

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

The State of Washington's Management
of Urban Areas Security Initiative Grants
Awarded During Fiscal Years
2007 through 2009





Homeland
Security

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Preface

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

This report addresses the State of Washington's management of Urban Areas Security Initiative grants awarded during fiscal years 2007 through 2009. We contracted with the independent public accounting firm Williams, Adley & Company-DC, LLP to perform the audit. The contract required that Williams, Adley & Company-DC, LLP perform its audit according to generally accepted government auditing standards. Williams, Adley & Company-DC, LLP's report identifies two reportable conditions where State management of the grant funds could be improved, resulting in four recommendations addressed to the Assistant Administrator, Grant Programs Directorate. Williams, Adley & Company-DC, LLP is responsible for the attached auditor's report dated November 30, 2011, and the conclusions expressed in the report.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. We trust 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 "Anne L. Richards".

Anne L. Richards

Assistant Inspector General for Audits



November 30, 2011

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

Dear Ms. Richards:

Williams, Adley & Company-DC, LLP performed an audit of the State of Washington's management of the Department of Homeland Security's Urban Areas Security Initiative grants for Fiscal Years 2007 through 2009. The audit was performed in accordance with our Task Order No. TPD-FIG-BPA-07-0013-0002, dated September 27, 2010. This report presents audit results and includes recommendations to help improve the State's management of the audited Urban Areas Security Initiative grants.

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

We appreciate the opportunity to have conducted this audit. Should you have any questions, or if we can be of any further assistance, please contact me at 202-371-1397.

Sincerely,

Williams, Adley & Company-DC, LLP

A handwritten signature in cursive script that reads 'Jocelyn Hill'.

Jocelyn Hill
Partner

Table of Contents/Abbreviations

Executive Summary	1
Background	2
Results of Audit	2
Urban Area Grants Management Practices Were Generally Effective, But Require Some Improvements	2
Urban Area Strategy Needs Improvement	3
Recommendations	8
Management Responses and Auditors' Analysis	8
Lack of Assessment Process to Measure Improvement	9
Recommendations	10
Management Responses and Auditors' Analysis	10

Appendices

Appendix A: Purpose, Scope, and Methodology	12
Appendix B: Management Responses to the Draft Report	15
Appendix C: Homeland Security Grant Program Background	20
Appendix D: Washington Military Department Emergency Management Division Organization	21
Appendix E: Report Distribution	22

Abbreviations

DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
FY	fiscal year
OIG	Office of Inspector General

OIG

*Department of Homeland Security
Office of Inspector General*

Executive Summary

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 and Urban Areas Security Initiative grants. This report responds to the reporting requirement for the State of Washington and its Urban Areas Security Initiative grants.

The objectives of the audit were to determine if the State of Washington distributed and spent Urban Areas Security Initiative grant funds (1) effectively and efficiently and (2) in compliance with applicable federal laws and regulations. We were to also address the extent to which grant funds enhanced the State of Washington's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other man-made disasters. The audit included a review of approximately \$32 million in Urban Areas Security Initiative grants awarded to the State of Washington during fiscal years 2007 through 2009.

Generally, the State did an effective and efficient job of administering the program requirements, distributing grant funds, and ensuring that all available funds were used. The State formed working groups to establish priorities and spent grant funds in accordance with such priorities and applicable federal laws and regulations.

However, we identified two areas for improvement: the Urban Area strategy and the assessment process to measure improvement. Our four recommendations call for the Federal Emergency Management Agency to initiate improvements which, when implemented, should help strengthen program management, performance, and oversight. Written responses to the draft report are incorporated as appropriate and included in their entirety in appendix B.

Background

The Homeland Security Grant Program provides federal funding to help state and local agencies enhance capabilities to prevent, protect against, respond to, and recover from terrorist attacks, major disasters, and other emergencies.

The State of Washington (State) received \$90.8 million in Homeland Security Grant Program funds, administered by the Federal Emergency Management Agency (FEMA) during fiscal years (FY) 2007, 2008, and 2009. This included \$32 million in Urban Areas Security Initiative grants. Appendix A provides details on the purpose, scope, and methodology for this audit.

The Governor of the State of Washington designated the Washington Military Department, Emergency Management Division as the State Administrative Agency, the entity responsible for administering the Homeland Security Grant Program. The State Administrative Agency is responsible for managing the grant programs in accordance with established federal guidelines and allocating funds to local, regional, and other county government agencies. The State of Washington designated Seattle, its surrounding counties, and the City of Bellevue as the Urban Area for the state. The Washington Military Department, Emergency Management Division organization is depicted in appendix D.

Within the State of Washington, the State Administrative Agency subawarded Urban Areas Security Initiative funds to three counties (King, Pierce, and Snohomish), three state agencies (University of Washington, Washington State Patrol, and Washington Department of Health), one city (Bellevue), and one local agency (Seattle Police Department).

Results of Audit

Urban Area Grants Management Practices Were Generally Effective, But Require Some Improvements

Overall, the State did an efficient and effective job of administering the program requirements, distributing grant funds, and ensuring that all available funds were used. The State formed working groups to establish priorities and spent grant funds in accordance with such priorities and applicable federal laws and regulations.

However, as demonstrated by the results contained in this report, improvements are needed with respect to the Urban Area strategy and the assessment process to measure improvement.

Urban Area Strategy Needs Improvement

The Seattle Urban Area strategy did not contain adequately defined goals and objectives to use in measuring performance. The strategy had not been updated since 2005 and was not linked to the grant application. As a result, the State did not have a basis for measuring improvements in its preparedness and response capabilities.

Goals and objectives are not measurable and time-limited

The goals and objectives in the strategy are not measurable and time-limited. The strategy says that goals should be achieved through the objectives by December 2007; however, there are no specific target dates to identify when individual objectives are to be achieved. Further, the strategy does not provide an adequate basis for measuring progress during fiscal years 2007 through 2009.

Department of Homeland Security (DHS) *State and Urban Area Homeland Security Strategy Guidance on Aligning Strategies with the National Preparedness Goal*, dated July 22, 2005, states that a comprehensive strategy should contain both broad-based, long-term goals and corresponding short-term objectives that address areas of prevention, protection, response, and recovery enhancements within the State or Urban Area. In addition, the primary determinants of an overall successful strategy are the quality of the goals and performance against those goals. The guidance also states that an objective sets a target level of performance over time expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value or rate. An objective should be:

- Specific, detailed, and focused — helping to identify what was to be achieved and accomplished;
- Measurable — quantifiable, providing a standard for comparison, and identifying a specific achievable result;
- Achievable — the objective is not beyond a state, region, jurisdiction, or locality's ability;
- Results-oriented — identifies a specific outcome; and

-
- Time-limited — a target date exists to identify when the objective will be achieved.

State Administrative Agencies or Urban Area Working Groups should assess the quality of the strategy's objectives to determine if the measures are meaningful in the context of a specific action item or preparedness effort, the measurement methodology is sound, and the measures can be verified with reliable data. Only if the objectives meet these criteria should they be included in the strategy.

The *Government Performance Results Act* of 1993 section 306 states that plans shall contain general goals and objectives for the major functions and operations of the agency. The plans shall also include a description of how goals and objectives are to be achieved, including a description of the operational process, skills, and technology; and human capital information, and other resources required to meet those goals and objectives. All the plans and strategies used by the State as well as data collected from the State or other entities should be reported using the following terminology:

- Goal – multiyear effort to implement or improve a program
- Objectives – annual effort to advance the implementation or improvement of a program
- Milestone – A significant phase in the implementation or improvement in the program

During our review of the Washington Urban Areas Security Initiative strategy we noted that Washington has a total of 5 goals with 72 objectives. We noted an overall concern with all the objectives in regards to what was to be specifically achieved and the lack of standards for comparison. Table 1-1 provides representative examples where Seattle's Urban Area strategy contained goals and objectives that did not specifically identify what was to be achieved or accomplished, and did not provide a standard for comparison:

Table 1-1: Representative Examples of Goals and Objectives Lacking Accomplishments or Standards for Comparison

Goals	Objectives
1: Improve the Urban Area’s ability to <u>DETER</u> and <u>PREVENT</u> terrorism by identifying threats, vulnerabilities, weaknesses, and gaps within existing systems and infrastructure, and by enhancing planning, preparation, exercises, simulation, equipment needs, training, media, public awareness and involvement, and involve relevant public and private entities.	1.5: Seattle: Preserve the response capability of the City of Seattle’s departments during a critical incident by improving the safety of all responders.
2: Improve the Urban Area’s ability to <u>PREEMPT</u> terrorism through cooperation, intelligence, surveillance, detection, early warning, and command and control.	2.19: Incorporate an intelligence component into counterterrorism (cyber and/or chemical, biological, radiological, nuclear, and explosive) exercises as appropriate to each individual exercise.
3: Improve the Urban Area’s ability to <u>PROTECT</u> against terrorism by defending critical infrastructure and providing seamless coordination and interoperability in any-place any-time activation.	3.4: Conduct terrorist and chemical, biological, radiological, nuclear and explosive threats and vulnerabilities assessments for critical information technology systems and networks that support critical services each year and as new cyber alerts are provided.
4: Improve and enhance the Urban Area’s ability to <u>RESPOND</u> to terrorism incident(s) with seamless coordination and interoperability between public agencies and private entities to minimize the impact of a TERRORIST and chemical, biological, radiological, nuclear and explosive event upon our community through collaboration and cooperation on planning strategies, policies, and funding.	4.20: On a continual basis identify public works, other Urban Area jurisdictional employees, and volunteer associations who require additional training to support a terrorist and chemical, biological, radiological, nuclear, and explosive response and funded as resources become available.
5: Improve the Urban Area’s ability to <u>RECOVER</u> from a terrorist attack through seamless coordination, public and private mobilization, mutual aid, and lessons learned.	5.7: Ensure that the recovery phase of a terrorist incident is exercised as part of the Urban Area chemical, biological, radiological, nuclear and explosive training and exercise programs.

Grant applications not linked to the Strategy

The State did not link grant applications for FY 2007, 2008, and 2009 to the most recent strategy, prepared in 2005. The State does not have a process to link grant applications to the strategy, but instead bases its applications on annual rankings prepared by the State.

Washington has established a Tri-County Inter-local Agreement as well as an Urban Area Core Group, Executive Group, and Urban Area Working Group. These groups oversee activities and investments for the urban areas. The Urban Area Core Group is comprised of voting members from five partner areas that include King County, the City of Seattle, Pierce County, Snohomish County, and the City of Bellevue. The Urban Area Core Group reviews rankings from the Working Group and makes changes as they deem necessary. The Executive Group is made up of one or two Directors, Chief Officers, and Senior Staff from each of the five partners. The Executive Group is appointed by the County Executives for Pierce, King, and Snohomish counties and by the Mayors for the cities of Seattle and Bellevue. The Executive Group approves and submits the strategy to the Governor for approval and signature.

County and city first responder representatives who focus on specific disciplines make up the Urban Area Working Group, which acts as a liaison between the Executive Group and the subcommittees of the Urban Area Working Group. The grant application process begins when subcommittees are formed to discuss their particular needs and demonstrate how proposed projects support the strategy. Subcommittees prioritize projects based on assigned rankings and submit them to the Working Group for review. The Working Group prepares an overall ranking for the Urban Area and submits it to the Urban Area Core Group, which modifies project rankings to reflect the highest priorities of the Urban Area. Rankings are then sent through the State approval hierarchy with final approval made by the Governor. Once approved, the State Administrative Agency submits the grant application to the Department of Homeland Security. As a result, grant applications were based on annual rankings rather than being linked to the Urban Area's strategy.

FY 2007 FEMA Program Guidance Section V Part B.2 – Urban Area Homeland Security Strategy states that urban areas must utilize their Urban Area Homeland Security Strategy, the State's

Program and Capability Enhancement Plan, and the Goal and Target Capabilities List as the basis for requesting funds to support investments identified in the Investment Justification. There must be a clear correlation between the goals, objectives, and priorities identified in the Urban Area Homeland Security Strategy and FY 2007 Urban Area Security Initiative program activities.

The State has not implemented a process to ensure that the Urban Area strategy is reviewed and updated periodically to reflect current goals, objectives, and priorities. Consequently, the State relies on a ranking and project prioritization process that is disconnected from the strategy. Funding of projects within the Urban Area is not focused on the highest priorities as described by the approved strategy, making the strategy irrelevant. Instead, the annual rankings have become an ad hoc strategy that is short-sighted, focusing only on the current year.

The State's failure to link the grant application with the strategy hinders the Washington Military Department, Emergency Management Division and FEMA's efforts in determining whether goals and objectives are being met and progress is being made. Also, the strategy does not reflect two of the eight National Priorities as required by the September 2007 DHS State and Urban Homeland Security Strategy Guidance on Aligning Strategies with the National Preparedness Goal. Because the strategy has not been updated to reflect current priorities, it does not address:

- Implement the National Infrastructure Protection Plan
- Strengthen Planning and Citizen Preparedness Capabilities

The State has not implemented processes to ensure that the Urban Area strategy contains measurable and time-limited objectives, or is periodically updated. The Urban Area strategy has not been updated since 2005 and does not contain the required level of detail to develop an adequate basis for measuring progress. As such, FEMA's ability to assess overall program effectiveness and impact, and to properly report results to Congress, the Office of Management and Budget, and the President is hindered.

Recommendations

We recommend that the Assistant Administrator, Grant Programs Directorate, direct the State Administrative Agency to:

Recommendation #1: Develop procedures to periodically update the Urban Area strategy to include goals and objectives that are measurable and time-limited.

Recommendation #2: Link the current grant application to the revised Urban Area strategy.

Management Responses and Auditors' Analysis

FEMA officials concurred with the intent of recommendation 1 and concurred with recommendation 2. The officials said that the National Preparedness Directorate, the FEMA entity responsible for developing guidance regarding the Homeland Security Strategy process and preparedness performance measurement systems, is revising the guidance and expects to release it by the end of the year 2011 for the FY 2012 application cycle. FEMA will require the State to formalize a policy and document procedures for updating the State strategy in compliance with the revised guidelines.

In regard to recommendation 2, FEMA officials said that the State of Washington is currently revising its FY 2005 Seattle Urban Areas Strategy, and it should be ready for review the first quarter of FY 2012. Once it is adopted and ratified by the State and approved by FEMA, all future Urban Areas Security Initiative applications must link with the strategy. FEMA requested that recommendations 1 and 2 be resolved and open. However, because there are no firm target dates for implementing the corrective actions, recommendations 1 and 2 will remain unresolved and open.

State of Washington officials agreed with recommendations 1 and 2. The officials said although not required by current guidance, they are working on an updated strategy that will include goals and objectives that are measurable and time-limited. The State estimated that the strategy update will be completed in April 2012. State officials said that they link the strategic objectives in the State strategy to their grant application in the federal Grants Reporting Tool. However, the State does not base its application

on the strategy, but rather on annual rankings prepared by the State.

The Assistant Administrator, Grant Programs Directorate, needs to outline specific corrective actions with supporting documentation for implementation of the recommendations, and a timeline to ensure that the State's implementation of its proposed corrective actions proceeds as intended. The recommendations will remain open until such time that corrective actions have been implemented.

Lack of Assessment Process to Measure Improvement

The State has not implemented an assessment process to measure improvements in preparedness. Each year the State reassesses its priorities without consideration of performance improvement and attainment of objectives that were established in prior years. The State has not fully incorporated the use of the Target Capabilities List established by FEMA to assist them in measuring improvements and identifying gaps according to FEMA guidance.

The Homeland Security Grant Program Guidance and Application Kits for FYs 2007 through 2009 state that as part of the FY 2007, 2008, and 2009 Homeland Security Grant Program Investment Justifications, applicants will be asked to establish specific capability-based outcomes associated with proposed investments. Progress will be measured in accordance with the Target Capabilities List, State and Urban Area Homeland Security Strategies, and applicable national plans and strategies to provide concrete, measurable outcomes and milestones, while preserving the necessary flexibility to meet unique State and Urban Area operational requirements. Adopting this approach sets the conditions for compliance with Homeland Security Presidential Directive 8 *National Preparedness*, and congressionally-directed requirements for annual state preparedness reports included in the FY 2007 Department of Homeland Security Appropriations Act.

The State has not fully implemented or documented procedures to ensure that they perform an analysis of capabilities and performance with respect to achieving goals and objectives. For the Urban Areas Security Initiative program, the State recently implemented preliminary procedures for measuring improvement, but the procedures were not performed during the audited FY 2007 to 2009 time period.

The lack of procedures for assessing performance prevents the proper evaluation of the Urban Area's accomplishments to ensure that the goals

and objectives are being achieved, or requested funding is still in line with the real threats and vulnerabilities of the Urban Area. Without good performance measurements, DHS may be hindered in properly determining the program effectiveness and impact, and may report imprecise results.

Recommendations

We recommend that the Assistant Administrator, Grant Programs Directorate, direct the State Administrative Agency to:

Recommendation #3: Fully implement procedures to measure performance improvements and progress towards goals using the Target Capabilities List.

Recommendation #4: Include performance measurements developed during this process in any update to the Urban Area Strategy.

Management Responses and Auditors' Analysis

FEMA officials concurred with the intent of recommendations 3 and 4. As stated previously, the National Preparedness Directorate, the FEMA entity responsible for developing guidance for Homeland Security Strategy processes and preparedness performance measurement systems, is revising the guidance and expects to release it by the end of the year 2011 for the FY 2012 application cycle. FEMA will require the State to use the guidance to implement procedures to measure performance improvements and progress towards goals using the Target Capabilities List, as applicable. FEMA will also require the State to include performance measurements during the process of updating the Urban Area Strategy in compliance with FEMA's revised guidance. FEMA requested that recommendations 3 and 4 be resolved and open. However, because there are no firm target dates for completion, recommendations 3 and 4 will remain unresolved and open.

State of Washington officials agreed with recommendations 3 and 4. The officials stated although not required by current guidance, they are working on an assessment of capabilities and the results and analysis will feed directly into the strategy update that will be completed in April 2012.

The Assistant Administrator, Grant Programs Directorate, needs to outline specific corrective actions with supporting documentation for implementation of the recommendations, and a timeline to ensure that the State's implementation of its proposed corrective actions proceeds as intended. The recommendations will remain open until such time that corrective actions have been implemented.

Appendix A

Purpose, Scope, and Methodology

The objective of this audit was to determine whether the State of Washington distributed and spent Urban Areas Security Initiative grant funds strategically, effectively, and in compliance with laws, regulations, and guidance. The goal of this audit is to identify problems and solutions in order to assist FEMA and the State to improve the nation's ability to prevent and respond to all hazards on a local as well as a statewide level.

The scope of this audit included the plans developed by the Urban Area to improve preparedness and all hazards response, the goals set within those plans, the measurement of progress towards the goals, and the assessments of performance improvement that result from this activity. Further, the scope included the assessment of these activities within the context of risk to determine if the State's plans produced strategic performance improvements related to the highest areas of risk rather than merely producing improvements in a broader sense.

Together, the entire Homeland Security Grant Program and its five interrelated grant programs fund a range of preparedness activities, including planning, organization, equipment purchase, training, exercises, and management and administration costs. Because of the interrelationship of these grant programs, all were considered when evaluating the planning cycle and the effectiveness of the overall grant program. However, only Urban Areas Security Initiative funding, and equipment and programs supported by the grant funding, were reviewed for compliance. State Homeland Security Program grants were addressed in the DHS OIG report "The State of Washington's Management of State Homeland Security Grants Awarded During Fiscal Years 2004 through 2006," OIG-08-98, September 2008.

In accordance with the audit guide, auditors chose to visit all eight subgrantees receiving Urban Areas Security Initiative grant funds. We visited nine total sites, including the State Administrative Agency, and eight subgrantees:

- Washington Military Department, Emergency Management Division (State Administrative Agency)
- City of Bellevue
- King County
- Pierce County
- Seattle Police Department
- Snohomish County
- University of Washington

Appendix A
Purpose, Scope, and Methodology

- Washington State Department of Health
- Washington State Patrol

The scope of the audit included the Urban Areas Security Initiative grant awards for FYs 2007, 2008, and 2009 as shown in the following table:

Homeland Security Grant Program FYs 2007 through 2009				
Funded Activity	FY 2007	FY 2008	FY 2009	Total
Urban Areas Security Initiative	\$10,660,000	\$10,340,000	\$11,030,900	\$32,030,900
State Homeland Security Program	\$10,030,000	\$19,780,000	\$18,190,000	\$48,000,000
Law Enforcement Terrorism Prevention Program	\$7,170,000	Not Applicable	Not Applicable	\$7,170,000
Citizen Corps Program	\$291,665	\$295,668	\$294,119	\$881,452
Metropolitan Medical Response System Program	\$774,435	\$963,663	\$963,663	\$2,701,761
Grand Total	\$28,926,100	\$31,379,331	\$30,478,682	\$90,784,113

Source: Federal Emergency Management Agency

The team reviewed a statistical sample of the Urban Area’s expenditures representing 16% of the dollar value expended for each grant year to determine the sufficiency of internal controls.

We conducted this performance audit between October 2010 and May 2011 pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.

Although this audit included a review of costs claimed, we did not perform a financial audit of those costs. This was a performance audit as defined by Chapter 1 of the *Government Auditing*

Appendix A
Purpose, Scope, and Methodology

Standards, and included a review and report of program activities with a compliance element.

Williams, Adley & Company-DC, LLP 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. Accordingly, Williams, Adley & Company-DC, LLP was neither required to review, nor express an opinion on, the costs claimed for the grant programs included in the scope of the audit. Had Williams, Adley & Company-DC, LLP been required to perform additional procedures, or conducted an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to its attention that would have been reported. This report relates only to the programs specified and does not extend to any financial statements of the State of Washington.

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

Appendix B Management Responses to the Draft Report


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



FEMA

OCT 05 2011

MEMORANDUM FOR: Anne L. Richards
Assistant Inspector General for Audits
Office of Inspector General

FROM: 
David J. Kaufman
Director
Office of Policy and Program Analysis

SUBJECT: Response to Draft OIG Report, *The State of Washington's Management of Urban Areas Security Initiatives (UASI) Grants Awarded during Fiscal Years 2007 through 2009*

Thank you for the opportunity to comment on the draft report. The findings in the report will be used to strengthen the effectiveness and efficiency of how we execute and measure our programs. We recognize the need to continue to improve the process, including addressing the recommendations raised in this report. Our responses to the recommendations are as follows:

OIG Recommendation #1: We recommend that the Assistant Administrator, Grant Programs Directorate, direct the State Administrative Agency to develop procedures to periodically update the Urban Area strategy to include goals and objectives that are measurable and time-limited.

FEMA Response: FEMA concurs with the intent of this recommendation. Specifically, the National Preparedness Directorate (NPD) is the FEMA entity responsible for developing guidance regarding the Homeland Security Strategy (HSS) process and preparedness performance measurement systems. NPD is revising the guidance for HSS content. It is anticipated that, in preparation for the FY 2012 Homeland Security Grant Program (HSGP) application cycle, this new guidance will be released by the end of the year 2011 for the FY 2012 HSGP application cycle. FEMA will require the State to formalize a policy and document procedures for updating the State strategy in compliance with revised guidelines developed by NPD.

www.fema.gov

Appendix B

Management Responses to the Draft Report

FEMA will continue to strengthen the language of the guidance, and requests that this recommendation be resolved and open pending implementation of the stated corrective action.

OIG Recommendation #2: We recommend that the Assistant Administrator, Grant Programs Directorate, direct the State Administrative Agency to link the current grant application to the revised Urban Area strategy.

FEMA Response: FEMA concurs with this recommendation. The State of Washington's EMD is in the process of revising their current FY 2005 Seattle Urban Areas Strategy, and it should be ready for review the first quarter of FY 2012. Once the new Urban Area strategy is adopted and ratified by the State and approved by FEMA, all future UASI applications must link with the strategy. FEMA will continue to work towards strengthening the language of the guidance, and requests that this recommendation be resolved and open pending implementation of the stated corrective action.

OIG Recommendation #3: We recommend that the Assistant Administrator, Grant Programs Directorate, direct the State Administrative Agency to fully implement procedures to measure performance improvements and progress towards goals using the Target Capabilities List.

FEMA Response: FEMA concurs with the intent of this recommendation. All 56 states and territories have developed a base HSS. This document is the primary mechanism for State, Urban Areas and Territorial governments to identify the Homeland Security goals for their respective communities. NPD is the FEMA entity responsible for developing guidance on Homeland Security strategies and preparedness performance measurement systems. As stated in our response to **Recommendation 1**, it is anticipated that NPD will release new guidance by the end of the year 2011 for the FY 2012 HSGP application cycle. FEMA will require the SAA to use the guidance developed by NPD to implement procedures to measure performance improvements and progress towards goals using the Target Capabilities List, as applicable. FEMA requests this recommendation be resolved and open pending implementation of the stated corrective actions. .

OIG Recommendation #4: We recommend that the Assistant Administrator, Grant Programs Directorate, direct the State Administrative Agency to include performance measurements developed during this process in any update to the Urban Area Strategy.

FEMA Response: FEMA concurs with the intent of this recommendation. As stated in our response to **Recommendation 1**, it is anticipated that NPD will release new guidance by the end of the year 2011 for the FY 2012 HSGP application cycle. FEMA will require the SAA to include performance measurements during the process of updating the Urban Area Strategy in compliance with revised guidelines developed by NPD. FEMA believes this satisfies the intent of the recommendation and requests that this recommendation remain resolved and open, pending revision of Urban Area Strategy.

We thank you for the opportunity to review and update our comments to your recommendations contained in your final report. Should you have further questions regarding our response, please do not hesitate to call FEMA's Chief Audit Liaison, Brad Shefka, at 202-646-1308

Appendix B Management Responses to the Draft Report



STATE OF WASHINGTON
MILITARY DEPARTMENT
EMERGENCY MANAGEMENT DIVISION

MS: TA-20 Building 20
Camp Murray, Washington 98430-5122
Phone: (253) 512-7000 • FAX: (253) 512-7200

October 14, 2011

Jocelyn A. Hill
Williams, Adley and Company, LLP
1030 15th Street NW, Suite 350
Washington, DC 20005

Dear Ms. Hill:

Thank you for the opportunity to respond to the Williams, Adley and Company *Draft Report: The State of Washington's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009 – For Official Use Only*. Our response comments are included in this letter, along with report text that the comments address. Our understanding is that our response comments will be incorporated into the final draft report forwarded to the Office of Inspector General, for eventual reporting to Congress and publication on the OIG web site.

Response Comments

Report text is shown in italics. Our comments are shown in bolded text.

The objectives of this audit were to determine if the State of Washington distributed and spent Urban Areas Security Initiative grant funds (1) effectively and efficiently and (2) in compliance with applicable federal laws and regulations. We were also to address the extent to which grant funds enhanced the State of Washington's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other man-made disasters. [p1]) The objective of this audit was to determine whether the State of Washington distributed and spent Urban Areas Security Initiative grant funds strategically, effectively, and in compliance with laws, regulations, and guidance. [p10] Overall, the State Administrative Agency did an effective and efficient job of administering the program requirements, distributing grant funds, and ensuring that all available funds were used. The State formed working groups to establish priorities and spent grant funds in accordance with such priorities and applicable federal laws and regulations. [p2]

The State of Washington State Administrative Agency (SAA) appreciates this determination of compliance, effectiveness, and efficiency in its management of Federal Fiscal Year 2007, 2008, and 2009 Urban Area Security Initiative (UASI) program awards for the Seattle Urban Area.

...we identified two areas for improvement: the Urban Area strategy and the assessment process to measure improvement. [p1] We recommend that the Assistant Administrator, Grant Programs Directorate, direct the State Administrative Agency to: Recommendation #1: Develop procedures to periodically update the Urban Area strategy to include goals and objectives that

- 1 -



Appendix B

Management Responses to the Draft Report

Jocelyn A. Hill
October 14, 2011
Page 2

are measurable and time-limited. Recommendation #2: Link the current grant application to the revised Urban Area strategy. [p8] Recommendation #3: Fully implement procedures to measure performance improvements and progress toward goals using the Target Capabilities List. Recommendation #4: Include performance measurements developed during this process in any update to the Urban Area Strategy. [p9]

The State of Washington State Administrative Agency (SAA) recognizes that these recommendations are being made to the FEMA Grants Program Directorate, and if implemented, will apply to all recipients of UASI grant funds. In 2007, the Seattle Urban Area Working Group independently established the need to perform a capabilities assessment process, and began this project with FFY2008 UASI funds. This project will be completed by the end of this year. In 2008, the Urban Area Working Group independently established a need to update its strategy and began this project using FFY2009 funds. The Capabilities Assessment Project results and analysis feed directly into the Strategy Update Process. The Strategy Update Project will complete in April 2012, and the updated strategic goals and objectives will be loaded into the federal Grants Reporting Tool for linking all potentially UASI funded future investments. Goals and objectives will be measurable and time-limited. In short, though not required by guidance, the Seattle Urban Area Working Group has demonstrated that it is in full agreement with the recommendations to FEMA outlined in the Williams Adley report, and is already implementing those recommendations.

The State Administrative Agency did not link grant applications for FY 2007, 2008, and 2009 to the most recent strategy, prepared in 2005. The State does not have a process to link applications to the strategy, but instead bases its applications on annual rankings prepared by the State. [p6]

This statement is incorrect. Homeland Security Grant Program guidance requires the UASI strategy to be loaded into the federal Grants Reporting Tool (GRT), where each year, both the Investment Justifications and UASI-funded local and state projects must be tied to UASI strategic objectives. The SAA loaded the 2005 UASI Strategy into the GRT. The SAA and the Seattle UASI ensured the 2007, 2008, and 2009 grant applications were linked to the 2005 strategy. Examination of Washington State's UASI grant applications in GRT will demonstrate the linkage of investment to strategy. DHS will not approve a grant application without it. In addition to this guidance-required linking each year, the State has also used every tool and process at its disposal to maintain relevant homeland security strategies and to ensure those strategies guide UASI-funded projects.

The State Administrative Agency has not implemented a process to ensure that the Urban Area strategy is reviewed and updated periodically to reflect current goals, objectives, and priorities. [p7]

Federal UASI grant guidance stipulates who the local members are in each Urban Area, and requires those members to form a Working Group and Charter to jointly determine how UASI program funds should be prioritized. Washington State closely follows grant guidance and the SAA is an active partner in the Seattle UASI governance. In many if not most other Urban Areas, states do not enter into the UASI governance process but simply pass through the funds. The State of Washington, however, enjoys a somewhat unique collaborative arrangement whereby the State is a facilitating partner with the

Appendix B

Management Responses to the Draft Report

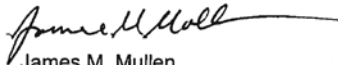
Jocelyn A. Hill
October 14, 2011
Page 3

other UASI members, and the State and locals work together to agree on projects in a fully transparent process. The State and locals together comprise the Urban Area Working Group, which has fully matured in its processes over the ten years of UASI funding, which have been demonstrated in its determination to measure its capabilities improvements and to update its strategies. This is evidenced by the UASI's review of the 2005 strategy, goals, objectives and priorities and the determination in 2008 that the strategy needed to be updated. Beginning with the fiscal year 2011 grant program, states are now required to update their strategies every two years. The Seattle UASI will continue to comply with this grant guidance.

The Urban Area Working Group's mission is to meet the compliance, effectiveness and efficiency objectives noted at the beginning of this letter. The SAA is pleased to receive the determination that the Urban Area Working Group has met these objectives.

Again, Ms. Hill, we thank you for this opportunity to comment on the Williams Adley report. We also wish to note the outstanding friendliness and professionalism of the Williams Adley staff that performed this audit.

Sincerely,



James M. Mullen
Director

cc: Robert Ezelle, Unit Manager
Jennifer Schaal, Homeland Security Section Manager
Russell Sonmore, Subrecipient Monitoring Manager
Program Files

Appendix C

Homeland Security Grant Program Background

The Homeland Security Grant Program provides federal funding to help state and local agencies enhance their capabilities to prevent, protect against, respond to, and recover from terrorist attacks, major disasters, and other emergencies. The Homeland Security Grant Program encompasses several interrelated federal grant programs that together fund a range of preparedness activities, including planning, organization, equipment purchase, training, and exercises, as well as management and administration costs. Programs include:

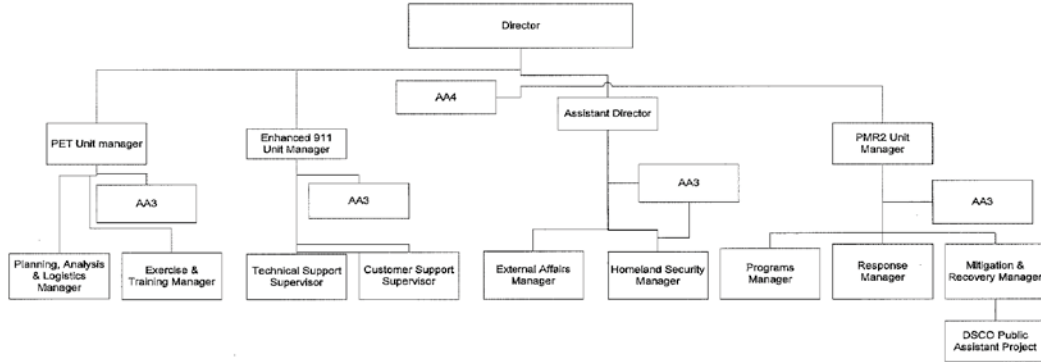
- **State Homeland Security Program** provides financial assistance directly to each of the states and territories to prevent, respond to, and recover from acts of terrorism and other catastrophic events. The program supports the implementation of the State Homeland Security Strategy to address the identified planning, equipment, training, and exercise needs.
- **Urban Areas Security Initiative** provides financial assistance to address the unique planning, equipment, training, and exercise needs of high risk urban areas, and to assist in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism and other disasters. Allowable costs for the urban areas are consistent with the State Homeland Security Program. Funding is expended based on the Urban Area Homeland Security Strategies.

In addition, the Homeland Security Grant Program includes other interrelated grant programs with similar purposes. Depending on the fiscal year these include:

- Metropolitan Medical Response System
- Citizen Corps Program
- Law Enforcement Terrorism Prevention Program (through FY 2007)

Appendix D
Washington Military Department Emergency Management Division Organization

Organization as of September 2010



Source: Washington Military Department, Emergency Management Division

Appendix E
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