

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

Fire Station Construction Grants
Funded by the American Recovery and
Reinvestment Act of 2009



American Recovery and Reinvestment Act of 2009

OIG-12-23

January 2012



Homeland Security

JAN 3 - 2012

MEMORANDUM FOR: Elizabeth Harman
Assistant Administrator, Grant Programs Directorate
Federal Emergency Management Agency

FROM: Anne L. Richards *John E. McCoy II for*
Assistant Inspector General for Audits

SUBJECT: *Fire Station Construction Grants Funded by the American
Recovery and Reinvestment Act of 2009*

Attached for your information is our final letter report, *Fire Station Construction Grants Funded by the American Recovery and Reinvestment Act of 2009*. We incorporated formal comments from the Director of the Office of Policy and Analysis in the final report.

The report contains two recommendations aimed at improving the fire station construction grants program. The Office of Policy and Analysis concurred with both recommendations. Within 90 days of the date of this memorandum, please provide our office with a written response that includes a correction action plan and target completion dates for each recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendations. Until your response is received and evaluated, the recommendations will be considered open and unresolved.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. The report will be posted on our website.

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

Background

The *American Recovery and Reinvestment Act of 2009* (Recovery Act) appropriated to the Federal Emergency Management Agency (FEMA) \$610 million, of which \$210 million was for competitive firefighter assistance grants for “modifying, upgrading, or constructing non-Federal fire stations.” The Recovery Act also specifies that no grant shall exceed \$15 million and that FEMA may use up to 5% of the appropriation for management and administration. The Department of Homeland Security (DHS) must obligate the grant funds by September 30, 2010.

Office of Management and Budget Memorandum M-09-15, *Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, requires federal agencies to submit plans for each program funded by the Recovery Act. The plan must include information on the goals and objectives of the program; kinds and scope of activities to be performed; delivery schedule; measures of program outputs, outcomes, and efficiency; and program monitoring processes.

FEMA issued its spending plan for the fire station construction (FSC) grants on May 15, 2009. The plan called for awarding the grants by December 31, 2009. The spending plan required that the grant projects be subjected to reviews mandated by the *National Environmental Policy Act* and the *National Historic Preservation Act* prior to release of grant funds. The plan also identified how grant projects would be monitored programmatically and financially to ensure that the project goals, objectives, performance requirements, timelines, milestone completion, budgets, and other related program criteria are met.

Within FEMA’s Grant Programs Directorate (GPD), the Assistance to Firefighters Grant (AFG) Program Office administers the FSC grants. The AFG Program Office used the overall framework for grant administration employed for all other AFG grant programs and obtained recommendations for funding priorities and criteria for awarding grants from the nine major fire service organizations listed below:

Fire Service Organizations		
Congressional Fire Services Institute	International Association of Arson Investigators	International Association of Fire Chiefs
International Association of Firefighters	International Society of Fire Service Instructors	National Association of State Fire Marshals
National Fire Protection Association	National Volunteer Fire Council	North American Fire Training Directors

FEMA grant application guidance gave the highest priority to replacing unsafe or uninhabitable structures and to expanding fire protection coverage to meet increased service demand. The next priority was to fund projects modifying or expanding existing structures to provide sleeping quarters and/or amenities for full-time occupancy. A slightly lower priority was to fund modifying or expanding existing structures to accommodate support functions such as communications. The lowest priority was to fund projects replacing or expanding habitable structures that are cramped or inefficiently configured for operation.

Results of Review

FEMA is generally administering the Recovery Act FSC Grant Program according to its plan and requirements. FEMA awarded 116 grants totaling \$207 million after receiving and evaluating approximately 6,000 grant applications. FEMA awarded 91.4% of the grants by December 31, 2009, and awarded all grants by September 30, 2010. All grant projects awarded were examined for compliance with applicable *National Environmental Policy Act* and *National Historic Preservation Act* requirements. FEMA's status report to DHS as of September 30, 2011, shows outlays to grant recipients of approximately \$67 million, or 32.6% of total FSC grant projects. In addition, grantees reported funding about 1,315 jobs for the quarter ended September 30, 2011.¹ Appendix C lists all grant awards and obligations and a breakout of the 1,315 jobs by grant.

We identified that FEMA needs to improve program monitoring. It should approve the programmatic monitoring protocol and plan and implement a process to collect and analyze grant program performance measures identified in the FSC Recovery Act plan. FEMA also needs to ensure that recommended corrective actions from FSC grant financial desk reviews are communicated to GPD leadership.

Program Monitoring

GPD issued Grants Policy and Procedure 09-12 to set policy for monitoring grants. To implement this policy, both the AFG Program Office and the Grant Administration and Assistance Division implemented specific protocols and plans to monitor program and financial grant activities. As of October 25, 2011, GPD senior leadership has not approved the programmatic monitoring protocol and plan. Also, GPD leadership has not approved the Recovery Act performance measures for FSC program performance.

The fiscal year 2011 FEMA Financial Monitoring Plan states that the Regional Coordination and Oversight (RCO) Branch will communicate plans for corrective actions resulting from grantee financial activities' desk reviews to senior management quarterly. However, the quarterly report is still in development. Consequently, the RCO Branch distributes a monthly "Issue Paper" to GPD leadership, but this paper does not include the Recovery Acts grants. For 4 of 15 desk reviews that we examined, the reviewer identified findings; however, corrective actions for these findings were not included in the status update to GPD leadership.

Recommendations

We recommend that the Assistant Administrator, Grant Programs, ensure that:

1. The AFG Program Office finalizes and implements its Programmatic Grants Monitoring Protocols and Plan for Monitoring of Fire Station Construction Grants and approves measures to monitor program performance.

¹ September 30, 2011, is the ending date for the most recent quarter for recipient reporting on jobs created or retained.

2. The RCO Branch communicates corrective actions from desk reviews to senior GPD leadership.

Management Comments and OIG Analysis

We obtained written comments on a draft of the report from the Director of the Office of Policy and Analysis. A copy of the comments is in appendix B. The Director concurred with both recommendations, indicated that progress had been made, and said that additional corrective actions would be described in response to the final report.

Although the comments agreed with the recommendations and indicated progress in implementing the improvements, we have classified the recommendations as unresolved pending receipt of a corrective action plan identifying the official responsible for implementation and the date that necessary actions will be completed.

Appendix A

Purpose, Scope and Methodology

Our objective was to determine (1) whether FEMA was administering the Recovery Act funds for the Fire Station Construction Grants Program in accordance with program plans and requirements, and (2) the status of Fire Station Construction Grants Program funds and projects. To accomplish our objective, we—

- Reviewed applicable laws, policy, and FEMA guidance used to award grants and monitor program performance;
- Reviewed the process for awarding grants to determine whether program guidance was sufficient and followed;
- Reviewed FEMA procedures for project monitoring to determine if grantees submitted required reports and FEMA evaluated and acted as appropriate on the financial information;
- Reviewed the contract for program management support, interviewed contractor staff, and reviewed tasks performed to obtain an understanding of work performed;
- Interviewed FEMA GPD officials to obtain information on the administration, management, and oversight of the Program;
- Evaluated a judgmental sample to confirm compliance with (1) grant guidance and (2) financial and program requirements; and
- Surveyed grant recipients to identify reasons for delays in starting projects and any other program issues.

We conducted this performance audit between February and June 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 obtained an understanding of the internal controls that were significant within the context of our audit objective. We evaluated the design and operating effectiveness of these internal controls to determine the reliability of information used in performing these significant controls. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.

We appreciate the efforts by DHS management and staff to provide the information and access necessary to accomplish this review.

Appendix B Managements Comments to the Draft Letter Report


U.S. Department of Homeland Security
Washington, DC 20472



FEMA

OCT 25 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: Comments to OIG/GAO Draft Letter Report, *Fire Station Construction Grants Funded by the American Recovery and Reinvestment Act of 2009 –For Official Use Only OIG Project No. 11-060-DHS-AUD*

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 grants management process, including addressing the recommendations raised in this report. Our responses to the two recommendations are as follows:

OIG Recommendation #1. The OIG recommends that Assistant Administrator, Grant Programs, ensure that the AFG Program Office finalizes and implements its Programmatic Grants Monitoring Protocols and Plan for Monitoring of Fire Station Construction Grants and approves measures to monitor program performance.

FEMA Response. FEMA concurs with this recommendation. Significant progress has been made in monitoring, however, further development and implementation of a monitoring plan and protocols for the station construction grants are in development. We will provide a report on additional progress with regard to monitoring in our response to the OIG's final report on the audit. In the meantime, we request that the status of the recommendation be resolved and open pending GPD's report on additional progress.

OIG Recommendation #2. The OIG recommends that Assistant Administrator, Grant Programs, ensure that the Regional Coordination and Oversight Branch communicate corrective actions from desk reviews to senior GPD leadership.

FEMA Response. FEMA concurs with this recommendation. The Regional Coordination and Oversight Branch have implemented several communication methods to keep senior GPD leadership informed of issues in the monitoring of grantees. These communication methods include regional assessments involving the Director of Grant Operations, monthly conference calls between headquarters and regions, and the exchange of monthly reports on funding between headquarters and regions to keep all staff advised of the status of funding. We will provide a report on additional corrective actions planned and taken in our response to the OIG's final report on the audit. In the meantime, we request that the recommendation be resolved and open pending the report on additional progress.

We thank you, again, for the opportunity to provide our comments to your recommendations contained in your draft 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 C Grant Awards, Obligations, and Jobs

Grantee	State	Obligation	Outlays	Jobs
EUFAULA FIRE DEPARTMENT	AL	\$ 360,978	0	0
MADISON FIRE/RESCUE	AL	1,415,043	424,512	2.33
MOBILE FIRE-RESCUE DEPARTMENT	AL	1,952,763	0	*
BIRMINGHAM FIRE & RESCUE SERVICE	AL	1,832,907	7,900	0
COUNTY 17 FIRE & RESCUE	AL	276,130	0	0
LITTLE ROCK FIRE DEPARTMENT	AR	2,017,800	135,602	0.7
BRYANT FIRE DEPARTMENT ¹	AR	34,000	0	*
HORSESHOE LAKE VOLUNTEER FIRE DEPARTMENT	AR	765,813	227,000	43
CITY OF MESA FIRE DEPARTMENT	AZ	4,040,000	0	6.72
GILBERT FIRE DEPARTMENT	AZ	2,977,838	297,783	0
TOWN OF BUCKEYE FIRE DEPARTMENT	AZ	3,522,456	791,198	13
CITY OF MORRO BAY	CA	1,602,940	160,294	2.25
SANTA MARIA CITY FIRE DEPARTMENT	CA	4,368,907	0	0
CITY OF ONTARIO FIRE DEPARTMENT	CA	1,354,000	71,143	3.45
MARIPOSA COUNTY FIRE DEPARTMENT	CA	2,184,586	269,666	0
SOUTH SAN FRANCISCO FIRE DEPARTMENT	CA	2,050,000	260,272	5
COUNTY OF LOS ANGELES FIRE DEPARTMENT	CA	3,623,900	0	40.63
MARINA FIRE DEPARTMENT	CA	497,878	497,878	12
ROUGH AND READY FIRE DEPARTMENT	CA	1,126,832	540,531	75
FAIRMOUNT FIRE PROTECTION DISTRICT	CO	132,787	13,278	0
CITY OF PUEBLO FIRE DEPARTMENT	CO	2,734,445	0	12.79
TOWN OF EAST HARTFORD FIRE DEPARTMENT	CT	3,660,019	3,477,015	26.85
LIBERTY FIRE DISTRICT, INC.	FL	856,260	32,094	3
COLUMBIA COUNTY FIRE DEPARTMENT ²	FL	0	0	*
TAMPA FIRE RESCUE	FL	1,624,880	487,464	2.38
EDGEWATER FIRE RESCUE	FL	1,141,357	342,407	*
CITY OF QUINCY FIRE DEPARTMENT	FL	1,200,987	87,911	0
SUMTER COUNTY FIRE RESCUE	FL	2,131,638	1,385,565	13.69
BUTTS COUNTY FIRE DEPARTMENT	GA	531,600	53,578	9
SMYRNA FIRE DEPARTMENT	GA	1,434,967	71,847	0
LOUISVILLE VOLUNTEER FIRE DEPARTMENT	GA	858,673	787,108	2
SCREVEN COUNTY FIRE DEPARTMENT	GA	135,000	0	0
HAWAII COUNTY FIRE DEPARTMENT	HI	4,113,686	411,368	14
BRITT FIRE DEPARTMENT	IA	543,640	543,640	60
PAYETTE CITY & RURAL FIRE DEPARTMENTS	ID	1,979,891	1,292,828	7.86
NORTHERN LAKES FIRE PROTECTION DISTRICT	ID	1,054,120	132,333	1
SOUTH BOUNDARY FIRE PROTECTION DISTRICT	ID	356,870	356,870	**
ATKINSON FIRE PROTECTION DISTRICT	IL	1,359,000	1,291,050	27
COLONA FIRE DEPARTMENT	IL	562,387	562,387	0
MUNICIPAL FIRE DEPARTMENT	IL	1,160,000	129,357	1
VILLAGE OF WESTERN SPRINGS	IL	1,100,000	1,100,000	65
CHICAGO FIRE DEPARTMENT	IL	4,800,000	0	16.25
VALPARAISO FIRE DEPARTMENT	IN	461,368	461,368	**
NEW WHITELAND FIRE DEPARTMENT	IN	510,248	510,248	32
POSEY TOWNSHIP VOLUNTEER FIRE DEPARTMENT	IN	1,265,777	343,766	0
VOLUNTEER FIRE & RESCUE OF HARRISON TOWNSHIP	IN	1,149,490	10,000	0
NEWTON FIRE/EMS DEPARTMENT	KS	2,962,365	1,925,537	0
LOUISVILLE FIRE AND RESCUE	KY	3,319,765	900,000	3.5
MT. STERLING FIRE DEPARTMENT	KY	1,100,000	20,000	17
GROSSE TETE VOLUNTEER FIRE DEPARTMENT	LA	2,763,080	809,779	0.26
PAINCOURTVILLE VOLUNTEER FIRE DEPARTMENT	LA	547,400	0	10
CHELSEA FIRE DEPARTMENT	MA	1,515,020	0	0
WARE FIRE DEPARTMENT	MA	5,000,000	400,000	5
BRUNSWICK VOLUNTEER FIRE COMPANY, INC.	MD	2,431,161	1,580,254	35
ANNE ARUNDEL, COUNTY OF	MD	1,866,100	186,610	0
GOODWINS MILLS FIRE & RESCUE	ME	879,753	879,753	0
WASHINGTON TOWNSHIP FIRE DEPARTMENT	MI	1,510,016	1,434,504	0
GRAND TRAVERSE METRO FIRE DEPARTMENT	MI	2,813,034	2,589,021	6
NORTH OAKLAND COUNTY FIRE AUTHORITY	MI	759,704	713,717	0.72
CITY OF HIGHLAND PARK FIRE DEPARTMENT	MI	2,681,167	0	*
DUTTON FD / GAINES CHARTER TOWNSHIP	MI	866,561	823,232	0
FULTON FIRE DEPARTMENT	MO	1,265,487	1,048,359	3
MAPAVILLE FIRE PROTECTION DISTRICT	MO	925,363	880,750	50
WINFIELD-FOLEY FIRE PROTECTION DISTRICT	MO	1,206,550	143,565	10

Appendix C Grant Awards, Obligations, and Jobs

Grantee	State	Obligation	Outlays	Jobs
UNIVERSITY CITY FIRE DEPARTMENT	MO	2,612,197	10,045	0
KANSAS CITY, MISSOURI FIRE DEPARTMENT	MO	2,030,000	1,319,500	12.73
BIGGERSVILLE VOLUNTEER FIRE DEPARTMENT	MS	469,173	445,711	1.53
KALISPELL FIRE DEPARTMENT	MT	1,348,039	1,140,674	43
VALLEY HILL FIRE & RESCUE	NC	640,000	456,679	6.55
PITTSBORO VOLUNTEER FIRE & RESCUE DEPARTMENT	NC	607,500	448,774	68
TOWN OF SUNSET BEACH	NC	1,494,103	290,553	86
BETHLEHEM COMMUNITY VOLUNTEER FIRE DEPARTMENT	NC	2,008,515	57,785	3.12
NAVASSA VOLUNTEER FIRE DEPARTMENT	NC	1,607,950	1,599,988	0
WINSTON-SALEM FIRE DEPARTMENT	NC	2,008,541	0	0
LONDONDERRY FIRE/RESCUE	NH	1,655,671	1,655,671	2
PATERSON FIRE DEPARTMENT	NJ	4,500,000	0	0
BAYONNE FIRE DEPARTMENT	NJ	3,567,491	0	0
SANDOVAL COUNTY FIRE DEPARTMENT	NM	2,700,204	791,404	27
SIERRA FIRE PROTECTION DISTRICT	NV	2,089,130	208,913	3.77
LYON COUNTY TREASURER	NV	2,091,524	2,091,524	**
OTTER LAKE FIRE COMPANY, INC.	NY	1,469,862	342,070	5.3
WAYNE TOWNSHIP FIRE AND RESCUE	OH	820,000	820,000	**
OLMSTED TOWNSHIP FIRE DEPARTMENT	OH	1,954,079	1,172,444	31
BRISTOL TOWNSHIP VOLUNTEER FIRE DEPT	OH	2,235,191	1,927,826	25
JACKSON TOWNSHIP FIRE DEPARTMENT	OH	1,412,920	0	0
TOLEDO FIRE & RESCUE DEPARTMENT	OH	2,995,603	216,000	0
AUSTINTOWN FIRE DEPARTMENT	OH	333,000	316,050	52
GATES RURAL FIRE PROTECTION DISTRICT	OR	1,582,821	1,570,993	0
KLAMATH COUNTY FIRE DISTRICT NO. 1	OR	4,353,954	0	0
CITY OF NEWBERG	OR	809,225	61,555	7
LAFAYETTE FIRE COMPANY OF E. LAPETER TOWNSHIP	PA	2,285,436	985,805	24
SIX MILE RUN AREA VOL. FIRE COMPANY	PA	2,001,710	168,317	*
MALVERN FIRE COMPANY	PA	1,076,845	150,000	8
EAST PROVIDENCE FIRE DEPARTMENT	RI	6,406,715	16,207	0.25
INDIAN LAND FIRE DEPARTMENT	SC	1,669,808	1,586,317	6.98
SOUTH GREENVILLE FIRE DEPARTMENT	SC	842,008	98,836	2.37
HEATH SPRINGS VOLUNTEER FIRE DEPARTMENT	SC	976,000	976,000	1.33
ST. PAUL'S FIRE DISTRICT	SC	1,686,246	602,946	3
OLAR FIRE DEPARTMENT	SC	209,000	209,000	0
HAYWARD FIRE AND EMERGENCY SERVICES	SD	196,000	196,000	21
NIOTA RURAL VOLUNTEER FIRE DEPT	TN	336,680	88,202	34
CITY OF MUNFORD FIRE DEPARTMENT	TN	1,817,000	1,089,836	14.69
PIGEON FORGE FIRE DEPARTMENT	TN	2,045,072	0	25.14
LIMESTONE COVE FIRE DEPARTMENT	TN	110,872	71,761	2
ALLEN FIRE DEPARTMENT	TX	1,803,126	1,433,470	1.9
BRIARROAKS VOLUNTEER FIRE DEPT, INC.	TX	301,800	90,540	1.58
EL PASO FIRE DEPARTMENT	TX	1,256,115	0	2.1
CITY OF SAN ANTONIO FIRE DEPARTMENT	TX	7,316,260	0	28.39
CEDAR CITY/IRON COUNTY	UT	974,205	974,205	**
NEWPORT NEWS FIRE DEPARTMENT	VA	2,597,425	2,597,425	0
RICHMOND FIRE AND EMERGENCY SERVICES	VA	3,520,109	352,010	0.57
FLUVANNA COUNTY VFD - FORK UNION COMPANY	VA	1,415,540	141,554	0
CITY OF SEDRO-WOLLEY FIRE DEPARTMENT	WA	1,450,660	1,450,660	21
GIG HARBOR FIRE & MEDIC ONE	WA	2,182,336	147,402	1.25
SNOQUALMIE PASS FIRE AND RESCUE	WA	4,007,374	4,007,374	**
NEENAH MENASHA FIRE RESCUE	WI	1,208,522	1,158,371	103
Total		\$206,365,944	\$67,438,739	1314.93
*No report filed.				
**Project complete, no report required.				
¹ Bryant Fire Department initially received a grant of \$100,000. FEMA canceled the grant and reduced the obligation to \$34,000 to cover the costs claimed by Bryant Fire Department before the grant was canceled.				
² Columbia County Fire Department initially received a grant of \$684,000. FEMA cancelled the grant and deobligated the funds.				

Appendix D
Major Contributors to this Report

Roger LaRouche, Director
Pamela Weatherly, Lead Auditor
Jason Kim, Auditor
Shelley Howes, Independent Reference Reviewer

Appendix E
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