

**DEPARTMENT OF HOMELAND SECURITY**  
**Office of Inspector General**

**Assistance to Firefighters Grant Program –  
Fiscal Year 2003**



*Office of Inspector General*

**U.S. Department of Homeland Security**  
Washington, DC 20528



**Homeland  
Security**

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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 published as part of our oversight responsibilities to promote economy, effectiveness, and efficiency within the department.

The attached report presents the results of the audit of the Assistance to Firefighters Grant Program – Fiscal Year 2003. We contracted with the independent public accounting firm Foxx & Company to perform the audit. The contract required that Foxx & Company perform its audit according to generally accepted government auditing standards. Foxx & Company issued reports to 30 separate grant recipients, 10 located in each state of California, Illinois, and New York. This report is a summary of those 30 individual reports, and contains 14 recommendations concerning ineligible expenditures, unsupported costs, and improving the effectiveness of the program.

The recommendations herein have been discussed 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

# Table of Contents/Abbreviations

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<b>Executive Summary</b> .....	1
<b>Background</b> .....	2
<b>Results of Audit</b> .....	4
Grant Recipients Did Not Comply With Grant Requirements, Some Resulting in Ineligible Project Expenditures (Finding A) .....	4
Recommendations .....	5
Management Comments and OIG Analysis .....	6
Grant Recipients Incurred Costs That Were Not Properly Supported (Finding B) .....	7
Recommendations .....	8
Management Comments and OIG Analysis .....	9

## Appendices

Appendix A: Objectives, Scope, and Methodology .....	12
Appendix B: Scope of Work .....	14
Appendix C: Grantee Information .....	15
Appendix D: Results of Audit – With Findings .....	21
Appendix E: Results of Audit – Without Findings .....	30
Appendix F: Management Comments to the Draft Report .....	41
Appendix G: Report Distribution .....	48

## Abbreviations

AFGP	Assistance to Firefighters Grant Program
DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
FY	Fiscal Year
OIG	Office of Inspector General

# OIG

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*Department of Homeland Security  
Office of Inspector General*

## **Executive Summary**

Foxx & Company conducted a performance audit of the Fiscal Year 2003 Assistance to Firefighters Grant Program for the Department of Homeland Security, Office of Inspector General. The audit included approximately \$7,164,087 awarded to 30 grant recipients, 10 located in each state of California, Illinois, and New York. At the time of the audit, conducted between February 2007 and October 2007, the FY 2003 Program was the most recent for which grant awards were fully implemented.

Of the 30 grant recipients reviewed, 21 expended grant funds in accordance with the grant agreement and provided appropriate documentation to support the incurred costs. Of the remaining nine grant recipients, four did not comply with grant requirements, resulting in ineligible expenditures, three had unsupported costs, and two had both ineligible expenditures and unsupported costs.

The recipients that did not comply with grant requirements had ineligible expenditures totaling \$78,930. These recipients generally did not comply with document retention policies, or did not follow federal procurement regulations. Recipients also claimed preaward expenditures without receiving approval from the Federal Emergency Management Agency, and provided inaccurate Financial Status Reports.

The recipients with unsupported costs, totaling \$15,863, had accounting systems that were not in compliance with federal requirements, claimed costs in excess of grant expenditures, or had invoices that did not reflect the total program cost.

We recommend that the Federal Emergency Management Agency resolve the ineligible expenditures and unsupported costs, and ensure that grant recipients establish accounting systems, comply with records retention policies, and follow federal regulations for soliciting bids. The Federal Emergency Management Agency provided a written response to the recommendations, satisfying the intent of 10 of the 14 recommendations. We request additional information regarding one recommendation, and ask that the Federal Emergency Management Agency reconsider its position on the remaining three recommendations.

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## Background

The Assistance to Firefighters Grant Program (AFGP) awards 1 year grants directly to fire departments or Emergency Medical Services organizations within the states to enhance their abilities to respond to fire and fire-related hazards. The *Defense Authorization Act of Fiscal Year (FY) 2001* (P.L. 106-398, Title XVII, Section 1701) established the AFGP and authorized the Federal Emergency Management Agency (FEMA) to make grants directly to local fire departments. This program seeks to support departments that lack the tools and resources necessary to protect the health and safety of the public and firefighting personnel with respect to fire and fire-related hazards. The Grant Programs Directorate within FEMA administers the grants in cooperation with the United States Fire Administration.

For FY 2003, an applicant could submit a grant proposal that addressed all of the applicant's needs within one of four program areas. Grant recipients were required to provide a matching contribution that varied from 10% to 30%, based on the population protected by the recipient's organization. The four FY 2003 AFGP program areas included:

- **Fire Operations and Firefighter Safety Program.** Eligible activities under this function were limited to training, wellness and fitness, firefighting equipment, personal protective equipment, and modifications to fire stations and facilities.
- **Fire Prevention Program.** Eligible activities under this function included, but were not limited to, public education and awareness activities, fire codes enforcement activities, fire inspector certifications, purchase and installation of smoke alarms and fire suppression systems, wildland mitigation, and arson prevention and detection activities.
- **Emergency Medical Services Program.** Eligible activities under this function for fire-based Emergency Medical Services units were limited to equipment, training, and wellness and fitness initiatives. Vehicles, such as ambulances, were not eligible in this programmatic area.
- **Firefighting Vehicles Acquisition Program.** Eligible apparatus under this programmatic area included, but were not limited to, pumpers, brush trucks, tankers, rescue, ambulances, quints, aerials, foam units, and fireboats. Each applicant could apply for only one vehicle.

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In FY 2003, Congress appropriated \$750 million to the program (P.L. 108-7, Consolidated Appropriations Resolution, 2003, February 20, 2003). FY 2003 AFGP grant applications totaled 20,063 and requested grant awards totaled \$2,459,731,053. A total of 8,745 grants worth \$705,242,829 were awarded through a determination of eligibility and competitive evaluation.

Foxx & Company conducted a performance audit of the FY 2003 Assistance to Firefighters Grant Program for the Department of Homeland Security (DHS) Office of Inspector General (OIG). This audit included 30 grant recipients, 10 located in each state of California, Illinois, and New York.

The objective of this audit was to determine whether the fire departments properly accounted for and used the AFGP grant funds in compliance with federal requirements and program guidance. Specifically, the audit was to determine if:

- The grantee properly accounted for the awarded federal funds and acquired property assets, and
- The claimed program costs were eligible, reasonable, and adequately supported.

See *Appendix A* for additional details on the objective, scope, and methodology of this audit.

The audit included a review of approximately \$7,164,087 awarded to local fire departments in FY 2003. Appendix B includes the date and location of audit fieldwork, and total program award for each grant recipient reviewed by Foxx & Company. Appendix C provides the total estimated program costs, federal share, grantee share, and performance period for all 30 grantees reviewed.

The audit was conducted in accordance with Government Auditing Standards as prescribed by the Comptroller General of the United States. Foxx and Company was not engaged to and did not perform a financial statement audit, the purpose of which would be to render an opinion on the agency's financial statements or the funds claimed in the Financial Status Reports submitted to DHS.

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## Results of Audit

### **Grant Recipients Did Not Comply With Grant Requirements, Some Resulting in Ineligible Project Expenditures (Finding A)**

Foxx & Company identified six recipients that did not fully comply with all grant requirements due to problems with document retention, bidding and procurement procedures, timely obligation liquidation, and inaccurate financial reporting. A total of \$78,930 was determined to be ineligible, detailed in Appendix D. Specifically:

- Merced County, California, Department of Administrative Services: Did not comply with the AFGP grant's document retention requirement. Because Merced County has already taken what is considered to be appropriate corrective action, there is no recommendation.
- Yuba City, California, Fire Department: Did not comply with federal regulations to liquidate \$14,924 in obligations within 90 days after the end of the performance period (or request an extension from FEMA) and minimize the amount of time that elapses between the receipt of federal funds and their disbursement. In addition, the Yuba City Fire Department provided inaccurate information in its Final Financial Status Report, which is a prerequisite for the close-out of the grant.
- Limestone Fire Protection District, Peoria, Illinois: Did not follow federal procurement regulations in purchasing a compressor to fill Self Containing Breathing Apparatus air tanks. It solicited a quote from a single source prior to applying for the AFGP grant.
- Brockport, New York, Fire Department: Did not obtain formal bids, which is required under the AFGP. Officials said that the Fire Department began to comply with the requirement in FY 2004, and no additional recommendation was made. The audit also concluded that the Brockport Fire Department claimed preaward expenditures of \$18,169 without receiving the required approval from FEMA.
- North Collins, New York, Fire Company: Did not obtain formal written bids or quotes as required, and did not retain notes on the various oral quotes received from vendors.

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- Rhinebeck, New York, Fire Department: Did not follow federal procurement regulations in purchasing a filling station for \$33,968 and a thermal imaging camera for \$11,869. Competitive bidding from more than one source was not pursued for the items purchased by the Rhinebeck Fire Department.

## Recommendations

We recommend that for the individual grantees listed below, the Administrator, Federal Emergency Management Agency:

**Recommendation #1:** Yuba City, California, Fire Department

- a. Determine the final disposition of the questioned \$14,924.41 that the Yuba City Fire Department held onto for an additional 19 months before it paid the contractor.
- b. Instruct Yuba City Fire Department to remit any interest earned on the retained funds (less \$100 for expenses) to FEMA.

**Recommendation #2:** Limestone, Illinois, Fire Protection District

- a. Require the grantee to follow federal procurement regulations for soliciting bids to purchase firefighting vehicles or other equipment with AFGP funds.

**Recommendation #3:** Brockport, New York, Fire Department

- a. Determine the final disposition of the \$18,169 ineligible preaward costs for the Brockport Fire Department.

**Recommendation #4:** North Collins, New York, Fire Company

- a. Ensure that the North Collins Fire Company complies with federal procurement and supporting documentation requirements for any future awards under the AFGP.

**Recommendation #5:** Rhinebeck, New York, Fire Department

- a. Determine the final disposition of the questioned \$45,837 for the filling station (\$33,968) and thermal imaging camera (\$11,869) purchased by Rhinebeck Fire Department.
- b. Ensure that the Rhinebeck Fire Department complies with federal procurement requirements for any future awards under the AFGP.



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## Management Comments and OIG Analysis

We received written comments on the recommendations from FEMA officials. See Appendix F for the full text of the response. All but one of the grant recipients agreed with the findings and had no further comments. While the Limestone Fire Protection District did not disagree with the results of the audit, its management believes that it did nothing wrong.

Specifically, for Recommendation 1a, program officials note that the OIG report fails to cite that Yuba City provided significantly overmatched funds. The \$14,924.41 in question was not federal funds but rather was part of the \$89,410 total local share. As a result, the program officials state that no further action is necessary and no interest should be collected under Recommendation 1b. The actions cited by FEMA satisfy the intent of the recommendation, which is now resolved and closed.

For Recommendation 2, it is the program office's policy to require grantees to follow their own procurement policies, therefore, according to program officials, no action is necessary. The program office believes that because of the special circumstances surrounding regional franchising of self-contained breathing apparatuses, the grantee did everything it could to instill competition into its procurements under the grant.

We agree that FEMA's actions and the special circumstances regarding the purchase satisfy the intent of Recommendation 2, which is now resolved and closed. However, FEMA incorrectly applied the criteria cited in 44 CFR Part 13 *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*. Specifically, section 13.36 *Procurement* states that subgrantees will use their own procurement procedures, provided that the procedures conform to applicable Federal law and the standards identified in this section. Therefore, the program office's response that subgrantees conform to 44 CFR Part 13 by following local procurement policies, procedures, and practices is incorrect.

For Recommendation 3, program officials find that the \$18,169 in costs is "eligible." Procedurally, the costs were not specifically approved and thus, should not be allowed. However, the program office maintains that if the grantee had requested permission to include these preaward costs, approval would likely have been given. As such, the program official's final disposition would be to allow the expenses under the grant. A note reflecting that

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disposition will be placed in the on-line file under the “Comments” section. The actions cited by FEMA satisfy the intent of the recommendation, which is now resolved and closed.

For Recommendation 4, because the recipient has not received any AFGP awards since 2003, the program office will take no follow up action to ensure compliance with Federal procurement regulations. On a macro-basis, the program office wants to note for the record that it carries out actions to ensure that all grantees are aware of established policies in this area. Without a significant increase in staffing, it is not feasible to “ensure” that all grantees comply with this requirement. The actions cited by FEMA satisfy the intent of the recommendation, which is now resolved and closed.

As for Recommendation 5a, the program office mitigates the potential effect of the lack of competition by limiting grant fund levels to prevailing current costs for many items awarded, such as the items specified by this recommendation. The prices that Rhinebeck ultimately paid for those items were within the program office’s allowance. The actions cited by FEMA satisfy the intent of the recommendation, which is now resolved and closed.

Regarding Recommendation 5b, since Rhinebeck’s 2005 grant is still open, the program office will follow up on the recommendation and review any irregularities prior to completing close out actions for that award. Recommendation 5b, while resolved, will remain open until follow up action is taken regarding any irregularities identified in the recipient’s 2005 award.

The Administrator, Federal Emergency Management Agency, needs to provide within 90 days the status of the corrective actions for the open recommendation and a timeline to implement the actions.

## **Grant Recipients Incurred Costs That Were Not Properly Supported (Finding B)**

Foxx & Company identified five recipients with unsupported costs due to inconsistent reporting, lack of documentation, and actual costs exceeding grant amounts. The audit identified a total of \$15,863 in unsupported costs, detailed in Appendix D. Specifically:

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- Butte County, California, Fire Department: Claimed costs of \$198 more than the actual expenditures incurred under the grant. Because Butte County did not return the funds to DHS, we question the unsupported \$198 claimed under the grant.
  - Imperial County, California, Fire District: Claimed costs of \$325,965, but could provide supporting documentation only for costs of \$325,028 associated with the AFGP grant. Accordingly, we question the unsupported costs of \$937 claimed by the Fire Department.
  - Brockport, New York, Fire Department: The total amount reported as spent varied among the various closeout reports. The Brockport Fire Department officials could not explain the difference between the claimed cost of \$187,133 (Final Financial Status Report and Final Performance Report) and the \$186,245 (cancelled checks).
  - Buskirk, New York, Volunteer Fire Department: Did not maintain an official grant file containing copies of all actions taken on the grant for a period of 3 years after the official closeout date. Instead, all income and expenditures were tracked using a single bank account. The Buskirk Volunteer Fire Department did not provide copies of all invoices and cancelled checks supporting the exact cost of the fire truck, and the additional equipment added to the fire truck. However, using documentation and a reconciliation provided by the Buskirk Volunteer Fire Department Treasurer, we were able to calculate that the total cost of the truck and equipment was \$277,149.
  - Rhinebeck, New York, Fire Department: Did not provide adequate invoices for purchased equipment. The \$14,728 difference between the cost claimed (\$125,027) and the amounts actually paid (\$110,299) is considered an unsupported cost.

## **Recommendations**

We recommend that for the individual grantees listed below, the Administrator, Federal Emergency Management Agency:

### **Recommendation #6:** Butte County, California, Fire Department

- a. Determine the final disposition of the federal share of the unsupported claim of \$198.

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**Recommendation #7:** Imperial County, California, Fire Department

- a. Determine the final disposition of the federal share of the unsupported \$937.
- b. If federal grants are awarded to the county in the future, require the County to establish separate accounts within its accounting system to track the receipt and expenditure of the federal grants.

**Recommendation #8:** Brockport, New York, Fire Department

- a. Ensure that the Brockport Fire Department complies with federal requirements for closeout reporting for any future awards under the AFGP.

**Recommendation #9:** Buskirk, New York, Volunteer Fire Department

- a. Require the department to comply with federal accounting and records keeping requirements, including the retention of an official grant file for at least 3 years after the official close-out date.

**Recommendation #10:** Rhinebeck, New York, Fire Department

- a. Determine the final disposition of the \$14,728 in unsupported costs.
- b. Ensure that the Rhinebeck Fire Department complies with federal documentation requirements for any future AFGP awards.

## **Management Comments and OIG Analysis**

We received written comments on the recommendations from FEMA officials. See Appendix F for the full text of the response. All but one of the grant recipients agreed with the findings and had no further comments. The Butte County Fire Department did not dispute the results of the audit, but was unable to recall the grant details because the period of performance was more than 3 years ago.

Specifically, for Recommendation 6, program officials concurred and agreed to collect the federal portion of the unsupported amounts. The actions cited by FEMA satisfy the intent of the recommendation, which is now resolved and closed.

For Recommendation 7a, program officials concurred and agreed to collect the federal portion of the unsupported amounts. Regarding Recommendation 7b, the Program Office will require the recipient to establish separate accounts within its accounting

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system, should future grants be awarded. The actions cited by FEMA satisfy the intent of the recommendations, which are now resolved and closed.

For Recommendation 8, FEMA program officials will take no further action because Brockport was able to account for all federal and matching funds. We request that FEMA reconsider its position that no further action is warranted. We contend that even though the recipient was able to account for its federal share of the funds, the recipient's closeout reporting was not accurate. For future grants, the recipient may not be able to account for all federal funds. Therefore, we request that FEMA reconsider its position to ensure that closeout for future grants, if any are awarded, comply with reporting requirements. This recommendation remains open and unresolved.

For Recommendation 9, grantee compliance with federal accounting and records keeping is clearly defined in the program guidance; therefore program officials will not take any further action. We request that FEMA reconsider its position that no further action is warranted, since records keeping requirements are already a condition of grant award. We request that FEMA enforce this requirement and direct the grant recipient to retain all records for at least 3 years after grant close-out, as required. This recommendation remains open and unresolved.

For Recommendation 10a, upon resubmittal of the closeout report, the program office will initiate a collection action for \$13,254 (the difference between the \$112,524 in federal funds drawn and the \$99,270 Federal-share allowable). Because of the potential that fraud may have been committed, the program office would like to know if the OIG pursued this issue any further while on site or if they have referred this to its Office of Investigations for follow-up. We will forward this information to the appropriate OIG office. The actions cited by FEMA satisfy the intent of the recommendation, which is now resolved and closed.

For Recommendation 10b, the program office believes that Rhinebeck FD has complied with documentation requirements since it had documents for the OIG to review. Program officials further stated that it is unclear whether the lack of sufficient documentation to reconcile the costs claimed is a documentation issue or fraud. The documentation requirements are detailed in the program guidance and there is a helpdesk available for recipients, as well as a Grants Management Tutorial, to provide further

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guidance to the grantee. The program office does not know what more could be done in this respect.

We request that FEMA reconsider its position on Recommendation 10b that no further action is warranted, since compliance with federal documentation requirements is already a condition of grant award. We are asking FEMA to enforce the documentation requirements, not just ensure that they are part of the grant award. FEMA could consider placing a note in the official file for any future awards to ensure compliance with this requirement. This recommendation remains open and unresolved.

The Administrator, Federal Emergency Management Agency, needs to provide within 90 days the status of reconsideration of position on the three open recommendations, a corrective action plan for addressing them, and a timeline for implementing each action.

## Appendix A Objectives, Scope, and Methodology

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The objective of the Assistance to Firefighters Grant Program audits was to determine whether the grant recipients properly accounted for and used the Assistance to Firefighters Grant Program grant funds in compliance with federal requirements and program guidance. Specifically, the audit was to determine if (1) the grantee properly accounted for the awarded federal funds and acquired property assets, and (2) the claimed program costs were eligible, reasonable, and adequately supported. At the time of the audit, conducted between February 2007 and October 2007, the FY 2003 Program was the most recent for which grant awards were fully implemented.

Appendix B includes the date and location of audit fieldwork, and total program award for each grant recipient reviewed by Foxx & Company. Individual grant recipients were selected by the contractor, based on criteria provided by the Office of Inspector General. The Office of Inspector General directed that the selections include rural, suburban, and urban locations, in proportion to the grant recipients in each state. The Office of Inspector General also requested that the contractor focus on two of the four programmatic categories of assistance permitted within the AFGP:

- The Firefighting Vehicles Acquisition Program and
- The Fire Operations and Firefighter Safety Program.

In addition to the geographic and programmatic considerations, the contractor also based its selection on high-dollar grant awards.

Appendix C provides the total estimated program costs, federal share, grantee share, and performance period for all 30 grantees reviewed. Foxx & Company reviewed documentation received from DHS and the grantee. They made appropriate inquiries and tested selected transactions to the extent and degree deemed necessary to satisfy the audit objectives and to help ensure that the AFGP grant had been managed in compliance with applicable regulations. In addition, they reviewed the grantee's procurement and property management procedures for compliance with federal regulations.

The results of the individual audits of grant recipients that identified either noncompliance with grant requirements (and ineligible project expenditures) or unsupported costs are summarized in Appendix D. Results of individual audits for the remaining grant

## **Appendix A**

### **Objectives, Scope, and Methodology**

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recipients, who were in compliance with grant requirements, are presented in Appendix E.

The audit was conducted in accordance with *Government Auditing Standards* as prescribed by the Comptroller General of the United States (Yellow Book – June 2003 Revision). Foxx & Company was 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. If they had performed additional procedures or conducted an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to their attention that would have been reported. This report relates only to the accounts and items specified. The report does not extend to any financial statements of the grantee and should not be used for that purpose.



**Appendix B**  
**Scope of Work**

<b>GRANTEE</b>	<b>LOCATION</b>	<b>AUDIT FIELD WORK</b>	<b>TOTAL PROGRAM AWARD</b>
Butte County FD	Oroville, California	04/07	\$425,425
Daly City FD	Daly City, California	04/07	\$573,992
Deer Springs FPD	Escondido, California	04/07	\$234,000
Hemet FD	Hemet, California	04/07	\$227,688
Imperial County FD	Heber, California	04/07	\$325,965
Merced FD	Merced, California	04/07-06/07	\$171,000
Ontario FD	Ontario, California	04/07	\$331,958
Sacramento River FPD	Colusa, California	03/07	\$235,522
South Monterey County FPD	King City, California	04/07	\$252,500
Yuba City FD	Yuba City, California	03/07-06/07	\$188,450
<b>Total California</b>			<b>\$2,966,500</b>
Belleville, FD	Belleville, Illinois	04/07	\$221,948
Carbondale FD	Carbondale, Illinois	04/07	\$145,000
Carlinville FD	Carlinville, Illinois	05/07	\$123,814
Decatur FD	Decatur, Illinois	05/07	\$234,600
Limestone FPD	Peoria, Illinois	04/07	\$197,367
McHenry FPD	McHenry, Illinois	06/07	\$257,550
Neoga FPD	Neoga, Illinois	04/07	\$249,500
Rockland FPD	Lake Bluff, Illinois	06/07	\$396,000
Serena Community FPD	Serena, Illinois	06/07	\$112,256
Wilmington FPD	Wilmington, Illinois	06/07	\$109,660
<b>Total Illinois</b>			<b>\$2,047,695</b>
Brockport FD	Brockport, New York	06/07	\$184,853
Buskirk VFD	Buskirk, New York	04/07	\$250,000
Dansville FD	Dansville, New York	06/07	\$260,165
Fort Plain VFD	Fort Plain, New York	04/07	\$250,000
Frankfort VFD	Frankfort, New York	04/07	\$380,000
Lockport FD	Lockport, New York	06/07	\$250,000
North Collins FC	North Collins, New York	06/07	\$138,200
Rhinebeck FD	Rhinebeck, New York	05/07	\$125,027
Roosevelt Fire District	Poughkeepsie, New York	05/07	\$186,780
Saratoga Springs FD	Saratoga Springs, New York	04/07	\$124,867
<b>Total New York</b>			<b>\$2,149,892</b>
<b>Total All States</b>			<b>\$7,164,087</b>

FC =Fire Company  
FD = Fire Department  
FPD =Fire Protection District  
VFD=Volunteer Fire Department

**Appendix C  
Grantee Information**

GRANTEE	GRANT PURPOSE	GRANT AWARD	FEDERAL SHARE	GRANTEE'S SHARE	PERFORMANCE PERIOD	AREA COVERAGE, POPULATION, AND STAFF
<b>California</b>						
Butte County FD	Personal protective equipment	\$425,425	\$297,798 (70%)	\$127,627 (30%)	9/01/03 to 8/31/04	Butte County FD is a volunteer fire department with 30 fire stations serving about 100,000 people in a mostly rural, 1,639 square mile area. The California Department of Forestry (Cal Fire) provides management and administrative support.
Daly City FD	Fire operations, equipment, and training	\$573,992	\$401,794 (70%)	\$172,198 (30%)	12/15/03 to 12/14/04	Daly City FD had 80 full-time firefighters. The Daly City FD served a population of about 107,000 in urban area of about 8 square miles.
Deer Springs FPD	Firefighting vehicle	\$234,000	\$210,600 (90%)	\$23,400 (10%)	01/01/04 to 12/31/04	Deer Springs FPD served about 45 square miles with a population base of 12,000. The department consists of 3 fire stations with 17 full time fire fighters and is administered by the California Department of Forestry (Cal Fire) via a cost-sharing agreement with San Diego County.
Hemet FD	Public safety radio system equipment	\$227,688	\$159,382 (70%)	\$68,306 (30%)	12/01/04 to 3/31/05*	Hemet FD had four fire stations with about 50 full time firefighters and served a 26 square mile area with a population of 62,760.
Imperial County FD	Firefighting equipment	\$325,965	\$293,368 (90%)	\$32,597 (10%)	12/15/03 to 12/14/04	Imperial County FD served a rural area of about 4,597 square miles with a population base of about 48,000 citizens. The department was staffed with 57 firefighters, of which 30 were volunteer firefighters.

\* Extended 90 days from original performance period (December 1, 2004 – December 31, 2005)

FC =Fire Company  
 FD = Fire Department  
 FPD =Fire Protection District  
 VFD=Volunteer Fire Department

**Appendix C  
Grantee Information**

<b>GRANTEE</b>	<b>GRANT PURPOSE</b>	<b>GRANT AWARD</b>	<b>FEDERAL SHARE</b>	<b>GRANTEE'S SHARE</b>	<b>PERFORMANCE PERIOD</b>	<b>AREA COVERAGE, POPULATION, AND STAFF</b>
Merced County FD	Firefighting and personal protective equipment	\$171,000	\$119,700 (70%)	\$51,300 (30%)	8/15/03 to 8/14/04	Merced County FD served a rural area of about 2,000 square miles with a population base of about 128,000 citizens. The FD was staffed with 291 firefighters, about 25% of which were career firefighters. The Merced County FD had 20 fire stations.
Ontario FD	Vehicle exhaust extraction systems	\$331,958	\$232,371 (70%)	\$99,587 (30%)	2/01/04 to 1/31/05	Ontario FD served a suburban area of about 50 square miles with a population base of about 162,000 citizens. The department was staffed with 135 full-time firefighters.
Sacramento River FPD	Firefighting vehicle	\$235,522	\$211,970 (90%)	\$23,552 (10%)	10/15/03 to 10/14/04	The Sacramento River FPD served a rural area (about 207 square miles) with a population base of about 2,700 citizens. The department was staffed with 45 volunteer firefighters.
South Monterey County FPD	Firefighting vehicle	\$252,500	\$227,250 (90%)	\$25,250 (10%)	01/01/04 to 12/31/04	The South Monterey County FPD served a rural area of about 516 square miles with a population base of about 9,000 citizens. The department was staffed with 50 firefighters, of which 45 were volunteer firefighters.
Yuba City FD	Firefighting and personal protective equipment	\$188,450	\$131,915 (70%)	\$56,535 (30%)	12/15/03 to 12/14/04	Yuba City FD served a rural area of 30 square miles with a population base of 60,000 citizens. When the grant application was submitted, the fire department was staffed with 43 firefighters, about 25% of which were on-call volunteers. The department had five fire stations.

FC =Fire Company  
 FD = Fire Department  
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**Appendix C  
Grantee Information**

GRANTEE	GRANT PURPOSE	GRANT AWARD	FEDERAL SHARE	GRANTEE'S SHARE	PERFORMANCE PERIOD	AREA COVERAGE, POPULATION, AND STAFF
<b>Illinois</b>						
Belleville FD	Firefighting vehicle	\$221,948	\$199,754 (90%)	\$22,194 (10%)	11/15/03 to 11/14/04	The Belleville FD served a suburban area of 25 square miles with a population base 42,000. It was staffed with 55 full time firefighters and had 3 fire stations.
Carbondale FD	Firefighting vehicle	\$145,000	\$130,500 (90%)	\$14,500 (10%)	02/01/04 to 01/31/05	The Carbondale FD served a rural area of 23 square miles with a population base of 6,000 citizens. The department was staffed with 4 fulltime and 12 volunteer firefighters. Carbondale FD has only one fire station.
Carlinville FD	Firefighting equipment and facility modifications	\$123,814	\$111,432 (90%)	\$12,382 (10%)	12/15/03 to 12/14/04*	Carlinville FD served a rural area of about 187 square miles consisting of farmland, a coalmine, and the City of Carlinville with 5,700 residents. Staffed with 26 volunteer firefighters, it had only one fire station.
Decatur FD	Personal protective equipment	\$234,600	\$164,220 (70%)	\$70,380 (30%)	1/1/04 to 12/31/04	Decatur FD served a suburban area of 46-50 square miles with the main coverage area being the City of Decatur, which had about 80,000 residents. The Decatur FD had 108 fulltime union firefighters, 8 staff positions, and seven fire stations.
Limestone FPD	Firefighting equipment	\$197,367	\$177,631 (90%)	\$19,736 (10%)	9/01/03 to 8/31/04	The Limestone FPD served a rural area of about 38 square miles with a population base of about 10,000 citizens. The department was staffed with 41 volunteer firefighters. Limestone FPD had five fire stations.

\* This was later amended to April 15, 2005.

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**Appendix C  
Grantee Information**

<b>GRANTEE</b>	<b>GRANT PURPOSE</b>	<b>GRANT AWARD</b>	<b>FEDERAL SHARE</b>	<b>GRANTEE'S SHARE</b>	<b>PERFORMANCE PERIOD</b>	<b>AREA COVERAGE, POPULATION, AND STAFF</b>
McHenry FPD	Personal protective equipment	\$257,550	\$231,795 (90%)	\$25,755 (10%)	9/15/03 to 9/14/04	McHenry FPD served a rural area of 50-60 square miles with about 50,000 residents. The department was staffed with roughly 160 combination full-time and part-time on-call volunteer firefighters. The McHenry FPD had 3 fire stations.
Neoga FPD	Firefighting vehicle	\$249,500	\$224,550 (90%)	\$24,950 (10%)	10/01/03 to 9/30/04	The Neoga FPD served a suburban area of about 100 square miles with a population base of 3,700 citizens. The department was staffed with 20 volunteer firefighters and had 1 fire station.
Rockland FPD	Firefighting vehicle	\$396,000	\$356,400 (90%)	\$39,600 (10%)	12/15/03 to 12/14/04	Rockland FPD served an urban area of about 4 square miles with a population base of about 20,000 residents. The department had one fire station and was staffed with 40 volunteer firefighters.
Serena Community FPD	Personal protective equipment	\$112,256	\$101,031 (90%)	\$11,225 (10%)	08/15/03 to 08/14/04	Serena Community FPD served a rural area of about 130 square miles with four towns, a large resort with over 20 multistory buildings, and farmland for approximately 3,500 residents. Staffed with 42 volunteer firefighters, it had 4 fire stations.
Wilmington FPD	Personal protective equipment	\$109,660	\$98,694 (90%)	\$10,966 (10%)	9/15/03 to 9/14/04	Wilmington FPD served a rural area of about 104 square miles with a population of 15,000-20,000 residents. The FPD was staffed with 50 firefighters, one of which was a fulltime position and the rest were part-time. The FPD had 1 fire station.

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**Appendix C  
Grantee Information**

GRANTEE	GRANT PURPOSE	GRANT AWARD	FEDERAL SHARE	GRANTEE'S SHARE	PERFORMANCE PERIOD	AREA COVERAGE, POPULATION, AND STAFF
<b>New York</b>						
Brockport FD	Firefighting and personal protective equipment	\$184,853	\$166,368 (90%)	\$18,485 (10%)	12/15/03 to 12/14/04	Brockport FD served the town of Sweden, the Village of Brockport, and the majority of the Town of Clarkson. The 70 square mile district is a mix of urban, suburban, and rural areas. Population was about 20,000. The FD was staffed with 152 volunteer firefighters.
Buskirk VFD	Firefighting vehicle	\$250,000	\$225,000 (90%)	\$25,000 (10%)	01/01/04 to 12/31/04	The Buskirk VFD served a rural area of about 10 square miles with a population base of about 2,500 citizens. The department was staffed with 15 active volunteer firefighters and 10 reserve firefighters.
Dansville FD	Personal protective equipment	\$260,165	\$234,148 (90%)	\$26,017 (10%)	11/15/03 to 3/31/05*	Dansville FD served an area of about 125 square miles with a population base of about 12,800 citizens. The department was staffed with 130 volunteer firefighters.
Fort Plain VFD	Firefighting vehicle	\$250,000	\$225,000 (90%)	\$25,000 (10%)	7/15/03 to 9/14/04	Fort Plain VFD served a rural area of about 36 square miles with a population base of about 6,566 citizens. The department was staffed with 43 volunteer firefighters.
Frankfort VFD	Mobile live fire training facility	\$380,000	\$342,000 (90%)	\$38,000 (10%)	10/01/03 to 11/30/04**	The Frankfort VFD served an area of 28.5 square miles in central New York State with a population base of about 7,500 citizens. The department was staffed with 46 active volunteer firefighters.

\* Extended from original performance period (November 15, 2003 – November 14, 2004)

\*\* Extended 60 days from original performance period (October 1, 2003 – September 30, 2004)

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**Appendix C  
Grantee Information**

<b>GRANTEE</b>	<b>GRANT PURPOSE</b>	<b>GRANT AWARD</b>	<b>FEDERAL SHARE</b>	<b>GRANTEE'S SHARE</b>	<b>PERFORMANCE PERIOD</b>	<b>AREA COVERAGE, POPULATION, AND STAFF</b>
Lockport FD	Firefighting vehicle	\$250,000	\$225,000 (90%)	\$25,000 (10%)	2/1/04 to 1/31/05	Lockport FD served an urban area of 8.2 square miles with a base of about 23,000 citizens. The department was staffed with 50 career firefighters.
North Collins FC	Personal protective equipment	\$138,200	\$124,380 (90%)	\$13,820 (10%)	10/15/03 to 10/14/04	North Collins FC served the Village of North Collins, and has mutual aide agreements with four other nearby towns and communities. The Village of North Collins consists of a 10 square mile district. The resident population was about 1,850 and the FC was staffed with 35 active volunteer firefighters.
Rhinebeck FD	Personal protective equipment	\$125,027	\$112,524 (90%)	\$12,503 (10%)	2/1/04 to 1/31/05	Rhinebeck FD served a rural area of about 40 square miles with a population base of about 22,000 citizens. The department was staffed with 52 active firefighters.
Roosevelt Fire District	Firefighting and personal protective equipment	\$186,780	\$168,102 (90%)	\$18,678 (10%)	2/15/04 to 2/14/05	Roosevelt FD served a 27 square mile predominately rural area with a population base of about 10,000 citizens. The Fire District was staffed with 113 volunteer firefighters.
Saratoga Springs FD	Firefighting equipment	\$124,867	\$112,381 (90%)	\$12,486 (10%)	2/06/04 to 3/05/05 <sup>†</sup>	The Saratoga Springs FD served a rural area of about 21.9 square miles with a population base of about 26,000 citizens. The department was staffed with 52 career firefighters.

<sup>†</sup> Extended 30 days from original performance period (February 6, 2004 – February 5, 2005)

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**Appendix D**  
**Results of Audits – With Findings**

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<b>GRANTEE</b>	<b>BRIEF DESCRIPTION OF RESULTS</b>	<b>FINDING A</b>	<b>FINDING B</b>	<b>RECOMMENDATIONS</b>
Butte County FD Oroville, California	The Butte County FD acquired the Personal Protective Equipment proposed in the AFGP application. The final cost of the equipment purchased (\$425,227) was slightly less (\$198) than the grant award (\$425,425) because the vendor provided fewer items than was ordered. The Butte County FD identified the discrepancy after the grant closed and did not report it.	No ineligible expenditures were noted. The Butte County FD expended the funds awarded under the AFGP in accordance with the grant agreement.	The Butte County FD claimed costs of \$198 more than the actual expenditures incurred under the grant. Because Butte County did not return the funds to DHS, we question the unsupported \$198 claimed under the grant.	We recommend that the Grant Programs Directorate determine the final disposition of the federal share of the unsupported claim of \$198.  A telephone exit conference was held with the grantee on June 15, 2007. The grantee did not dispute the finding, but could not recall the grant details because the performance period was more than 3 years ago. The grantee said the Butte County would certainly have asked the vendor to supply the final item, avoiding the \$198 discrepancy, had they caught the error sooner.

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**Appendix D**  
**Results of Audits – With Findings**

GRANTEE	BRIEF DESCRIPTION OF RESULTS	FINDING A	FINDING B	RECOMMENDATIONS
Imperial County FD Heber, California	The Imperial County FD acquired the majority of the firefighting equipment proposed in the AFGP application.	No ineligible expenditures were noted. The Imperial County FD expended the funds awarded under the AFGP for the types of items identified in the grant agreement.	<p>The Department claimed costs of \$325,965; however, they could provide supporting documentation for costs of only \$325,028 associated with the AFGP grant. Accordingly, we question the unsupported costs of \$937 claimed by the Fire Department.</p> <p>Imperial County FD did not have a special account set up within the County's accounting system, which is why the County could not track all expenditures related the installation of the radios.</p>	<p>We recommend that the Grant Programs Directorate:</p> <p>(1) Determine the final disposition of the federal share of the questioned \$937; and,  (2) If federal grants are awarded to the County in the future, require the County to establish separate accounts within its accounting system to track the receipt and expenditure of the federal grants.</p> <p>A telephone exit conference was held with the grantee on June 13, 2007. The finding and recommendations were discussed with the grantee. The grantee agreed with the findings and had no further comments.</p>

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**Appendix D**  
**Results of Audits – With Findings**

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<b>GRANTEE</b>	<b>BRIEF DESCRIPTION OF RESULTS</b>	<b>FINDING A</b>	<b>FINDING B</b>	<b>RECOMMENDATIONS</b>
Merced County FD Merced, California	Merced County FD acquired the firefighting and personal protective equipment proposed in the AFGP application. The actual total cost of this equipment was less than the amount originally estimated. As a result, \$10,855 of the Federal Government’s portion of the grant was deobligated, and the final costs were \$108,845 for the Federal Government (70 %) and \$46,647 for the fire department (30 %).	The Merced County Department of Administrative Services did not comply with the AFGP grant’s document retention requirement. As a result, grant-related procurement documents were not available at the time of the audit.	No unsupported costs were noted and the costs were appropriately recorded in Merced County’s accounting system. The Merced County FD provided appropriate documentation to support the costs incurred in procuring the firefighting and personal protective equipment.	Because Merced County has already taken what is considered to be appropriate corrective action on its document retention problem, there are no recommendations.  A telephone exit conference was held with the grantee on September 19, 2007. The finding and recommendations were discussed with the grantee. The grantee agreed with the finding and had no comments.

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**Appendix D**  
**Results of Audits – With Findings**

GRANTEE	BRIEF DESCRIPTION OF RESULTS	FINDING A	FINDING B	RECOMMENDATIONS
Yuba City FD Yuba City, California	The total cost of the acquired equipment increased from the grant application estimate of \$188,450 to an actual cost of \$221,325. The federal contribution remained \$131,915 and the FD contribution, therefore, increased to \$89,410.	<p>The Yuba City FD did not comply with federal regulations that require grantees to:</p> <p>(1) Liquidate \$14,924 in obligations not later than 90 days after the end of the performance period (or request an extension from FEMA) and,</p> <p>(2) Minimize the amount of time that elapses between the transfer of federal funds to them and their disbursement of the funds.</p> <p>In addition, the fire department provided inaccurate information in its Final Financial Status Report (which is a prerequisite for the close out of the grant).</p>	No unsupported costs were noted because of subsequent research into a perceived difference into the total amount of costs claimed.	<p>We recommend that the Grant Programs Directorate:</p> <p>(1) Determine the final disposition of the questioned \$14,924, and</p> <p>(2) Instruct Yuba City to immediately remit any interest earned on the excess FEMA funds (less \$100 for expenses) to FEMA.</p> <p>A telephone exit conference was held with the grantee on September 17, 2007. The finding and recommendations were discussed with the grantee. The grantee agreed with the findings.</p>

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**Appendix D**  
**Results of Audits – With Findings**

GRANTEE	BRIEF DESCRIPTION OF RESULTS	FINDING A	FINDING B	RECOMMENDATIONS
Limestone FPD Peoria, Illinois	The Limestone FPD acquired the firefighting equipment proposed in the AFGP application. While the cost of the equipment exceeded the amount originally estimated by about \$161, the federal share remained the same at \$177,631.	The Limestone FPD did not follow federal procurement regulations in purchasing a compressor to fill Self-Containing Breathing Apparatus air tanks. The Limestone FPD solicited a quote from a single source prior to applying for the AFGP grant. Had the Limestone FPD advertised for bids, potentially the equipment items could have been purchased for a lower price.	No unsupported costs were noted and the costs were appropriately recorded in the Limestone FPD’s accounting system. The Limestone FPD provided appropriate documentation to support the costs incurred in procuring the firefighting equipment.	<p>We recommend that, in the future, the Grant Programs Directorate require the grantee to follow federal procurement regulations for soliciting bids to purchase firefighting vehicles or other equipment with AFGP grant funds.</p> <p>A telephone exit conference was held with the grantee on June 9, 2007, to provide them with the results of the audit. While the grantee did not disagree with the results of the audit, they continued to believe that they did nothing wrong. Although the grantee claimed that the state allowed them to use past providers in good standing, documentation was not provided to support this position.</p>

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**Appendix D**  
**Results of Audits – With Findings**

GRANTEE	BRIEF DESCRIPTION OF RESULTS	FINDING A	FINDING B	RECOMMENDATIONS
Brockport FD Brockport, New York	Brockport acquired firefighting equipment included in the grant application. The FD claimed costs in excess of the original award of \$184,853. The federal share remained as approved at \$166,368. The grantee provided a total of \$19,877 from the Brockport FD and the Village of Brockport funds, even though this amount exceeded the required 10% local share (\$18,485).	<p>Brockport FD did not procure equipment in accordance with the Village of Brockport Procurement Policy. Fire Department officials acknowledged that they did not obtain formal bids as required for the procurements under the FY 2003 AFGP grant.</p> <p>The audit also concluded that the Department claimed preaward expenditures of \$18,169 without receiving the required approval from FEMA. The costs were \$2,851 for electrical services and \$15,318 for communications equipment.</p>	The total amount reported as spent varied among the various closeout reports. The Brockport FD officials could not explain the difference between the claimed cost of \$187,133 (Final Financial Status Report and Final Performance Report) and the \$186,245 (cancelled checks).	<p>We recommend that the Grant Programs Directorate:</p> <p>(1) Determine the final disposition of the \$18,169 ineligible preaward costs, and,</p> <p>(2) Ensure that the Brockport FD complies with federal requirements for closeout reporting for any future awards under the Assistance to Firefighters Grant Program.</p> <p>A telephone exit conference was held with the grantee on September 14, 2007. The finding and recommendations were discussed with the grantee.</p>

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**Appendix D**  
**Results of Audits – With Findings**

GRANTEE	BRIEF DESCRIPTION OF RESULTS	FINDING A	FINDING B	RECOMMENDATIONS
Buskirk VFD Buskirk, New York	The Buskirk VFD acquired the firefighting vehicle proposed; however, the cost of the vehicle exceeded the amount originally estimated. The federal share remained as approved at \$225,000.	No ineligible expenditures were noted. The Buskirk VFD expended the funds awarded under the AFGP in accordance with the grant agreement.	<p>The Buskirk VFD record-keeping and accounting systems did not comply with federal requirements. Instead, all income and expenditures were tracked using a single bank account.</p> <p>The Buskirk VFD officials did not maintain an official grant file containing copies of all actions taken on the grant for a period of 3 years after the official closeout date.</p> <p>The Buskirk VFD did not provide copies of all invoices and cancelled checks supporting the exact cost of the fire truck and the additional equipment added to the fire truck.</p>	<p>We recommend that if future awards are made to the Buskirk VFD, the Grants Program Directorate require the department to comply with federal accounting and records keeping requirements, including the retention of an official grant file for at least 3 years after the official close out date.</p> <p>In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 28, 2007.</p>

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**Appendix D**  
**Results of Audits – With Findings**

GRANTEE	BRIEF DESCRIPTION OF RESULTS	FINDING A	FINDING B	RECOMMENDATIONS
North Collins FC North Collins, New York	North Collins acquired the personal protective equipment included in the grant application. However, the FC actually spent \$664 more than the grant awarded. The federal share remained as approved at \$138,200.	<p>North Collins FC did not procure equipment in accordance with the Village of North Collins Procurement Policy.</p> <p>Fire Company officials acknowledged that they did not obtain formal <i>written</i> bids and/or quotes as required for the procurements under the FY 2003 AFGP grant, nor did they retain notes on the various oral quotes received from vendors.</p>	<p>No unsupported costs were noted and the costs were appropriately recorded in the Department’s accounting system.</p> <p>The North Collins FC provided appropriate documentation to support the costs incurred in procuring the personal protection equipment.</p>	<p>We recommend that the Grant Programs Directorate ensure that the North Collins FC complies with federal procurement and supporting documentation requirements for any future awards under the Assistance to Firefighters Grant Program.</p> <p>A telephone exit conference was held with the grantee on August 23, 2007. The finding and recommendations were discussed with the grantee.</p>

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**Appendix D**  
**Results of Audits – With Findings**

GRANTEE	BRIEF DESCRIPTION OF RESULTS	FINDING A	FINDING B	RECOMMENDATIONS
Rhinebeck FD Rhinebeck, New York	<p>The Rhinebeck FD acquired firefighting equipment, increased its inventory of personal protective equipment, and improved its communications capabilities as a result of the FY 2003 award, under the Assistance to Firefighters Grant Program.</p> <p>The expenditures claimed by Rhinebeck FD were the same as originally awarded under the grant. The original estimate was \$125,027. The grantee share was \$12,503.</p>	<p>The Rhinebeck FD did not follow federal procurement regulations in purchasing:</p> <p>(1) a Self Containing Breathing Apparatus (SCBA) air compressor filling station for \$33,500 and,</p> <p>(2) a thermal imaging camera for \$11,869.</p> <p>Competitive bidding from more than one source was not pursued for either the SCBA air compressor filling station or the thermal imaging camera.</p>	<p>The Rhinebeck FD’s final Financial Status Report claimed \$125,027 as the total program cost for the purchase of equipment under the FY 2003 AFGP grant.</p> <p>The FD withdrew federal funds, totaling \$112,524, which was the original federal share from the \$125,027 award. However, the Department provided invoices totaling only \$120,175. The FD provided canceled checks totaling only \$110,299.</p> <p>As a result, the \$14,728 difference between the cost claimed (\$125,027) and the amounts actually paid (\$110,299) is considered an unsupported cost.</p>	<p>We recommend that the Grant Programs Directorate:</p> <p>(1) Determine the final disposition of the questioned costs of \$45,837 for the filling station and thermal imaging camera;</p> <p>(2) Determine the final disposition of the \$14,728 unsupported cost;</p> <p>(3) Ensure that the Rhinebeck FD complies with federal procurement requirements for any future AFGP awards; and</p> <p>(4) Ensure that the Rhinebeck FD complies with federal documentation requirements for any future AFGP awards.</p> <p>A telephone exit conference was held with the grantee on August 28, 2007. The finding and recommendations were discussed with the grantee and were acknowledged.</p>

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**Appendix E**  
**Results of Audit – Without Findings**

<b>GRANTEE</b>	<b>BRIEF DESCRIPTION OF RESULTS</b>	<b>FINDING A</b>	<b>FINDING B</b>	<b>RECOMMENDATIONS</b>
Daly City FD Daly City, California	The Daly City FD could not acquire all of the equipment and training proposed in the AFGP application because the cost exceeded \$573,992. However, with Daly City agreeing to contribute more than the required 30 %, the FD was able to acquire most of the equipment and training. The final cost was \$600,933. The federal share remained as approved at \$401,794.	No ineligible expenditures were noted.  The Daly City FD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the Daly City accounting system.  The Daly City FD provided appropriate documentation to support the costs incurred under the grant.	The Daly City FD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on June 15, 2007.
Deer Springs FPD Escondido, California	Deer Springs FPD acquired the firefighting vehicle proposed in the AFGP application. The original estimate was \$234,000. However, the final cost was \$249,883. The federal share remained as approved at \$210,600. The cost increase was the result of an increase in the cost of raw materials.	No ineligible expenditures were noted.  Deer Springs FPD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted.  Deer Springs FPD provided appropriate documentation to support the costs incurred in procuring the firefighting vehicle.	Deer Springs FPD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on June 15, 2007.

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**Appendix E**  
**Results of Audit – Without Findings**

<b>GRANTEE</b>	<b>BRIEF DESCRIPTION OF RESULTS</b>	<b>FINDING A</b>	<b>FINDING B</b>	<b>RECOMMENDATIONS</b>
Hemet FD Hemet, California	The Hemet FD purchased and installed the radio system equipment proposed in the AFGP application. The original estimate was \$227,688, but the final cost was \$268,274. The federal share remained as approved at \$159,382.	No ineligible expenditures were noted. The Hemet FD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted. The Hemet FD provided appropriate documentation to support the costs incurred in procuring the radio equipment.	The Hemet FD properly accounted for and managed the grant funds.  Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on June 15, 2007.
Ontario FD Ontario, California	The Ontario FD installed vehicle exhaust extraction systems in its seven existing fire stations. The cost of this work exceeded the originally estimated amount of \$331,958 by \$178. The final cost was \$332,136, with the federal contribution of \$232,371 remaining unchanged and the grantee's share increasing to \$99,765.	No ineligible expenditures were noted. The Ontario FD expended the funds awarded under the FY 2003 AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the County of Colusa accounting system.  The Ontario FD provided appropriate documentation to support the costs incurred in procuring the equipment.	The Ontario FD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on June 7, 2007.

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**Appendix E**  
**Results of Audit – Without Findings**

GRANTEE	BRIEF DESCRIPTION OF RESULTS	FINDING A	FINDING B	RECOMMENDATIONS
Sacramento River FPD Colusa, California	The Sacramento River FPD acquired the firefighting vehicle proposed in the AFGP application. The original estimate was \$235,522. The final cost was \$243,712 and the federal share remained as approved at \$211,970.	No ineligible expenditures were noted. The Sacramento River FPD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the County of Colusa accounting system.  The Sacramento River FPD provided appropriate documentation to support the costs incurred in procuring the firefighting vehicle.	The Sacramento River FPD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on June 11, 2007.
South Monterey County FPD King City, California	The South Monterey County FPD acquired the firefighting vehicle proposed in the AFGP application. The original estimate was \$252,500. However, the final cost was \$259,155. The federal share remained as approved at \$227,250.	No ineligible expenditures were noted. The South Monterey County FPD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted. The South Monterey County FPD provided appropriate documentation to support the costs incurred in procuring the firefighting vehicle.	The South Monterey County FPD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on June 7, 2007.

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**Appendix E**  
**Results of Audit – Without Findings**

GRANTEE	BRIEF DESCRIPTION OF RESULTS	FINDING A	FINDING B	RECOMMENDATIONS
Belleville FD Belleville, Illinois	The Belleville FD acquired the firefighting vehicle proposed in the AFGP application. The original estimate was \$221,948, but the final cost was \$246,404. The federal share remained as approved at \$199,754.	No ineligible expenditures were noted. The Belleville FD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the City of Belleville accounting system.  The Belleville FD provided appropriate documentation to support the costs incurred in procuring the firefighting vehicle.	The Belleville FD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on July 26, 2007.
Carbondale FD Carbondale, Illinois	The Carbondale FD acquired the firefighting vehicle proposed in the AFGP application. The cost of the vehicle exceeded the amount originally estimated. The final cost was \$159,790 but the federal share remained as approved at \$130,500.	No ineligible expenditures were noted. The Carbondale FD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the Carbondale FD accounting system.  The Carbondale FD provided appropriate documentation to support the costs incurred in procuring the firefighting vehicle.	The Carbondale FD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on June 9, 2007.

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**Appendix E**  
**Results of Audit – Without Findings**

<b>GRANTEE</b>	<b>BRIEF DESCRIPTION OF RESULTS</b>	<b>FINDING A</b>	<b>FINDING B</b>	<b>RECOMMENDATIONS</b>
<p>Carlinville FD  Carlinville,  Illinois</p>	<p>The Carlinville FD acquired the firefighting equipment and made the vehicle exhaust modifications as proposed in the AFGP application. The cost of the equipment and vehicle exhaust modifications exceeded the amount originally estimated. The federal share remained as approved at \$111,432.</p>	<p>No ineligible expenditures were noted. The Carlinville FD expended the funds awarded under the AFGP in accordance with the grant agreement.</p>	<p>No unsupported costs were noted and the costs were appropriately recorded in the Carlinville FD’s accounting system.</p> <p>The Carlinville FD provided appropriate documentation to support the costs incurred in procuring the firefighting equipment and modifying the facility for the vehicle exhaust system.</p>	<p>The Carlinville FD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.</p> <p>In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 22, 2007.</p>
<p>Decatur FD  Decatur,  Illinois</p>	<p>The Decatur FD acquired the firefighting personal protective equipment as proposed in the AFGP application.</p>	<p>No ineligible expenditures were noted. The Decatur FD expended the funds awarded under the AFGP in accordance with the grant agreement.</p>	<p>No unsupported costs were noted and costs were appropriately recorded in Decatur FD’s accounting system. The Decatur FD provided appropriate documentation to support costs incurred.</p>	<p>The Decatur FD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.</p> <p>In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 22, 2007.</p>

FC =Fire Company  
FD = Fire Department  
FPD =Fire Protection District  
VFD=Volunteer Fire Department

**Appendix E**  
**Results of Audit – Without Findings**

<b>GRANTEE</b>	<b>BRIEF DESCRIPTION OF RESULTS</b>	<b>FINDING A</b>	<b>FINDING B</b>	<b>RECOMMENDATIONS</b>
McHenry FPD McHenry, Illinois	The McHenry FPD acquired the personal protective firefighting equipment as proposed in the AFGP application. The original estimate was \$257,550. But, the final cost was \$257,730. The federal share remained as approved at \$231,795.	No ineligible expenditures were noted. The McHenry FPD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the McHenry FPD’s accounting system.  The McHenry FPD provided appropriate documentation to support the costs incurred in procuring the firefighting personal protective equipment.	The McHenry FPD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 22, 2007.
Neoga FPD Neoga, Illinois	The Neoga FPD acquired the firefighting vehicle proposed in the AFGP application. The original estimate was \$249,500, but the final cost was \$319,308. The federal share remained as approved at \$224,550.	No ineligible expenditures were noted. The Neoga FPD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the Neoga bank account.  The Neoga FPD provided appropriate documentation to support the costs incurred in procuring the firefighting vehicle.	The Neoga FPD properly accounted for and managed the grant funds. Accordingly, no findings are being reported from the audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on June 9, 2007.

FC =Fire Company  
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 VFD=Volunteer Fire Department

**Appendix E**  
**Results of Audit – Without Findings**

<b>GRANTEE</b>	<b>BRIEF DESCRIPTION OF RESULTS</b>	<b>FINDING A</b>	<b>FINDING B</b>	<b>RECOMMENDATIONS</b>
Rockland FPD Lake Bluff, Illinois	The Rockland FPD acquired the firefighting vehicle proposed in the AFGP application. The cost of the vehicle exceeded the amount originally estimated. The federal share remained as approved at \$356,400.	No ineligible expenditures were noted. The Rockland FPD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the Rockland FPD accounting system.  The Rockland FPD provided appropriate documentation to support the costs incurred in procuring the firefighting vehicle.	The Rockland FPD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 22, 2007.
Serena Community FPD Serena, Illinois	The Serena FPD acquired the firefighting equipment as proposed in the AFGP application. However, the Serena FPD paid more for the equipment than originally projected. The cost share matching amount increased by \$128 over the award amount and the federal share remained the same at \$101,031.	No ineligible expenditures were noted. The Serena FPD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the Serena FPD’s accounting ledger.  The Serena FPD provided appropriate documentation to support the costs incurred in procuring the firefighting equipment.	The Serena FPD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 22, 2007.

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**Appendix E**  
**Results of Audit – Without Findings**

<b>GRANTEE</b>	<b>BRIEF DESCRIPTION OF RESULTS</b>	<b>FINDING A</b>	<b>FINDING B</b>	<b>RECOMMENDATIONS</b>
Wilmington FPD Wilmington, Illinois	The Wilmington FPD acquired the personal protective firefighting equipment as proposed in the AFGP application. While the cost of the equipment exceeded the amount originally estimated by \$286, the federal share remained the same at \$98,694.	No ineligible expenditures were noted. The Wilmington FPD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the Wilmington FPD accounting ledger.  The Wilmington FPD provided appropriate documentation to support the costs incurred in procuring the personal protective firefighting equipment.	The Wilmington FPD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 22, 2007.
Dansville FD Dansville, New York	The Dansville FD acquired the firefighting and personal protection equipment proposed in the AFGP application. The cost of the equipment exceeded the amount originally estimated. The federal share remained as approved at \$234,148.	No ineligible expenditures were noted. The Dansville FD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the Department’s accounting system.  The Dansville FD provided appropriate documentation to support the costs incurred in procuring the firefighting and personal protection equipment.	The Dansville FD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 23, 2007.

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**Appendix E**  
**Results of Audit – Without Findings**

<b>GRANTEE</b>	<b>BRIEF DESCRIPTION OF RESULTS</b>	<b>FINDING A</b>	<b>FINDING B</b>	<b>RECOMMENDATIONS</b>
Fort Plain VFD Fort Plain, New York	The Fort Plain VFD acquired the firefighting vehicle proposed in the AFGP application. The cost of the vehicle exceeded the amount originally estimated. The federal share remained as approved at \$225,000.	No ineligible expenditures were noted. The Fort Plain VFD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the Village of Fort Plain accounting system.  The Fort Plain VFD provided appropriate documentation to support the costs incurred in procuring the firefighting vehicle.	The Fort Plain VFD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 24, 2007.

FC =Fire Company  
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 VFD=Volunteer Fire Department

**Appendix E**  
**Results of Audit – Without Findings**

GRANTEE	BRIEF DESCRIPTION OF RESULTS	FINDING A	FINDING B	RECOMMENDATIONS
Frankfort VFD Frankfort, New York	<p>The Frankfort VFD acquired the Mobile Fire Training Facility proposed in the AFGP application. The cost of the Mobile Fire Training Facility was reduced from \$380,000 to \$353,470.74 due to some trailer modifications.</p> <p>Frankfort VFD was approved to use some of the remaining grant funds for various firefighting equipment. Frankfort VFD spent \$378,448--federal share was reduced to \$340,604 from \$342,000 and the local share was reduced to \$37,844 from \$38,000.</p>	No ineligible expenditures were noted. The Frankfort VFD expended the funds awarded under the AFGP in accordance with the grant agreement.	<p>No unsupported costs were noted and the costs were appropriately accounted for in the grantee’s records.</p> <p>The Frankfort VFD provided appropriate documentation to support the costs incurred in procuring the firefighting equipment.</p>	<p>The Frankfort VFD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.</p> <p>In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on July 27, 2007.</p>
Lockport FD Lockport,New York	The Lockport FD acquired the fire-fighting vehicle proposed in the FY 2003 AFGP application. However, the cost of the vehicle exceeded the approved project cost of \$250,000. The federal share remained at \$225,000.	No ineligible expenditures were noted. The Lockport FD expended the funds awarded under the AFGP in accordance with the grant agreement.	<p>No unsupported costs were noted and the costs were appropriately accounted for in the grantee’s records.</p> <p>The Lockport FD provided appropriate documentation to support the costs incurred in procuring the firefighting equipment.</p>	<p>The Lockport FD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.</p> <p>In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 21, 2007.</p>

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 VFD=Volunteer Fire Department

**Appendix E**  
**Results of Audit – Without Findings**

<b>GRANTEE</b>	<b>BRIEF DESCRIPTION OF RESULTS</b>	<b>FINDING A</b>	<b>FINDING B</b>	<b>RECOMMENDATIONS</b>
Roosevelt Fire District Poughkeepsie, New York	The Roosevelt Fire District acquired the fire fighting equipment and the personal protective equipment proposed in the FY 2003 AFGP application. Roosevelt Fire District purchased additional items, which brought the total cost above the expected amount. The federal share remained at \$168,102.	No ineligible expenditures were noted. The Roosevelt Fire District expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately accounted for in the grantee’s records.  The Roosevelt Fire District provided appropriate documentation to support the costs incurred in procuring the firefighting equipment.	The Roosevelt Fire District properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 21, 2007.
Saratoga Springs FD Saratoga Springs, New York	The Saratoga Springs FD acquired firefighting equipment and improved the department’s rescue capabilities. The federal share remained as approved at \$112,381.	No ineligible expenditures were noted. The Saratoga Springs FPD expended the funds awarded under the AFGP in accordance with the grant agreement.	No unsupported costs were noted and the costs were appropriately recorded in the County of Saratoga accounting system.  The Saratoga Springs FPD provided appropriate documentation to support the costs incurred in procuring the firefighting equipment.	The Saratoga Springs FPD properly accounted for and managed the grant funds. Accordingly, no recommendations are being made as a result of this audit.  In view of the results from the audit, comments on the audit report were not received from the grantee. A telephone exit conference was held with the grantee on August 28, 2007.

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 VFD=Volunteer Fire Department

**Appendix F**  
**Management Comments to the Draft Report**

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
U.S. Department of Homeland Security  
500 C Street, SW  
Washington, DC 20472



**FEMA**

June 19, 2008

**MEMORANDUM FOR:** Richard L. Skinner  
Inspector General

**FROM:** W. Ross Ashley   
Assistant Administrator, Grant Programs Directorate

**SUBJECT:** Response to Office of Inspector General Draft Report: Assistance to  
Firefighters Grant Program – Fiscal Year 2003

This is in response to your request for a report on our corrective action in implementing the ten recommendations contained in the subject Office of the Inspector General audit report. Per your request, the report specifically addresses how the recommendations are being implemented.

Thank you for the opportunity to respond to the report and to work with the Office of the Inspector General during this engagement.

Attachment

cc: Annette Hampton  
Mildred Lloyd  
Tracey Trautman  
Lisa Lewis

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## Appendix F

### Management Comments to the Draft Report

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#### **Response to the Audit of the Assistance to Firefighters Grant Program - Fiscal Year 2003**

We provide for you below this office's replies to the recommendations provided in the subject material. In general the Program Office believes that the audit findings have generally substantiated the effectiveness of the processes and procedures established to monitor, track and manage the tens of thousands of grantees that the Assistance to Firefighters Grants program (AFG) has under its purview.

**Recommendation #1a:** Determine the final disposition of the questioned \$14,924.41 that the Yuba City Fire Department held onto for an additional 19 months before it paid the contractor.

Program Office Response: The report fails to cite in the recommendation that due to higher than expected costs the grantee provided a \$32,875 overmatch. (The details are provided in Appendix D, page 20, of the Draft Report). The program office maintains that it is impossible to differentiate funds and that, in fact, the payment made to the vendor of \$14,924.41 was not Federal funds but rather was part of the \$89,410 total local share, including the significant overmatch. As such, it is the program office's position that the payment should not be questioned and that no follow up action is warranted or justified.

**Recommendation #1b:** Instruct Yuba City Fire Department to remit any interest earned on the retained funds (less \$100 for expenses) to FEMA.

Program Office Response: Since the grantee significantly overmatched their share of the grant, it is the program office's position that the \$14,924.41 in payments that were delayed were local funds and that Federal funds were not "retained" by the grantee. As such, it is the program office's position that no action is necessary to collect interest from Yuba City Fire Department and that no follow up action is warranted or justified.

**Recommendation #2:** Require the grantee [Limestone, Illinois, Fire Protection District] to follow federal procurement regulations for soliciting bids to purchase firefighting vehicle or other equipment with AFG funds.

Program Office Response: This recommendation was generated from a finding that Limestone only solicited quotes from one single Self-Contained Breathing Apparatus (SCBA) distributor. The program office's policy is to require grantees to follow their own procurement policies, procedures and practices. This is in conformance with 44 CFR Part 13. If, and only if, a grantee does not have any formal procurement policies, procedures or practices will it be required to follow Federal procurement regulations. Federal procurement regulations require grantees to instill competition into their purchasing actions "to the extent possible." This is, and will continue to be, the program's policy.

The financial assistance for the Limestone FPD supported the purchase of a cascade/air-fill system and Self-Contained Breathing Apparatuses (SCBA). The Draft Report only takes exception to Limestone's procurement practices with respect to the purchase of SCBA. Thus the

## Appendix F

### Management Comments to the Draft Report

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program office concludes that the procurement of the cascade/air-fill system was found to have been conducted properly. With respect to SCBA procurement, the SCBA industry (as well as many other fire industries) is set up under a regional franchising arrangement, whereby there is only one distributor for any specific brand of SCBA assigned to a geographic area and with which the fire department can work. Since it is critical to the lives of the firefighters that all of a fire department's SCBA be interoperable – any new SCBA must be made by and purchased from the same manufacturer of the fire department's existing SCBA. Thus, due to the regional franchising arrangement and the need to purchase SCBA of a specific manufacture, the Limestone Fire Protection District would be limited in its ability to seek competition. It is the program office's opinion that the grantee did everything it could to instill competition into their procurements under the grant.

It is unclear from the Draft Report whether or not the grantee followed their own procurement policies, procedures or practices. In detailing other findings, the Draft Report specifically mentions that the North Collins Fire Company did not follow their procurement policies (see Finding A, page 24 of the Draft Report), so the program office does not know how to interpret the lack of a similar comment here. The program office will assume that the lack of a specific comment in this regard, coupled with the grantee's statement that they didn't believe that they had done anything wrong, to mean that the grantee followed their own policies. As such, the program office will not take exception to this grantee's actions and does not believe that follow up action is warranted or justified.

**Recommendation #3:** Determine the final disposition of the \$18,169 ineligible preaward costs for the Brockport [New York] Fire Department.

**Program Office Response:** It is the program office's opinion that the \$18,169 in costs are "eligible." Procedurally, however, the costs were not specifically approved and thus, should not be allowable to be included as costs under the grant. However, based on the characterization of the expenditures provided by the Inspector General's office, the program office maintains that if the grantee had requested permission to include the preaward expenditures under the grant then it is likely that approval would have been given. As such, the program office's final disposition would be to allow the expenses to be charged to the grant. A note reflecting that disposition will be placed in the on-line file under the "Comments" section.

**Recommendation #4:** Ensure that the North Collins Fire Company complies with federal procurement [regulations] and supporting documentation requirements for any future awards under the AFGP. The findings detailed in the Appendix D also indicate that North Collins did not follow their own procurement policy.

**Program Office Response:** Even though North Collins has submitted seven grant applications since their 2003 award, they have not received any subsequent grants from AFG. Hence the program office cannot, at this time, "Ensure that the North Collins Fire Company complies with federal procurement [regulations]" and will take no follow up action at this time.

## Appendix F

### Management Comments to the Draft Report

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On a macro-basis, however, the program office wants to note for the record that it carries out actions to ensure that all grantees are aware of established policies in this area. For example, the program guidance states that a grantee has the responsibility to:

Ensure all procurement actions are conducted in a manner that provides, to the maximum extent possible, open and free competition. In doing so, the grantee must follow its established procurement processes when purchasing vehicles, equipment, and services with AFG funds. If the grantee has no established procedures, it should obtain at least two quotes/bids for the items being procured and document the process used in the grant files. Sole-source purchasing is not an acceptable procurement method except in unusual circumstances.

As a practical matter, without a significant increase in staffing, it is not feasible to “ensure” that all grantees comply with this requirement. As the Draft Report indicates, there were 8,745 grants awarded in 2003. Obtaining evidence that all of them conducted their procurements in accordance with Federal regulations would be overwhelming.

**Recommendation #5a:** Determine the final disposition of the questioned \$45,837 for the filling station (\$33,968) and the thermal imaging camera (\$11,869) purchased by Rhinebeck [New York] Fire Department.

**Program Office Response:** The issue is that Rhinebeck did not instill competition in the purchase of either of the items listed above. (The draft report incorrectly cites on page 4 that Rhinebeck did not follow proper procurement procedures in the purchase of SCBA. However, no SCBA purchase is a part of the grant activity). As stated above, it is not practical for the program office to ensure that competition is a part of every procurement for every grantee. However, the program office mitigates the potential effect of this by limiting grant funding levels for many items awarded (the items that the program office specifically limits include filling stations and thermal imaging cameras). The program office bases the award funding limits on a review of the prevailing current costs in the fire industry market place, immediately prior to commencement of award recommendations. In fact, Rhinebeck’s original request for the thermal imaging camera was \$17,500 and it was reduced prior to award to \$12,000. The prices that Rhinebeck ultimately paid for the filling station and the thermal imaging camera are within our allowance.

The program office does not believe that the entire price paid for the equipment is questionable due to the lack of competition. What is questionable is the potential difference between the actual price paid and a lower price that may (or may not) have been realized under full competition. Since it is not possible to determine the effect that the lack of competition may have had and since the prices paid were within a reasonable range based on the program office’s market research, the program office will accept the costs paid as allowable. The program office notes, however, that the Rhinebeck’s 2005 grant is still open. As follow up to the

## Appendix F

### Management Comments to the Draft Report

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recommendation, the office will review and challenge any irregularities prior to completing close out actions of that award.

**Recommendation #5b:** Ensure that Rhinebeck Fire Department complies with federal procurement requirements for any future awards under the AFG.

Program Office Response: Rhinebeck has not applied since 2006; however, they have an open award from 2005. As stated above, the program office will review this award and challenge any irregularities.

**Recommendation #6:** Determine the final disposition of the federal share of the unsupported claim of \$198 [from Butte County, California, Fire Department].

Program Office Response: The program office supports the collection of the Federal portion of this unsupported amount.

**Recommendation #7a:** Determine the final disposition of the federal share of the unsupported \$937 [in expenses charged by Imperial County, California, Fire Department to the 2003 grant].

Program Office Response: The program office supports the collection of the Federal portion of this unsupported amount.

**Recommendation #7b:** If federal grants are awarded to [Imperial County Fire Department] in the future, require the County to establish separate accounts within its accounting system to track the receipt and expenditure of federal funds.

Program Office Response: The program office supports this recommendation and has marked Imperial County's 2008 applications for compliance with this recommendation if either of the two applications submitted is ultimately awarded.

**Recommendation #8:** Ensure that the Brockport [New York] Fire Department complies with federal procurement requirements for closeout reporting for any future awards under the AFG.

Program Office Response: It is unclear to the program office what the OIG means by this recommendation, vis-à-vis the relationship between "procurement requirements" and "closeout reporting." The finding seemed to indicate that Brockport's accounting of costs incurred did not agree with disbursement records (a discrepancy of \$888 which is approximately one-half of one percent of the \$187,133 in claimed costs). Brockport could account for \$186,245 in expenses incurred while executing the \$184,853 grant. Since Brockport could account for all the Federal funds and the requisite match, the program office will not take any action with respect to this recommendation and does not believe follow up action is warranted or justified.



## Appendix F

### Management Comments to the Draft Report

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**Recommendation #9:** Require the [Buskirk, New York, Volunteer Fire] department to comply with federal accounting and records keeping requirements, including the retention of an official grant file for at least 3 years after the official closeout date.

**Program Office Response:** Compliance with Federal accounting and records keeping requirements is already a requirement of AFG since records retention is a condition of award and is specifically iterated in the annual program guidance under "Grantee Responsibilities." Therefore the program office will not undertake any action specific to this recommendation.

**Recommendation #10a:** Determine the final disposition of the \$14,728 in unsupported costs [between the claimed costs of \$125,027 and the cancelled checks which totaled \$110,299 for the Rhinebeck, New York, Fire Department].

**Program Office Response:** The 2003 grant for Rhinebeck has not been closed out. Rhinebeck submitted a closeout in March 2006, which was rejected by DHS and returned to Rhinebeck with no further action from the grantee to date in spite of a multitude of contacts.

Since Rhinebeck can only document that they disbursed \$110,299, the program office will consider that amount to be the extent of allowable expenses to be charged to the grant. The cost share for the Rhinebeck grant was 90 percent Federal and 10 percent local. This means that the Federal share of the allowable costs is \$99,270 and the local share is \$11,029. Upon resubmittal of the closeout report, the program office will initiate a collection action for \$13,254 (the difference between the \$112,524 in Federal funds drawn and the \$99,270 Federal-share allowable).

The program office is particularly concerned about the discrepancy between the invoiced amounts (\$120,175) and the payment totals for those invoices (\$110,299). One possible explanation for the discrepancy could be that the vendors inflated the invoices and/or allowed the grantee to pay less than the invoiced amounts – effectively eliminating the grantee's need to pay the local cost-share. If this is the case, then there is a high likelihood that fraud was committed. The program office would like to know if the OIG pursued this issue any further while on site or if they have referred this to its Office of Investigations for follow-up.

**Recommendation #10b:** Ensure that the Rhinebeck Fire Department complies with federal documentation requirements for any future AFG awards.

**Program Office Response:** The program office believes that the Rhinebeck Fire Department has complied with documentation requirements since they had documents for the OIG to review. It is unclear whether the lack of sufficient documentation to reconcile the costs claimed is a documentation issue or fraud.

Regardless, it is the program office's opinion that all grantees are aware of the requirement to maintain documentation for their grants. The requirement is detailed explicitly in the program guidance and the grant's articles of agreement as well as by reference to OMB Circulars. If any

**Appendix F**  
**Management Comments to the Draft Report**

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grantee is not fully understanding of the requirement, the program office staffs a helpdesk to provide the grantees with guidance and has created a Grants Management Tutorial that would provide information on all facets of grants management, including documentation. The program office does not know what more could be done in this respect.

**Appendix G**  
**Report Distribution**

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