



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.

The Federal Emergency Management Agency (FEMA) awarded the U.S. Virgin Islands approximately \$5.6 million in Homeland Security Grant Program funds during fiscal years 2007 through 2009, of which almost \$4.6 million was for State Homeland Security Program grants.

DHS Response

FEMA concurred with all 22 recommendations. U.S. Virgin Islands officials agreed with 4 of the 22 recommendations.

FEMA acknowledged that the findings in the report will be used to strengthen the effectiveness and efficiency of how the Homeland Security Grant Programs are executed and measured. FEMA recognized the need to continue to improve the process, including addressing the recommendations raised in our report.

For Further Information:

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

The U.S. Virgin Islands Management of State Homeland Security Program Grants

What We Determined

The U.S. Virgin Islands (Territory) did not do an efficient and effective job of administering program requirements in accordance with grant guidance and regulations. Specifically, Homeland Security strategies were not current and contained inaccurate information. The Territory spent funds for professional services without competition and lacked proper documentation of contract activities. The Territory also did not have adequate internal controls over the management of awards because records and supporting documentation were not maintained as required by federal regulations. Federal requirements for maintaining property records or performing required physical inventories were not complied with and communications equipment was purchased that could not be used.

Further, the Territory procured training through an improper procurement method to avoid contract requirements. The Territory also did not adequately document personnel charges.

As a result, we concluded that FEMA should consider classifying the Territory as a high risk grantee because of the numerous problems noted in our audit and its history of non-compliance with the terms and conditions of grant awards and federal regulations.

What We Recommend

Assistant Administrator, Grant Programs Directorate, FEMA require the Territory to:

- Prepare and submit a revised strategy for FEMA's approval, and use the revised, approved strategy to prepare future grant applications.
- Establish policies and procedures to adequately justify and document sole source procurements and to ensure that documentation regarding contract activities is maintained.
- Develop a system to maintain required records to assure compliance with grant requirements, reconstruct records supporting \$3,429,214 drawn down from grant awards, and refund to FEMA funds for expenditures not supported by adequate documentation.
- Develop and implement procedures to ensure that property records comply with inventory requirements, conduct required physical inventories, and procure equipment that can be used or return awarded funds to FEMA.
- Require that future agreements for training be made through contractual or subgrantee agreements, and that controls be established to ensure compliance with federal requirements concerning the limitations of grant funds used for personnel costs.

Assistant Administrator, Grant Programs Directorate, FEMA assess the Territory's grant performance, and based on that assessment determine if the State Administrative Agency should be classified as a high risk grantee.