



Why This Matters

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires the Department of Homeland Security, Office of Inspector General, to audit individual states' management of State Homeland Security Program (SHSP) and Urban Areas Security Initiative (UASI) grants.

The Federal Emergency Management Agency (FEMA) awarded the State of Michigan \$111.8 million in Homeland Security Grant Program funds during fiscal years 2007 through 2009, of which \$98 million was for SHSP and UASI grants.

DHS Response

FEMA concurred with all nine recommendations. The State of Michigan's State Administrative Agency (SAA) officials also agreed with all nine recommendations.

FEMA will use the findings in the report to strengthen the effectiveness and efficiency of how it executes and measures its programs. FEMA recognizes the need to continue to improve the process, including addressing the recommendations raised in the report.

For Further Information:

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

The State of Michigan's Management of State Homeland Security Program and Urban Areas Security Initiative Grants

What We Determined

The SAA generally spent grant funds effectively, efficiently, and in compliance with applicable Federal laws and regulations. However, it did not ensure that the Urban Area Board conducted sufficient oversight of UASI grant funds, that funds were allocated proportionate to associated risk, or that SAA actions regarding the use of regional funds were transparent. In addition, the SAA did not have adequate oversight controls in place to ensure that subgrantees implement only projects aligned with approved investment justifications; follow Federal procurement and property standards; and receive grant funds in a timely manner.

What We Recommend

Assistant Administrator, Grant Programs Directorate for FEMA:

- Direct the SAA to review the UASI funding allocation methodology to ensure that funds are spent on the highest-risk areas; provide documentation to the UASI Board and region officials showing how funds retained by the SAA have been used to support the urban area; and direct the UASI Board to establish procedures on oversight responsibilities over all UASI funds.
- Direct the SAA to improve oversight and monitoring of the subgrantees' project justifications to ensure that subgrantees implement only projects included in FEMA-approved investment justifications, and improve subgrantee training on preparation of the project justification form.
- Review the SAA's project justifications to determine whether they are correctly aligned with approved investment justifications, and if not, determine whether any projects result in questioned or unallowable costs.
- Direct the SAA to improve oversight to ensure that subgrantees follow Federal procurement requirements, follow Federal inventory and property requirements, and adequately secure property purchased with grant funds.
- Review costs associated with noncompetitive contracts and determine whether the costs are allowable and properly supported.
- Direct the SAA to assess the current processes for executing subgrant agreements and purchase approvals to identify opportunities to expedite the processes.