



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' and territories' management of State Homeland Security Program and Urban Areas Security Initiative grants, and annually submit to Congress a report summarizing the results of those audits.

This report responds to the annual reporting requirement and summarizes audits of 16 States and territories completed in fiscal year 2012. The Federal Emergency Management Agency (FEMA) awarded the States and territories more than \$924 million in State Homeland Security Program and Urban Areas Security Initiative funds during the fiscal years audited.

DHS Response

We made 130 recommendations to FEMA in the individual audits of the 16 States and territories. FEMA concurred with or concurred with the intent of all but one of the recommendations. Corrective actions are underway that, when implemented, should strengthen program management, performance, and oversight.

For Further Information:

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

Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2012

What We Determined

During fiscal year 2012, audit reports were issued for the States of Arizona, Arkansas, Colorado, Florida, Georgia, Kansas, Louisiana, Michigan, Minnesota, Montana, New Mexico, Ohio, Oklahoma, U.S. Virgin Islands, Utah (Urban Areas Security Initiative only), and Washington (Urban Areas Security Initiative only). In most cases, the States did an efficient and effective job of administering the grant management program requirements in compliance with grant guidance and regulations. We identified an innovative system that could be considered for use by other jurisdictions.

We identified two key areas for improvement: strategic planning and oversight of grant activities. We documented instances of prior recommendations that had not been resolved, and identified more than \$5.7 million in questioned costs. We also recommended that FEMA consider designating the U.S. Virgin Islands as a high-risk grantee.

What We Recommend

No new recommendations were made with this report; however, from the individual audits of the 16 States and territories we recommended that the Assistant Administrator, Grant Programs Directorate, FEMA, require the States and territories to make improvements in the following areas:

Strategic Planning Processes:

- Fully measurable and achievable goals and objectives
- Long-term capability sustainment options
- Prioritize strategic goals and proposed projects

Oversight of Grant Activities:

- Allocation, obligation, and expenditure of grant funds
- Monitoring of subgrantee activities
- Oversight of investments, costs, and financial management
- Compliance with procurement and property management requirements

We also recommended that FEMA address unresolved prior recommendations and consider designating the U.S. Virgin Islands as a high-risk grantee.