



Department of Homeland Security Office of Inspector General

The State of Illinois' Management of State Homeland Security Grants Awarded During Fiscal Years 2004 through 2006





Homeland
Security

October 29, 2008

Preface

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

The attached report presents the results of the audit of the State of Illinois' management of the State Homeland Security Grants it was awarded during Fiscal Years 2004 through 2006. We contracted with the independent public accounting firm Foxx and Company to perform the audit. The contract required that Foxx and Company perform its audit according to generally accepted government auditing standards. Foxx and Company's report identifies reportable conditions where State management of the grant funds could be improved, resulting in five recommendations addressed to the Administrator, Federal Emergency Management Agency. The report also identifies some potential best practices that could be shared with other states and territories. Foxx and Company is responsible for the attached auditor's report dated October 3, 2008, and the conclusions expressed in the report.

The recommendations herein have been discussed in draft with those responsible for implementation. It is our hope that this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General



October 3, 2008

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

Dear Ms. Richards:

Foxx & Company performed an audit of the State of Illinois' management of Department of Homeland Security State Homeland Security Grants it received during Fiscal Years 2004 through 2006. The audit was performed in accordance with our Task Order No. TPD-ARC-BPA-07-0013 September 24, 2007. This report presents the results of the audit and includes findings, recommendations, and some "best practices" to help improve Illinois' management of the audited State Homeland Security Grant Programs.

Our audit was conducted in accordance with applicable *Government Auditing Standards*, 2007 revision. The audit was a performance audit as defined by Chapter 1 of the *Standards* and included a review and report of program activities with a compliance element. Although the audit report comments on costs claimed by the State, we did not perform a financial audit, the purpose of which would be to render an opinion on the State of Illinois' financial statements or the funds claimed in the Financial Status Reports submitted to the Department of Homeland Security.

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

Sincerely,

Foxx & Company

Martin W. O'Neill
Partner

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Abbreviations

DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
FY	Fiscal Year
OIG	Office of Inspector General

OIG

*Department of Homeland Security
Office of Inspector General*

Executive Summary

Foxx and Company completed an audit of the State of Illinois' management of Department of Homeland Security State Homeland Security Grants awarded during fiscal years 2004 through 2006. The audit objectives were to determine if the State Administrative Agency (1) effectively and efficiently implemented the grant programs, (2) achieved program goals, and (3) spent funds in accordance with grant requirements. The State was awarded approximately \$266.6 million in Homeland Security Grants by the Federal Emergency Management Agency.

Generally, the State did an efficient and effective job of administering the program requirements, distributing grant funds, and ensuring that all of the available funds were used. The State used reasonable methodologies for assessing threats, vulnerabilities, capabilities, and prioritized needs. The State monitored performance, measured preparedness improvements, and complied with cash management and status reporting requirements. Also, the State generally spent the grant funds in accordance with grant requirements and State-established priorities, and appropriately allocated funding based on threats, vulnerabilities, capabilities, and priorities. The procurement methodology was in conformance with the State's strategy. However, improvements were needed to strengthen equipment and property accountability, better support reimbursement requests, and enhance tracking of limited-life inventory items. Further, consistent use of management practices introduced by subgrantees could improve readiness.

Some aspects of Illinois' program management warrant recognition as "best practices" for consideration by other states to enhance their programs. These practices are discussed in detail at the end of this report. Our five recommendations call for the Federal Emergency Management Agency Administrator to initiate improvements to strengthen management controls and enhance readiness. Federal Emergency Management Agency and State officials verbally concurred with the recommendations, but did not provide written comments in response to the draft report.

Background

The Homeland Security Grant Program is a federal assistance grant program administered by the U.S. Department of Homeland Security (DHS), Grant Programs Directorate within the Federal Emergency Management Agency (FEMA). The current Grant Programs Directorate, hereafter referred to as FEMA, began with the Office of Domestic Preparedness, which was transferred from the Department of Justice to DHS in March 2003. The Office of Domestic Preparedness was subsequently consolidated into the Office of State and Local Government Coordination and Preparedness which, in part, became the Office of Grants and Training, and subsequently became part of FEMA.

Although the grant program was transferred to DHS, applicable Department of Justice grant regulations and legacy systems still were used as needed to administer the program. For example, the State Administrative Agency entered payment data into the Office of Justice Programs' Phone Activated Paperless Request System, which was a drawdown payment system for grant funds.

Homeland Security Grant Programs

The Homeland Security Grant Program provides federal funding to help state and local agencies enhance their capabilities to prevent, deter, respond to, and recover from threats or acts of terrorism.¹ The Homeland Security Grant Program encompasses several different federal grant programs, and depending on the fiscal year, included some or all of the following programs: the State Homeland Security Grant Program, the Urban Areas Security Initiative, the Law Enforcement Terrorism Prevention Program, the Citizen Corps Program, the Emergency Management Performance Grants, and the Metropolitan Medical Response System Program Grants.

State Homeland Security Grant Program provides financial assistance directly to each of the states and territories to prevent, respond to, and recover from acts of terrorism. The program supports the implementation of the State Homeland Security Strategy to address the identified planning, equipment, training, and exercise needs.

¹ The goal of the FY 2006 Homeland Security Grant Program included all activities and capabilities necessary to address the entire range of threats and hazards, including terrorism, as well as terrorist attacks. The FY 2004 and 2005 Programs addressed only threats from terrorists.

Law Enforcement Terrorism Prevention Program provides law enforcement communities with funds to support the following prevention activities: information sharing to preempt terrorist attacks, target hardening to reduce vulnerability of selected high value targets, recognition and mapping of potential or developing threats, counterterrorism and security planning, interoperable communications, interdiction of terrorists before they can execute a threat, and intervention activities that prevent terrorists from executing a threat. These funds may be used for planning, organization, training, exercises, and equipment.

Citizen Corps Program is the department's grass-roots initiative to actively involve all citizens in hometown security through personal preparedness, training, and volunteer service. Funds are used to support Citizen Corps Councils in engaging citizens in preventing, preparing for, and responding to all hazards, including planning and evaluation, public education and communication, training, participation in exercises, providing proper equipment to citizens with a role in response, and managing Citizen Corps volunteer programs and activities.

Urban Areas Security Initiative provides financial assistance to address the unique planning, equipment, training, and exercise needs of high risk urban areas, and to assist them in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism. Allowable costs for the urban areas are consistent with the State Homeland Security Grant Program, and funding is expended based on the Urban Area Homeland Security Strategies.

Metropolitan Medical Response System Program supports jurisdictions in further enhancement and sustainment of their integrated, systematic preparedness to respond to mass casualty incidents during the first hours of a response. This includes the planning, organizing, training, and equipping concepts, principles, and techniques, which enhance local jurisdictions' preparedness to respond to the range of mass casualty incidents – from chemical, biological, radiological, nuclear, and explosive events to epidemic outbreaks, natural disasters, and large-scale hazardous materials incidents.

Emergency Management Performance Grant funds are used to support comprehensive emergency management at the state and local levels and to encourage the improvement of mitigation, preparedness, response, and recovery capabilities for all hazards.

DHS is responsible for leading and supporting the nation in a comprehensive, risk-based, all-hazards emergency management program, and these performance grant funds are a primary means of ensuring the development and maintenance of such a program. Funds may also be used to support activities for managing consequences of acts of terrorism.

State Administrative Agency

The governors of each state appoint a State Administrative Agency to administer the Homeland Security Grant Program. The State Administrative Agency is responsible for managing these grant programs in accordance with established federal guidelines. The State Administrative Agency is also responsible for allocating funds to local, regional, and other state government agencies.

The Illinois Emergency Management Agency is the designated State Administrative Agency for the State's Homeland Security Grant programs. Since May 2000, the Illinois Terrorism Task Force (chaired and administered by Illinois Emergency Management Agency officials and staff) has been the catalyst and driving force for the planning and execution of the State's Homeland Security Grant programs. The Task Force was created and then made permanent by Governors' Executive Orders in 2000 and 2003. An organization chart for the Illinois Emergency Management Agency is included as Appendix B.

Grant Funding

The State of Illinois received approximately \$266.6 million in funds from the Homeland Security Grant Program during Fiscal Years (FYs) 2004 through 2006. Table 1 displays a breakdown of the grant funds by year and funded activity. Not all funded activities were part of the Homeland Security Grant Program during each of the fiscal years. Urban Areas Security Initiative grant funds were excluded from the audit scope by the DHS Office of Inspector General (OIG) for the Illinois audit performed by Foxx and Company.

Table 1

Illinois Homeland Security Grant Awards				
Fiscal Years 2004 through 2006				
Grant Programs ('000s)				
Program Activity	2004 Homeland Security Grant Program	2005 Homeland Security Grant Program	2006 Homeland Security Grant Program	Total
State Homeland Security Grant Program	\$55,841	\$ 35,299	\$19,080	\$110,220
Law Enforcement Terrorism Protection Program	\$16,570	\$ 12,836	\$18,200	\$ 47,606
Citizen Corps Program	\$ 1,160	\$ 448	\$ 633	\$ 2,241
Metropolitan Medical Response System Program	Not Included	\$ 228	\$ 232	\$ 460
Urban Areas Security Initiative	Not Included	\$ 48,000	\$52,260	\$100,260
Emergency Management Performance Grant	Not Included	\$ 5,782	Not included	\$ 5,782
Total	\$73,571	\$102,593	\$90,405	\$266,569

Three subgrantees received the majority of the combined State Homeland Security Grant Program and Law Enforcement Terrorism Protection Program funding: the Mutual Aid Box Alarm System (\$33.4 million), the Illinois Law Enforcement Alarm System (\$41.4 million), and the Illinois State Police (\$15.0 million). The Mutual Aid Box Alarm System and the Illinois Law Enforcement Alarm System are two statewide mutual aid organizations that are further defined starting on page 19. These organizations used the funds largely to acquire equipment, training, and exercises for numerous special response teams located strategically throughout the State. The remaining \$68 million from these two programs was allocated to state agencies and local jurisdictions.

Foxx and Company completed an audit of the State of Illinois' management of the State Homeland Security Grants awarded during FYs 2004 through 2006. The objectives of the audit were to determine whether the State Administrative Agency (1) effectively and efficiently implemented State Homeland

Security Grant Programs, (2) achieved the goals of the programs, and (3) spent funds in accordance with grant requirements. The goal of the audit was to identify problems and solutions that would help the State of Illinois prepare for and respond to terrorist attacks and other hazards, as applicable to the goals of the programs. Nine researchable questions provided by the DHS OIG established the framework for the audit. The researchable questions were related to the State Administrative Agency's planning, management, and results evaluations of grant activities. Appendix A provides additional details on the objectives, scope, and methodology of this audit, including the nine researchable questions.

Results of Audit

State Grants Management Practices Were Generally Effective, But Some Improvements Needed

Overall, the State did an efficient and effective job of administering the program requirements, distributing grant funds, and ensuring that all of the available funds were used. The State used reasonable methodologies to assess threats, vulnerabilities, capabilities, and needs. The State monitored performance, measured preparedness improvements, and complied with cash management and status reporting requirements. Also, the State generally spent the grant funds in accordance with grant requirements and State-established priorities, and appropriately allocated funding based on threats, vulnerabilities, capabilities, and priorities. The procurement methodology was in conformance with the State's strategy.

However, improvements were needed in several areas to strengthen accountability for equipment and property, better support subgrantee reimbursement requests, and enhance tracking of limited-life inventory items. Illinois officials have already begun initiatives in these areas where we identified improvement opportunities.

Inventory System Needed for Fire Services Assets

The Mutual Aid Box Alarm System did not have a central inventory system to control and account for millions of dollars in equipment and other personal property procured with Homeland Security Grant Funds. A central inventory system would provide the Mutual Aid Box Alarm System with a tool to better manage

equipment at local fire departments around the State of Illinois. It would also provide a system to monitor and safeguard equipment, centralize control, and facilitate decisions on what to buy and for whom.

Code of Federal Regulations Title 44 § 13.32, *Equipment*, requires that property records be maintained that include the property's cost, description, identification number, location, use, condition, and ultimate disposition. Title 44 § 13.3, *Definitions*, defines equipment as tangible, non-expendable, personal property having a useful life of more than 1 year and an acquisition cost of \$5,000 or more per unit. Title 44 § 13.32 also requires that a control system be developed to ensure adequate safeguards to prevent loss, damage, or theft of equipment and other personal property procured with federal funds.

The State Administrative Agency relied on two major local subgrantees (the Mutual Aid Box Alarm System and Illinois Law Enforcement Alarm System) to administer subgrants for equipping, training, and exercising numerous special response teams. The State relied on these subgrantees to manage and safeguard very large inventories of equipment and property in numerous locations across the State. However, the Mutual Aid Box Alarm System did not have a central inventory system to control and account for millions of dollars in equipment and other personal property.

A Mutual Aid Box Alarm System official advised us the organization is still evolving in efforts to identify and develop ways to improve its operations. Up to now, the organization has relied on local fire service officials to maintain and control the inventory.

The State Administrative Agency advised us that the Mutual Aid Box Alarm System will adopt a computerized central inventory system patterned along the same lines of the system already in use by the Illinois Law Enforcement Alarm System. The State Administrative Agency believes that the Illinois Law Enforcement Alarm System's inventory system has proven to be very successful and highly beneficial in the management, use, and safeguarding of property and equipment critical to first responder capabilities. Using essentially the same type of system in managing and controlling the property procured by the Mutual Aid Box Alarm System could provide similar benefits.

Reimbursement Support Can Be Improved

Documentation received by the State Administrative Agency to support reimbursement requests did not always include evidence of delivery and unique property identification numbers. The Agency relied on subgrantees to maintain the supporting documents, but did not require that the documentation be included with the reimbursement requests. Without the appropriate documentation, the State Administrative Agency had no proof that the procured items had been received or appropriately identified for inventory control purposes at the time reimbursement was requested.

Code of Federal Regulations Title 44, § 13.20 and the Department of Homeland Security Financial Guide, require that grantees maintain an accounting system together with adequate internal controls to assure grant expenditures are allowable, allocable, authorized, and consistent with federal, state, and grant requirements.

The State Administrative Agency staff reviewed all subgrantee reimbursement requests to assure that the items procured were consistent with state and federal requirements. To be approved, reimbursements must be accompanied by supporting invoices and related documents that authenticate the transaction. However, the State did not require that reimbursement requests for equipment and other property include (1) evidence or certification that the items had been received by the subgrantee from the vendor, and (2) the serial number or other unique number for each item purchased.

State Administrative Agency officials said that they relied on the subgrantees to ensure that all items were delivered and that the items purchased have serial numbers or other unique identification numbers. Requiring subgrantees to include affirmation or evidence of delivery and property identification numbers in support of their reimbursement requests would add credibility and authenticity to the requests, and provide better oversight of subgrantees at the state level. Such documentation would also facilitate subsequent verification of purchases and tracing to inventory records.

Expiration Dates for Limited-Life Inventory Items Are Manually Tracked

The State's major subgrantees have established or are developing sophisticated computerized systems for inventory of equipment

and property procured with grant funds. However, the major subgrantees have not automated the task of identifying and tracking items that need to be removed from inventory because of limited shelf-life.

Property items procured with grant funds for first responders often have specified expiration dates or limited useful lives. Examples include filtration canisters for self-contained breathing apparatuses and other personal protection equipment. Using some of these items after their expiration dates could be hazardous to the users. Also some such items can be returned to the vendor for replacement free of charge. The State and subgrantees require that such property be removed from the active inventory when the expiration date arrives or when the property's useful life is over.

Local first responder team officials said that they manually track items with expiration dates so that the proper actions can be taken when the dates arrive. The officials said that they would like their parent subgrantees to include in their master inventory system a mechanism for identifying individual items' expiration dates and providing advance notices of coming expiration dates.

Establishing management and control systems to ensure that first responder property is adequately inventoried and safeguarded has been an evolving and learn-as-you go process. After having progressed to establishing centralized property inventory recording and verification systems, the subgrantees are now in a position to automate supporting processes to optimize the use of such systems.

The effectiveness and efficiency of first responder team efforts to track and replace property with expiring useful lives can be improved by revising the central inventory systems to include expiration date tracking and advance notifications of needed item replacement.

Recommendations

We recommend that the Administrator, Federal Emergency Management Agency, require the Director of the Illinois Emergency Management Agency to:

Recommendation #1: Direct the Mutual Aid Box Alarm System to develop and implement a central property and equipment inventory system, considering the Illinois Law Enforcement Alarm System as a possible model.

Recommendation #2: Direct subgrantees to include in their reimbursement requests:

- a. Affirmation or evidence of receipt of all of the items included in reimbursement requests, and
- b. Unique identification numbers for each of the items.

Recommendation #3: Direct major subgrantees to modify their automated central inventory systems to identify property items in their systems with expiration dates and provide first responders with advance notices of approaching item expiration dates.

Management Comments and OIG Analysis

FEMA and State officials verbally concurred with the finding and all recommendations concerning opportunities to improve selected aspects of the State's grants management practices. With respect to Recommendation 2.b., the State officials said their actions would take into consideration the need to avoid unnecessarily delaying the reimbursement process. We agree that timely reimbursement is important and that the officials should avoid unnecessary delays.

The Administrator, Federal Emergency Management Agency, needs to provide corrective actions for the recommendations and a plan to implement the actions within 90 days.

Consistent Use of Effective Management Practices Could Improve Response Team Readiness

The Illinois Terrorism Task Force and the three major subgrantees, the Mutual Aid Box Alarm System, the Illinois Law Enforcement Alarm System, and the Illinois State Police, have made aggressive efforts to ensure special response team readiness. Collectively, the three major subgrantees have developed effective management practices for ensuring that their respective teams are adequately equipped, trained, and exercised to readily respond to a terrorist attack or other disaster. Individually, however, because the practices were newly implemented, none of the subgrantees were fully using them. The Task Force could ensure, through its state-level monitoring program and discussions at Task Force meetings,

that each of the three major subgrantees is making optimum use of the management practices for their organization.

Each of the following management practices are used by at least one of the three major subgrantee organizations with special response teams:

- Establishing and distributing to response team leaders current and complete listings of standardized team equipment and training requirements to facilitate interoperability, procurement, and progress evaluation,
- Conducting recurring detailed comparisons of standardized to actual equipment inventory and training histories to identify gaps that need to be filled,
- Conducting recurring “staff assistance visits” to each response team by senior subgrantee officials to make a comprehensive evaluation of the team’s capability and readiness, and
- Instituting formal team “validation” programs under which each team’s performance is periodically assessed and rated by experienced peer reviewers.

We believe that the use of all four practices by all three major subgrantees and attention to these activities as part of the Task Force’s monitoring program is needed to help ensure that the teams remain adequately equipped, trained, and capable.

Ensuring Complete and Current Standard Equipment and Training Lists

Consistent with the state’s objective of standardizing response teams’ equipment and training, each of the three major subgrantees has developed standard listings of equipment items and training that each of their respective teams must have to function effectively. The completeness and currency of the listings needed to be improved, as indicated by the following conditions identified during our field visits to selected response teams:

- While all three of the major subgrantees had established standardized requirements for basic formal courses, only one of the three provided a standardized list of required classes and exercises beyond the basic formal courses. Training of special response teams typically included (1) basic formal classroom

courses approved by FEMA, such as the 40-hour hazardous materials operations course, and (2) less formal but critical routine classes and exercises, usually during regular work shifts at the team's home facility, to test team members' physical fitness and improve their proficiency in using their equipment and performing other team functions.

- Standardized equipment and training lists needed to be current and complete. Response team officials identified a few instances in which their equipment inventories included items that were not, but probably should be, on the standardized equipment list. Similarly, the officials identified instances in which training course content changes and pre-requisites needed to be considered in updating the standardized training list. In one case, a team official said he had not seen the standardized equipment list.

Comparing Actual Equipment and Training Records to Standards to Identify Gaps

One of the three major subgrantees had established a formal certification process for assessing whether each team had received the equipment and training as required in the standardized lists. However, the certifications included only the basic formal classroom courses. The certifications excluded the less formal routine classes and exercises, even though the classes and exercises were considered critical to team readiness. Conditions at the other two major subgrantees included the following:

- One of the other major subgrantee's teams maintained equipment and training records but did not periodically make detailed comparisons of the records with the standardized requirements. Our comparisons during our visits to 8 of the subgrantee's 83 response teams identified instances in which equipment inventories did not include required items and team members had not completed required training courses.
- For the third subgrantee we concluded that comparisons of equipment inventory and training records with standardized requirements could not be readily made because (1) training requirements and team rosters as explained to us were unclear, (2) identification of equipment items would have required time-consuming analysis of inventory records, and (3) training records were maintained by the Illinois Fire Service Institute and were not readily accessible.

Comprehensive Site Visits to Accurately Assess Response Team Readiness

One of the three major subgrantees had established a program of site visits to make formal comprehensive assessments of each of its response teams' capability and readiness. The other two subgrantees' team monitoring efforts did not include such comprehensive site visits.

The site visits program established by the one subgrantee included a 17 page instrument for senior subgrantee officials to assess and record their findings regarding all major aspects and functions of the response team capabilities and readiness, including the following:

- Governance and administration matters,
- Dispatch operations,
- Team field operations,
- Warehouse materials and resources,
- Hazardous Materials Team readiness,
- Technical Rescue Team readiness,
- Underwater Rescue and Recovery Team readiness, and
- Incident Management Assistance Team readiness.

For each of the aspects or functions listed above, the assessment instrument called for the administering official to answer a series of questions about the adequacy of the team's capability and readiness. The answers were in the form of a color-coded rating for each question: green (for "go"), yellow (for "needs improving"), or red (for serious problem needing attention). The instrument included space for explanatory comments and identification of responsible parties and target dates for any needed follow-up. Completed comprehensive site visits identified significant areas where improvements were needed to ensure that the response teams were effectively equipped, trained, and in a constant state of readiness to respond.

Illinois Terrorism Task Force and subgrantee officials said that comprehensive site visit programs, similar to that described above, could be tailored for use by the other two subgrantees.

Recurring Validation to Ensure Team Capability, Training, and Performance

One subgrantee did not have a formal program for validating response capability, training, and performance. Two of the three major subgrantees were developing or had adopted formal programs under which their response teams were periodically validated through participation in rigorous exercises to test their capability, training, and performance. An important feature of the validation process was the use of peer reviewers to assess the team's performance in the exercises.

One major subgrantee, the Mutual Aid Alarm Box System, had established a formal validation program in 2004, which was ongoing at the time of our review. The subgrantee's goal was to put each of its special response teams through an intensive revalidation exercise every 3 years. The exercises usually were organized and conducted at the Illinois Fire Service Institute. Peer reviewers made detailed assessments of the team's performance in the exercises. The Illinois Terrorism Task Force, the subgrantee, and the Illinois Fire Service Institute considered the validation exercises a valuable tool to help ensure that the response teams could perform their critical duties as expected.

Another major subgrantee, the Illinois Law Enforcement Alarm System, had initiated a pilot program to develop a validation process for its special response teams. The subgrantee's Executive Director told us that, unlike the fire service hazardous materials and technical rescue teams, there was no FEMA-accepted validation for the law enforcement weapons of mass destruction teams. He said that his organization was working with the National Center for Biomedical Research and Training at the Louisiana State University to develop the needed validation process.

The third major subgrantee, the Illinois State Police, did not have a validation process similar to the other two major subgrantees. An Illinois State Police official told us that, initially, each of the organization's three weapons of mass destruction response teams was considered "validated" upon completion of the Hazmat Operations and Technician courses and that validation was maintained via the team's participation in national-level exercises. The other two subgrantee organizations considered their formal validation programs necessary, even though their teams also participated in national-level exercises.

State-Level Attention Could Enhance Response Team Readiness

While the subgrantees were making commendable efforts to ensure that their response teams were adequately equipped, trained, and validated, the issue of team readiness was not included in the State's monitoring policy statement. The subject of team readiness was also not discussed at Task Force monthly meetings, which are primary tools for evaluating grant program performance. Visibility at the State level would significantly enhance the importance of readiness to the State's overall preparedness posture.

In March 2008, the Illinois Terrorism Task Force issued a policy statement regarding its monitoring of subgrantee activities. While emphasizing that subgrantees are responsible for monitoring their projects, the statement also said that the Task Force was to provide necessary monitoring of subgrantees to ensure achievement of objectives and conformance with requirements. The policy statement's discussion of the Task Force's monitoring plans included several specific programs, activities, and requirements. However, the statement did not include any specific reference to the capability and readiness of special response teams.

We also noted from our review of the minutes for several Task Force meetings during 2004, 2005, and 2006 that the efforts to maintain the capability and readiness of the special response teams, and the results of the subgrantees' monitoring of the teams, were not discussed in detail.

Capability and readiness of the special response teams is a paramount objective of the Illinois program. Emphasis on this objective at the State level would ensure that the three major subgrantees continue to strive toward this goal.

Recommendations

We recommend that the Administrator, Federal Emergency Management Agency, require the Director, Illinois Emergency Management Agency to:

Recommendation #4: Enhance the capability and readiness of local and state special response teams by requiring the three major subgrantees to continue, modify, or adopt response team management practices as necessary to include:

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- a. Maintenance and distribution of clear, complete, and up-to-date standardized equipment and training requirements,
 - b. Recurring, detailed comparisons of equipment and training requirements to inventories and training histories for each team and team member.
 - c. Recurring visits to each team to perform assessments of the team's capabilities and readiness, and
 - d. Validation and periodic revalidation of team readiness through rigorous exercises involving peer review and assessment.

Recommendation #5: Amend the Illinois Terrorism Task Force's policy statement to include monitoring of response team capability and readiness.

Management Comments and OIG Analysis

FEMA and State officials concurred with the finding and all recommendations concerning the opportunity to improve response team readiness. State officials said that the card-based credentialing system being implemented will be considered part of the State's response to Recommendation 4.b. The credentialing system will assist in documenting training histories for individual response team members. With respect to Recommendation 4.d., the State said that the frequency of team revalidations would take into consideration the availability of funds and the history of a team's successful deployments.

The Administrator, Federal Emergency Management Agency, needs to provide corrective actions for the recommendations and a plan to implement the actions within 90 days.

Illinois State Level Programs Could Be Considered a Best Practice

Some aspects of Illinois' program management warrant recognition as "best practices." The State of Illinois used a statewide Task Force and mutual aid organizations to plan, execute, and oversee homeland security programs and activities. The use of these organizations greatly enhanced the State's success

in setting and meeting goals and objectives under the State Homeland Security Grant Program. Based on our experience of auditing State Homeland Security Grant programs nationwide, we believe this practice could be considered and applied to help improve grants management in other states and jurisdictions.

Statewide Task Force Approach Contributed Significantly to Program Goals and Objectives

The Illinois Terrorism Task Force was the driving force for all planning, budgeting, funding, program execution, and evaluation of subgrantee activities, including those of the statewide mutual aid organizations. The widely diverse composition of the Task Force membership and its involvement (via daily interaction and monthly meetings) in virtually all grant program and project activities enabled the State to manage the programs with constant input and assistance from sources across the State. As a result, the State has made significant progress in achieving statewide goals and objectives under the State Homeland Security Grant Program.

Because of the Illinois Task Force approach, the State did not experience many of the program weaknesses we identified during our audits of homeland security grant programs in other states. Typical problems not found in the State of Illinois include:

- An absence of measurable program goals, objectives, priorities;
- Inadequate progress reporting and performance monitoring;
- Incomplete and inaccurate funds accounting;
- Inadequate equipment inventories and safeguards;
- Improper procurement practices; and
- Equipment purchased that was not needed or was not properly maintained.

In our opinion, the Task Force approach warrants recognition as a best practice that could benefit other states or jurisdictions.

Background. The homeland security duties of the Illinois Terrorism Task Force include: (1) developing the State's domestic terrorism preparedness strategy, (2) advising the Illinois Emergency Management Agency on application and use of federal funding that relates to combating terrorism, and (3) annually reporting to the Governor on the activities, accomplishments, and recommendations of the Task Force.

As of March 2008, the Illinois Terrorism Task Force's voting membership consisted of 63 different public and private organizations providing a wide spectrum of expertise and disciplines representing areas across the state. The organizations included federal, state, county, municipal, and private entities with expertise in public works, public health, fire services, emergency management, homeland security, investigations, government, law, law enforcement, communications, health care, agriculture, transportation, natural resources, education, environmental protection, and training.

The Task Force was organized into 15 committees:

- Bioterrorism
- Communications
- Crisis Response and Prevention
- Elected Officials
- Emergency Management
- Fire Service Mutual Aid
- Information Technology
- Law Enforcement Mutual Aid
- Private Sector
- Public Information
- Science and Technology
- Training
- Transportation
- Urban Area Security Initiative
- Volunteers and Donations/ Illinois Citizen Corps Council

On an alternating basis, the full Task Force or its committee chairmen meet every month to discuss and make decisions concerning various aspects of the Task Force's mission, including strategic planning, budgeting, grant applications, fund expenditures, fund reallocations, policy and procedure development, problem resolution, threat assessments, equipment distribution, public relations, and program accomplishments. In addition to the monthly meetings, Task Force committee chairmen, Task Force members, and Task Force managers interact daily on grant program activities.

Accomplishments. The Task Force annually reports its homeland security activities, accomplishments, and future plans to the Governor as required by Executive Order of the Governor of Illinois. These reports cite numerous accomplishments from using the DHS Homeland Security Grants, including the following items cited in the 2006 annual report (March 2007):

- Establishing the foundation for statewide interoperable communications, including the installation of 700/800 Mhz radios in more than 1,400 public safety agencies, completing a system of communications towers, equipping hospitals with

medical emergency radios, and deploying nine mobile communications systems throughout the State,

- Conducting two major exercises, one of which was the first large-scale pandemic flu exercise ever conducted, and
- Establishing regional training centers at 18 locations throughout the State for training first responders.

Guided by plans, budgets, and decisions approved by the Task Force, the actual use of Homeland Security Grant Program funds has been accomplished via major subgrants to mutual aid organizations and state agencies and, to a lesser extent, to counties, villages, educational institutions, and others.

Mutual Aid Organizations Provided Focus and Interoperability

Illinois uses two major mutual aid organizations as subgrantees to organize, equip, train, exercise, and oversee special response teams. This has resulted in the creation of 98 regional fire services and law enforcement special response teams that can be deployed quickly to any of the 102 counties within the State. This approach provided statewide focus and more efficiency and effectiveness than had the funds been allocated among the numerous counties, villages, and other local entities. The approach also has enabled the state to achieve interoperability among the teams in terms of equipment, training, and overall capabilities. In our opinion, this approach constitutes a best practice that could benefit other states or jurisdictions.

We note that the State obtained Department of Homeland Security approval to treat the mutual aid organizations as local entities. Because the grant allocations to these organizations were considered part of the allocation to local jurisdictions, the State was in compliance with the requirement to allocate at least 80% of funds to local jurisdictions.

The two statewide mutual aid organizations used by Illinois to accomplish most of its first responder mission are the Mutual Aid Box Alarm System and the Illinois Law Enforcement Alarm System. Together, with leadership and assistance from the Illinois Terrorism Task Force, these two organizations succeeded in assembling response teams from the local full-time and volunteer fire departments, county sheriffs' departments, and municipal police departments. In total, 98 teams with about 30 members

each were assembled from the nearly 70,000 fire fighters and law enforcement officers in Illinois, as follows.

- The Mutual Aid Box Alarm System includes 43 Hazardous Materials Response Teams (equipped and trained to detect and mitigate the effects of hazardous materials at disaster sites) and 40 Technical Rescue Teams (specially equipped and trained in searching for and rescuing entrapped victims during recovery from disasters).
- The Illinois Law Enforcement Alarm System includes nine Weapons of Mass Destruction Special Response Teams (equipped and trained to deal with the human element in a contaminated or potentially contaminated environment) and six Mobile Field Force Teams (equipped and trained to handle civil disorder and to secure critical infrastructures and pharmaceutical distribution sites).

In addition, the Illinois State Police assembled three state-level special response teams and was allocated grant funds to support these teams directly from the State Administrative Agency. These teams were not members of the mutual aid organizations. The mutual aid organizations developed standardized equipment and training lists for the special response teams. The organizations used grant funds allocated by the State Administrative Agency to purchase and distribute the equipment to the teams and to help finance the training and exercises needed for the teams. The Task Force Chairman told us that the Task Force did not allocate funds to each county because such a revenue-sharing approach would almost certainly hamper coordination. This could possibly result in up to 102 county strategies based simply on the DHS Authorized Equipment List. Because FEMA considered the mutual aid organizations local organizations and the mutual aid teams consisted of individuals from local governments, Illinois met the funding rule established by the Congress to allocate at least 80% of grant funds to local jurisdictions.

Some major benefits of Illinois' use of the mutual aid organizations as subgrantees are as follows:

- With the 98 special response teams at its disposal, the State can respond to an event anywhere in the state, usually within 90 minutes.

-
- The 98 mutual aid organization response teams, as previously indicated, include hazardous materials teams and technical rescue teams under the Mutual Aid Box Alarm System, as well as special response teams and mobile field force teams under the Illinois Law Enforcement Alarm System. The two organizations require that the teams in each of these categories be equipped and trained in accordance with standardized lists. Because the teams are identically equipped and trained, acquisition and oversight processes are standardized and interoperability between the teams is ensured.
 - The two mutual aid organizations have current membership and contact lists and, by using these lists, can reach their respective statewide teams without delay. Also, each organization has its own central dispatching center and can provide mutual aid response to any location in the State with one phone call.
 - Centralized procurement by the mutual aid organizations facilitates more effective and efficient inventory accountability and control than could be attained if procurement were decentralized among the end users (i.e., local fire and police organizations.)
 - Mutual aid organizations' oversight of the special response teams' capability and readiness reduces the monitoring burden on the Illinois Terrorism Task Force officials and staff, and helps ensure that the teams remain adequately equipped, trained, and exercised.

We believe, the Administrator, Federal Emergency Management Agency, should consider evaluating the advantages and benefits of the Task Force/mutual aid organization approach for possible consideration by other states and jurisdictions.

Appendix A

Purpose, Scope, and Methodology

The purpose of the audit was to determine whether the State of Illinois effectively and efficiently implemented the State Homeland Security Grant Program, achieved the goals of the program, and spent funds according to grant requirements. The goal of the audit was to identify problems and solutions that would help the State of Illinois prepare for and respond to terrorist attacks. The audit enabled us to answer the following researchable questions:

- Did the State use reasonable methodologies for assessing threat, vulnerability, capability, and prioritized needs?
- Did the State appropriately allocate funding based on threats, vulnerabilities, capabilities, and priorities?
- Has the State developed and implemented plans to measure improvements in preparedness as a result of the grants and have such measurement efforts been effective?
- Are the State's procurement methodologies (centralized, local, or combination) reasonable and in conformance with its homeland security strategies?
- Does the State Administrative Agency have procedures in place to monitor funds and activities at the local level to ensure that grant funds are spent according to grant requirements and state-established priorities? Have these monitoring procedures been implemented and are they effective?
- Did the State comply with cash management requirements and DHS financial and status reporting requirements for the grant programs and did local jurisdictions spend grant funds advanced by the State in a timely manner and, if not, what caused the delays?
- Were grant funds used according to grant requirements and state-established priorities?
- Was the time it took the State to get funds/equipment to first responders (from the time the funds/equipment were available to the State until they were disbursed/provided to the jurisdiction) reasonable (auditor judgment), and if not, what caused the delays?

Appendix A

Purpose, Scope, and Methodology

- Are there best practices that can be identified and shared with other states and DHS?

The scope of the audit included the following grant programs, which are described in the background section of this report. Although Urban Areas Security Initiative Grants were part of the FY 2005 and FY 2006 State Homeland Security Grant Programs, these awards were not included in the scope of the audit performed by Foxx and Company.

- FY 2004 State Homeland Security Grant Program
- FY 2005 State Homeland Security Grant Program
- FY 2006 State Homeland Security Grant Program

The audit methodology included work at FEMA Headquarters, State of Illinois offices responsible for the management of the grants, and various subgrantee and first responder locations. To achieve our audit objective we analyzed data, reviewed documentation, and interviewed key state, subgrantee, and local first responder officials directly involved in the management and administration of the State of Illinois' Homeland Security Grant Programs.

We focused on three major subgrantee organizations: The Mutual Aid Box Alarm System, the Illinois Law Enforcement Alarm System, and the Illinois State Police. In addition to visiting these three major subgrantee home-base locations, we visited 14 of their first responder teams:

- Mutual Aid Box Alarm System teams in Naperville, DeKalb, Champaign (2 teams), Springfield (2 teams), and the East St. Louis area (2 teams).
- Illinois Law Enforcement Alarm System teams in Naperville, Springfield, Alton, and Peoria.
- Illinois State Police Weapons of Mass Destruction team and the Illinois Terrorism Intelligence Center in Springfield.

We also visited the Illinois Fire Service Institute in Champaign to obtain general information on first responder training activities and the history of the Illinois Homeland Security Grants Program in general.

Appendix A

Purpose, Scope, and Methodology

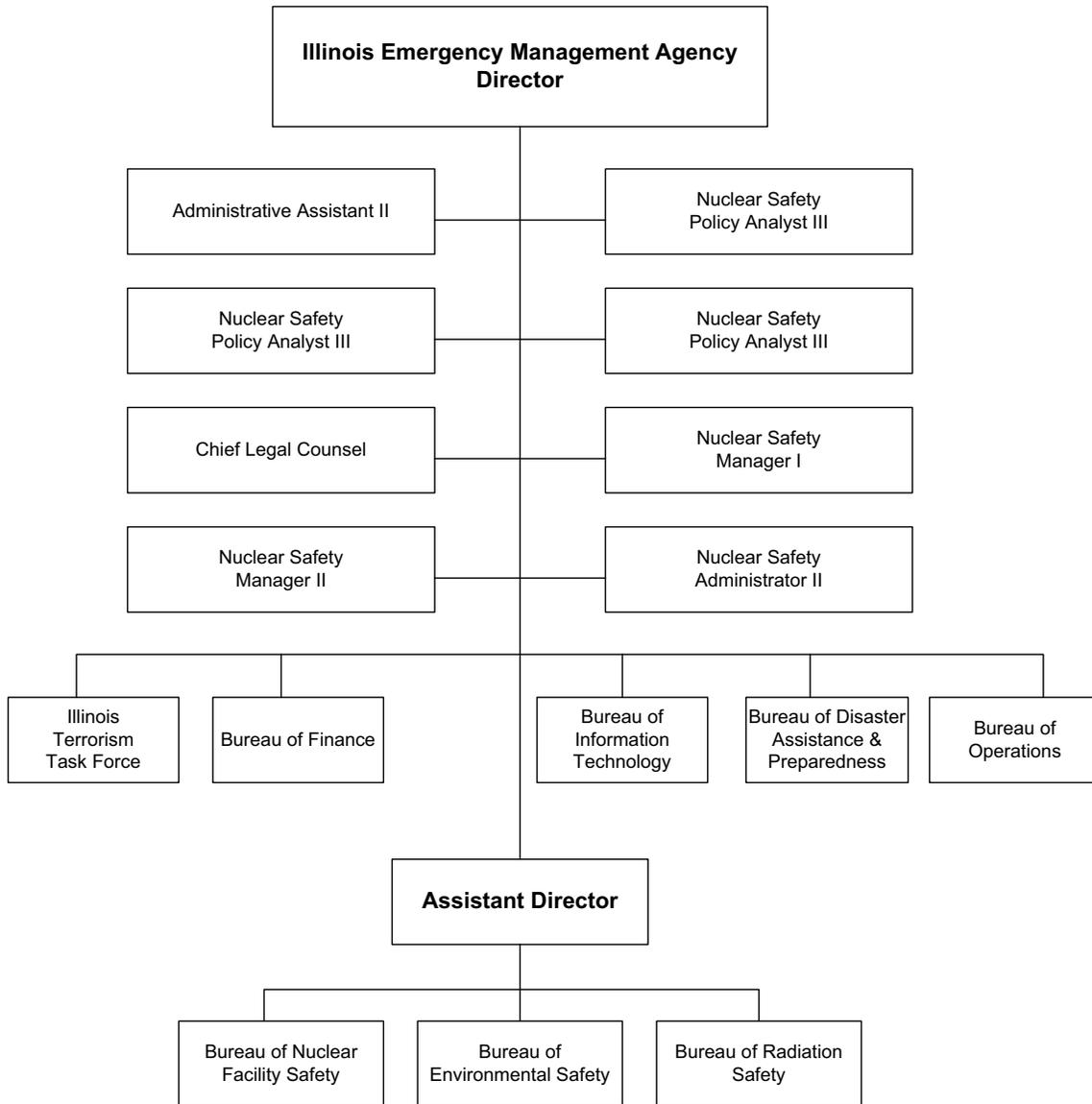
At each location, we interviewed responsible officials, reviewed documentation supporting the State and subgrantees management of the awarded grant funds including expenditures for equipment, training, and exercises, and physically inspected some of the equipment procured with the grant funds.

We conducted the audit between December 2007 and May 2008, in accordance with the *Government Auditing Standards* as prescribed by the Comptroller General of the United States (Yellow Book-2007 Revision). 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 on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives

Although this audit included a review of costs claimed, we did not perform a financial audit of those costs. We were not engaged to and did not perform a financial statement audit, the objective of which would be to express an opinion on specified elements, accounts, or items. Accordingly, we were neither required to, nor did we express an opinion on, the costs claimed for the grant programs included in the scope of the audit. Had we been required to perform additional procedures, or conducted an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported. This report relates only to the programs specified and does not extend to any financial statements of the State of Illinois.

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

**Appendix B
Organization Chart**



Appendix C
Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
Deputy Chief of Staff
General Counsel
Executive Secretary
Director, GAO/OIG Liaison Office
Assistant Secretary, Office of Policy
Assistant Secretary, Office of Public Affairs
Assistant Secretary, Office of Legislative Affairs

Federal Emergency Management Agency

Administrator
Assistant Administrator, Grant Programs Directorate
Federal Emergency Management Agency Audit Liaison
Grant Programs Directorate Audit Liaison

Office of Management and Budget

Homeland Bureau Chief
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees, as appropriate



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