



Department of Homeland Security Office of Inspector General

**The State of South Carolina's
Management of State Homeland
Security Program Grants Awarded
During Fiscal Years 2005 through 2007**



Office of Inspector General

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



**Homeland
Security**

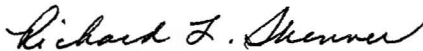
DEC 11 2009

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 strengths and weaknesses of the State of South Carolina's Management of State Homeland Security Program grants awarded during Fiscal Years 2005 through 2007. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents. We contracted with the independent public accounting firm Williams, Adley & Company, LLP to perform the audit. The contract required Williams, Adley & Company, LLP to perform its audit according to generally accepted government auditing standards. Williams, Adley & Company, LLP's report identifies three reportable conditions where State management of the grant funds could be improved, resulting in four recommendations addressed to the Administrator, Federal Emergency Management Agency. Williams, Adley & Company, LLP is responsible for the attached auditor's report dated October 29, 2009 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.


Richard L. Skinner
Inspector General



October 29, 2009

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, LLP performed an audit of the State of South Carolina's management of the Department of Homeland Security's State Homeland Security Program grants for Fiscal Years 2005 through 2007. The audit was performed in accordance with our Task Order No. TPD-FIG-BPA-07-0013-0071, dated September 27, 2008. This report presents audit results and includes recommendations to help improve the State's management of the audited State Homeland Security Program 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 South Carolina 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, LLP

A handwritten signature in cursive script that reads 'Charbet M. Duckett'.

Charbet M. Duckett
Partner

Table of Contents/Abbreviations

Executive Summary	1
Background	2
Results of Audit	7
State Grants Management Practices Were Generally Effective, But Some Improvements Needed	7
Statewide Goals and Objectives Are Not Measurable	7
Recommendations	9
Management Comments and Auditors' Analysis	10
Support For Threat and Vulnerability Assessments Not Documented and Retained	10
Recommendation	11
Management Comments and Auditors' Analysis	11
Financial Status Reports Submitted Late	12
Recommendation	13
Management Comments and Auditors' Analysis	13

Appendices

Appendix A: Purpose, Scope, and Methodology	14
Appendix B: Organization Chart	17
Appendix C: Management Comments to the Draft Report	18
Appendix D: Report Distribution	21

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

Williams, Adley & Company, LLP completed an audit of the State Homeland Security Program grants awarded during Fiscal Years 2005 through 2007 to the State of South Carolina. The objective was to determine whether the State distributed and spent Homeland Security Program funds strategically, effectively, and in compliance with laws, regulations, and guidance. The audit included a review of approximately \$25 million in State Homeland Security Program grants included in the approximately \$44 million of Homeland Security grants that the Federal Emergency Management Agency awarded to the State of South Carolina.

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 used acceptable methodologies for assessing threats, vulnerabilities, capabilities, and prioritized needs. The State used capabilities-based planning to identify and address capability gaps, and performed detailed capability assessments. The State has developed an online webpage and monitoring methods to ensure subgrantees' performance. The State generally administered grants in compliance with guidance and regulations.

Improvements are needed in the State's management of the State Homeland Security Program grants to improve its strategic planning process by developing goals and objectives that are measurable, retain supporting documentation for assessments of threats and vulnerabilities, and improve the timeliness of Financial Status Report submissions. We are making four recommendations to the Federal Emergency Management Agency that, if implemented, should strengthen program management, performance, and oversight. Federal Emergency Management Agency officials verbally concurred with the recommendations. State officials verbally agreed with the recommendations and provided a written response to the recommendations, which is included as Appendix C.

Background

The Homeland Security Grant Program is a federal assistance grant program administered by the U.S. Department of Homeland Security (DHS), Grant Programs Directorate within the Federal Emergency Management Agency (FEMA). The current Grant Programs Directorate, hereafter referred to as FEMA, began with the Office of Domestic Preparedness, which was transferred from the Department of Justice to DHS in March 2003. The Office of Domestic Preparedness was subsequently consolidated into the Office of State and Local Government Coordination and Preparedness which, in part, became the Office of Grants and Training, and which subsequently became a part of FEMA.

Although the grant program was transferred to DHS, applicable Department of Justice grant regulations and legacy systems were still used, as needed, to administer the program. For example, through Fiscal Year (FY) 2008 the Office of Justice Programs' Grants Management System was used to receive grantee applications and to administer the award and reporting processes. Also, prior to the transfer, the State Administrative Agency entered payment data into the Office of Justice Programs' Phone Activated Paperless Request System, which was a drawdown payment system for grant funds. That payment system was replaced in April 2007 by FEMA's Payment and Reporting System, which allows grantees to make payment requests and complete and transmit their quarterly Financial Status Reports online.

Homeland Security Grant Program

The Homeland Security Grant Program provides federal funding to help states and local agencies enhance their capabilities to prevent, deter, respond to, and recover from threats or acts of terrorism. The 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. Depending on the fiscal year, the program included some or all of the following:

- **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. 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 them in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism. Allowable costs for the urban areas are consistent with the State Homeland Security Program and funding is expended based on the Urban Area Homeland Security Strategies.
- **Law Enforcement Terrorism Prevention Program** provides law enforcement communities with funds to support the following prevention activities: information sharing to preempt terrorist attacks; target hardening to reduce vulnerability of selected high value targets; recognition and mapping of potential or developing threats; counterterrorism and security planning; interoperable communications; interdiction of terrorists before they can execute a threat; and intervention activities that prevent terrorists from executing a threat. These funds may be used for planning, organization, training, exercises, and equipment.
- **Citizen Corps Program** is the department's grass-roots initiative to actively involve all citizens in hometown security through personal preparedness, training, and volunteer service. Funds are used to support Citizen Corps Councils with efforts to engage citizens in preventing, preparing for, and responding to all hazards, including planning and evaluation, public education and communication, training, participation in exercises, providing proper equipment to citizens with a role in response, and management of Citizen Corps volunteer programs and activities.
- **Metropolitan Medical Response System Program** supports jurisdictions in enhancing and sustaining integrated, systematic, mass casualty incident preparedness to respond to mass casualty events during the first hours of a response. This includes the planning, organizing, training, and equipping concepts, principles, and techniques, which enhance local jurisdictions' preparedness to respond to the range of mass casualty incidents – from chemical, biological, radiological, nuclear, and explosive events to epidemic outbreaks, natural disasters, and large-scale hazardous materials incidents.

-
- **Emergency Management Performance Grant Program** funds are used to support comprehensive emergency management at the state and local levels and to encourage the improvement of mitigation, preparedness, response, and recovery capabilities for all hazards. DHS is responsible for leading and supporting the nation in a comprehensive, risk-based, all-hazards emergency management program, and these performance grant funds are a primary means of ensuring the development and maintenance of such a program. Funds may also be used to support activities for managing consequences of acts of terrorism.

State Administrative Agency

State governors appoint a State Administrative Agency to administer the Homeland Security Grant Program. The State Administrative Agency is responsible for managing the grant program in accordance with established federal guidelines, and is also responsible for allocating funds to local, regional, and other state government agencies.

The South Carolina Law Enforcement Division, an enforcement agency of the South Carolina State government, is the State Administrative Agency for South Carolina. It was established in 1947 by Executive Order of the Governor at the request of the South Carolina Sheriffs.

On July 31, 2003, the Governor signed a law that added to the South Carolina Law Enforcement Division's mission the coordination of South Carolina's counterterrorism effort, coordination of homeland security grants, creation of counterterrorism councils, and service as the Governor's representative to the United States Department of Homeland Security. This law codified the Division's role as the official operational authority in the counterterrorism effort to detect, prevent, prepare for, protect against, and respond to violence or threats of violence from terrorist activities.

A State Counterterrorism Coordinating Council, Committees of the Council, four Regional Counterterrorism Councils (Pee Dee, Low Country, Midlands, and Piedmont), and County Needs Assessment Committees were established to assist the Division in achieving its mission. The multi-disciplined councils and committees included representatives from law enforcement, emergency management, government, public works, firefighters, emergency medical

services, public health, health care, and many others. South Carolina currently has four counterterrorism regions with at least one Advanced Chemical, Ordnance, Biological, Radiological team; one Urban Search and Rescue team; and one Explosive Ordnance Device team. Other regional teams include the Community Animal Response Teams and the Public Health Epidemiological teams. Regional Counterterrorism Coordinating Councils were established in each of the regions to coordinate homeland security issues. The regional efforts ensure that South Carolina maintains adequate preparedness, prevention, protection, response, and recovery capabilities. The South Carolina Law Enforcement Division's organization structure is depicted in Appendix B.

Grant Funding

The State of South Carolina received approximately \$44 million in funds from the Homeland Security Grant Program during FYs 2005 through 2007. Of this amount, over \$25 million was from the State Homeland Security Program as shown in Table 1. During that timeframe, the South Carolina Law Enforcement Division awarded subgrants to 22 counties within the State's 4 regions. The State used the grant funds primarily to purchase equipment for law enforcement, fire rescue, medical emergency, and other personnel, and to provide preparedness training and exercises. South Carolina did not receive any Urban Areas Security Initiative funding for FYs 2005 through 2007.

Table 1

South Carolina Homeland Security Grant Awards Fiscal Years 2005 through 2007				
Grant Programs ('000s)				
Funded Activity	2005 Homeland Security Grant Program	2006 Homeland Security Grant Program	2007 Homeland Security Grant Program	Total
State Homeland Security Program	\$ 16,925	\$ 4,380	\$ 3,820	\$ 25,125
Urban Areas Security Initiative	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Law Enforcement Terrorism Prevention Program	\$ 6,155	\$ 4,100	\$ 4,380	\$ 14,635
Citizen Corps Program	\$ 215	\$ 307	\$ 233	\$ 755
Metropolitan Medical Response System Program	\$ 227	\$ 232	\$ 258	\$ 717
Emergency Management Performance Grant Program	\$ 2,762	Not Applicable	Not Applicable	\$ 2,762
Total	\$ 26,284	\$ 9,019	\$ 8,691	\$ 43,994

Williams, Adley & Company, LLP completed an audit of the State of South Carolina's Management of DHS' FYs 2005 through 2007 State Homeland Security Program grants. The objective of the audit was to determine whether the State distributed and spent Homeland Security Grant Program funds strategically, effectively, and in compliance with laws, regulations, and guidance. Nine researchable questions provided by the DHS Office of Inspector General (OIG) established the framework for the audit. Researchable questions at the State Administrative Agency addressed planning, management, and evaluations of grant activities. Appendix A provides additional details on the purpose, scope, and methodology of this audit, including the nine researchable questions.

Results of Audit

State Grants Management Practices Were Generally Effective, But Some Improvements Needed

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 Administrative Agency, along with the Strategy and Homeland Security Governance Structures of South Carolina, used acceptable methodologies for assessing threats, vulnerabilities, capabilities, and prioritized needs. The State used capabilities-based planning to identify and address capability gaps, and performed detailed capability assessments in Fiscal Years 2005 through 2007. The State has developed an online webpage and monitoring methods to ensure subgrantees' performance. Furthermore, state monitoring includes site visits, daily interactions, surveys, evaluations conducted by outside entities, and reviews of exercise programs. All subgrantees and jurisdictions were monitored on-site at least once per year. Also, the State generally administered grants in compliance with grant guidance and regulations, except where noted below.

However, as demonstrated by the results contained in this report, improvements are needed in South Carolina's management of State Homeland Security Program grants. Specifically, the State must improve its strategic planning process by developing statewide goals and objectives that are measurable and quantifiable. Also, the State needs to ensure support for threat and vulnerability assessments is documented and retained, and Financial Status Reports are submitted in a timely manner.

Statewide Goals and Objectives Are Not Measurable

The State Administrative Agency's statewide goals and objectives are not measurable, cannot quantify improvement, and have no mechanism to measure effectiveness. As demonstrated in the following example, objectives did not specifically identify and quantify what was to be achieved or accomplished, nor did they provide a standard for comparison:

Goal 1: Improve State, regional, and local capabilities to detect and prevent terrorist activity, provide early warning, analyze intelligence, share information, and conduct joint intervention operations.

Objective 1.1.12: Develop comprehensive information sharing and intelligence analysis training program.

Implementation Steps:

- Continue terrorism prevention training for key public and private sector agencies and the public at large.
- Continue to provide terrorism awareness and collaborative process training to agency key executives.
- Update and distribute terrorism prevention field operating guides to response agencies and public.
- Develop public information website that provides continuously updated unclassified terrorism awareness information.
- Continue and update training program to provide basic intelligence analysis training to SLED agents and local law enforcement

The goal does not specify who will take the training, where the training will be held, who will develop the training, or when the training will be completed. In addition it shows no pre-goal state to show how this training will improve the State's capabilities to prevent terrorism. The lack of specific measurable goals and objectives makes it difficult to determine whether effectiveness is achieved.

FY 2006 Homeland Security Grant Program Guidance and Application Kit, Section V Award and Reporting Requirements, states that under the Government Performance and Results Act, DHS is required to collect and report performance information across all of its programs. This includes grant programs for which DHS assesses performance information to allow the department to ensure that grant funds are achieving positive, measurable progress in improving preparedness.

FEMA's State and Urban Area Homeland Security Strategy dated July 22, 2005 states: "An objective sets a target level 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,

particular and focused; measurable; achievable; results-oriented; and time-limited.”

While the State Administrative Agency did form Counterterrorism Coordinating Councils to develop, define, and review the State strategy and goals, it did not create a mechanism to collect data, nor any procedures to analyze such data and maintain documentation to support the evaluation. Without the mechanism and proper supporting documentation, there is no assurance the information is accurate.

State Administrative Agency officials stated they were never given any indication by FEMA that the strategies were not accurate and measurable from the time the strategy was developed to the present. Also, the State Administrative Agency officials were under the impression that the goals were meant to be broad and achieve several objectives under one goal. According to FEMA, no specific guidance was given to states prior to 2004 on how to create measurable and quantifiable strategies. All strategies prior to 2004 were reviewed, approved by FEMA, and considered wholly acceptable as submitted. FEMA acknowledges that the State provided the information based on the strategies designed during that time period. After 2004, FEMA adopted recommendations to assist states in creating more quantifiable strategies. Although FEMA approved the strategies prepared by South Carolina, these strategies lacked measurable goals that would show quantifiable improvement.

Although the State has policies and procedures for subrecipient monitoring, the State does not have a mechanism to collect objective, results-oriented data from its 46 counties, and therefore, the State Administrative Agency does not have a basis for evaluating the effectiveness of grant fund expenditures on the response capabilities of first responders. Also, the State Administrative Agency could not consider progress already made towards goals and objectives when making funding and management decisions about future grant expenditures.

Recommendations

We recommend that the Administrator, Federal Emergency Management Agency, direct the South Carolina Law Enforcement Division to:

Recommendation #1: Develop strategic goals and objectives applicable to first responder capabilities that are specific, measurable, achievable, results-oriented, and time-limited.

Recommendation #2: Incorporate the goals and objectives into a statewide system for measuring local jurisdiction first responder progress towards achieving the goals and objectives.

Management Comments and Auditors' Analysis

We received verbal concurrences on the recommendations from FEMA officials. According to FEMA officials, the State volunteered to be part of the Cost-to-Capability initiative in December 2008, and the pilot program that began during Summer 2009. The State Administrative Agency officials also agreed with the recommendations. In their written comments, the State officials stated that they intend to update the strategy, goals, implementation steps, and milestones over the next year to make them more specific, measurable, achievable, results-oriented, and time-limited. Also, the State is working to better incorporate the measurement of first responder progress towards achieving goals and objectives.

We believe that the State Administrative Agency's actions address the intent of the recommendations.

The Administrator, Federal Emergency Management Agency, needs to provide corrective actions for these recommendations and a plan to implement them within 90 days.

Support For Threat and Vulnerability Assessments Not Documented and Retained

In preparing the South Carolina annual threat and vulnerability assessments, the South Carolina Law Enforcement Division did not document and retain supporting data such as emergency call logs for fire trucks and ambulances as required by FEMA.

According to the FY 2006 Office of Justice Programs Financial Guide (Part III - Chapter 11: Reporting Requirements) the funding recipient agrees to collect data appropriate for facilitating reporting requirements established by the *Government Performance and Results Act of 1993*. This law addresses the establishment of strategic planning and performance measurement in the Federal Government. The Financial Guide further states that the funding recipient will ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation.

The capability assessment tool that South Carolina used to prepare its annual threat and vulnerability assessments was a pilot tool that FEMA provided to a few states for testing. South Carolina entered information into the pilot tool from various sources, such as emergency call logs from first responders. However, the State did not document or retain the source documentation for this information and therefore the annual threat and vulnerability assessments prepared from the tool cannot be validated. The assessment tool instructions did not require the State to use or maintain supporting documentation. The tool only required the use of expert opinions from the regions, but did not specifically require the State to retain the supporting evidence. Recently, South Carolina began to develop an assessment tool that will require the data used to be maintained for a period of time to support the assessments.

The lack of supporting documentation maintained by the State prevents individuals not present at the time the assessment is performed, such as auditors, FEMA, etc., as well as the State Administrative Agency, from validating the assessments and ensuring consistency in the assessment information from year to year. Also, without documentation, the State cannot be assured of the accuracy of the assessments and therefore, cannot determine whether progress has been made towards preventing, responding, and recovering from acts of terrorism.

Recommendation

We recommend that the Administrator, Federal Emergency Management Agency, require the South Carolina Law Enforcement Division to:

Recommendation #3: Implement procedures that require supporting information for capability assessments and other performance measurement tools to be documented and retained for a period of time in accordance with state and federal guidelines.

Management Comments and Auditors' Analysis

We received verbal concurrences on the recommendation from FEMA officials. The State Administrative Agency officials also agreed with the recommendation. In their written comments, the State officials said that they are developing their own capability assessment tools that will allow them to document supporting information for capability assessments and other performance measurement tools.

We believe that the State Administrative Agency’s actions address the intent of the recommendation.

The Administrator, Federal Emergency Management Agency, needs to provide corrective actions for this recommendation and a plan to implement them within 90 days.

Financial Status Reports Submitted Late

The State-prepared quarterly Financial Status Report is designed to provide FEMA with financial information about the grant program expenditures that it can use to monitor grant implementation. As shown in Table 2, the State Administrative Agency untimely submitted to FEMA 16 of 30 Financial Status Reports. We identified that 12 of the 16 late reports were for FY 2006 and 2007 grants, for which the reporting requirement changed from 45 days to 30 days after the end of the reporting period. See Table 2 for details.

Table 2

South Carolina Homeland Security Grant Awards Fiscal Years 2005 through 2007					
Untimely Financial Status Reports					
Grant Award	Total # of Reports Submitted	# of Reports Submitted Late	Days After Reporting Period That Report is Due	# of Days Report Delayed	Average # of Days Report Delayed
FY 2005 State Homeland Security Program	14	4	45	1 to 18	6
FY 2006 State Homeland Security Program	10	8	30	1 to 18	12
FY 2007 State Homeland Security Program	6	4	30	1 to 15	11
Total	30	16	Not Applicable	1 to 18	10

Department of Homeland Security FY 2005, 2006, and 2007 Homeland Security Grant Program Guidance and Application Kits require the reporting of obligations and expenditures on a quarterly basis through the Financial Status Report. The report is due within 45 days of the end of each calendar quarter for FY 2005 and within 30 days of the end of each calendar quarter for FYs 2006 and 2007. A report must be submitted for

every quarter an award is active, including partial calendar quarters and periods where no grant activity occurs. Future awards and fund drawdowns will be withheld if these reports are delinquent.

During FY 2005, the South Carolina Law Enforcement Division submitted Financial Status Reports 1 to 17 days late because it miscalculated the report due dates. Additionally, the Division did not revise its procedures to effectively and consistently meet the new 30-day requirement for FYs 2006 and 2007, but continued to focus on the old 45-day requirement. The Division assumed it had 45 days because of the statement on the FEMA Financial Reporting System that states “The Financial Status Reports must be submitted to the Federal Emergency Management Agency within 30 days (with a 15 day grace period) after the last day of each calendar quarter,” even though the grant guidance clearly showed the requirement as 30 days.

As a result, FEMA’s ability to effectively and efficiently monitor the State Homeland Security Program expenditures for the State of South Carolina has the potential to be held back by the untimely submission of the Financial Status Reports. Also, delays in financial reporting could result in delays accessing grant funds, since the payment systems will prevent access to funds if reporting requirements are not met on a timely basis.

Recommendation

We recommend that the Administrator, Federal Emergency Management Agency, require the South Carolina Law Enforcement Division to:

Recommendation #4: Establish an internal timeline for the preparation of the Financial Status Report that will meet the mandated submission dates.

Management Comments and Auditors’ Analysis

We received verbal concurrences on the recommendation from FEMA officials. The State Administrative Agency officials also agreed with the recommendation. In their written comments, the State officials said they have developed internal controls to ensure that all financial status reports are submitted on time.

We believe that the State Administrative Agency’s actions adequately addressed the recommendation, and therefore this recommendation is considered resolved and closed.

Appendix A

Purpose, Scope, and Methodology

The purpose of this audit is to determine whether the State of South Carolina distributed and spent Homeland Security Grant Program funds strategically, effectively, and in compliance with laws, regulations, and guidance. The goal of the audit was to identify problems and solutions that can help the State of South Carolina better prepare for and respond to threats and acts of terrorism. The audit further enabled us to answer the following nine researchable questions:

- Were measurable goals developed from plans?
- Do funded plans link all hazards capabilities to goals?
- Were funds and resources distributed based on goals?
- Does the State accurately measure risk?
- Does the State measure response capability?
- Can the State demonstrate improved performance?
- Were grants administered compliantly?
- Did the State monitor grant programs?
- What innovative practices can be used by other states?

The scope of the audit included the following grant programs, described in the Background section of this report:

- FY 2005 State Homeland Security Program
- FY 2006 State Homeland Security Program
- FY 2007 State Homeland Security Program

The audit methodology included work at FEMA Headquarters, the State of South Carolina offices responsible for the management of the grants, and various subgrantee locations. To achieve our audit objectives we analyzed data, reviewed documentation, and interviewed the key state and local officials directly involved in the management and administration of the State of South Carolina's Homeland Security Grant Programs. We conducted 22 site visits in 9 counties representing the state's 4 regions in order to determine whether program grant funds were expended according to grant requirements and State-established priorities.

We conducted site visits at the following state, first responder, and local jurisdictions:

- Beaufort County
 - Sheriff's Office

Appendix A

Purpose, Scope, and Methodology

- Charleston County
 - Hazardous Materials Office
 - Summerville Fire Department
- Florence County
 - Emergency Management Division
- Greenville County
 - Sheriff's Office
- Horry County
 - Emergency Management Division
- Lexington County
 - Emergency Medical Services
- Richland County
 - Medical Management Response System
 - Chief Information Office
 - City of Columbia Fire Department
 - Research Authority
 - Geodetic Survey
 - Department of Labor, License, and Regulation
 - Division of the State Chief Information Officer
 - Emergency Management Division
 - Forestry Commission
 - Law Enforcement Division
- Spartanburg County
 - Emergency Preparedness Department
 - Fire Marshall's Office
 - Public Safety
- York County
 - Emergency Management
 - City of Rock Hill

At each location, we interviewed responsible officials, reviewed documentation supporting the State and subgrantee's management of the awarded grant funds, and physically inspected some of the equipment procured with the grant funds. We conducted our fieldwork between January 2009 and March 2009 in accordance with *Government Auditing Standards* as prescribed by the Comptroller General of the United States (Yellow Book-2007 Revision). 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 on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

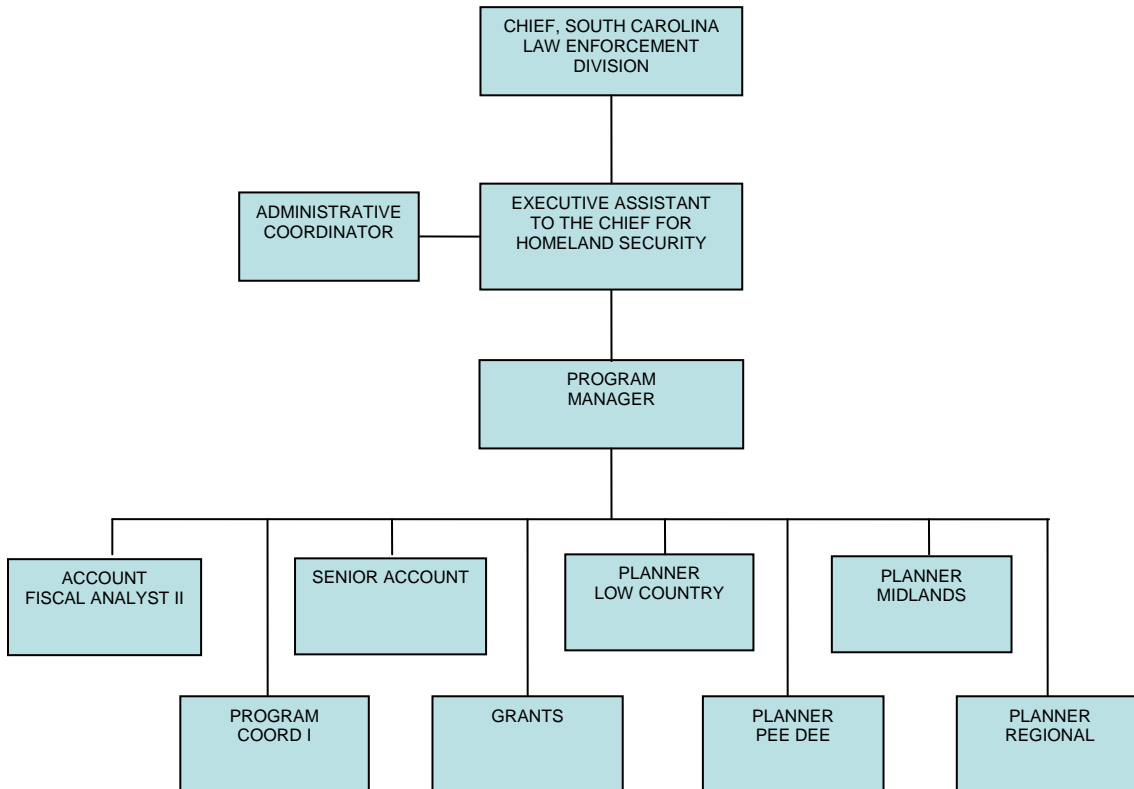
Appendix A
Purpose, Scope, and Methodology

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 *Standards* and included a review and report of program activities with a compliance element. Williams, Adley & Company, 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, we were neither required to nor expressed an opinion on the costs claimed for the grant programs included in the scope of the audit. Had we been required to perform additional procedures or conduct an audit of financial statements in accordance with generally accepted auditing standards, other matters might have come to our 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 South Carolina.

While the audit work was performed and the report was prepared under contract, the audit results are being reported by the DHS Office of the Inspector General to appropriate FEMA and State of South Carolina officials.

**Appendix B
Organization Chart**

**SOUTH CAROLINA LAW ENFORCEMENT DIVISION
THE HOMELAND SECURITY
STATE ADMINISTRATIVE AGENCY
FY 2005-FY 2007**



Appendix C
Management Comments to the Draft Report

SOUTH CAROLINA LAW ENFORCEMENT DIVISION

MARK SANFORD
Governor



REGINALD I. LLOYD
Director

10 September 2009

Charbet M. Duckett
Partner Williams, Adley & Company, LLP
1250 H Street, N.W.
Suite 1150
Washington, D.C. 20005

Dear Ms. Duckett:

South Carolina's Homeland Security State Administrative Agency (South Carolina Law Enforcement Division—SLED) has been happy to host the Department of Homeland Security's Audit team over the past few months. During that time, SLED staff members from the Office of Homeland Security have provided your staff with all requested documents to accomplish this programmatic audit. During the course of the audit, the Audit Team developed 4 recommendations for South Carolina's benefit. We take them in the spirit they were offered and look forward to improving our process. However, we feel it appropriate to point out that the first three recommendations were made relative to activities previously recognized as outstanding, DHS pilot program involvement and/or state-of-the-art on going capability assessment models under development by South Carolina and supported by DHS. To clarify our view, we will list each of the Audit Team's recommendations and provide our response.

Recommendation #1: Develop strategic goals and objectives applicable to first responder capabilities that are specific, measurable, achievable, results-oriented, and time-limited.

South Carolina Response to Recommendation #1: The South Carolina SAA does have some consternation with this recommendation because the 2003 (updated in 2005) version of the SC Strategic Plan has goals, objectives and implementation steps as well as some milestones done in accord with the strategy guidance provided in 2005—which has not changed. The original plan and 2005 update were recognized by DHS as outstanding when written, and have never been criticized – nor has there been any mandate to update the strategy since 2005. Nevertheless, the SAA intends to update the strategy—goals, implementation steps and milestones—over the next year to make them more specific, measurable, achievable, results-oriented, and time-limited. We already had it on our schedule to update the plan this Fiscal Year due to the DHS/FEMA focus on metrics and milestones (a good thing) and our changed



An Accredited Law Enforcement Agency
P.O. Box 21398 / Columbia, South Carolina 29221-1398 / (803) 737-9000 / Fax (803) 896-7041

Appendix C

Management Comments to the Draft Report

organizational structure.

Recommendation #2: Incorporate the goals and objectives into a statewide system for measuring local jurisdiction first responder progress towards achieving the goals and objectives.

South Carolina Response to Recommendation #2: South Carolina already has a statewide system for measuring local jurisdiction progress towards reaching the goals and objectives of the strategy that is part of its Capabilities Based Planning continuous improvement process. Every grant references specific goals and objectives from the State strategy. Progress towards the goals is reported every 6 months to the SAA in terms of programmatic progress reports. The SAA has developed a statewide system that includes the Homeland Security Senior Advisory Council and the Strategy Implementation Group that tracks progress towards achieving goals and recommends resource allocations to build capabilities that mitigate risks.

The State is working to better incorporate the measurement of first responder progress towards achieving goals and objectives. Over the past year, the SAA has developed an Electronic Grant Management System progress report that tracks each project milestone, target capability metric, and progress towards accomplishment of strategy goals and objectives. These reports will be required starting October 2009 and will be due every quarter. This system will allow the SAA to see the percent complete of each strategy linked project, milestone and percent contribution to capability gap reduction—thus measuring first responder progress towards achieving the goals and objectives of the strategy.

Recommendation #3: Implement procedures that require supporting information for capability assessments and other performance measurement tools to be documented and retained for a period of time in accordance with state and federal guidelines.

South Carolina Response to Recommendation #3: South Carolina recognizes the need to continually improve aspects of capability assessments. However, the auditors took issue with the lack of documentation on the *pilot* capability assessments. As these were *pilot* capability assessments, there was no requirement from DHS to perform the assessments, nor was there a requirement for documentation other than listing the subject matter experts taking part in the assessments (which was provided in all assessments).

Although not a DHS requirement, in 2006 SC **piloted** a county by county capability assessment in all 46 counties of the State with the county Sheriff, Emergency Management Director, Emergency Medical Services, Police Chief, Fire Chief and other emergency responder representatives. Every DHS Target Capability and their associated metrics were discussed with discipline leaders. The values of the metrics were obtained from the local experts and were carefully recorded as directed by DHS. The results were recognized as significant and SC was asked to brief the results at the 2006 regional Homeland Security Conference sponsored by DHS as a best practice. In 2008, SC **piloted** the "best" capability assessment tool offered by DHS to perform another thorough statewide capability assessment (DHS pilot program) in all counties

Appendix C
Management Comments to the Draft Report

as before considering all 37 Target Capabilities and all metrics. DHS guidance was carefully followed and a detailed capability assessment was obtained.

The SAA is developing capability assessment tools (over the past 3 years that are quantitative in nature) that are based on the risk, that consider all costs to include life cycle in addressing the required capability. This work is ongoing, quantitative and well documented. SC will continue improving and developing the capability based planning, capability assessment techniques and metrics in order to determine progress. Some of these methods and techniques were recognized as outstanding and have been supported by DHS to quantify the 37 target capabilities (i.e. SC's Capability Calculators developed with the assistance of the Center for Naval Analysis Corporation). For this work, the SC program manager was asked to present at the National GPD conference in December of 2008.

DHS has also lauded South Carolina's exercise program—that has been used to test and document many of SC's emergency preparedness capabilities. Over 30 exercises have been conducted utilizing Homeland Security funds—each having a detailed after action report documenting the shortfalls & successes, problems with plans and guidance, with remediation steps proposed. Additionally, SC has focused on validation and testing of many of its major response teams. For instance, the State's 14 chemical, ordnance, biological, radiological teams were intensely reviewed and tested for several months by an outside agency in which detailed documentation was provided on positives and negatives for the teams. Additionally, SC also documents programmatic progress for each project with Bi-Annual status reports. This is all in accord with the *Government Performance and Results Act of 1993*.

Recommendation #4: Establish an internal timeline for the preparation of the Financial Status Report that will meet the mandated submission dates.

South Carolina Response to Recommendation # 4: DHS changed the required reporting timeframe for Federal Status Reports (FSR) from 45 days after the end of the quarter to 30 days. During this transition, DHS allowed a grace period of 15 days for acclimation to the new reporting requirement. Although South Carolina's FSRs were submitted within the DHS grace period, checks have been implemented into our financial Standard Operating Procedures so that all reports will be submitted within 30 days after the end of the quarter.

This concludes South Carolina's responses to the Audit Team's recommendations. The audit has caused us to reflect on and to do a better job with the resources we have; so, we thank you! If you should have any questions, or if we can assist you, please contact Major Scott Prill at 803-896-7718.

Sincerely,



Reginald Lloyd
Director

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff for Operations
Chief of Staff for Policy
Deputy Chiefs of Staff
General Counsel
Executive Secretariat
Director, GAO/OIG Liaison Office
Assistant Secretary for Office of Policy
Assistant Secretary for Office of Public Affairs
Assistant Secretary for Office of Legislative Affairs

Federal Emergency Management Agency

Administrator
Assistant Administrator, Grant Programs Directorate
Federal Emergency Management Agency Audit Liaison
Grant Programs Directorate Audit Liaison

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees, as appropriate



ADDITIONAL INFORMATION AND COPIES

To obtain additional copies of this report, please call the Office of Inspector General (OIG) at (202) 254-4100, fax your request to (202) 254-4305, or visit the OIG web site at www.dhs.gov/oig.

OIG HOTLINE

To report alleged fraud, waste, abuse or mismanagement, or any other kind of criminal or noncriminal misconduct relative to department programs or operations:

- Call our Hotline at 1-800-323-8603;
- Fax the complaint directly to us at (202) 254-4292;
- Email us at DHSOIGHOTLINE@dhs.gov; or
- Write to us at:
DHS Office of Inspector General/MAIL STOP 2600,
Attention: Office of Investigations - Hotline,
245 Murray Drive, SW, Building 410,
Washington, DC 20528.

The OIG seeks to protect the identity of each writer and caller.