

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

## Nebraska's Management of State Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011






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Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

AUG 19 2013

MEMORANDUM FOR: Brian E. Kamoie  
Assistant Administrator  
Grant Programs Directorate  
Federal Emergency Management Agency

FROM: Anne L. Richards   
Assistant Inspector General for Audits

SUBJECT: *Nebraska's Management of State Homeland Security  
Grant Program Awards for Fiscal Years 2009 Through 2011*

Attached for your information is our final report, *Nebraska's Management of State Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011*. We incorporated the formal comments from the Federal Emergency Management Agency and the State of Nebraska in the final report.

The report contains seven recommendations aimed at improving the State of Nebraska's management of State Homeland Security Program grants. Your office concurred with six recommendations. Based on information provided in your response to the draft report, we consider recommendations #1, #2, #4 through #7 open and resolved, and recommendation #3 closed. Once your office has fully implemented the open recommendations, please submit a formal closeout request to us within 30 days so that we may close the recommendations. The request should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts.

Please email a signed PDF copy of all responses and closeout requests to [OIGAuditsFollowup@oig.dhs.gov](mailto:OIGAuditsFollowup@oig.dhs.gov).

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.



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## Abbreviations

CFR	Code of Federal Regulations
DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
FY	fiscal year
GPD	Grant Programs Directorate
HSGP	Homeland Security Grant Program
LEOP	Local Emergency Operation Plan
NEMA	Nebraska Emergency Management Agency
OIG	Office of Inspector General
OMB	Office of Management and Budget
SAA	State Administrative Agency
SHSP	State Homeland Security Program
SPR	State Preparedness Report
THIRA	Threat and Hazard Identification and Risk Assessments
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 Nebraska.

The audit objectives were to determine whether the State of Nebraska (1) spent grant funds effectively and efficiently, and (2) complied with applicable Federal laws and regulations and DHS guidelines governing the use of such funding. We also addressed the extent to which grant funds enhanced the State's grantees ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters. The Federal Emergency Management Agency (FEMA) awarded the State of Nebraska approximately \$19.3 million in State Homeland Security Program and Urban Areas Security Initiative grants during fiscal years 2009 through 2011.

The State of Nebraska developed written procedures for program administration; ensured that grant expenditures for equipment and planning, training, exercises, and administrative activities were allowable; complied with grant reporting requirements; and the State's and Omaha Urban Area's Homeland Security strategies linked goals and objectives to national priorities and DHS mission areas in compliance with applicable Federal guidance.

However, the State and the Omaha Urban Area can improve their homeland security strategies by including specific and time-limited objectives and the means to determine progress toward attaining their goals. The State can also improve its grant allocation formula, the timeliness of fund obligations, property management and inventory controls, compliance with procurement requirements, and the monitoring of its subgrantees.

In addition, FEMA needs to provide its grantees with a method for determining the extent to which 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.

We made seven recommendations to FEMA, which, if implemented, should strengthen program management, performance, and oversight.



## Background

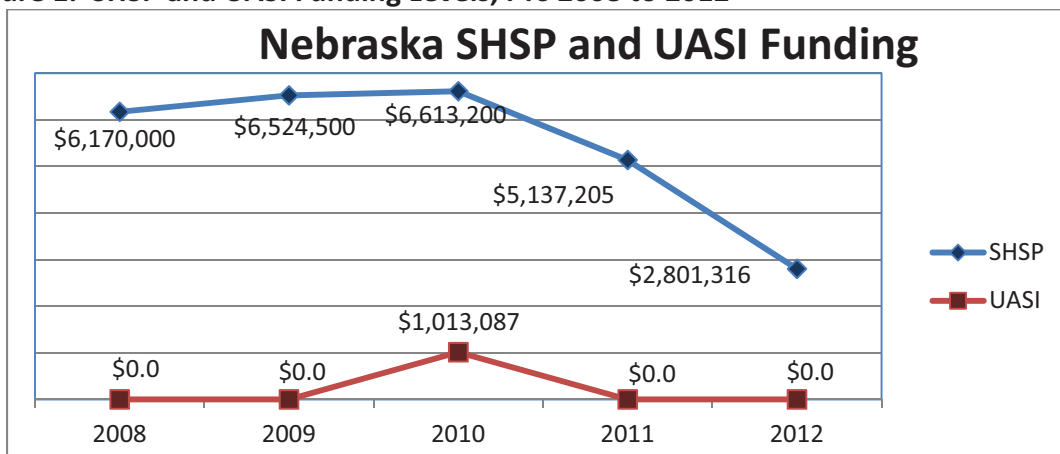
DHS provides Federal funding through the Homeland Security Grant Program (HSGP) to assist State and local agencies in preventing, preparing for, protecting against, and responding to acts of terrorism. The State Homeland Security Program (SHSP) and Urban Areas Security Initiative (UASI) grants are two programs included in the HSGP, designed to fund a wide range of preparedness needs, including planning, organization, equipment, training, and exercises.

FEMA awarded the State of Nebraska (State) SHSP grant funds during fiscal years (FYs) 2009, 2010, and 2011, and the State's Omaha Urban Area UASI grant funds in 2010, totaling approximately \$19.3 million. The State of Nebraska has 93 counties divided into eight regions, with 10 hazardous materials teams that provide all-hazards response to manmade and natural disasters across the State.

The Governor of Nebraska designated the Nebraska Emergency Management Agency (NEMA) as the State Administrative Agency (SAA) responsible for administering the HSGP. The SAA is responsible for managing the grant program in accordance with established Federal guidelines and allocating funds to local, regional, and other Nebraska government entities.

Figure 1 illustrates the level of SHSP funding Nebraska received over a 5-year period. SHSP and UASI funding averaged \$6.4 million per year during FYs 2009 to 2011, the periods covered by our audit. The State received its highest level of SHSP and UASI funding in FY 2010, but faces a nearly \$4.8 million decline from 2010 levels in FY 2012.

**Figure 1. SHSP and UASI Funding Levels, FYs 2008 to 2012**



Source: Prepared by DHS OIG.



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Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, as amended, requires DHS OIG to audit individual States' management of SHSP and UASI grants. This report responds to the reporting requirements for the State of Nebraska. Appendix A describes the objectives, scope, and methodology of this OIG audit.

## Results of Audit

The State of Nebraska developed written procedures for program administration; ensured that grant expenditures for equipment and planning, training, exercises, and administrative activities were allowable per the grant guidance; and complied with grant reporting requirements. Also, the State's and Omaha Urban Area's Homeland Security strategies linked goals and objectives to national priorities and DHS mission areas in compliance with applicable Federal guidance.

However, the following improvements will enhance Nebraska's grant management practices:

- Improve strategy objectives;
- Measure progress and improvements in preparedness;
- Revise the State Homeland Security Program allocation formula;
- Obligate grant funds timely;
- Enforce property management and inventory controls;
- Document compliance with procurement procedures; and
- Strengthen monitoring of subgrantee activities.

### **Homeland Security Strategy Objectives**

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The State and Omaha Urban Area linked their Homeland Security Strategy goals and objectives to the national priorities and DHS mission areas, as required by FEMA guidance. However, the objectives were not always specific, measurable, and time-limited; objectives to track progress were not always included; and the strategies' evaluation plans were not being implemented. As a result, neither the State nor the Omaha Urban Area was able to demonstrate quantifiable improvement and accomplishments to reduce their vulnerability to terrorism and natural disasters.

In July 2005, FEMA released guidance to the States and Urban Areas on how to align their Homeland Security Strategies with the National Preparedness Goal.





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*The Department of Homeland Security State and Urban Area Homeland Security Strategy: Guidance on Aligning Strategies with the National Preparedness Goal* (Guidance) requires States to include goals and measurable objectives in their strategies, and mandates that an objective should be—

- Specific, detailed, particular, and focused—helping to identify what is to be achieved and accomplished;
- Measurable—quantifiable, providing a standard for comparison, and identifying a specific achievable result;
- Achievable—the objective is not beyond a State, region, jurisdiction, or locality’s ability;
- Results-oriented—identifies a specific outcome; and
- Time-limited—a target date exists to identify when the objective will be achieved.

We reviewed the 50 objectives in the FYs 2009–2011 State Strategies and the 49 objectives in the FY 2010 Omaha Urban Area Strategy. Of the 50 State objectives, 56 percent were not specific, 48 percent were not measurable, 18 percent were not results-oriented, and 90 percent were not time-limited. Of the 49 Omaha Urban Area objectives, 10 percent were not specific, 29 percent were not measurable, 12 percent were not results-oriented, and 90 percent were not time-limited.

Forty-three of the 50 State objectives had “ongoing 2012” or “ongoing August 2014” as the target date for completing the objectives. These dates represented the end dates of the grants and not the target date for achieving the objectives. Similarly, the Omaha Urban Area Strategy contained target dates for 5 out of 49 objectives, and provided no time limits for the other 44 objectives. Examples of these goals and objectives are provided in appendix D.

According to NEMA officials, the Strategies contain objectives that are not specific enough to be completed during the grant period. These activities will continue past the grant period; therefore, no specific date can be provided. Objectives are made nonspecific to accommodate constant changes in priorities and direction provided by FEMA.

FEMA’s Guidance indicates that Strategic goals should have at least one objective or performance measure to track progress for achieving the goal. In the FYs 2009–2011 State Strategies, 5 of the 11 goals do not include objectives to track





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progress toward achieving the goal and 6 of the 15 goals in the Omaha Urban Area Strategy do not have these objectives.

FEMA Guidance also requires that States and urban areas develop evaluation plans for monitoring progress, compiling key management information, tracking trends, and keeping the strategy on track. The State and Omaha Urban Area strategies included plans to evaluate progress on stated objectives; however, both NEMA and Omaha Urban Area officials confirmed that the plans have not been implemented.

The State believed its strategies were in compliance with all requirements because they had been approved by FEMA without comment. The FY 2010 Omaha Urban Area Strategy was also approved by FEMA without comment.

Without objectives that are specific, measurable, results-oriented, and time-limited, or that contain methods for evaluating progress toward completion of goals and objectives, it is difficult for the State and Omaha Urban Area to measure and report on improvements in preparedness and for FEMA to make informed funding decisions.

### **Recommendation**

We recommend that the Assistant Administrator, Grants Programs Directorate:

#### **Recommendation #1:**

Assist the Nebraska Emergency Management Agency in preparing future strategies with:

- Objectives that are specific, measurable, results-oriented, and time-limited;
- Goals that contain at least one objective to track progress toward achievement of the goal; and
- Implementation of the evaluation plans for monitoring progress, compiling key management information, tracking trends, and keeping the strategy on track.



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### Management Comments and OIG Analysis

**FEMA and the State's Response to Recommendations 1 and 2:** FEMA and the State concurred with these recommendations. FEMA provided a consolidated response to recommendations 1 and 2. FEMA developed and is implementing a process to measure progress. The new process includes a Threat and Hazard Identification and Risk Assessment (THIRA) and State Preparedness Reports (SPR). The THIRA and the SPR results highlight gaps in capability and the progress of grantees in closing those gaps over time.

FEMA stated that strategy updates to establish SMART goals and objectives are encouraged but not required as the new THIRA, SPR, and Investment Justification methodology provide the goals and assessment of progress against those goals. The THIRA also provides capability targets that serve as specific metrics and the SPR tool provides standards measurement against the targets. Lastly the THIRA, SPR, and Investment Justifications will serve as the basis for statewide assessment and reporting. FEMA believes the intent of the recommendations has been satisfied with their actions and requested that the recommendations be closed.

**OIG Analysis:** We consider FEMA's actions responsive to the intent of recommendation 1. This recommendation is open and resolved pending evaluation of the State's first THIRA and SPR results.

### Performance Measurement

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NEMA and UASI officials could not demonstrate the extent to which FYs 2009–2011 SHSP and 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 State and UASI could not demonstrate quantifiable preparedness improvements and accomplishments, because FEMA had not provided them with a system with measurable target performance levels that could be compared to actual achievement. Without standards and metrics against which to measure progress, the State and the UASI cannot demonstrate the effect of grant expenditures on its level of preparedness.

Congressional legislation called for FEMA to establish a comprehensive system to assess the Nation's prevention capabilities and overall preparedness and use clear and quantifiable metrics, measures, and outcomes. FEMA has made efforts to establish standards and metrics for measuring preparedness, but at the time of our review a comprehensive measurement system had not been



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implemented. As a result, Nebraska's SAA and UASI officials were uncertain how to measure their performance or level of preparedness.

The *Government Performance and Results Act of 1993* holds agencies accountable for setting goals, measuring program performance against the goals, and reporting publicly on their progress. The *Post-Katrina Emergency Management Reform Act of 2006* called on the FEMA Administrator to establish a comprehensive system to assess the Nation's prevention capabilities and overall preparedness. Because FEMA did not establish such a system, the *Redundancy Elimination and Enhanced Performance for Preparedness Grants Act of 2010* required FEMA to contract with the National Academy of Public Administration (the Academy) to develop quantifiable performance measures and metrics to assess the effectiveness of grant programs.

In October 2011, the Academy issued its report, *Improving the National Preparedness System: Developing More Meaningful Grant Performance Measures*. The Academy recommended certain measures, but acknowledged that FEMA needed to develop additional quantitative and qualitative program and activity level measures. In FEMA's undated, unsigned report to the Academy's study, *The Report on the Grants Program Measurement Study*, the FEMA Administrator said "a variety of implementation issues would need to be addressed before FEMA can implement many of the recommended measures." The Administrator also said that FEMA was reviewing the recommendations and developing an implementation timeline for some of the recommendations.

In April 2012, FEMA required State and local governments receiving FEMA preparedness grants to complete Threat and Hazard Identification and Risk Assessments (THIRAs) by December 31, 2012. The THIRA provides a comprehensive approach for identifying and assessing risks and associated impacts, using the core capabilities identified in the National Preparedness Goal. In addition to the THIRA, States and territories receiving FEMA preparedness grants are required to annually submit a State Preparedness Report (SPR). FEMA officials state that THIRA results and the SPR will provide a quantitative summary of preparedness. However, we did not review the THIRA process because it was not within the scope of our review. Appendix F presents more information about the THIRA.

Until FEMA provides grantees with a system for measuring performance and preparedness, it will be difficult to determine the extent to which SHSP and UASI grant funds have enhanced the ability of States, cities, and the Nation to



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prevent, prepare for, protect against, and respond to manmade and natural disasters.

#### **Recommendation**

We recommend that the Assistant Administrator, Grant Program Directorate:

#### **Recommendation #2:**

Develop and provide States and urban areas with a comprehensive measurement system that includes baselines for measuring and demonstrating progress toward enhancing their level of preparedness through the use of State Homeland Security Program and Urban Areas Security Initiative grants funds.

#### **Management Comments and OIG Analysis**

**FEMA and the State's Response to Recommendation 2:** FEMA and the State concurred with this recommendation. FEMA provided a consolidated response for recommendations 1 and 2 (see above).

**OIG Analysis:** We consider FEMA's actions responsive to the intent of recommendation 2. This recommendation is open and resolved pending evaluation of the State's first THIRA and SPR results.

#### **State Homeland Security Program Allocation Process**

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NEMA's allocation formula for SHSP funds includes population and land mass, but it does not consider other factors that may significantly contribute to the risk of terrorism, such as critical infrastructure and population density. As a result, grant funds may not be distributed where the risk of terrorism is greatest.

When the SHSP grants were created, Congress called on the FEMA Administrator to consider States' and cities' relative threat, vulnerability, and consequence of its population, population density, as well as degree of threat, vulnerability, and consequences to critical infrastructure or key resources when allocating funding. According to FEMA's grant guidance, in order to be eligible the activities implemented under SHSP must support terrorism preparedness by building or enhancing capabilities that relate to the prevention of, protection from, response to, and recovery from terrorism. SHSP funds were allocated to States and urban areas based on a risk assessment that considered the potential risk of terrorism to people, critical infrastructure, and economic security.



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According to NEMA officials, the State initially had planned to distribute SHSP funds based solely on population, but it was decided that such an allocation ignored risks to the State’s agricultural industry. The State then added land mass to address the agricultural risk.

The NEMA formula treated population and land mass equally. This allocation of available SHSP grant funds resulted in the Omaha Urban Area, which contains more than 300 critical infrastructures or key assets, receiving a similar amount of grant funds as the North Central region, as shown in table 1.<sup>1</sup>

**Table 1. Allocation of SHSP Grant Funds in FY 2011**

Omaha Urban Area	North Central Region
Population - 683,421 (38% of State)	Population - 59,542 (3% of State)
Land Mass (Square Miles) – 981 (1% of State)	Land Mass (Square Miles) – 24,623 (32% of State)
Grant Funds - 19.65%	Grant Funds - 17.57%

Source: Prepared by DHS OIG.

It is important that Nebraska considers including in its allocation formula additional factors contributing to the risk of terrorism, such as critical infrastructure and population density, to ensure SHSP grant funds are distributed to areas where the potential risk of terrorism to people, critical infrastructure, and economic security is the greatest. The Omaha Urban Area may not qualify for future UASI funds; therefore, it is important that the State reassess its SHSP allocation process to ensure adequate consideration is given to areas with the highest risk of terrorism.

**Recommendation**

We recommend that the Assistant Administrator, Grant Programs Directorate:

**Recommendation #3:**

Direct the Nebraska Emergency Management Agency to consider the benefits of including additional contributors of terrorism risk, such as population density and critical infrastructure, in its State Homeland Security Program allocation

<sup>1</sup> The State has not identified non-Omaha Urban Area critical infrastructures.



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formula to ensure grant funds are distributed where the risk of terrorism is greatest.

#### **Management Comments and OIG Analysis**

**FEMA and the State's Response to Recommendation 3:** Although FEMA did not concur with this recommendation, we consider the State's action responsive to the intent of the recommendation. FEMA officials stated that for them to require States to use risk assessment factors that were never designed to be used at the State or local level would be contrary to both the letter and the spirit of the Homeland Security Act and would undermine Congress' expressed intent that States play a significant and primary role in assessing their own risk and security needs.

**OIG Analysis:** The intent of our recommendation is to ensure the State has the best possible allocation plan that mitigates the highest risk of terrorism. We agree that the use of factors in 6 U.S.C. § 608 is not required of the State; we recommended they consider the benefits of including additional contributors of terrorism risk as a way to improve their allocation methodology. FEMA relies on the State to make the most informed decision for funds allocation. The State's response to our report indicated that it understands the basis for considering additional factors contributing to the risk of terrorism in their allocation formula and will include a totality of such factors; therefore, we consider this recommendation closed.

#### **Timely Obligation of Funds**

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NEMA did not obligate grant funds on a timely basis. For FYs 2009–2011, the State did not obligate 80 percent of funds awarded under the SHSP and UASI grant programs to local units of government within 45 days of receipt of funds, as required by FEMA's grant guidance. The guidance states that four requirements must be met to obligate grant funds:

- There must be some action to establish a firm commitment on the part of the awarding entity;
- The action must be unconditional on the part of the awarding entity (i.e., no contingencies for availability of NEMA funds);
- There must be documentary evidence of the commitment; and
- The award terms must be communicated to the official grantee.



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NEMA did not meet the grant requirements because of its lengthy obligation and approval process. First, NEMA sends award letters to each of the eight regional subgrantees, who have 30 days to sign and return the award letter to NEMA. Once notified, the eight regional subgrantees have up to 6 months to submit work plans to NEMA on prioritized projects that will be funded by the grant. Each work plan can contain up to 12 projects. NEMA's Grant Administrator reviews and approves the subgrantee's work plan to ensure the following:

- Project needs are documented;
- Project benefits the region;
- Work plan includes the estimated cost of the investment and deliverable milestones;
- Desired equipment is listed in FEMA Authorized Equipment List;
- Projects are aligned with National and State Priorities and with Investment Justification Plan; and
- Environmental assessments have been completed if necessary, which entails a lengthy review prior to approval of the project.

Once the work plans are approved, NEMA enters the projects into the Nebraska Grant Management System and the regional subgrantees allocate the funds to each project based on planned expenditures. Once NEMA approves the projects' planned expenditures, it sends a Grant Adjustment Notice to regional subgrantees for signature to finalize the grant agreement.

Although the regions were notified of their award amount based on an allocation formula, reimbursements could not be requested until the Grant Adjustment Notices were signed and returned by the subgrantees. Special Condition #4 of the HSGP Sub-Recipient Agreement, reads *Sub-recipient agrees to make no request for reimbursement prior to the return of the Grant Adjustment Notice.*

In FYs 2009 and 2010, Grant Adjustment Notices for selected subgrantees were executed (signed by both parties) approximately halfway through their grant performance periods. The performance period for FY 2009 was 1,064 days; the performance period for FY 2010 was 1,034 days. From the time FEMA granted the awards, it took an average of 594 days in FY 2009 and 434 days in FY 2010 to process the Grant Adjustment Notices. As a result, the subgrantees' performance period was limited to 53 percent of the total award period. In FY





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2009, this may have contributed to the deobligation of unspent SHSP grant funds of about \$55,000 when the FEMA grant agreement expired.

In FY 2011, NEMA shortened the performance period for awards, which further limited subgrantees' performance period. With the exception of the National Council of Regions and the Tri-County subgrantees, NEMA shortened the grant performance period of selected subgrantees by 6 months compared to previous years, so that it now ends on January 31, 2014. As a result of the shortened time period, subgrantees may not be able to use grant funds to meet their approved needs, and more funds may have to be deobligated when the FY 2011 FEMA grant agreement expires. As of September 30, 2012, FY 2011 Grant Adjustment Notices had not been processed for two of our selected subgrantees, and two other subgrantees had not yet requested reimbursement. In summary, four subgrantees' performance periods had been reduced by 43 percent, with 488 days remaining until the award expiration date of January 31, 2014.

### **Recommendation**

We recommend that the Assistant Administrator, Grant Programs Directorate:

#### **Recommendation #4:**

Require the Nebraska Emergency Management Agency to review and update its obligation and approval process to identify ways to shorten the process so subgrantees have sufficient time to procure and spend their grant funds.

### **Management Comments and OIG Analysis**

**FEMA and the State's Response to Recommendation 4:** FEMA and the State concurred with this recommendation. The Assistant Administrator, Grant Programs Directorate (GPD) shall require NEMA to assess and streamline (where possible) processes and procedures for obligating funds to subgrantees. NEMA shall report to GPD the results of the assessment and steps to be taken to expedite the obligation of funds to subgrantees no later than 90 days after the issuance of this OIG final report and shall update written policy to reflect the changes within 180 days of the issuance of this OIG final report.

**OIG Analysis:** We consider FEMA's actions responsive to the intent of recommendation 4. This recommendation is resolved and open until GDP provides evidence that NEMA completed these actions.



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### Property Management and Inventory Controls

The State subgrantees did not comply with grant inventory and property record requirements for the equipment we reviewed. Property records for equipment bought with FYs 2009–2011 SHSP and UASI grants did not contain all required elements and physical inventories of property were not taken every 2 years as required by the Code of Federal Regulations (CFR).

44 CFR 13.32(d), *Management requirements*, and the *NEMA Grant Management Handbook* (Handbook) established procedures for managing equipment acquired with grant funds, and include the following requirements for subgrantees:

- Property records must be maintained and include the property’s description, identification number, source of the property, titleholder, acquisition date, cost, location, use and condition, and ultimate disposition; and
- A physical inventory of the property must be taken and the results reconciled with the property records at least every 2 years.

We reviewed seven property records for our selected SHSP equipment expenditures. None of these records included all the information required by Federal regulations. The records did not contain columns for all required data, many columns were empty, and some of the locations provided were vague. Additionally, only one region official reported that he conducted physical inventories of equipment annually, but no evidence was provided. Three other selected subgrantees reported that they did not conduct periodic physical inventories.

These conditions existed because NEMA control processes did not ensure the subgrantees maintained up-to-date records that conformed to Federal requirements and did not ensure the subgrantees conducted physical inventories of equipment purchased with FYs 2009–2011 SHSP and FY 2010 UASI funds. For example:

- The only process to verify inventory and review property records for equipment purchased with SHSP grant funds was NEMA’s monitoring of subgrantees. However, at the time of our review, NEMA had only monitored one FY 2009 subgrantee. For this subgrantee, NEMA’s monitoring process did not ensure that property records included all the



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federally required elements. No other monitoring reviews of subgrantees for FYs 2009–2011 SHSP funds had been performed during our review.

- NEMA’s Handbook included an Equipment Inventory template, but this template was used in only two of the seven property records we reviewed. Additionally, NEMA’s template did not provide for use and condition, titleholder, and ultimate disposition data elements required by the CFR.
- The Handbook also required the documentation of acceptance of equipment purchased with HSGP funds to ensure accountability, and that entities receiving the equipment are eligible and agree to respond in support of their corresponding regions. Equipment acceptance documentation must be signed by the regional subgrantee and the entity receiving the equipment. Of 34 expenditures of equipment items we tested, only 2 had signed documents certifying that equipment was received. However, only the regional subgrantee representative signed the document and not the equipment recipient, as required. We asked a NEMA official whether NEMA verified evidence of equipment receipt prior to reimbursing the subgrantees for equipment purchases. The official said that subgrantees are required to submit an invoice for equipment purchased, but currently no separate equipment receipt document was required.

Without adherence to inventory and property management requirements, the State cannot ensure assets procured with grant funds are properly safeguarded, in good condition, and available when needed to prevent, prepare for, protect against, and respond to all-hazards incidents.

### **Recommendation**

We recommend that the Assistant Administrator, Grant Programs Directorate:

#### **Recommendation #5:**

Require the Nebraska Emergency Management Agency to:

- Develop and implement controls to require and ensure its subgrantees maintain up-to-date property records that include all data required by Federal regulations and conduct physical inventories of equipment pursuant to Federal regulations;



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- Revise its *Grant Management Handbook* Equipment Inventory template to include all required data elements; and
- Require documentation of equipment receipt to ensure proper accountability of equipment bought with State Homeland Security Program and Urban Areas Security Initiative grant funds.

#### **Management Comments and OIG Analysis**

**FEMA and the State’s Response to Recommendation 5:** FEMA and the State concurred with this recommendation. Within 180 days after the issuance of this OIG final report, the Assistant Administrator, Grants Programs Directorate will require NEMA to update its policies and procedures to reflect the requirements of 44 CFR. §13.32 concerning how property records and equipment purchases are managed, including the use of NEMA’s updated Grants Management and Equipment Inventory Standard Operating Procedure templates to log in these records.

**OIG Analysis:** We consider FEMA’s actions responsive to the intent of recommendation 5. This recommendation is resolved and open until GDP provides evidence that NEMA completed these actions.

#### **Compliance with Procurement Requirements**

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State subgrantees did not always comply with Federal procurement requirements. Procurement records did not show evidence that the subgrantees allowed vendor competition or documentation explaining why only one vendor was considered, and did not show cost or price analyses. This occurred because NEMA’s control processes did not verify that selected subgrantees’ expenditures complied with Federal procurement requirements. As a result, NEMA cannot ensure that the amounts paid are justified, fair, and reasonable, or whether the contract could have been awarded to an equally competent contractor at a lesser cost.

44 CFR 13.36(b), *Procurement standards*, requires that subgrantees’ procurement procedures conform to applicable Federal requirements, which include—

- All procurement transactions will be conducted in a manner providing full and open competition.



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- Subgrantees must perform a cost or price analysis in connection with every procurement action.
- Subgrantees are required to maintain records detailing the method of procurement, contractor selection or rejection, and the basis for the contract price.

Of 35 subgrantees' procurements tested, 21 (60 percent) did not comply with Federal requirements. Eight procurements had no evidence that the subgrantees allowed vendor competition or documentation explaining why only one vendor was considered and had no cost or price analyses. An additional seven procurements had documentation justifying why only one vendor was considered, but no cost analyses were conducted to support that costs were reasonable. Also, a subgrantee did not use competition for two procurements because they did not exceed the dollar threshold established in local procurement procedures requiring competitive quotes. For the remaining four procurements, documentation was insufficient to determine that the purchases corresponded to the contracts provided by the subgrantees; therefore, we could not determine if adequate procurement practices were used.

Examples of the issues noted for the 21 procurements are—

- A \$75,639 contract for the development of a continuity of operations and debris development plan for counties within a region. According to NEMA, it had a contract for this type of service with the same vendor, and notified regions that they could use the contracts at the local level with the expectation that the subgrantees would follow the local procurement procedures. However, no sole source justification or cost analysis was documented for this procurement.
- There was no evidence that a subgrantee allowed vendor competition for two procurements of portable generators and lighting units costing \$15,405 and \$3,586, respectively. The subgrantee said that each procurement had two vendor quotes, but the documentation was not maintained.
- A subgrantee did not use competitive procedures for a printer costing \$10,038. A NEMA official recognized the subgrantee did not obtain "an adequate number of quotes" and said that, going forward, they will be requiring subgrantees to attach all quotes to the Grant Management System regardless of the applicable county's procurement policies.



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NEMA's only process to review subgrantees' compliance with procurement practices is its monitoring of subgrantees. At the time of our review, NEMA had completed monitoring of only one subgrantee for the FYs 2009–2011 SHSP grants. A NEMA official said that NEMA will not perform any more monitoring of FY 2009 SHSP grants and had not yet started to monitor FYs 2010–2011 subgrantees.

Additionally, NEMA's monitoring processes included review of compliance with State and local procurement practices, but not with Federal procurement practices. For selected subgrantees, local procurement practices included less stringent requirements than the Federal procurement requirements.

Without ensuring vendor competition, sole source justifications, and cost or price analyses, NEMA does not have assurance that amounts paid are justified, fair, and reasonable, or whether the contract could have been awarded to an equally competent contractor at a lesser cost.

### **Recommendation**

We recommend that the Assistant Administrator, Grant Programs Directorate:

#### **Recommendation #6:**

Require the Nebraska Emergency Management Agency to develop and implement controls to ensure that all subgrantee procurements are conducted using competitive procedures or are supported by written sole source justifications and cost analyses in accordance with Federal procurement regulations.

### **Management Comments and OIG Analysis**

**FEMA and the State's Response to Recommendation 6:** FEMA and the State concurred with this recommendation. Within 180 days after the issuance of this OIG final report, the Assistant Administrator, Grants Programs Directorate will require NEMA to develop and provide an updated procurement policy that complies with 44 CFR. §13.36 for subgrantees and local jurisdictions to follow.

**OIG Analysis:** We consider FEMA's actions responsive to the intent of recommendation 6. This recommendation is resolved and open until GDP provides evidence that NEMA completed these actions.



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### Monitoring Subgrantee Activities

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NEMA's monitoring efforts did not ensure subgrantees complied with Federal requirements and achieved program performance goals for the FYs 2009–2011 SHSP and FY 2010 UASI grants. NEMA's monitoring processes did not ensure performance goals were being achieved, and NEMA officials stated that they did not have sufficient staff to conduct the required onsite monitoring visits. As a result, the State cannot ensure subgrantees are administering FYs 2009–2011 SHSP and UASI grants funds in compliance with applicable Federal requirements and are achieving performance goals.

The CFR, Office of Management and Budget (OMB), FEMA, and NEMA have specific guidance on grantee monitoring requirements:

- 44 CFR §13.40, *Monitoring and Reporting Program Performance*: Grantees are responsible for managing the day-to-day operations of grant-and subgrantee-supported activities and ensuring grant recipients comply with applicable Federal requirements and achieve program performance goals. This regulation also specifies grantees' monitoring programs must cover each program, function, or activity.
- OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, Compliance Supplement, Part 3-M: Grantees are responsible for monitoring subgrantees' use of Federal awards through reporting, site visits, regular contact, or other means. Grantee monitoring should provide reasonable assurance the subgrantee administers Federal awards in compliance with laws and regulations, as well as the provisions of contracts or grant agreements and that performance goals are achieved.
- FEMA, *Homeland Security Grant Program Guidance and Application Kit*: Grant recipients are responsible for monitoring award activities, including subawards, to provide reasonable assurance that the Federal award is administered in compliance with requirements.
- NEMA, Directive 1601, *Subrecipient Grant Monitoring*: NEMA is responsible for monitoring the performance of projects to ensure adherence to performance goals and to track progress against strategies. Office-based and onsite monitoring is conducted using a Monitoring Report Form, and results documented in a Monitoring Memorandum.





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NEMA has one person conducting site visit monitoring for all SHSP, UASI, and Emergency Management Preparedness Grants. According to NEMA officials, staff shortages have prevented NEMA from conducting the desired number of onsite monitoring visits. As a result, NEMA did not conduct its first (and only) onsite monitoring of FY 2009 SHSP subgrantees until November 2012, almost 4 months after the FY 2009 grant period expired. As of February 2013, no onsite monitoring of FYs 2010 or 2011 SHSP subgrantees had occurred and NEMA monitoring staff said that they will not conduct any more FY 2009 monitoring because the FY 2009 grant period had expired.

The infrequency of onsite monitoring increased the importance of the “Office-Based Monitoring” (desk reviews). According to NEMA’s monitoring directive, the majority of monitoring would occur through desk reviews. Two NEMA officials performed the desk reviews, one monitoring the FY 2010 grant and the other monitoring the FY 2011 grant. The focus was on progress in spending funds, and review documentation (emails) was generated only if issues with subgrantee actions were uncovered.

NEMA monitoring policy requires both desk reviewers and onsite monitors to document their reviews and report the outcome to management. Because desk reviewers did not document review results or report results to management, there was no subgrantee monitoring record or review results to determine Federal compliance and achievement of performance goals. In addition, desk reviews provided no insight on the condition or availability of equipment. As a result, desk reviews were not a substitute for onsite monitoring.

Additionally, the monitor’s documentation of the one site visit provided no information on the subgrantee’s adherence to performance goals or progress against the homeland security strategy. None of the monitoring documentation or forms used to document the review referred to performance or progress, even though the monitoring directive included the requirement for NEMA to determine the status of both. Because the current desk monitoring process resulted in no documentation, NEMA had no method of determining the progress of its subgrantees in achieving the State’s goals and objectives.

When subgrantees are not adequately monitored, FEMA and the State cannot be sure that grant funds are being spent in compliance with Federal regulations, performance goals and objectives are being achieved, and noncompliant activities are being identified and corrected.



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**Recommendation**

We recommend that the Assistant Administrator, Grant Programs Directorate:

**Recommendation #7:**

Require the Nebraska Emergency Management Agency to—

- Monitor grant and subgrant supported programs, functions, and activities for the State Homeland Security Program and Urban Areas Security Initiative grants to assure compliance with Federal requirements and that performance goals are being achieved, and
- Require its monitors to document their reviews.

**Management Comments and OIG Analysis**

**FEMA and the State's Response to Recommendation 7:** FEMA and the State concurred with this recommendation. Within 180 days of the issuance of the OIG final report, the Assistant Administrator, Grants Programs Directorate will require NEMA to establish a subgrantee monitoring program that will ensure compliance with all applicable State and Federal laws and regulations and grant program guidance. FEMA also suggested we revise the first bullet of the recommendation in the report to make it less broad. The State indicated that they implemented a schedule to complete monitoring visits for FYs 2010, 2011 and 2012 during their period of performances and that it will ensure future grants are monitored at least once during the period of performance. NEMA will implement a process to document both on-site visits and desk monitoring of subgrantees and keep the documentation in the grant files.

**OIG Analysis:** We consider FEMA's and the State's responses responsive to the intent of recommendation 7. We revised the first bullet of the recommendation to make it less broad. This recommendation is resolved and open until GDP provides evidence that NEMA completed these actions.



## Appendix A

### Objectives, Scope, and Methodology

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.

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires DHS OIG to audit individual States' management of SHSP and UASI grants. This report responds to the reporting requirement for the State of Nebraska.

The audit objectives were to determine whether the State of Nebraska (1) spent grant funds effectively and efficiently and (2) complied with applicable Federal laws and regulations and DHS guidelines governing the use of such funding. We also addressed the extent to which grant funds enhanced the State's grantees ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters.

The scope of this audit included the plans developed by the State to improve preparedness and response to all types of hazards, goals, and objectives set in those plans; measurement of progress toward the goals; and assessments of performance improvement resulting from this measurement.

HSGP and its interrelated grant programs fund a range of preparedness activities, including planning, organization, equipment purchase, training, exercises, and management and administration costs. However, we reviewed only SHSP and UASI funding, equipment, and supported programs for compliance.

The scope of the audit included the SHSP and UASI grant awards for FYs 2009, 2010, and 2011, as shown in table 2.

**Table 2. State of Nebraska's SHSP and UASI Awards (FYs 2009 through 2011)**

Grant Program	FY 2009	FY 2010	FY 2011	Total
State Homeland Security Program	\$6,524,500	\$6,613,200	\$5,137,205	\$18,274,905
Urban Areas Security Initiative	0	1,013,087	0	1,013,087
Total	\$6,524,500	\$7,626,287	\$5,137,205	\$19,287,992

Source: FEMA.



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The audit methodology included work at FEMA headquarters, State of Nebraska offices, and various subgrantee locations in the northern, central, and southern regions of the State that received grants. To achieve our audit objective, we analyzed data, reviewed documentation, and interviewed key State and local officials directly involved in State HSGP management and administration.

We sampled grant award files from State agencies, regional subgrantees, and county hazardous materials teams that received SHSP and UASI grant allocations in FYs 2009, 2010, or 2011, as shown in table 2 and table 3. We judgmentally selected 45 percent of grant expenditures from NEMA and selected subgrantees as of September 30, 2012 (as listed in the third column of table 3). To ensure the completeness of expenditures, we reconciled data in the Grant Management System to SHSP and UASI grant balances per the General Ledger as of September 30, 2012.

**Table 3. Subgrantee Sample Selection (FYs 2009 through 2011)**

Subgrantees	Grant Allocation	Expenditures as of 9/30/2012	Subgrantee Type
Board of Regents University of Nebraska	\$535,500	\$418,267.55	State
East Central Region	652,020	300,547.35	Region
Nebraska Council of Regions	5,423,978	*	Region
Nebraska Emergency Management Agency	2,259,985	1,486,155.59	State
Nebraska State Patrol	622,908	906,656.25	State
North Central Region	1,487,006	924,427.03	Region
Omaha UASI/Tri County Region	2,383,862	1,392,467.74	Region
Platte County Hazmat Team	75,000	49,736.14	Local First Responder
South East Region	1,600,768	463,003.60	Region
<b>Total NEMA and Selected Subgrantee Allocations and Expenditures</b>	<b>\$ 15,041,027</b>	<b>\$5,941,261.25</b>	

\* Nebraska Council of Regions' expenditures are included in NEMA's expenditures.

Source: NEMA Initial Strategy Implementation Plans.

At each location, we interviewed officials and reviewed documentation supporting State and subgrantee management of grant funds (see figure 2). In addition, we verified the existence of selected equipment subgrantees procured with grant funds.

We conducted this performance audit between October 2012 and April 2013 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





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**Appendix B**  
**Management Comments to the Draft Report**

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



**FEMA**

JUL 09 2013

MEMORANDUM FOR: Anne L. Richards  
Assistant Inspector General for Audits (OIG)  
Department of Homeland Security

FROM: David J. Kaufman   
Associate Administrator for  
Policy, Program Analysis and International Affairs  
Federal Emergency Management Agency (FEMA)

SUBJECT: FEMA's Response to OIG-12-105-AUD-FEMA Draft Report:  
"The State of Nebraska's Management of Homeland Security  
Grant Program Awards for Fiscal Years 2009 through 2011".

Thank you for the opportunity to review and comment on OIG-12-105-AUD-FEMA Draft Report: "The State of Nebraska's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 through 2011".

**OIG Recommendation 1:** We recommend that the Assistant Administrator, Grants Programs Directorate assist the Nebraska Emergency Management Agency in preparing future strategies with:

- Objectives that are specific, measurable, results-oriented, and time-limited;
- Goals that contain at least one objective to track progress toward achievement of the goal; and
- Implementation of the evaluation plans for monitoring progress, compiling key management information, tracking trends, and keeping the strategy on track.

**FEMA Response to Recommendation 1: Concur.** (See consolidation response for recommendations 1 & 2 below.)

**OIG Recommendation 2:** We recommend that the Assistant Administrator, Grants Programs Directorate develop and provide States and urban areas with a comprehensive measurement system that includes baselines for measuring and demonstrating progress toward enhancing their level of preparedness through the use of State Homeland Security Program and Urban Areas Security Initiative grants funds.

[www.fema.gov](http://www.fema.gov)





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**FEMA Response to Recommendations 1 & 2: Concur.** The OIG has recommended that FEMA help states, territories and urban areas establish measurable goals and objectives that will enable them to systematically measure improvements in first responder capabilities and statewide preparedness. FEMA has established and implemented a system to do exactly that, as described below.

FEMA has made substantial progress in measuring the effectiveness of DHS preparedness grants. The National Preparedness Goal (the Goal) and the National Preparedness System serve as the framework for assessing grant effectiveness. FEMA's strategy for developing metrics and assessing grant performance begins with the Goal. The Goal defines the core capabilities necessary to prepare for the threats and hazards that pose the greatest risk to the security of the Nation, and it includes concrete, measurable objectives to manage that risk. The Goal's capability targets provide concrete statements of the Nation's requirements in each core capability.

#### **Measuring Grant Effectiveness**

As part of the National Preparedness System, FEMA has developed and is implementing performance assessments that measure progress toward achieving the Goal. FEMA's strategy is to base assessments on the principles that the Nation needs to understand the risks it faces, use those risks to determine the capabilities it needs, assess its current capability levels against those requirements, and track its progress in closing capability gaps.

In 2012, FEMA released a consistent methodology for determining risks in the *Comprehensive Preparedness Guide 201; Threat and Hazard Identification and Risk Assessment (THIRA) Guide (CPG-201)*. CPG-201 details the five-step process jurisdictions can use to generate desired outcomes and capability targets for each of the core capabilities. Diverging from past efforts to establish measures and metrics for a capability that would be applied uniformly, this approach allows a jurisdiction to establish its own capability targets based on the risks it faces. On December 31, 2012, states, territories, and major urban areas receiving Homeland Security Grant Program (HSGP) funds, of which the State Homeland Security Program and the Urban Area Security Initiative are subprograms, were required to submit their THIRAs to FEMA.

Once each jurisdiction has determined capability targets through the THIRA process, it estimates its current capability levels against those targets. On December 31, 2012, states and territories were required to submit State Preparedness Reports (SPRs) to FEMA that estimate current preparedness levels against the targets set in their THIRAs. The THIRA and SPR processes are scalable to allow sub-jurisdictions, sub-grantees and subject matter experts to provide input to the state or territory. Taken together, the THIRA results and the SPR identify capability needs and gaps. The THIRA and SPR results highlight gaps in capability and the progress of grantees in closing those gaps over time. FEMA reports the results of the capability assessments annually in the National Preparedness Report (NPR).

#### **Sustaining, Building and Delivering Capabilities**

Having estimated capability requirements, the next component of the National Preparedness System is to build and sustain capabilities. This step ties grant investments directly to needs and shortfalls. Grantees address documented capability requirements and gaps in their grant





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applications. In the investment justifications (IJ) submitted in the grant application, grantees must specifically identify the core capability or capabilities, the priority of the core capability as well as the capability gaps noted in their SPR that investment intends to address. In addition, the grantee must identify the specific outcome(s) that the investment will yield. FEMA verifies completion of the investment/project through its programmatic monitoring and spending on the investment through the Biannual Strategy Implementation Report (BSIR), also a tool used in the monitoring process. Since the period of performance for the HSGP is two years, a time limit is set for completion of the project once it is funded.

FEMA addressed the OIG recommendation for States to establish SMART goals and objectives that will enable States and Territories to systematically measure improvements in first responder capabilities and statewide preparedness by requiring states to use a set of tools including the THIRA, SPR, and Investment Justifications (IJs). Strategy updates are encouraged but not required as the THIRA, SPR and IJ methodology provide the goals and assessment of progress against those goals.

FEMA addressed recommendation for development of performance metrics by requiring States and Territories to use the THIRA, which provides capability targets that serve as specific metrics, and the SPR tool, which provides standard measurement against the targets.

FEMA addressed the recommendation for assessment and reporting systems by requiring States and Territories to use the THIRA, SPR, and IJs as the basis for statewide assessment and reporting. The methodology and tools for THIRA and SPR are scalable and available to local jurisdictions and sub-grantees.

FEMA believes this satisfies the intent of this recommendation and requests that this recommendation be closed.

**OIG Recommendation 3:** We recommend that the Assistant Administrator, Grants Programs Directorate direct the Nebraska Emergency Management Agency to consider the benefits of including additional contributors of terrorism risk, such as population density and critical infrastructure, in its State Homeland Security Program allocation formula to ensure grant funds are distributed where the risk of terrorism is greatest.

**FEMA Response to Recommendation 3: Non-concur.** This recommendation is based on an OIG finding that Nebraska is not utilizing a variety of factors, all of which are set out in 6 U.S.C. § 608, to prioritize its SHSP subawards based on risk. FEMA is statutorily required to use the factors set forth in 6 U.S.C. § 608 to prioritize SHSP and UASI awards based on risk. The 6 U.S.C. § 608 factors do not apply to States or other grantees. For this reason, States are not required to use the 6 U.S.C. § 608 factors to prioritize SHSP or UASI subawards and it would be contrary to the language of the Homeland Security Act and the intent of Congress to require or suggest that the States do so.

While FEMA understands the intent of this recommendation, the intent of Congress is clear in that the States and urban areas are best equipped to assess their own unique threats and vulnerabilities to potential terrorist attack. For this reason, the Homeland Security Act of 2002,



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as amended, gives States the responsibility to assess their own risk and vulnerabilities by developing a State homeland security plan that can be used to help the States develop effective funding priorities for SHSP and UASI grants. *See* 6 U.S.C. § 611(b). Congress, recognizing that States and local governments are more fully aware of their own security needs, intentionally designed the Homeland Security Act to give States and other locals primary responsibility for assessing their own risk. Congress is fully aware that the relative risk factors States use to validate risk are unique to individual States and the urban areas within each State. For FEMA to require States to use risk assessment factors that were never designed to be used at the State or local level would be contrary to both the letter and the spirit of the Homeland Security Act and would undermine Congress express intent that States play a significant and primary role in assessing their own risk and security needs.

FEMA requests this recommendation be considered resolved and closed.

**Recommendation 4:** We recommend that the Assistant Administrator, Grants Programs Directorate require the Nebraska Emergency Management Agency to review and update its obligation and approval process to identify ways to shorten the process so subgrantees have sufficient time to procure and spend their grant funds.

**FEMA Response to Recommendation 4: Concur.** The Homeland Security Act of 2002, as amended, and FEMA grant guidance require states receiving SHSP funds to make at least 80% of those funds available to local and tribal governments within 45 days of receiving those funds. The Assistant Administrator, Grants Programs Directorate shall require NEMA to assess and streamline (where possible) processes and procedures for obligating funds to subgrantees. NEMA shall report to GPD the results of this assessment and potential steps to be taken to expedite the obligation of funds to subgrantees no later than 90 days after the issuance of the OIG final report. FEMA will also require NEMA to develop an updated written policy that describes its sub award approval and obligation processes, and that includes any identified steps that can be used to streamline the process of obligating funds to subgrantees, within 180 days of the issuance of the OIG final report.

FEMA requests this recommendation be considered resolved and open.

**OIG Recommendation 5:** We recommend that the Assistant Administrator, Grants Programs Directorate require the Nebraska Emergency Management Agency to:

- Develop and implement controls to require and ensure its subgrantees maintain up-to-date property records that include all data required by Federal regulations and conduct physical inventories of equipment pursuant to Federal regulations;
- Revise its Grant Management Handbook Equipment Inventory template to include all required data elements; and
- Require documentation of equipment receipt to ensure proper accountability of equipment bought with State Homeland Security Program and Urban Areas Security Initiative funds.





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**FEMA Response to Recommendation 5: Concur.** FEMA requires SHSP and UASI grantees and subgrantees to comply with the equipment management requirements set forth in 44 C.F.R. § 13.32. Within 180 days after the issuance of the OIG final report, the Assistant Administrator, Grants Programs Directorate will require NEMA to update its policies and procedures to reflect the requirements of 44 C.F.R. § 13.32 concerning how property records and equipment purchases are managed, including the use of NEMA's updated Grants Management and Equipment Inventory Standard Operating Procedure (SOP) templates to log in these records.

FEMA requests this recommendation be considered resolved and open.

**Recommendation 6:** We recommend that the Assistant Administrator, Grants Programs Directorate require Nebraska Emergency Management Agency to develop and implement controls to ensure that all sub-grantee procurements are conducted using competitive procedures or are supported by written sole source justifications and cost analyses in accordance with Federal procurement regulations.

**FEMA Response to Recommendation 6: Concur.** SHSP and UASI grantees and subgrantees are required to comply with the procurement procedures set forth in 44 C.F.R. § 13.36, as well as procurement procedures required by state and local law. Within 180 days of the issuance of the OIG final report, the Assistant Administrator, Grants Programs Directorate will require NEMA to develop and provide an updated procurement policy that complies with 44 C.F.R. § 13.36 for subgrantees and local jurisdictions to follow. In the event that State law prohibits NEMA from requiring local jurisdictions to comply with a state authored procurement policy, NEMA will have to explain or justify the reasons why this is not possible. In the event that Home Rule laws prohibit NEMA from developing a procurement policy that applies to local governments, FEMA will require NEMA to require local jurisdictions, as a condition of receiving a subgrant, to develop their own local procurement policies that fully comply with 44 C.F.R. § 13.36.

FEMA requests this recommendation be considered resolved and open.

**Recommendation 7:** We recommend that the Assistant Administrator, Grants Programs Directorate require the Nebraska Emergency Management Agency to-

- Monitor each program, function, and activity for State Homeland Security Program and Urban Areas Security Initiative grants; and
- Require its monitors to document their reviews for compliance with Federal regulations and progress toward achieving performance goals.

**FEMA Response to Recommendation 7: Concur.** FEMA concurs with the intent of recommendation 7, but believes that the first bullet related to program monitoring is too broad and will be difficult to implement. Instead, FEMA recommends that the recommendation be changed to read:

- Establish a monitoring program that ensures subgrantees are compliant with both State and Federal rules and regulations, and the intent of the grant program.



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Within 180 days of the issuance of the OIG final report, the Assistant Administrator, Grants Programs Directorate will require NEMA to establish a sub grantee monitoring program that will ensure compliance with all applicable State and Federal laws and regulations and grant program guidance.

Thank you again for the opportunity to comment on FEMA's Response to OIG-12-105-AUD-FEMA Draft Report: "The State of Nebraska's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 through 2011" and for the work that you and your team have done to better inform us throughout this audit so that we may enhance the program's overall effectiveness. We look forward to your final report for this audit. Please direct any questions regarding this response to Gary McKeon, FEMA's Chief Audit Liaison, at 202-646-1308.



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**Appendix C**  
**State of Nebraska Comments to the Draft Report**

**STATE OF NEBRASKA**



**Dave Heineman**  
Governor

**EMERGENCY MANAGEMENT AGENCY**  
Judd H. Lyons  
Director  
2433 N.W. 24<sup>th</sup> Street  
Lincoln, Nebraska 68524-1801  
Phone (402) 471-7421

June 12, 2013

Anne L. Richard  
Assistant Inspector General for Audits  
Office of Inspector General  
U.S. Department of Homeland Security  
Washington, DC 20528

Dear Ms Richards:

Please accept this letter as official response to your *Draft Report: Nebraska's Management of Homeland Security Grant Program Awards Fiscal Years 2009 through 2011*. We have reviewed the report and have no reservation in publicly releasing this document upon inclusion of the following response to the listed recommendations:

Recommendation #1:

- The Nebraska Emergency Management Agency (NEMA) concurs with this recommendation.

The NEMA has initiated a process to update its' Homeland Security Strategy for FY2013 with specific, measurable, achievable, results-oriented, and time-limited objectives with goals that contain at least one objective and implementation of an evaluation program for monitoring progress.

Recommendation #2:

- The Nebraska Emergency Management Agency concurs with this recommendation.

The NEMA will comply with any comprehensive measurement system that will be established by the Federal Emergency Management Agency.

Recommendation #3:

- The State of Nebraska allocates its grant dollars according to risk, including economic risk. Nebraska's number one industry is agriculture which puts it in our high risk category for critical infrastructure, key resources, and economy. Critical infrastructure and key resources includes the livestock industry, grain and chemical storage facilities, rail lines and terminals. If any of these were destroyed by a terrorist attack, it would be catastrophic to the State's economy as well as the Nation's food supply. Nebraska will allocate grant dollars based on the utilization of the current FY2012 THIRA for threats and risks.

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The NEMA understands the basis for considering including additional factors contributing to the risk of terrorism in our allocation formula and will include a totality of factors such as risk, threat, consequence, infrastructure, monetary impact and also likelihood.

#### Recommendation #4:

- The Nebraska Emergency Management Agency concurs with this recommendation.

The Nebraska Emergency Management Agency is cognizant of the language of the grant for the 45 day obligation period. We recognized the intent of the guidance and felt we had put together a program that met the intent. The system we put into place, while the auditors did not think it met the 45 day obligation, was predicated on the sub-grantees willingness to meet timelines as a participant within the program. Nothing within the NEMA grant management process precluded a sub-recipient from submitting their requests and budgets in a timely manner to be approved within the 45 day timeframe. There is also the question of what is meant by "unconditional" within the context of a sub-recipients ability to have access to the funds. Without a clear definition and frame of reference from DHS, it is virtually unobtainable as a goal to meet the 45 day timeframe.

The NEMA will implement a pilot program to begin the sub-grantee application process prior to FEMA issuing the State's award. With the cooperation of the sub-grantees following program guidelines and submission of their applications, they will have their awards within 45 day timeframe.

#### Recommendation #5:

- The Nebraska Emergency Management Agency concurs with this recommendation.

The NEMA will reaffirm and enforce the property management requirements for equipment purchased with federal funds in individual sub-grantee contracts.

The NEMA will require and ensure its sub-grantees, (1) maintain up-to-date property records that include all data required and conduct physical inventories of equipment, (2) revise our Grant Management Handbook Inventory template to include all required data elements and (3) require and ensure documented equipment receipt certification. Further, the NEMA will require non-compliant sub-grantees to provide a plan to the NEMA to become compliant within 30 days of the finding.

#### Recommendation #6:

- The Nebraska Emergency Management Agency concurs with the findings and recommendations.

The NEMA has already instituted a requirement that all sub-grantee procurements are conducted using competitive procedures or are supported by written sole source justifications and cost/price analyses, in accordance with Federal procurement regulations. The NEMA will update its Grant Management Handbook to reflect these requirements. Purchases are now being reviewed with a desk audit to ensure compliance and will be monitored on site visits with the NEMA program inspector.

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Recommendation #7:

- The Nebraska Emergency Management Agency concurred with the findings and recommendations.

The NEMA has implemented a schedule to complete monitoring visits for FY2010, 2011 & 2012 during their period of performances. It will also ensure future grants are monitored at least once during the period of performance.

NEMA staff will implement a process to document both on-site visits and desk monitoring of sub-grantees and keep the documentation in the grant files.

Sincerely,

  
Judd H. Lyons, Director

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## Appendix D

### Examples of Strategic Goals and Objectives

Goal	<p><b>State Goal A:</b> Emergency Operations Plans will be used as the basis for planning, training, and exercise activities at the State and local levels.</p>	<p><b>State Goal H:</b> Improve the State’s ability, at the local/regional level, to recognize, detect, identify, respond to, and recover from an agricultural terrorism incident.</p>	<p><b>UASI Goal 7:</b> Enhance the capabilities of the Tri-County Specialized Teams to respond regionally to all-hazards incidents, including Chemical, Biological, Radiological, Nuclear &amp; Explosive incidents or act of terrorism. These teams include Bomb Squad, HAZMAT teams, Community Emergency Response Teams, Incident Dispatch Teams, Medical Reserve Corps, Air Support Unit, Crime Scene Investigation Evidence Collection Team, SWAT, River Response Teams, and Public Health Emergency Response Team.</p>
Objective	<p><b>A.2:</b> Local jurisdictions will use their Local Emergency Operation Plans (LEOP) to formulate a comprehensive and progressive planning, training, and exercise program. Ongoing July 2010</p>	<p><b>H.2:</b> Increase the capability of local/regional officials to plan for agricultural and food events. Ongoing August 2012</p>	<p><b>7.1:</b> The Tri-County Urban Area will seek to strengthen regional capabilities, coordination, and cooperation beyond the Tri-County Urban Area geographical boundaries, including the development of a multijurisdictional prevention and response plan based on the Improvised Explosive Devices Scenario.</p>
Implementation Steps	<ul style="list-style-type: none"> <li>• Establish a local LEOP review group.</li> <li>• Conduct a LEOP orientation 2 months before the born-on date for the LEOP.</li> <li>• Make necessary annual updates and submit to NEMA.</li> <li>• Annual update complete on the born-on date for the LEOP.</li> <li>• Complete a full revision of the LEOP every 5 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain curriculum for delivery to county officials and responders.</li> <li>• Schedule delivery of training to local/regional officials and responders.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish relationships with jurisdictions outside our geographical boundaries and encourage shared projects among the parties.</li> <li>• Develop a coordinated and comprehensive response plan to support Nebraska’s Strategy for Homeland Security.</li> <li>• Regional Exercise Design Team has been established.</li> </ul>
Deficiencies	<ul style="list-style-type: none"> <li>• Not specific or focused</li> <li>• Not measurable</li> <li>• Not results-oriented</li> <li>• Not time-limited</li> </ul>	<ul style="list-style-type: none"> <li>• Not specific or focused</li> <li>• Not measurable</li> <li>• Not results-oriented</li> <li>• Not time-limited</li> </ul>	<ul style="list-style-type: none"> <li>• Not specific or focused</li> <li>• Not measurable</li> <li>• Not time-limited</li> </ul>

Source: OIG analysis of Nebraska 2009 State and 2010 UASI Homeland Security Strategies.



## **Appendix E**

### **Homeland Security Grant Program**

**State Homeland Security Program Grant** supports the implementation of State Homeland Security Strategies to address the identified planning, organization, equipment, training, and exercise needs to prevent, protect against, respond to, and recover from acts of terrorism and other catastrophic events.

**Urban Areas Security Initiative Program** funds address the unique planning, organization, equipment, training, and exercise needs of high-threat, high-density urban areas, and assists them in building an enhanced and sustainable capacity to prevent, protect against, respond to, and recover from acts of terrorism.

**Metropolitan Medical Response System Program** supports the integration of emergency management, health, and medical systems into a coordinated response to mass casualty incidents caused by any hazard. Successful Metropolitan Medical Response System Program grantees reduce the consequences of a mass casualty incident during the initial period of a response by augmenting existing local operational response systems before an incident occurs.

**Citizen Corps Program** brings community and government leaders together to coordinate the involvement of community members and organizations in emergency preparedness, planning, mitigation, response, and recovery.

**Operation Stonegarden** funds are intended to enhance cooperation and coordination among local, tribal, territorial, State, and Federal law enforcement agencies in a joint mission to secure the U.S. borders along routes of ingress from international borders to include travel corridors in States bordering Mexico and Canada, as well as States and territories with international water borders. This program was not included in the FY 2009 HSGP.



## **Appendix F**

### **Threat and Hazard Identification and Risk Assessment**

The National Preparedness System establishes the process to define and achieve specific capability targets and meet the National Preparedness Goal. One of the six components of the National Preparedness System includes identifying and assessing risk. The Threat and Hazard Identification and Risk Assessment (THIRA) provides a comprehensive approach for identifying and assessing risks and associated effects, using the core capabilities identified in the National Preparedness Goal and employing the following five-step process:

1. Identify threats and hazards;
2. Give threats and hazards context (assess vulnerability, how they affect the community);
3. Examine core capabilities using the threats and hazards (estimate consequences, impacts to the community);
4. Set capability targets; and
5. Apply the results (use results for planning and preparedness activities, identify means to deliver target level of capability).

THIRA submission is required of all 56 States and Territories receiving HSGP and Emergency Management Performance Grant funds and 31 eligible UASIs. The first THIRA submission was due December 31, 2012. Subsequent submissions will be an annual performance requirement for FEMA preparedness grant awards.

In addition to the THIRA, States and Territories receiving FEMA preparedness grants are required to annually submit a State Preparedness Report (SPR). FEMA officials state that THIRA results and the SPR will provide a quantitative summary of preparedness, document current capabilities and potential shortfalls, and set priorities for addressing shortfalls. FEMA officials also state that the SPR results will be used by the States to identify funding requirements and set priorities for subgrantee project applications. The grant application (investment justification) must demonstrate how proposed projects address gaps and deficiencies in delivering one or more core capabilities outlined in the National Preparedness Goal and, as FEMA officials state, address capability gaps reported in the SPR.

FEMA officials said that the FY 2013 HSGP funding announcement will require applicants to map proposed investments to specific core capabilities and capability gaps identified in the SPRs, linking investments to actions that build and sustain capabilities aligned



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with the National Preparedness Goal. We have not had the opportunity to audit this process or the outcomes for this State.



## **Appendix G**

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## **Appendix H**

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