

Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2014





HIGHLIGHTS

Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2014

December 1, 2014

Why We Did This

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires the Department of Homeland Security Office of Inspector General to audit individual states' and territories' management of State Homeland Security Program and Urban Areas Security Initiative grants, and annually submit to Congress a report summarizing the results of those audits.

What We Recommend

We made no new recommendations in this report; however, in the 18 individual audit reports we recommended that FEMA require the states and urban areas to make improvements in two major areas: strategic planning and oversight of grant activities.

For Further Information:

Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

This report responds to the annual reporting requirement and summarizes 18 audits completed in fiscal year 2014. The audits included about \$447 million in State Homeland Security Program and Urban Areas Security Initiative grants awarded by the Federal Emergency Management Agency (FEMA) to 13 states, 4 territories, and the District of Columbia during 3-year periods between fiscal years 2009 and 2012. During fiscal year 2014, we issued reports for Alabama, Alaska, American Samoa, Delaware, District of Columbia, Guam, Hawaii, Idaho, Iowa, Maine, New Hampshire, North Dakota, Northern Mariana Islands, Oregon, Puerto Rico, South Dakota, Vermont, and Wyoming.

In most instances, the states and urban areas administered grant programs efficiently and effectively and in compliance with grant guidance and regulations. We also identified one innovative practice that other jurisdictions could consider using.

We identified two major areas for improvement: strategic planning and oversight of grant activities. We also identified about \$14.5 million in questioned costs.

FEMA Response

FEMA concurred with 165 of the 169 recommendations we made to address the areas identified for improvement. FEMA has taken action to implement 85 recommendations and has other corrective actions underway that, when implemented, should strengthen program management, performance, and oversight.

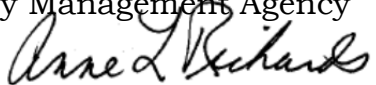


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DEC 1 2014

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

FROM: Anne L. Richards 
Assistant Inspector General for Audits

SUBJECT: *Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2014*
Report Number OIG-15-14

Attached for your information is our final report, *Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2014*. This report, required by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, is a summary of 18 individual audit reports completed in fiscal year 2014. The report summarizes the findings and recommendations made to the Federal Emergency Management Agency, requiring the states and urban areas to take corrective actions to improve their grant management programs.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

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

Attachment



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Abbreviations

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



Results of Audit

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 (SHSP) and Urban Areas Security Initiative (UASI) grants, and annually submit to Congress a report summarizing the results of those audits. This report responds to the annual reporting requirement and summarizes 18 audits completed in fiscal year (FY) 2014: Alabama, Alaska, American Samoa, Delaware, District of Columbia, Guam, Hawaii, Idaho, Iowa, Maine, New Hampshire, North Dakota, Northern Mariana Islands, Oregon, Puerto Rico, South Dakota, Vermont, and Wyoming.

The objectives of the individual audits were to determine whether the state distributed and spent SHSP and UASI grant funds (1) effectively and efficiently and (2) in compliance with applicable Federal laws and regulations. We also addressed the extent to which grant funds enhanced the states' and urban areas' ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters. The audits included about \$447 million in SHSP and UASI grants awarded to 13 states, 4 territories, and the District of Columbia during 3-year periods between FYs 2009 and 2012.

In most instances, the states and urban areas administered grant programs efficiently and effectively and in compliance with grant guidance and regulations. Additionally, we identified one innovative practice that other jurisdictions could consider using.

We identified two major areas for improvement: strategic planning and oversight of grant activities. We made 169 recommendations and identified about \$14.5 million in questioned costs. The Federal Emergency Management Agency (FEMA) concurred with 165 of the recommendations and has taken or is taking corrective actions that, when implemented, should strengthen program management, performance, and oversight.



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Background

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires DHS OIG to annually submit to Congress a report summarizing completed audits of SHSP and UASI grants awarded to states, territories, and the District of Columbia. This report summarizes our FY 2014 audits of the management of Homeland Security Grant Program funds awarded to 13 states, 4 territories, and the District of Columbia, as indicated in table 1.

Table 1: Audits Included in This Report

State ¹	Fiscal Years Reviewed	SHSP Grant Awards	UASI Grant Awards
Alabama	2010 – 2012	\$17,755,906	N/A
Alaska	2010 – 2012	\$14,551,721	N/A
American Samoa	2009 – 2011	\$4,057,280	N/A
Delaware	2010 – 2012	\$14,758,409	N/A
District of Columbia	2010 – 2012	\$18,343,448	\$170,623,981
Guam	2009 – 2011	\$4,057,280	N/A
Hawaii	2009 – 2011	\$18,274,905	\$9,509,600
Idaho	2010 – 2012	\$14,551,721	N/A
Iowa	2010 – 2012	\$14,551,721	N/A
Maine	2010 – 2012	\$14,551,721	N/A
New Hampshire	2010 – 2012	\$14,551,721	N/A
North Dakota	2010 – 2012	\$14,551,721	N/A
Northern Mariana Islands	2009 – 2011	\$4,057,280	N/A
Oregon	2010 – 2012	\$15,658,456	\$14,361,219
Puerto Rico	2009 – 2011	\$18,274,905	\$6,212,125
South Dakota	2010 – 2012	\$14,551,721	N/A
Vermont	2010 – 2012	\$14,551,721	N/A
Wyoming	2010 – 2012	\$14,551,721	N/A
TOTAL		\$246,203,358	\$200,706,925

Source: DHS OIG.

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



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

Summary of Recommendations

In most instances, states and urban areas administered grant programs efficiently and effectively and in compliance with grant guidance and regulations. We also identified one innovative practice that other jurisdictions could consider using.²

We identified two major areas for improvements in the audit reports: strategic planning and oversight of grant activities. We also identified about \$14.5 million in questioned costs, summarized in table 2:

Table 2: Questioned Costs

State	Questioned Cost
American Samoa	\$52,292
District of Columbia	\$1,301,860
Hawaii	\$7,408,718
Iowa	\$256,634
Maine	\$89,500
North Dakota	\$686,710
Northern Mariana Islands	\$17,002
Oregon	\$2,256,001
Puerto Rico	\$2,001,841
Wyoming	\$393,752
TOTAL	14,464,310

Source: DHS OIG.

² Alaska's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012, OIG-14-62.



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We made 169 recommendations to FEMA that, when implemented, should strengthen program management, performance, and oversight. In its corrective action plans, FEMA concurred with 165 of the recommendations and did not concur with 4 recommendations. Table 3 summarizes the audit recommendations for FY 2014 by category and status. Details by jurisdiction are included in appendix D.

Table 3: Status of Audit Recommendations

Areas for Improvement	Issued	FEMA Concurrence		Status:	
		Yes	No	Open	Closed
I. State Strategic Planning Processes					
Fully measurable and achievable goals and objectives	23	23	0	4	19
Capabilities/risk assessments	19	16	3	8	11
Subtotal	42	39	3	12	30
II. State Oversight of Grant Activities					
Allocation, obligation, and expenditure of grant funds	49	48	1	31	18
Monitoring of subgrantee activities	30	30	0	13	17
Financial management, reporting, and costs	16	16	0	13	3
Compliance with procurement and property management requirements	32	32	0	15	17
Subtotal	127	126	1	72	55
Total	169	165	4	84	85

Source: DHS OIG.



Appendix A

Scope and Methodology

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

The purpose of this report, prepared in accordance with Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, was to assess and summarize the audit reports completed during FY 2014 on SHSP and UASI grants awarded to states, territories, and the District of Columbia. Specifically, we were to determine (1) the number of audits conducted and completed; (2) whether findings are applicable to the mandate; (3) whether the funds awarded were used in accordance with the law, program guidance, and state homeland security plans and other applicable plans; and (4) the extent to which funds awarded enhanced the ability of a grantee to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism and other manmade disasters.

The audit reports included in this annual consolidated report to Congress were the result of 18 audits conducted by OIG and by independent public accounting firms under contract to OIG. Appendix B provides citations and Internet links to each report.

The audits summarized in this report were conducted pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives. No additional audit work was performed in preparing this report.



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Appendix B

Audit Reports Included in this Report

Report	Report Number	Date Issued	Internet Link
Puerto Rico's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	OIG-14-04 Revised	11/04/13 04/09/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-04_Apr14.pdf
The Commonwealth of the Northern Mariana Islands' Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	OIG-14-05 Revised	11/07/13 11/18/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-05_Nov14.pdf
Guam's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	OIG-14-06	11/07/13	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-06_Nov13.pdf
Oregon's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	OIG-14-14	12/09/13	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-14_Dec13.pdf
American Samoa's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	OIG-14-16	12/10/13	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-16_Dec13.pdf
Delaware's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012	OIG-14-23	12/20/13	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-23_Dec13.pdf
Hawaii's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	OIG-14-25	01/07/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-25_Jan14.pdf
Wyoming's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012	OIG-14-31	02/07/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-31_Feb14.pdf
Vermont's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010-2012	OIG-14-48	03/07/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-48_Mar14.pdf
Idaho's Management of Homeland Security Grant Program Awards For Fiscal Years 2010 Through 2012	OIG-14-61	04/03/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-61_Apr14.pdf



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Report	Report Number	Date Issued	Internet Link
Alaska's Management of Homeland Security Grant Program Awards For Fiscal Years 2010 Through 2012	OIG-14-62	04/09/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-62_Apr14.pdf
Iowa's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	OIG-14-81	04/24/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-81_Apr14.pdf
Maine's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	OIG-14-86	04/28/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-86_Apr14.pdf
Alabama's Management of State Homeland Security Grants Awarded During Fiscal Years 2010 Through 2012	OIG-14-87	05/02/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-87_May14.pdf
South Dakota's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	OIG-14-89	05/02/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-89_May14.pdf
North Dakota's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	OIG-14-90	05/02/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-90_May14.pdf
New Hampshire's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012	OIG-14-93	05/07/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-93_May14.pdf
District of Columbia's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012	OIG-14-147	09/22/14	http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-147_Sep14.pdf

Source: DHS OIG.



Appendix C

Scope of State and Urban Area Grant Program Management Audits

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

The entire Homeland Security Grant Program and its interrelated grant programs fund a range of preparedness activities, including planning, organization, equipment purchase, training, exercises, and management and administration costs. However, we reviewed only SHSP and, where applicable, UASI funding, equipment, and supported programs for compliance.

The scope of the audits included SHSP and UASI grants, where applicable, for FYs 2009 through 2011, or FYs 2010 through 2012. Appendix B lists specific years for individual jurisdictions.



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Appendix D

Status of Audit Recommendations

Areas for Improvement	Issued	FEMA Concurrence		Status:	
		Yes	No	Open	Closed
I. State Strategic Planning Processes					
Fully measurable and achievable goals and objectives	23	23	0	4	19
Puerto Rico	2	2	0	0	2
Northern Mariana Islands	3	3	0	0	3
Guam	2	2	0	1	1
Oregon	1	1	0	0	1
American Samoa	2	2	0	0	2
Hawaii	2	2	0	1	1
Wyoming	1	1	0	1	0
Vermont	1	1	0	0	1
Idaho	1	1	0	0	1
Alaska	1	1	0	1	0
Maine	1	1	0	0	1
Alabama	1	1	0	0	1
South Dakota	1	1	0	0	1
North Dakota	1	1	0	0	1
New Hampshire	1	1	0	0	1
District of Columbia	2	2	0	0	2
Capabilities/risk assessments	19	16	3	8	11
Puerto Rico	1	1	0	1	0
Northern Mariana Islands	3	3	0	0	3
Guam	2	2	0	1	1
American Samoa	4	4	0	2	2
Hawaii	3	2	1	2	1
Wyoming	5	3	2	2	3
Alaska	1	1	0	0	1
Subtotal	42	39	3	12	30



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Areas for Improvement	Issued	FEMA		Status:	
		Concurrence Yes	No	Open	Closed
II. State Oversight of Grant Activities					
Allocation, obligation, and expenditure of grant funds	49	48	1	31	18
Puerto Rico	4	4	0	4	0
Northern Mariana Islands	1	1	0	0	1
Guam	2	2	0	2	0
Oregon	5	5	0	4	1
American Samoa	5	5	0	4	1
Hawaii	8	8	0	6	2
Wyoming	2	1	1	1	1
Vermont	2	2	0	0	2
Idaho	1	1	0	0	1
Alaska	1	1	0	0	1
Iowa	1	1	0	1	0
Maine	3	3	0	2	1
Alabama	3	3	0	3	0
South Dakota	2	2	0	0	2
North Dakota	4	4	0	0	4
New Hampshire	3	3	0	2	1
District of Columbia	2	2	0	2	0
Monitoring of subgrantee activities	30	30	0	13	17
Puerto Rico	3	3	0	3	0
Guam	1	1	0	1	0
Oregon	1	1	0	1	0
American Samoa	5	5	0	3	2
Hawaii	3	3	0	1	2
Wyoming	1	1	0	1	0
Vermont	2	2	0	0	2
Idaho	1	1	0	0	1
Alaska	3	3	0	0	3
Iowa	1	1	0	1	0
Maine	2	2	0	0	2
South Dakota	2	2	0	0	2
North Dakota	3	3	0	0	3
New Hampshire	1	1	0	1	0
District of Columbia	1	1	0	1	0



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Areas for Improvement	Issued	FEMA Concurrence		Status:	
		Yes	No	Open	Closed
Oversight of financial management, reporting, and costs	16	16	0	13	3
Puerto Rico	4	4	0	3	1
Northern Mariana Islands	2	2	0	2	0
Guam	3	3	0	3	0
Oregon	2	2	0	2	0
Hawaii	4	4	0	2	2
District of Columbia	1	1	0	1	0
Compliance with procurement and property management requirements	32	32	0	15	17
Puerto Rico	1	1	0	1	0
American Samoa	1	1	0	0	1
Hawaii	6	6	0	2	4
Vermont	3	3	0	0	3
Idaho	1	1	0	0	1
Iowa	3	3	0	3	0
Maine	4	4	0	0	4
Alabama	2	2	0	2	0
South Dakota	2	2	0	0	2
North Dakota	2	2	0	0	2
New Hampshire	2	2	0	2	0
District of Columbia	5	5	0	5	0
Subtotal	127	126	1	72	55
Total	169	165	4	84	85

Source: DHS OIG.



Appendix E

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