

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

The State of Utah's Management of Urban Areas
Security Initiative Grants Awarded During Fiscal Years
2008 Through 2010





OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

SEP 14 2012

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

FROM: Anne L. Richards *Anne L. Richards*
Assistant Inspector General for Audits

SUBJECT: *The State of Utah's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2008 Through 2010*

Attached is our final report, *The State of Utah's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2008 Through 2010*. We incorporated the formal comments from the Federal Emergency Management Agency in the final report.

The report contains two recommendations aimed at improving the Urban Areas Security Initiative Grants program's overall effectiveness. Your office concurred with both recommendations. Based on information provided in your response to the draft report, we consider the recommendations resolved and closed.

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. We will post the report on our website for public dissemination.

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

Attachment



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Abbreviations

DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
FY	fiscal year
OIG	Office of Inspector General
SAA	State Administrative Agency
UASI	Urban Areas Security Initiative



Executive Summary

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires the Department of Homeland Security (DHS) Office of Inspector General (OIG) 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 Utah and its Urban Areas Security Initiative grants. The State of Utah's State Homeland Security Program grants were audited in 2008.

The objectives of the audit were to determine whether the State of Utah distributed and spent Urban Areas Security Initiative grant funds (1) effectively and efficiently and (2) in compliance with applicable Federal laws, regulations, and guidance. We also addressed the extent to which Urban Areas Security Initiative grant funds enhanced the State's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters. The audit included a review of approximately \$7.6 million in Urban Areas Security Initiative grants awarded to the State during fiscal years 2008 through 2010.

Overall, the State of Utah did an efficient and effective job of administering the Urban Areas Security Initiative grant program requirements, distributing grant funds, and ensuring that funds were used appropriately. Urban Areas Security Initiative grant funds were used to enhance the State's preparedness for disasters and acts of terrorism. An urban area working group was formed to guide the development of regional prevention, protection, response, and recovery and is governed by bylaws, strategic plans, and Federal guidance. The State Administrative Agency monitored performance and measured preparedness improvement. We tested a sample of the items purchased with grant funds and determined that the funds were spent in accordance with grant requirements.

However, we identified two minor areas for improvement: ensuring that (1) transfers of grant funding between projects are approved and (2) equipment purchased with grant funds is properly marked. The Federal Emergency Management Agency concurred with and implemented both of our recommendations.



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. It encompasses several interrelated Federal grant programs, including the State Homeland Security Program, the Urban Areas Security Initiative (UASI), the Metropolitan Medical Response System Program, and the Citizen Corps Program. Together, these programs support the implementation of the State Homeland Security Strategy and fund a range of preparedness activities, including planning, organization, equipment purchases, and training and exercises, as well as management and administrative costs.

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires DHS OIG to audit individual States' management of State Homeland Security Program and UASI grants. The State Homeland Security Program grants for Utah were addressed in our report "The State of Utah's Management of State Homeland Security Grants Awarded During Fiscal Years 2004 through 2006," OIG 08-83, August 2008. This report responds to the reporting requirement for the UASI grants. The State of Utah received approximately \$7.6 million in UASI grants during fiscal years (FYs) 2008, 2009, and 2010.

The State Administrative Agency (SAA) for Utah is the Utah Department of Public Safety, Division of Emergency Management.¹ It is responsible for administering the Homeland Security Grant Program in accordance with Federal guidelines and allocating funds to local, regional, and other State government agencies. The Salt Lake urban area includes all jurisdictions, agencies, and organizations geographically located within Salt Lake County. The Salt Lake UASI is overseen by an urban area working group, which consists of Salt Lake Valley stakeholders and agencies that directly relate to the mission of integrated regional preparedness.

Appendix A provides details on the objectives, scope, and methodology for this audit.

Results of Audit

Overall, the State of Utah did an efficient and effective job of administering the UASI grant program requirements, distributing grant funds, and ensuring that funds were used appropriately. UASI grant funds were used to enhance the State's preparedness for disasters and acts of terrorism. An urban area working group was formed to guide the development of regional prevention, protection, response, and recovery through

¹ Formerly named the Division of Homeland Security.



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UASI funding. The working group is governed by strategic plans, bylaws, and Federal guidance. The Federal Emergency Management Agency (FEMA) monitored performance, and the SAA measured preparedness improvement. We tested a sample of the items purchased with UASI grant funds and determined that the funds were spent in accordance with grant requirements. However, we identified two minor areas for improvement: ensuring that (1) transfers of grant funding between projects are approved and (2) equipment is properly marked.

Transfers of Grant Funds Between Projects

Applicants for the Homeland Security Grant Program propose projects to address gaps in current programs and capabilities. After the grant is awarded, FEMA needs to approve any funding transfers between projects if the scope of those projects changes. In FYs 2009 and 2010, the State of Utah changed the scope of several projects by transferring approximately \$2.3 million in UASI grant funds between projects. These transfers were made without prior approval from FEMA. (See table 1.)

Table 1: Transfer of Funds to Other Projects

FY 2009	Amount Transferred to Other Projects
Risk Management	\$400,000
Planning Objectives	\$121,958
FY 2009 Total	\$521,958
FY 2010	Amount Transferred to Other Projects
Centralized Intel Database	\$480,000
10-Channel Intelligent Repeater Truck	\$750,000
Training Coordinator	\$300,000
Training Gap Analysis	\$289,977
FY 2010 Total	\$1,819,977
Total Amount Transferred	\$2,341,935

Source: OIG.

A manager at the SAA told us that the State did not seek approval from FEMA for the funding transfers because it misunderstood the requirement. However, the State did report the funding changes in its Biannual Strategy Implementation Reports to FEMA.

FEMA approved reimbursements for FY 2009 project expenditures even though it had not approved the transfer of funds between projects. Although we determined that the expenditures were allowable under the grant guidelines, FEMA should take steps to ensure that the SAA submits budget change requests



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for all funding transfers between projects. This will help ensure that items purchased do not exceed approved amounts and are allowable under the grant guidelines.

Equipment Marking

The FY 2008 Grant Award Agreement and the FY 2009 Homeland Security Grant Program Guidance required that, when practicable, grantees prominently mark any equipment purchased with grant funding with the statement, "Purchased with funds provided by the U.S. Department of Homeland Security." However, none of the items we reviewed were marked in this manner.

The FY 2010 grant guidance states that awardees "may consider" marking equipment "Purchased with funds provided by the U.S. Department of Homeland Security." We did not review any items purchased with FY 2010 grant funds because they had not yet been reimbursed by FEMA.

Representatives of the Salt Lake urban area working group told us that they were not aware of the labeling requirement at the time the purchases were made, but they are now in the process of labeling the equipment purchased with UASI grant funding. Labeling equipment will help ensure that it can be easily identified and its use can be verified.

Recommendations

We recommend that the FEMA Assistant Administrator, Grant Programs Directorate:

Recommendation #1:

Ensure that the State Administrative Agency seeks approval for all funding transfers between projects.

Recommendation #2:

Ensure, where practicable, that the Salt Lake UASI marks all purchases made with Department of Homeland Security funds with the words "Purchased with funds provided by the U.S. Department of Homeland Security."



Management Comments and OIG Analysis

FEMA concurred with both recommendations, and noted that it would use the report findings to strengthen the effectiveness and efficiency of program execution. The State of Utah had no comments on the recommendations.

FEMA Response to Recommendation #1: FEMA concurred with Recommendation #1.

OIG Analysis: FEMA stated that it will ensure that the SAA understands that it must receive formal approval from FEMA's Grant Programs Directorate before transferring funding between projects. In June 2012, the SAA provided FEMA with a detailed budget worksheet indicating the funding transfer and all activities to be funded. FEMA approved this request and reiterated the importance of prior approval of all funding transfers between projects. The SAA also provided copies of the funding transfer budget detail to the OIG. We consider this recommendation resolved and closed.

FEMA Response to Recommendation #2: FEMA concurred with Recommendation #2.

OIG Analysis: FEMA stated that it will ensure that grantees are aware of the labeling requirement and are in compliance for future awards. Representatives of the Salt Lake City UASI stated that the equipment has now been labeled with the necessary decals. Photos of labeled equipment were provided to FEMA and the OIG to substantiate this claim. We consider this recommendation resolved and closed.



Appendix A Objectives, Scope, and Methodology

DHS 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.

The objectives of this audit were to determine whether the State of Utah distributed and spent UASI grant funds efficiently, effectively, and in compliance with laws, regulations, and guidance. We also addressed the extent to which UASI grant funds enhanced the State's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters.

The scope of the audit included the UASI grant awards for FYs 2008, 2009, and 2010, as shown in table 2.

Funded Activity	FY 2008	FY 2009	FY 2010	Total
Urban Areas Security Initiative	\$1,845,000	\$2,894,250	\$2,900,078	\$7,639,328
State Homeland Security Program	\$6,810,000	\$6,524,500	\$6,613,200	\$19,947,700
Citizen Corps Program	\$185,514	\$184,880	\$160,037	\$530,431
Metropolitan Medical Response System Program	\$321,221	\$321,221	\$317,419	\$959,861
Total	\$9,161,735	\$9,924,851	\$9,990,734	\$29,077,320

Source: FEMA.

FY 2011 grants were not included in the scope of this audit because the State of Utah did not receive UASI funding for FY 2011.

Since the Homeland Security Grant Program and its five interrelated grant programs fund a range of preparedness activities, all were considered when evaluating the planning cycle and the effectiveness of the overall grant program. However, only UASI funding, and equipment and programs supported by UASI funding, were reviewed for compliance.

The scope of this audit included the plans developed by the State to improve preparedness and all-hazards response, the goals set within those plans, the measurement of progress toward these goals, and the assessments of performance



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improvement that result from this activity. Further, the scope included the assessment of these activities within the context of risk to determine whether the State's plans produced strategic performance improvements related to the areas of highest risk rather than merely producing improvements in a broader sense.

Within Utah, the SAA subawarded UASI funds to the Salt Lake City urban area, which includes all jurisdictions within Salt Lake County. We visited the subgrantee, the Salt Lake City Corporation, and the following contractors and agencies:

- Salt Lake City Fire Department
- Salt Lake City Police Department
- Salt Lake County Emergency Services Agency
- Unified Fire Authority
- Unified Police Department

We judgmentally selected a sample of the UASI expenditures reimbursed by FEMA to determine the sufficiency of internal controls. Our sample represented 70 percent of reimbursed expenses for FYs 2008 and 2009. We did not review any expenditures from FY 2010 because FEMA had not yet reimbursed any grant funds for that year.

We conducted this performance audit between January 2012 and May 2012 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.



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Appendix B
Management Comments to the Draft Report

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



FEMA

AUG 13 2012

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

FROM: *for* David J. Kaufman - *KDF*
Director
Office of Policy and Program Analysis

SUBJECT: Response to OIG Draft Report: *The State of Utah's Management of Urban Areas Security Initiatives Grants Awarded During Fiscal Years 2008 through 2010 (12-099-AUD-FEMA)*

This constitutes the Federal Emergency Management Agency's (FEMA's) response to the draft report for the subject audit. 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 your recommendations are as follows:

OIG Recommendation #1: We recommend that the FEMA Assistant Administrator, Grant Programs Directorate ensure that the State Administrative Agency seeks approval for all funding transfers between projects.

FEMA Response to the Draft Report: FEMA concurs with this recommendation.

The Federal Emergency Management Agency will ensure that the State Administrative Agency understands that they must receive formal approval from FEMA's Grant Programs Directorate (GPD) prior to transferring funding between projects. As for this specific recommendation, on June 26, 2012, the State Administrative Agency provided a detailed budget worksheet specifying the funding transfer and all activities to be funded. FEMA's GPD approved this request and reiterated the importance of prior approval of all funding transfers between projects. FEMA requests that this recommendation be considered resolved and closed.



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OIG Recommendation #2: We recommend that the FEMA Assistant Administrator, Grant Programs Directorate ensure, where practicable, that the Salt Lake UASI marks all purchases made with Department of Homeland Security funds with the words “Purchased with funds provided by the U.S. Department of Homeland Security.”

FEMA Response to the Draft Report: FEMA concurs with this recommendation.

The Federal Emergency Management Agency will ensure grantees are aware of this requirement and are in compliance for future awards. As for this specific recommendation, the Salt Lake City Urban Area Security Initiative (UASI) representative stated that he has labeled all grant-funded equipment with the necessary decals and has provided photographs to substantiate his claim. FEMA requests that this recommendation be considered resolved and closed.

We thank you, again, for the opportunity to provide our comments to the recommendations contained in your draft report. Should you have further questions regarding our response, please do not hesitate to call FEMA’s OIG Audit Liaison, Gina Norton, at 202-646-4287.



Appendix C

Major Contributors to This Report

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Appendix D

Report Distribution

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Congressional Oversight and Appropriations Committees, as appropriate

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