and open pending implementation of the stated corrective actions.

FEMA's Response to Recommendation #8:

FEMA concurred with recommendation #8. According to FEMA, it will require WOHS to submit documentation on expended funds identified as questioned costs in the "Grant Management Oversight" section of the report for FEMA's analysis and determination of their allowability, and recoupment of grant funds, where warranted.

FEMA believes this satisfies the intent of the recommendation and requests that this recommendation be resolved and open pending implementation of the stated corrective actions.

WOHS' Response to Recommendation #8:

The WOHS did not specifically address recommendation #8 in its written comments to the report. However, the WOHS did respond to several of the categories of questioned costs in the Grant Management Oversight section of the report. WOHS officials did not agree with the Education related questioned costs. Specifically, WOHS maintains that the Laramie County Community College scholarship program, started in FY 2005, was an authorized expenditure and cited the FY 2005 Homeland Security Grant Program guidance, which states:

"SHSP funds may be used to enhance the capabilities of state and local emergency preparedness and response personnel through development of a state homeland security training program. Allowable training-related costs include 1) the establishment of Chemical, Biological, Radiological, Nuclear, and Explosive materials, Critical Infrastructure Protection, agricultural/food



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security, cyber security, and geospatial training programs within existing training academies, universities, or junior colleges."

Additionally, WOHS says that DHS officials were aware of the scholarship program, and at no time did they deem the program an inappropriate expense.

OIG Analysis:

FEMA concurs with recommendation #8 that WOHS complete a review of the questioned costs and report its findings to FEMA for final determination and recovery of unallowable costs. However, FEMA did not provide a timeline for implementing the recommendation.

FEMA's response satisfies the intent of the recommendation; however, recommendation #8 will remain unresolved and open until FEMA provides a corrective action plan that includes milestones for implementation.

The OIG maintains its position concerning the questioned costs associated with the Laramie County Community College scholarship program. As noted by WOHS, "SHSP funds may be used to enhance the capabilities of *state and local emergency preparedness and response personnel* through development of a state homeland security training program [emphasis added]." The conditions of the scholarship program did not require the students to:

- Be a first responder or emergency preparedness and response personnel;
- Be employed by an agency having disaster preparedness or response duties;
- Have a major in Homeland Security, Criminal Justice, or other related field; or
- Contribute to the State's implementation of its State Homeland Security Strategies.

Scholarship recipients had majors that included Native American Studies, Outdoor Education, and Biology, among others. The expenditures were not consistent with the purpose of the SHSP grant.



Sustainment of Capabilities

The WOHS may not be positioned to sustain capabilities achieved through the use of HSGP grant funds in the event of reduced Federal funding. HSGP funds to the State have decreased 52 percent over the most recent 5-year period. FEMA grant guidance and information bulletins have emphasized the importance of using funding to sustain core capabilities in the event of reduced funding. Specifically, FEMA Grant Programs Directorate Information Bulletin, No.379, Attachment C, page 12, February 17, 2012, indicates, "In this time of limited resources, grantees must ensure that grant funding is utilized to maintain current capabilities that were funded by past grant funding cycles. Grantees are encouraged to plan and budget for the complete lifecycle of inventories and resources, equipment upgrades, skill-maintenance training and exercises, and plans and procedure updates, ensuring consistent and effective capabilities are attained across the preparedness spectrum." According to the WOHS, reduced or eliminated Federal grant funds would result in fewer funds for subgrantees and possible reductions in WOHS staff if the State did not provide funding necessary to offset the loss of Federal funds. However, the WOHS did not have a plan that prioritized capability requirements and identified the funding necessary to sustain those core capabilities. The State's capability to prevent, protect against, mitigate, respond to, and recover from terrorist attacks and major disasters may be degraded without a plan to sustain its preparedness capabilities in the event of continued reductions in Federal funding.

Recommendation

We recommend that the Assistant Administrator, Grant Programs Directorate encourage WOHS to:

Recommendation #9: Develop and implement a comprehensive contingency plan to sustain capabilities resulting from SHSP grant funding in the event of reduced or eliminated Federal funding.

Management Comments and OIG Analysis

FEMA's Response to Recommendation #9:

FEMA does not concur with recommendation #9. According to FEMA, it agrees that it would be prudent for grantees to identify sustainment methods beyond grant funding; however, they do not concur because FEMA does not have the legal authority to require sustainability of Homeland Security Grant Program grant funded programs or to enforce this recommendation.



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Notwithstanding the lack of legal authority to require States and other HSGP grant recipients to maintain and sustain capabilities in the absence of continuing Federal grant funding, since FY 2012, FEMA has required that HSGP grantees prioritize sustainment of existing capabilities over using grant funding to build new capabilities.

WOHS' Response to Recommendation #9:

WOHS does not concur with recommendation #9. According to the WOHS, it is aware of the potential for the reduction/elimination of grant funding and has discussed the need to address the legislature for an increase in state funding during regular budget sessions should the need arise. According to the FY2013 Funding Opportunity Announcement, "A jurisdiction should consider all resources available to it, including local and State appropriations, bond initiatives, mutual aid, and Federal grants, as appropriate, to support building and sustaining capabilities."

OIG Analysis:

The OIG recognizes the limitations to FEMA's legal authority. Based on FEMA's assertion that it cannot require WOHS to develop and implement a comprehensive contingency plan to sustain capabilities, we have revised our recommendation to advise FEMA to encourage WOHS to do so.

FEMA's response meets the intent of recommendation #9 and it has been resolved and closed.

Although not required, it would be prudent for WOHS to take steps on its own to develop and implement a contingency plan for sustaining critical capabilities achieved with HSGP funds. Such a plan would be beneficial in prioritizing critical capabilities and the funding required to sustain those capabilities.



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 audit objectives were to determine whether the State of Wyoming distributed, administered, and spent SHSP grant funds strategically, effectively, and in compliance with laws, regulations, and guidance. We also addressed 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 man-made disasters.

The scope of this audit included the plans developed by the State to improve preparedness and response to all types of hazards, goals, and objectives set in those plans; measurement of progress towards the goals; and assessment of performance improvements resulting from this measurement.

Together, HSGP and its interrelated grant programs fund a range of preparedness activities, including planning, organization, equipment purchase, training, exercises, and management and administration costs. However, we reviewed only SHSP funding, equipment, and supported programs for compliance.

The scope of the audit included the SHSP grant awards for FY 2010, FY 2011, and FY 2012, as shown in table 2.

Table 2. SHSP Grant Awards (FYs 2010, 2011, and 2012)

Grant Program	FY 2010	FY 2011	FY 2012	Total
State Homeland Security Program	\$6,613,200	\$5,137,205	\$2,801,316	\$14,551,721

Source: Prepared by DHS OIG based on FEMA data.

The audit methodology included work at FEMA headquarters, State of Wyoming offices, and various subgrantee locations. To achieve our audit objectives, we analyzed data, reviewed documentation, and interviewed key State and local officials directly involved in the management and administration of the State’s HSGP. Table 3 lists the SHSP subgrantee awards reviewed for FYs 2010, 2011, and 2012.



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Table 3. Subgrantee Awards Reviewed (FYs 2010, 2011, and 2012)

Subgrantee	Grant Amount
1. Wyoming Law Enforcement Academy	\$735,005.00
2. Wyoming Board of Outfitters and Professional Guides	\$19,128.89
3. Laramie County Community College	\$40,000.00
4. Wyoming Department of Fire Prevention and Electrical Safety	\$18,527.11
5. Wyoming Division of Criminal Investigation	\$41,394.65
6. Wyoming Game & Fish	\$67,852.48
7. Converse County	\$195,405.19
8. Converse County Sheriff's Office	\$34,647.13
9. Converse County Coroner	\$15,105.13
10. City of Douglas Police Department	\$40,891.47
11. Platte County	\$177,693.79
12. Platte County Sheriff's Office	\$30,498.90
13. Platte County Coroner	\$15,105.13
14. City of Wheatland Police Department	\$26,173.14
15. Goshen County	\$195,507.41
16. Goshen County Sheriff's Office	\$33,417.49
17. Goshen County Coroner	\$15,105.13
18. City of Torrington Police Department	\$39,932.18
19. Albany County	\$286,864.41
20. Albany County Sheriff's Department	\$48,437.13
21. Region 3 State Emergency Response Team	\$300,000.00
22. City of Laramie Police Department	\$93,769.64
23. Laramie County	\$553,378.81
24. Laramie County Sheriff's Office	\$101,983.46
25. Region 7 State Emergency Response Team	\$300,000.00
26. City of Cheyenne Police Department	\$176,908.58
Total of Subgrantee Awards Reviewed	\$3,602,732.25

Source: Prepared by DHS OIG based on WOHS data.

We conducted this performance audit between May 2013 and August 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.



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Department of Homeland Security

Appendix B
Management Comments to the Draft Report

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



FEMA

DEC 06 2013

MEMORANDUM FOR: Anne L. Richards
Assistant Inspector General for Audits
Office of Inspector General (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-13-124-AUD-FEMA DRAFT
REPORT "Wyoming's Management of State Homeland Security
Program Grants Awarded During Fiscal Years 2010 Through
2012"

Thank you for the opportunity to review and comment on OIG Draft Report OIG-13-124-AUD-FEMA "Wyoming's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012". The draft report contains 9 recommendations of which FEMA concurs with 6 recommendations; 1-4, and 7-8, FEMA non-concurs with recommendations 5-6 and 9.

OIG Recommendation 1: We recommend that the Assistant Administrator, Grant Programs Directorate require Wyoming Office of Homeland Security (WOHS) to develop and implement a performance measurement plan to assess its progress in attaining preparedness and response capabilities and to support its self-assessment in the State Preparedness Report.

FEMA Response to Recommendation 1: Concur. FEMA has established and implemented a system to help states, territories, tribes, and urban areas develop measurable goals and objectives that will enable them to systematically measure improvements in first responder capabilities and preparedness. The system established and implemented consists of the following four factors:

- (1) The Threat and Hazard Identification and Risk Assessment (THIRA)
- (2) The State Preparedness Report (SPR)
- (3) State Homeland Security Strategy (SHSS)
- (4) The Investment Justifications (IJs)

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In December 2012, the state of Wyoming submitted their THIRA (attachment #1), which identified their capability targets based on the risks it faces and their SPR (attachment #2), which identified the gaps. The two documents together allow the state to identify its threats and risks and assess what capabilities are available to meet and overcome catastrophes resulting from these gaps. The SHSS is used to lay out the plan to close the identified gaps in capabilities, and the IJs are the implementation of that plan. The state of Wyoming needs to update their strategic plan at this time.

When reviewed holistically, FEMA believes that use of the THIRA, SPR, SHSS, and IJs satisfies the intent of this recommendation and creates a methodology for measuring progress in building preparedness.

FEMA requests that the recommendation be changed to resolved and open pending completion of the update to the SHSS.

OIG Recommendation 2: We recommend that the Assistant Administrator, Grant Programs Directorate require WOHS to include State, local, and tribal governments in the development of the Threat and Hazard Identification and Risk Assessment.

FEMA Response to Recommendation 2: Concur. Within 180 days from the final report being published, FEMA will assist the WOHS in preparing a policy with procedures to leverage the social infrastructure of the whole community in defining needs and devising ways to meet them. This will involve not only the inclusion of state, local and tribal governments but the inclusion of other types of institutions and individuals representing the volunteer, faith and community-based organizations, the private sector and the public.

FEMA believes this satisfies the intent of the recommendation and requests that this recommendation be resolved and open pending implementation of the stated corrective actions.

OIG Recommendation 3: We recommend that the Assistant Administrator, Grant Programs Directorate develop and provide performance measurement guidance to States to support their self-assessments in SPR.

FEMA Response to Recommendation 3: Concur. FEMA agrees that all the tools to measure performance progress were not in place during the grant years looked at under this audit. However, as stated in response to Recommendation #1, FEMA believes that use of the THIRA, SPR, SHSS, and IJs, as a system, satisfies the intent of this recommendation.

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.



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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 gaps. These capability gaps are planned to be addressed in the SHSS, and each grant IJ should be developed to implement this plan.

FEMA believes that the National Preparedness System, when looked at in its totality as described above, provides the recommended guidance and tools to states and creates a methodology for measuring progress in building preparedness. We request that this recommendation be considered resolved and closed.

OIG Recommendation 4: We recommend that the Assistant Administrator, Grant Programs Directorate develop and implement a process to validate the information reported in the SPRs.

FEMA Response to Recommendation 4: Concur. As stated in response to Recommendation #1 and #3 FEMA agrees that all the tools to measure performance progress were not in place during the grant years looked at under this audit.

FEMA believes that use of the THIRA, SPR, SHSS, and IJs, as a system, satisfies the intent of this recommendation, and we request that this finding be changed to resolved and closed.

OIG Recommendation 5: We recommend that the Assistant Administrator, Grant Programs Directorate require WOHS to include risk factors such as population density, critical infrastructure, and economic impact in its SHSP allocation methodology to ensure grant funds are distributed where the risk of terrorism and the effects of catastrophic disasters are greatest.

FEMA Response to Recommendation 5: Non-Concur. This recommendation is based on an OIG finding that Wyoming is not utilizing a variety of factors, all of which are set out in 6 U.S.C. § 608, to prioritize its SHSP subawards based on risk. As pointed out in the report, FEMA is required to use these factors to prioritize SHSP and UASI awards based on risk. But, the factors set forth in 6 U.S.C. § 608 do not apply to States or other grantees. For this reason, States are not required to use these factors to prioritize their SHSP or UASI subawards and it would be contrary to the language of the Homeland Security Act and the intent of Congress to require or suggest that the States do so.

While FEMA understands the intent of this recommendation, the intent of Congress is clear in that the States and urban areas are best equipped to assess their own unique threats and vulnerabilities to potential terrorist attack. For this reason, the Homeland Security Act of 2002, as amended, gives States the responsibility to assess their own risk and vulnerabilities by developing a State homeland security plan that can be used to help the States develop effective funding priorities for SHSP and UASI grants. *See* 6 U.S.C. § 611(b). Congress, recognizing that



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States and local governments are more fully aware of their own security needs, intentionally designed the Homeland Security Act to give states and other locals primary responsibility for assessing their own risk. Congress is fully aware that the relative risk factors States use to validate risk are unique to individual States and the urban areas within each State. For FEMA to require States to use risk assessment factors that were never designed to be used at the State or local level would be contrary to both the letter and the spirit of the Homeland Security Act and would undermine Congress' express intent that States play a significant and primary role in assessing their own risk and security needs.

Although FEMA cannot require WOHS to utilize particular factors, such as those set forth in 6 U.S.C. § 608, to assess risk for the purposes subgrant allocations, to the extent that WOHS believes inclusion or use of such factors in their allocation methodology would be valuable, FEMA would support their use.

FEMA believes this satisfies the intent of the recommendation and requests that this recommendation be resolved and closed.

OIG Recommendation 6: We recommend that the Assistant Administrator, Grant Programs Directorate require WOHS to use subgrantee project budgets or spend plans as the basis for subgrantee awards to ensure that the planned use of the grant funds support hazard and terrorism preparedness activities.

FEMA Response to Recommendation 6: Non-Concur. While FEMA recognizes that implementing these actions could be a promising practice, FEMA does not have the authority to require the State to use a specific methodology in their subgranting process. Pursuant to 44 C.F.R. § 13.37(a), States are required to follow their own State law and procedures when awarding or administering subgrants. To the extent that WOHS is following its own State law and procedures when making its subgrant allocations and awards, FEMA does not have the authority to prescribe a different method. Regardless of the subgrant allocation methods used, however, FEMA grantees must still spend grant funds in compliance with applicable statutes and regulations, and the stated purposes of their grants. To the extent WOHS' subgrant allocation method results in the purchase of prohibited items or uses of funds that do not support appropriate grant funded activities, FEMA may disallow these costs or seek reimbursement. For this reason, FEMA will encourage WOHS to utilize an allocation methodology that will ensure grant funds are appropriately spent on activities that may be properly funded under the HSGP program in order to avoid the potential for disallowed costs and recoupment of grant funds.

FEMA believes this satisfies the intent of the recommendation and requests that this recommendation be resolved and closed.

OIG Recommendation 7: We recommend that the Assistant Administrator, Grant Programs Directorate require WOHS to develop and implement policies and procedures for day- to-day monitoring of grant funds usage to ensure compliance with applicable Federal requirements and achievement of HSGP goals.



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FEMA Response to Recommendation 7: Concur. Within 180 days from the final report being published, FEMA will require and work with WOHS to develop and implement policies and procedures for the conduct of day- to-day monitoring of grant funds usage to ensure compliance with applicable Federal requirements and achievement of HSGP goals.

FEMA believes this satisfies the intent of the recommendation and requests that this recommendation be resolved and open pending implementation of the stated corrective actions.

OIG Recommendation 8: We recommend that the Assistant Administrator, Grant Programs Directorate require WOHS to complete a review of the questioned costs and report its findings to FEMA for final determination and recovery of unallowable costs.

FEMA Response to Recommendation 8: Concur. In accordance with FEMA policy on review and determination of potential debt, FEMA will require WOHS to submit documentation on expended funds identified as questioned costs in the "Grant Management Oversight" section of the report for FEMA's analysis and determination of their allowability, and recoupment of grant funds where warranted.

FEMA believes this satisfies the intent of the recommendation and requests that this recommendation be resolved and open pending implementation of the stated corrective actions.

OIG Recommendation 9: We recommend that the Assistant Administrator, Grant Programs Directorate require WOHS to develop and implement a comprehensive contingency plan to sustain capabilities resulting from SHSP grant funding in the event of reduced or eliminated Federal funding.

FEMA Response to Recommendation 9: Non-Concur. We agree that it would be prudent for grantees to identify sustainment methods beyond grant funding; however, we non-concur because FEMA does not have the legal authority to require sustainability of HSGP grant funded programs or to enforce this recommendation.

Congress statutorily created the UASI and SHSP grant programs in Title XX of the Homeland Security Act of 2002, as amended. As enacted by Congress, the UASI and SHSP programs do not require state and local level grant recipients to provide any cost sharing or cost matching contributions, nor are grant recipients statutorily required to sustain and maintain grant funded projects for any length of time beyond the grant's period of performance. The result is that these programs, as designed by Congress, allow grantees to achieve target capabilities using 100% federal funding, and require grantees to sustain and maintain those capabilities only during the grant's period of performance. FEMA does not have the statutory authority under these programs to require grantees to sustain grant funded projects beyond the grant's period of performance as a condition of applying for or receiving SHSP or UASI award funding.

Notwithstanding the lack of legal authority to require States and other HSGP grant recipients to maintain and sustain capabilities in the absence of continuing federal grant funding, since FY 2012, FEMA has required that HSGP grantees prioritize sustainment of existing capabilities over utilizing grant funding to build new capabilities and requires that grantees supply information



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substantiating this prioritization in their investment justifications and Biannual Strategy Implementation Reports (BSIR). Despite the lack of legal authority to require States to maintain and sustain capabilities in the absence of federal grant funding, FEMA has used administrative and policy mechanisms to ensure that grant funded capabilities are sustained to the extent that grant funding is available.

As a result of the actions taken by FEMA to ensure that grantees utilize available funding to sustain and maintain existing capabilities over building new capabilities, FEMA requests that this recommendation be considered resolved and closed.

Thank you again for the opportunity to comment on OIG-13-124-AUD-FEMA "Wyoming's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012" 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.

Attachments:

1. Wyoming's THIRA
2. Wyoming's SPR



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Appendix C

State of Wyoming's Management Comments to the Draft Report



THE STATE OF WYOMING

Office of Homeland Security

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MATTHEW H. MEAD
Governor

December 13, 2013

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

From: Guy Cameron
Director
Wyoming Office of Homeland Security

Subject: Wyoming's Management of State Homeland Security Program
Audit Findings/Recommendations

OIG Recommendation 1: The Wyoming Office of Homeland Security (WOHS) concurs with this recommendation. The current State Homeland Security Strategy covers the period of 2012 – 2014. The Strategy will be reviewed and updated, in compliance with grant guidance that encourages states to update their strategies every other year. In particular, updates will focus on the inclusion of gaps identified in the State Preparedness Report. As stated in the FY2013 Homeland Security Grant Program Funding Opportunity Announcement:

"SHSP supports the implementation of risk driven, capabilities-based State Homeland Security Strategies to address capability targets set in Urban Area, State, and regional Threat and Hazard Identification and Risk Assessments (THIRAs). The capability levels are assessed in the State Preparedness Report (SPR) and inform planning, organization, equipment, training, and exercise needs to prevent, protect against, mitigate, respond to, and recover from acts of terrorism and other catastrophic events."

OIG Recommendation 2: WOHS concurs with this recommendation and has already begun the process of soliciting input from stakeholders. As a part of the 2013 THIRA process, the WOHS provided training on the THIRA process for the twenty three County Coordinators and two Tribal Coordinators. As a result of this training a draft THIRA was received by one county and the input will be incorporated into the state 2013 THIRA. In the 2014 THIRA process, we intend to include other governmental and non-governmental organizations to further enrich the state THIRA. However, it should be noted that, according to CPG 201 Second Edition, the only entities required to complete the THIRA process are the



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56 State Administrative Agencies (SAAs), 25 Urban Areas, and Tribal Nations receiving direct funding through the Tribal Homeland Security Grant Program.

OIG Recommendation 3: WOHS concurs with this recommendation and has implemented a process to gather whole community input for the 2013 State Preparedness Report. In an attempt to further develop the participation by the whole community and to better inform the SPR, the THIRA/SPR/NIMS tool was distributed to the twenty three County Coordinators and two Tribal Coordinators. Two contributions were received and will be used in preparation of the 2013 SPR.

OIG Recommendation 4: WOHS concurs with this recommendation and will continue to develop the participation by the whole community into the THIRA, SPR, SHSS, and IJs.

OIG Recommendation 5: WOHS does not concur with this recommendation. Wyoming is a large state with a widely dispersed population; however communications with our partners in communities across the state are frequent. Risk factors are evaluated at the local level through Mitigation plans and real-world events. WOHS is intimately involved with major events in Wyoming communities through the requests for state assistance, such as the activation of one of the eight Regional Emergency Response Teams (RERTs) by County Coordinators. The WOHS Duty Officer is the point of contact for all activations and requests for assistance and is therefore well aware of the frequency of natural and man-made disaster situations. RERT activations are tracked by the state's eight regions and by the type of response such as CBRNE, Hazmat, and Criminal type incidents. The Homeland Security Act of 2002, as amended, gives states the responsibility to assess their own risk and vulnerabilities. We believe the methodology currently being used for distribution of State Homeland Security grant funds is an efficient and effective way of disbursing funds to our local communities.

OIG Recommendation 6: WOHS does not concur however, while not required to do so by current Grant Guidance or historical Grant Guidance, WOHS has already initiated a budgeting process with subgrantees. With the 2013 Homeland Security Grant allocation process, subgrantees were required to submit a distribution of funds among the State Initiatives defined in the application prior to receiving their award.

OIG Recommendation 7: WOHS concurs with this recommendation and is in the process of reviewing and updating policies and procedures within the grant reimbursement process. In addition, a desk top monitoring process has been developed and WOHS is currently validating this methodology through preliminary site visits.

OIG Recommendation 8: WOHS concurs with two of the three recommendations listed in the "Grant Management Oversight" section of the report.

1. WOHS is prepared to submit any requested documentation on expended funds with regard to those issues presented in that section. The specific questioned costs /compliance issues have been addressed with the particular subrecipients and policies and procedures are being



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reviewed to avoid these issues in the future. Specific issues addressed include the appropriate use of Time Utilization forms to track time spent on each grant, and the allowable use of vehicles purchased with grant funds.

2. As noted in this section, WOHS has corrected and clarified state budgets for Management and Administration and all expenditures not permitted within this section of the budget have been reallocated to the appropriate budget.

WOHS does not concur with the recommendation regarding the college scholarship program. Research into the history of the inception of this program is continuing however, much of the documentation for the inception of this program has been destroyed by the state archives in accordance with CFR 44, Chapter 13.42 (c), regarding records retention. As stated in the FY 2005 Homeland Security Grant Program guidance under Authorized Program Expenditures regarding training:

"SHSP funds may be used to enhance the capabilities of state and local emergency preparedness and response personnel through development of a state homeland security training program. Allowable training-related costs include 1) the establishment of CBRNE, CIP, agricultural/food security, cyber security, and geospatial training programs within existing training academies, universities, or junior colleges."

Funding was passed through to Laramie County Community College (LCCC) beginning in FY 2005 to support the creation of a Homeland Security degree program with full knowledge and support from the DHS Preparedness Officer in Washington DC. We had site visits between 2007 and 2010 at which time DHS officials were shown documentation of the program LCCC was providing using SHSP funds. After approval from DHS a letter was submitted by SAA, Wyoming Office of Homeland Security Director Joe Moore to Wyoming Governor Freudenthal dated October 21, 2005 informing the Governor and seeking his approval of the LCCC degree program. In a brochure developed by WOHS for presentation to state legislators and presented to DHS,

"The Homeland Security program at Laramie County Community College (LCCC) was initiated through a partnership with the Wyoming Office of Homeland Security (WOHS) in June, 2005. The State of Wyoming, using pass-through grant funding provided by the U.S. Department of Homeland Security (DHS), administered by WOHS, financed the course development, administration, supplies, marketing, and a scholarship program for students successfully completing the courses in the Homeland Security curriculum. The program offers an Associate of Science (A.S.) degree or a Certificate of Completion, and the curriculum was offered to all Wyoming Community Colleges. Students from any Wyoming Community College taking HSEC courses are eligible to apply for the HSEC scholarship. The first Homeland Security class was conducted in the fall semester, 2005. The first students graduated in May, 2009, with four A.S. degrees awarded and eight Homeland Security certificates of completion."

The State Homeland Security Strategies for FY 2006, 2007 and 2008 measured progress and was included in the State Preparedness Reports for Department of Homeland Security annual review and approval of grant fund allocation to the state for existing programs identified. At no time was this



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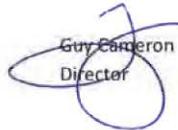
Department of Homeland Security

program deemed an inappropriate expense, and in fact, WOHS was commended on the process and progress of the program at LCCC. In addition the agency received a favorable review for the FY2006 State Homeland Security Grant Program from the accounting firm of McGee, Hearne, and Paiz which included the LCCC program. The current program including a reciprocity agreement has been under review and possible modification with guidance from Beverley Finley, DHS Program Analyst and in coordination with LCCC by the recommendation of your staff.

OIG Recommendation 9: WOHS does not concur with this recommendation. WOHS is aware of the potential for the reduction/elimination of grant funding and has discussed the need to address the legislature for an increase in state funding during regular budget sessions should the need arise. According to the FY2013 FOA, *"A jurisdiction **should** consider all resources available to it, including local and State appropriations, bond initiatives, mutual aid, and Federal grants, as appropriate, to support building and sustaining capabilities."*

If you have any further questions please feel free to contact our office at 307-777-4663.

Respectfully,


Guy Cameron
Director



Appendix D

Homeland Security Grant Program Overview

State Homeland Security Program

SHSP supports the implementation of State Homeland Security Strategies to address the identified planning, organization, equipment, training, and exercise needs to prevent, protect against, respond to, and recover from acts of terrorism and other catastrophic events.

Urban Areas Security Initiative Program

Urban Areas Security Initiative program funds address the unique planning, organization, equipment, training, and exercise needs of high-threat, high-density Urban Areas, and assists them in building an enhanced and sustainable capacity to prevent, protect against, respond to, and recover from acts of terrorism.

Operation Stonegarden

Operation Stonegarden funds are intended to enhance cooperation and coordination among local, tribal, territorial, State, and Federal law enforcement agencies in a joint mission to secure the United States borders along routes of ingress from international borders to include travel corridors in States bordering Mexico and Canada, as well as States and territories with international water borders.

Metropolitan Medical Response System Program

The Metropolitan Medical Response System program supports the integration of emergency management, health, and medical systems into a coordinated response to mass casualty incidents caused by any hazard. Successful Metropolitan Medical Response System grantees reduce the consequences of a mass casualty incident during the initial period of a response by having augmented existing local operational response systems before an incident occurs.

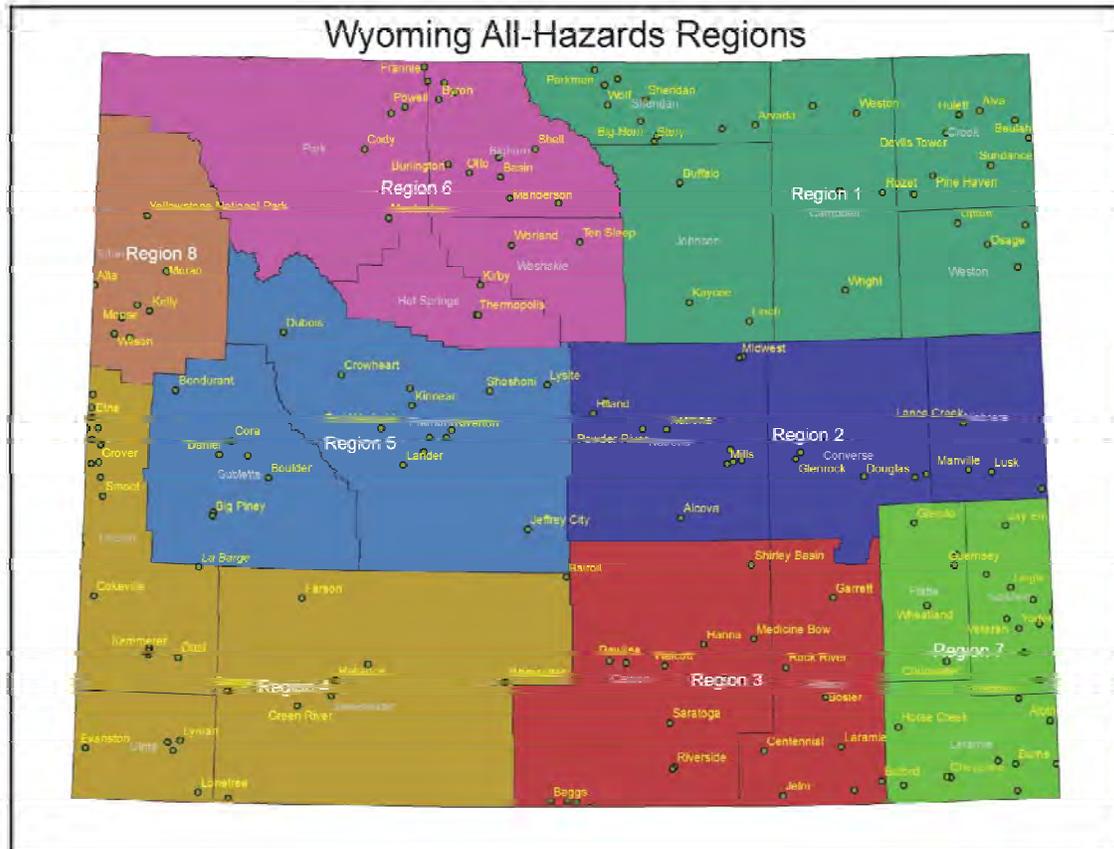
Citizen Corps Program

The Citizen Corps mission is to bring community and government leaders together to coordinate the involvement of community members and organizations in emergency preparedness, planning, mitigation, response, and recovery.

Note: Both the Metropolitan Medical Response System Program and the Citizen Corps Program are no longer funded as discrete grant programs beginning with the FY 2012 HSGP.



Appendix E Wyoming Counties and Regions



Source: Wyoming Office of Homeland Security



Appendix F

State of Wyoming Procurement and Financial Management Compliance Issues and Schedule of Questioned Costs

- *Sole-Source Procurement*

Albany County expended \$106,216 of SHSP grant funds on a \$165,708 sole-source procurement of a Siren Notification System without conducting the cost analysis required by 44 CFR §13.36 – *Procurement*. Additionally, WOHS did not have evidence that it conducted the pre-award review of the sole-source procurement required by the CFR.

- *Employee Compensation*

Two subgrantees expended SHSP grant funds on salaries for staff working on multiple grant programs without properly accounting for hours worked on each grant. Specifically, the Wyoming Law Enforcement Academy expended \$211,942 on training staff salaries, and Albany County expended \$8,788 on its emergency management coordinator salary. According to 2 CFR Appendix B to Part 225 – *Selected Items of Cost, §§ 8.h.(4) and (5)(a), Compensation for personal services*, “Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports ... [that] must reflect an after-the-fact distribution of the actual activity of each employee.”

In addition, the *DHS Homeland Security Grant Program Guidance and Application Kit* for FY 2010 indicates that allowable training-related costs include payment of salaries and fringe benefits; however, the costs must not exceed 15 percent of the total allocation. The Wyoming Law Enforcement Academy expended 37 percent of its grant award on salaries.

- *Equipment Purchases*

Two subgrantees purchased equipment and supplies that did not meet the purpose of the SHSP grant. Specifically, the Wyoming Board of Outfitters and Professional Guides purchased equipment, such as computers and digital voice recorders, for \$9,851 to support hunting-related activities associated with the agency’s mission. Additionally, the Wyoming Division of Criminal Investigation expended \$25,904 for the purchase of surveillance camera-related equipment to monitor illicit drug activity in neighborhoods. The *DHS Homeland Security Grant Program Guidance and Application Kit* for FY 2010 indicates that the SHSP



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supports the implementation of State Homeland Security Strategies to address the identified planning, organization, equipment, training, and exercise needs to prevent, protect against, respond to, and recover from acts of terrorism and other catastrophic events. The purchases by the Wyoming Board of Outfitters and Professional Guides and the Wyoming Division of Criminal Investigation were not consistent with the purpose of the SHSP grant.

The Laramie County Sheriff’s Office expended \$15,866 toward the purchase of a vehicle that was not used for official law enforcement activities. According to sheriff’s office staff, the vehicle was not outfitted with the equipment necessary for the vehicle to be used for law enforcement activities and was being used as a “take-home” car. FEMA Grant Programs Directorate Information Bulletin, No. 379, February 17, 2012 indicates that the purchase of general-purpose law enforcement vehicles is authorized; however, this vehicle was not being used in that manner.

- *Education*

Laramie County Community College expended \$15,185 on a scholarship program that did not meet the purpose of the SHSP grant. Specifically, Laramie County Community College provided tuition reimbursement to any student taking a homeland security-related course. There was no requirement that the student be a first responder, be employed by an agency having disaster preparedness or response duties, or otherwise contribute to the State’s implementation of its State Homeland Security Strategies. The expenditures were not consistent with the purpose of the SHSP grant and therefore would not be allowable.

Table 4 presents the total schedule of questioned costs.

Table 4. Schedule of Questioned Cost

Potential Monetary Benefits		
Finding	Rec. No.	Questioned Cost
Sole-Source Procurement	8	\$106,216
Employee Compensation	8	220,730
Equipment Purchases	8	51,621
Education	8	15,185
Total		\$393,752

Source: Prepared by DHS OIG



Appendix G

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Appendix H

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