

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

The State of Rhode Island's Management of State  
Homeland Security Program and Urban Areas  
Security Initiative Grants Awarded During  
Fiscal Years 2008 Through 2010






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Department of Homeland Security

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

DEC 11 2012

MEMORANDUM FOR: David J. Kaufman  
Acting Assistant Administrator  
Grant Programs Directorate  
Federal Emergency Management Agency

FROM: Anne L. Richards   
Assistant Inspector General for Audits

SUBJECT: *The State of Rhode Island's Management of State  
Homeland Security Program and Urban Areas Security  
Initiative Grants Awarded During Fiscal Years 2008  
Through 2010*

Attached for your action is our final report, *The State of Rhode Island's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2008 Through 2010*. We incorporated the formal comments from the Federal Emergency Management Agency's Office of Policy and Program Analysis and the State of Rhode Island's Emergency Management Agency in the final report.

The report contains six recommendations aimed at improving the overall effectiveness of the State of Rhode Island's management of State Homeland Security Program and Urban Areas Security Initiative Grants. Your office concurred with all recommendations. Based on information provided in your response to the draft report, we consider the recommendations open and resolved. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts.

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 Mark Bell, 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
HSGP	Homeland Security Grant Program
NPD	National Preparedness Directorate
OIG	Office of Inspector General
SAA	State Administrative Agency
SHSP	State Homeland Security Program
SOP	standard operating procedures
UASI	Urban Areas Security Initiative



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### Executive Summary

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, as amended, 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 Rhode Island.

The objectives of the audit were to determine whether the State distributed and spent State Homeland Security Program and Urban Areas Security Initiative grant funds (1) effectively and efficiently and (2) in compliance with applicable Federal laws and regulations. We also addressed 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.

The State was awarded \$35,209,566 in Homeland Security Grant Program funds from fiscal years 2008 to 2010. This included \$33,851,300 in State Homeland Security Program and Urban Areas Security Initiative grants that were subawarded to a total of one grantee and 48 subgrantees. Among the State's subgrantees are cities, towns, and State agencies.

Generally, the State of Rhode Island distributed and spent the awards effectively, efficiently, and in compliance with applicable laws and regulations. To its credit, the State's desk monitoring has succeeded in catching and correcting some noncompliance. The State has also established effective working groups for communicating with and providing guidance to subgrantees. However, improvements are needed in the following areas:

- Developing a comprehensive strategy with measurable objectives;
- Developing a performance measurement system to assess emergency preparedness;
- Complying with procurement and inventory requirements; and
- Strengthening onsite monitoring activities to ensure subgrantee compliance with grant requirements.

These issues exist because the Federal Emergency Management Agency (FEMA) and the Rhode Island Emergency Management Agency have not provided sufficient guidance and oversight for the grant process. We made six recommendations for FEMA to initiate improvements which, if implemented, should help strengthen grant program management, performance, and oversight. FEMA concurred with all six recommendations.



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### Background

DHS provides Federal funding through the Homeland Security Grant Program (HSGP) to help State and local agencies enhance capabilities to prevent, deter, respond to, and recover from terrorist attacks, major disasters, and other emergencies. Within DHS, FEMA is responsible for administering the HSGP. FEMA supports preparedness by developing policies, ensuring that adequate plans are in place and validated, defining capabilities required to address threats, providing resources and technical assistance to States, and synchronizing preparedness efforts throughout the Nation. Appendix D provides a detailed description of the interrelated grant programs that constitute the HSGP.

HSGP guidance requires the Governor of each State and Territory to designate a State Administrative Agency (SAA) to apply for and administer grant funding awarded under the HSGP. The SAA is the only entity eligible to formally apply for HSGP funds. FEMA requires that the SAA be responsible for obligating grant funds to local units of government and other designated recipients within 45 days after the award of funds. The Rhode Island Emergency Management Agency is the SAA designated to provide administrative oversight over the HSGP. This includes responsibility over grant funding for State and local disbursement, statewide interoperability, the intelligence fusion center, and emergency plans and response teams.

The State of Rhode Island was awarded \$35,209,566 in HSGP funds from fiscal years (FYs) 2008 through 2010. This included \$33,851,300 in State Homeland Security Program (SHSP) and Urban Areas Security Initiative (UASI) grants that were subawarded to 48 subgrantees and the SAA. The State's subgrantees are cities, towns, and State agencies. Appendix A provides a list of the 48 subgrantees.

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 requirement for the State of Rhode Island. Appendix A provides details on the objectives, scope, and methodology of this audit.



## Results of Audit

### **Improvements Are Needed To Enhance the State of Rhode Island's Grant Management Practices**

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Generally, the State of Rhode Island distributed and spent the grant awards efficiently, effectively, and in compliance with applicable laws and regulations. However, improvements are needed in the following areas: developing a comprehensive strategy with measurable objectives, developing a performance measurement system to assess emergency preparedness, complying with procurement and inventory requirements, and strengthening onsite monitoring activities to ensure subgrantee compliance with grant requirements.

These issues exist because FEMA and the Rhode Island Emergency Management Agency need to provide more guidance and oversight for the grant process.

### **Security Strategy Objectives**

The State Homeland Security Strategy did not provide measurable goals and objectives with a basis to evaluate the progress it has made on its preparedness, prevention, response, and recovery capabilities. The 2009 State Homeland Security Strategy included five goals, 37 objectives, and 147 implementation steps. The strategy's goals and objectives did not include target dates of achievement. As a result, the State is unable to demonstrate quantifiable improvement and accomplishments to reduce its vulnerability to terrorism and natural disasters.

In July 2005, FEMA's National Preparedness Directorate (NPD) released guidance to the States on how to align their State Homeland Security Strategy with the National Preparedness Goal. The *Department of Homeland Security State and Urban Area Homeland Security Strategy Guidance on Aligning Strategies with the National Preparedness Goal* requires States to include measurable goals and 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;



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- Achievable—not beyond a State, region, jurisdiction, or locality’s ability;
- Results-oriented—identifying a specific outcome; and
- Time-limited—having a target date to identify when the objective will be achieved.

Table 1 provides examples of shortcomings in the State’s Strategy objectives.

Table 1. Shortcomings in the State’s Strategy Objectives		
Goal	Objective	Shortcomings
1. Prepare for all-hazards response missions.	<b>1.1 Planning:</b> Preparedness plans incorporate an accurate hazard analysis and risk assessment and ensure that capabilities required to prevent, protect, and mitigate against, respond to, and recover from terrorist attacks and catastrophic natural disasters are available when and where they are needed.	The objective is not— <ul style="list-style-type: none"> <li>• Specific</li> <li>• Measureable</li> <li>• Time-limited</li> </ul>
1. Prepare for all-hazards response missions.	<b>1.4 Community Preparedness and Participation:</b> There is a structure and a process for ongoing collaboration between government and nongovernment resources at all levels.	The objective is not— <ul style="list-style-type: none"> <li>• Specific</li> <li>• Measureable</li> <li>• Time-limited</li> </ul>
2. Prevent, preempt, and deter acts of terrorism.	<b>2.2 Intelligence Analysis and Production:</b> Timely, accurate, and actionable intelligence/information products are produced in support of prevention, awareness, deterrence, response, and continuity planning operations.	The objective is not— <ul style="list-style-type: none"> <li>• Specific</li> <li>• Measureable</li> <li>• Time-limited</li> </ul>
4. Respond in an immediate, effective, and coordinated manner, focused on the victims of the attack.	<b>4.2 Emergency Operations Center Management:</b> The event is effectively managed through multiagency coordination for a preplanned or no-notice event through the Emergency Operations Center Management.	The objective is not— <ul style="list-style-type: none"> <li>• Specific</li> <li>• Measureable</li> <li>• Time-limited</li> </ul>

*Source:* DHS OIG analysis of Rhode Island’s 2011 State Homeland Security Strategy.

According to FEMA and State officials, FEMA has not provided comments on the State’s Homeland Security Strategies to ensure that they meet FEMA guidance and include measurable goals and objectives, which contributed to the identified shortcomings. For example, the State was not aware that it was required to develop target dates for completing objectives in the SHSP Strategy. An NPD



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Senior Policy Analyst also indicated that moving forward, FEMA plans to issue improved strategy guidance and develop a process for providing feedback to States on their strategies. NPD plans to release the updated guidance on strategic planning by January 2013.

#### **Performance Measures**

Rhode Island does not have sufficient performance measures to use as a basis for determining progress toward its security strategy goals and objectives. Although the State has attempted to measure the results of SHSP and UASI funds through a variety of reports, performance assessments, and strategy plans, it has not gathered results-oriented data that can be measured to show the impact of the grant funds.

The *Government Performance and Results Act of 1993* initiated program performance reform across the Federal Government by requiring all agencies to set program goals, measure program performance against those goals, and report publicly on their progress. FEMA's *State and Urban Area Homeland Security Strategy Guidance on Aligning Strategies with the National Preparedness Goal* provides the States with emergency preparedness priorities and target capability needs; however, it does not give them specific guidance for developing performance measures.

Congress has recognized that FEMA's guidance has not assisted the States with developing adequate performance measures. As a result, under Public Law 111-271, Congress required the National Academy of Public Administration to assist FEMA with a plan that would require a specific timetable for developing quantifiable performance measures and metrics to assess the effectiveness of the grant programs.

The State and the subgrantees have attempted to demonstrate the positive affect of grant-funded projects. For example, the State's 2010 Performance and Accountability Report discussed its accomplishments toward satisfying mission requirements made possible by grant funding. UASI grants enabled nine urban area communities to purchase equipment and conduct planning activities that would further strengthen local schools. The UASI School Security Initiative supplied security cameras and enhanced door locks, and established the "beSafe" program for schools to have standardized plans to respond to all-hazard events.





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Without performance measures and quantifiable evidence, however, the State is unable to demonstrate how SHSP and UASI grants have enhanced its ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters.

### Procurement Requirements

The State and subgrantees did not ensure that Federal regulations were followed for procurements of equipment and services with HSGP funds. We identified several instances of noncompliance with grant requirements concerning cost analysis, quotes, and poor record keeping:

- **Cost Analysis** – One subgrantee procured services totaling \$250,000 through a single-source vendor. The subgrantee provided a sole-source justification for the contract, explaining that the vendor was chosen because of its extensive knowledge of the State’s emergency systems. The subgrantee could not provide a cost analysis as required.
- **Quotes** – A subgrantee did not retain quotes for a 2008 Sierra pickup truck procured with FY 2008 SHSP funds. Because of insufficient documentation, we could not determine whether the \$35,399 purchase was acquired under full and open competition.
- **Poor Record Keeping** – Three subgrantees were unable to provide purchase and procurement documentation such as invoices and purchase orders for equipment purchases totaling \$186,179.

Within the Code of Federal Regulations (CFR), 44 CFR 13.36, Procurement, provides uniform administrative requirements for grants and cooperative agreements awarded to State and local governments. Federal procurement regulations direct that grantees and subgrantees should—

- Acquire equipment and services under full and open competition;
- Conduct cost analyses to ensure that prices obtained through noncompetitive procurements are fair and reasonable;
- Use noncompetitive procurement only when award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and
  - The item is only available from a single source, or



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- Public emergency will not permit a competitive purchase, or
  - The awarding agency authorizes noncompetitive proposals, or
  - After solicitation of a number of sources, competition is determined inadequate; and
- Maintain records sufficient to describe the significant history of procurement. These records will include, but are not necessarily limited to, rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

The questionable procurement practices we identified can be attributed to staff turnover and the State's limited oversight of the procurement area.

Compliance with procurement requirements is necessary to ensure that the grant funds provide equipment or services at reasonable prices. Without quotes, cost analysis, and proper record keeping, the State cannot be assured that funds were spent efficiently and effectively and at lowest cost to the government.

### **Inventory Requirements**

The State and the subgrantees did not always comply with grant inventory or property record requirements. 44 CFR 13.32(d), Management Requirements, establishes procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, and includes the following minimum requirements:

- Property records must be maintained and include the property's description, identification number, source of the property, title holder, acquisition date, cost and percentage of Federal funds used in the cost, location, use and condition, and ultimate disposition.
- A physical inventory of the property must be taken and the results reconciled with the property records at least every 2 years.
- An inventory control system must be developed to ensure that adequate safeguards are in place to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

FEMA grant guidance requires subgrantees, when practicable, to prominently mark any equipment purchased with grant funding with the statement



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“Purchased with funds provided by the U.S. Department of Homeland Security.” We visited the State and 21 subgrantee sites, and conducted inventory reviews for the State and 12 subgrantees that had purchased equipment with grant funds. We identified inventory control violations and noncompliance with grant requirements for the State and all 12 subgrantees. For example,

- Two of the 13 did not maintain an inventory list or other type of inventory control system.
- None of the 13 maintained an inventory list with the six elements required by 44 CFR 13.32 for adequate property records: cost, description, identification number, title holder, location, and disposition data (disposal date or sale prices).
- Eight of the 13 did not conduct a physical inventory every 2 years.
- Twelve of the 13 did not mark equipment with the statement “Purchased with funds provided by the U.S. Department of Homeland Security.”

One subgrantee was unable to locate a \$7,800 infrared scope used to search for people trapped under debris. The equipment appeared on the inventory list; however, the location information was missing. After several attempts to locate this item over a 4-month period, the subgrantee had to declare the item missing and file a report with the local authorities.

We identified a recurring issue of subgrantees failing to identify and mark equipment. The absence of identification markers made it difficult to ensure that the equipment corresponded to the inventory list and was purchased with DHS grants. Subgrantee personnel said that they were not aware of some of the Federal property management requirements outlined in FEMA’s grant guidance.

Without adherence to inventory management requirements, the State cannot ensure that assets procured with grant funds are adequately safeguarded to prevent loss, damage, or theft, and used as intended. The State’s ability to prevent, prepare for, protect against, and respond to all-hazard situations is diminished by subgrantees’ inadequate inventory record keeping and maintenance.



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### **Subgrantee Program Monitoring**

State monitoring efforts did not ensure subgrantee compliance with Federal grant procurement and inventory requirements. Office of Management and Budget Circular A-133, Compliance Supplement, Part 3-M, requires grantees to monitor subgrantees' use of Federal awards through reporting, site visits, regular contact, or other means. 44 CFR 13.40(a), Monitoring and Reporting Program Performance, requires grantees to provide day-to-day management of all grant- and subgrantee-supported activities and ensure that subgrantees comply with applicable Federal requirements and achieve program performance goals.

The State has improved subgrantee monitoring, but additional focus is needed on monitoring active grants to ensure subgrantee compliance with requirements. The SAA consists of a Grant Manager, a Grant Coordinator, and a Grant Compliance Officer. According to one SAA official, in August 2009, the State created a subgrantee monitoring position and subsequently hired a full-time Grant Compliance Officer. The officer said he has regular contact with subgrantees and monitors open grants through ad hoc onsite reviews, quarterly reports, and desk monitoring. He monitors closed grants through ad hoc onsite reviews.

The desk monitoring has succeeded in catching and correcting some noncompliance. For instance, in May 2010, the State completed a desk monitoring review that revealed that nine subgrantees had received an emergency notification system but did not have any documentation to show that they took custody of the equipment, nor where the equipment was located. However, monitoring shortfalls still exist. Shortfalls include the lack of a monitoring plan, including a schedule for monitoring subgrantees, and a lack of staff resources to monitor active grants.

The State has established effective subgrantee working groups, which allow the State another means of overseeing and administering grant funds. Through working groups, the State has learned of upcoming challenges and has been able to proactively manage the grants. For example, in 2011, the State learned that a subgrantee was experiencing financial hardship and was headed toward bankruptcy. The State UASI working group worked with the subgrantee to quickly reallocate its grant for a rail security project to another subgrantee. Through working groups, the State also learned about subgrantees not meeting agreed-upon training requirements and quickly deobligated their grant funds.



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According to an SAA official, more onsite monitoring had not been done because of limited staff. The subgrantees explained that they were not monitoring for compliance owing to staff turnover, lack of knowledge of grant requirements, and lack of resources.

If subgrantees are not monitored, FEMA and the State cannot be sure that grant funds are being spent and managed in compliance with procurement and inventory requirements.

### **Recommendations**

We recommend that the Federal Emergency Management Agency Assistant Administrator, Grant Programs Directorate:

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

Assist the Rhode Island Emergency Management Agency with revising the State Homeland Security Strategy to include—

- Specific, measurable, and results-oriented objectives in compliance with the most recent DHS guidance; and
- Objective completion dates that are consistently listed in the strategies and are current and realistic for achieving each objective.

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

Expedite the development of adequate performance measures to assist the Rhode Island Emergency Management Agency with measuring and assessing all of the State's capabilities and preparedness.

#### **Recommendation #3:**

Require the Rhode Island Emergency Management Agency to provide training to subgrantees on how to use and comply with Federal, State, and local procurement and inventory requirements.

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

Require the Rhode Island Emergency Management Agency to ensure that subgrantees develop and sustain an inventory control system in accordance with Federal requirements.



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### **Recommendation #5:**

Require the Rhode Island Emergency Management Agency to develop a program monitoring schedule and plan to focus monitoring efforts on active grants.

### **Recommendation #6:**

Require the Rhode Island Emergency Management Agency to conduct onsite monitoring of grants to correct deficiencies pertaining to procurement and inventory noncompliance with Federal, State, and local grant requirements.

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

FEMA appreciated our audit work and the opportunity to comment on the draft report. The findings in the report will be used to strengthen the effectiveness and efficiency of FEMA's execution and measurement of the subject grant programs. The agency recognizes the need to continue to improve the process, including addressing the recommendations raised in this report. A summary of FEMA's and the State's responses to each recommendation and our analysis follows.

**FEMA's and the State's Response to Recommendation #1:** FEMA and the State concurred with the intent of this recommendation. NPD, the FEMA entity responsible for the Homeland Security Strategy and its guidance, plans to release updated guidance on strategic planning by January 2013. FEMA's Grant Programs Directorate will require the Rhode Island Emergency Management Agency Director to revise Rhode Island's Homeland Security Strategy to comply with the revised NPD guidelines.

**OIG Analysis:** We consider FEMA's actions responsive to the intent of Recommendation 1, which is resolved and open. This recommendation will remain open pending confirmation that FEMA has released updated guidance for the Homeland Security Strategy, and that the Rhode Island Emergency Management Agency's Homeland Security Strategy has been revised to comply with the new guidelines.

**FEMA's and the State's Response to Recommendation #2:** FEMA and the State concurred with the intent of this recommendation. The FEMA NPD is currently developing processes to measure core capabilities in accordance with the National Preparedness Goal pursuant to the Presidential Policy Directive. The State will complete the Threat and Hazard Identification and Risk Assessment



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and submit it to FEMA by December 31, 2012. This assessment will be used to create a baseline and targets for FY 2013 and beyond. FEMA has also redesigned the State Preparedness Report, which will help States demonstrate and track preparedness improvement over time.

**OIG Analysis:** We consider FEMA's actions responsive to the intent of Recommendation 2, which is resolved and open. This recommendation will remain open pending confirmation that the State has submitted its Threat and Hazard Identification and Risk Assessment to FEMA. FEMA must also provide documentation supporting the actions taken to develop performance measures from the State's completed Threat and Hazard Identification and Risk Assessment. In addition, FEMA must document completion of the redesigned State Preparedness Report.

**FEMA's and the State's Response to Recommendations #3 and #4:** FEMA and the State concurred with these recommendations. FEMA will require the Rhode Island Emergency Management Agency Director to develop and implement property management and inventory standard operating procedures (SOP) within 90 days of receipt of this report. The procedures will adhere to 44 CFR 13.32 as well as State government policies and procedures. The implementation plan for the SOP must involve training for subgrantees. To further support the subgrantees, FEMA will require the Rhode Island Emergency Management Agency to develop resources that will assist subgrantees in their compliance with Federal, State, and local procurement requirements.

**OIG Analysis:** We consider FEMA's actions responsive to the intent of Recommendations 3 and 4, which are resolved and open. These recommendations will remain open pending confirmation that the State has developed and implemented the SOP and has provided training and resources to the subgrantees in complying with property management and inventory policies, as well as Federal, State, and local procurement requirements.

**FEMA's and the State's Response to Recommendation #5:** FEMA and the State concurred with this recommendation. FEMA will require the Rhode Island Emergency Management Agency Director to submit a revised HSGP monitoring policy within 90 days of receipt of this report. The updated policy should include a clear method for selecting subgrantees for desk monitoring and onsite visits; the number or frequency of monitoring visits each year for both SHSP grants and UASI grants; a sample monitoring schedule to encompass the next 12 months; the protocols to be followed during the monitoring visits, including the materials



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and processes to be reviewed; and a process for documenting and resolving any deficiencies identified.

The Rhode Island Emergency Management Agency has a formal monitoring policy in place that has been reviewed by FEMA and meets the Federal requirements. The State will develop and institute a formal yearly calendar of scheduled site monitoring for subrecipients and will attempt to increase the monitoring commensurate with the limited time and staff available.

**OIG Analysis:** We consider FEMA's actions responsive to the intent of Recommendation 5, which is resolved and open. This recommendation will remain open pending confirmation that FEMA has provided the revised HSGP monitoring policy, including a monitoring schedule and plan for the Rhode Island Emergency Management Agency.

**FEMA's and the State's Response to Recommendation #6:** FEMA and the State concurred with this recommendation. FEMA will require the Rhode Island Emergency Management Agency Director to submit a revised HSGP monitoring policy within 90 days of receipt of this report. The updated policy should include a clear method for selecting subgrantees for desk monitoring and onsite visits; the number or frequency of monitoring visits each year for both SHSP grants and UASI grants; a sample monitoring schedule to encompass the next 12 months; the protocols to be followed during the monitoring visits, including the materials and processes to be reviewed; and a process for documenting and resolving any deficiencies identified. The State intends to enhance its enforcement efforts through better education and more monitoring of the subgrantees.

**OIG Analysis:** We consider FEMA's actions responsive to the intent of Recommendation 6, which is resolved and open. This recommendation will remain open pending confirmation that FEMA has provided a revised HSGP monitoring policy, including a process for documenting and resolving deficiencies identified on monitoring site visits, which has been completed by the Rhode Island Emergency Management Agency Director.





## **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.

This report provides the results of our work to determine whether the State of Rhode Island spent SHSP and UASI grant funds (1) effectively and efficiently and (2) in compliance with applicable Federal laws and regulations. We also addressed the extent to which 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 HSGP and its five interrelated grant programs, State Homeland Security Program, Urban Areas Security Initiative, Operation Stonegarden, Citizen Corps Program, and Metropolitan Medical Response System Program, fund a range of preparedness activities, including planning, organization, equipment purchase, training, exercises, and management and administration costs. The State of Rhode Island did not receive Operation Stonegarden funding in 2008, 2009, or 2010.

The scope of the audit included only the SHSP and UASI grant awards for FYs 2008, 2009, and 2010. We reviewed the State's plans to improve preparedness and all-hazards response, the goals set within those plans, the measurement of progress toward the goals, and the assessments of performance improvement that result from this activity.

The scope included the assessment of these activities within the context of risk to determine if the State's plans produced strategic performance improvements related to the areas of highest risk rather than merely producing improvements in a broader sense (see table 2).



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Table 2: State of Rhode Island's Homeland Security Grant Program				
Funded Activity	FY 2008	FY 2009	FY 2010	Total
State Homeland Security Program	\$6,170,000	\$6,524,500	\$6,613,200	\$19,307,700
Urban Areas Security Initiative	\$5,015,000	\$4,764,300	\$4,764,300	\$14,543,600
<b>Total</b>	<u>\$11,185,000</u>	<u>\$11,288,800</u>	<u>\$11,377,500</u>	<u>\$33,851,300</u>
Citizen Corps Program	\$139,773	\$139,520	\$119,112	\$398,405
Metropolitan Medical Response System Program	\$321,221	\$321,221	\$317,419	\$959,861
<b>Grand Total</b>	<u>\$11,645,994</u>	<u>\$11,749,541</u>	<u>\$11,814,031</u>	<u>\$35,209,566</u>

Source: DHS OIG.

We judgmentally selected 21 out of the 48 subgrantees in addition to the SAA that had been awarded funding in FYs 2008, 2009, and 2010 to visit. We tested grant assets and verified inventory controls review based on the following variables:

- Subgrantee financial status (i.e., filed for bankruptcy);
- Subgrantee geographic location;
- Items categorized under the areas of Planning, Organization, Equipment, Training, Exercise activities, and Operational support systems;
- Grant allocation amounts;
- Reimbursement/invoice amounts;
- Documentation discrepancies based on preliminary review at SAA; and
- Partial payments over multiple years.

The site visits were conducted between January and March 2012. In accordance with the audit guide, auditors met with FEMA officials, the SAA, State agency offices, and first responders of cities/towns that received SHSP and UASI funding. At each location, we interviewed responsible officials, reviewed documentation supporting State and subgrantee management of grant funds, and inspected selected equipment procured with grant funds. We developed an asset verification tool to document the transactions chosen for review, results of review, and details related to training and exercises to ensure that requirements had been met. Table 3 lists all the subgrantees and shows the 21 subgrantees reviewed.



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Table 3: State of Rhode Island Subgrantees			
Subgrantee	Visited	SHSP	UASI
1. Barrington		√	
2. Bristol		√	
3. Burrillville	√	√	
4. Central Falls	√	√	√
5. Charlestown	√	√	
6. Coventry		√	
7. Cranston		√	√
8. Cumberland		√	
9. East Greenwich		√	
10. East Providence	√	√	√
11. Foster		√	
12. Glocester		√	
13. Hope Valley	√	√	
14. Hopkinton		√	
15. Jamestown		√	
16. Johnston		√	√
17. Kingston	√	√	
18. Lincoln		√	
19. Little Compton	√	√	
20. Middletown		√	
21. Narragansett		√	
22. Newport	√	√	√
23. New Shoreham		√	
24. North Kingstown	√	√	
25. North Providence		√	√
26. North Smithfield		√	
27. Pawtucket	√	√	√
28. Portsmouth		√	
29. Providence	√	√	√
30. Rhode Island Department of Environmental Management		√	
31. Rhode Island Department of Health		√	
32. Rhode Island Disaster Medical Assistance Team		√	
33. Rhode Island 9-1-1 Uniform Emergency Telephone System	√	√	
34. Rhode Island National Guard		√	
35. Rhode Island Office of the State Fire Marshal	√	√	√
36. Rhode Island State Police	√	√	√
37. Richmond		√	
38. Scituate	√	√	
39. Smithfield		√	
40. South Kingstown	√	√	
41. T.F. Green Airport Fire/Rescue		√	
42. Tiverton		√	
43. Warren	√	√	
44. Warwick		√	√
45. Westerly	√	√	
46. West Greenwich	√	√	
47. West Warwick	√	√	√
48. Woonsocket	√	√	√

Source: DHS OIG.



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We conducted this performance audit between November 2011 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.



**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security


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

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



OCT 19 2012

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

FROM: David J. Kaufman   
Director  
Office of Policy and Program Analysis

SUBJECT: Response to OIG Draft Report, *The State of Rhode Island's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2008 through 2010* ( Job Code: 12-095-AUD-FEMA)

Thank you for the opportunity to comment on the subject draft report. The findings in the report will be used to strengthen the effectiveness and efficiency of how we execute and measure our programs. We recognize the need to continue to improve the process, including addressing the recommendations raised in this report. Our responses to the recommendations are as follows:

We recommend that the Federal Emergency Management Agency Assistant Administrator, Grant Programs Directorate:

**Recommendation #1:**

Assist the Rhode Island Emergency Management Agency with revising the State Homeland Security Strategy to include:

- Specific, measurable, and results-oriented objectives in compliance with the most recent DHS guidance; and
- Objective completion dates that are consistently listed in the strategies and are current and realistic for achieving each objective.

**FEMA Response:**

FEMA concurs with the intent of this recommendation. The National Preparedness Directorate (NPD), the Federal Emergency Management Agency (FEMA) entity responsible for the homeland security strategy (HSS) and its guidance, plans to release updated guidance on strategic planning by January 2013. FEMA's Grant Programs Directorate (GPD) will require the Rhode Island Emergency Management Agency (RIEMA) Director to revise Rhode Island's HSS to comply with revised



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guidelines developed by NPD. FEMA believes this satisfies the intent of the recommendation and requests that this recommendation be resolved and open pending revision of Rhode Island's Homeland Security Strategy.

**Recommendation #2:**

Expedite the development of adequate performance measures to assist the Rhode Island Emergency Management Agency with measuring and assessing all of the State's capabilities and preparedness.

**FEMA Response Recommendation #2:**

FEMA concurs with the intent of this recommendation. The FEMA NPD is currently developing processes to measure core capabilities in accordance with the National Preparedness Goal pursuant to PPD-8. The State will complete the Threat and Hazard Identification and Risk Assessment (THIRA) and submit it to FEMA by December 31, 2012. The THIRA will be used to create a baseline and targets for Fiscal Year 2013 and beyond. FEMA has also redesigned the State Preparedness Report that will help states demonstrate and track preparedness improvement over time. FEMA requests that the recommendation be resolved and open pending completion of the stated corrective action.

**Recommendation #3:**

Require the Rhode Island Emergency Management Agency to provide training to subgrantees on how to use and comply with Federal, State, and local procurement and inventory requirements.

**Recommendation #4:**

Require the Rhode Island Emergency Management Agency to ensure that subgrantees develop and sustain an inventory control system in accordance with Federal requirements.

**FEMA Response to Recommendations #3 and #4:**

FEMA concurs with both recommendations. FEMA GPD will require the RIEMA Director to develop and implement a property management and inventory Standard Operating Procedure (SOP) within 90 days of receipt of this report. The SOP will adhere to procedures set forth in 44 CFR 13.32 as well as State government policies and procedures. The implementation plan for this SOP must involve training for subgrantees. To further support the subgrantees RIEMA will be required to develop resources that will assist subgrantees in their compliance with Federal, State and local procurement requirements. FEMA requests these recommendations be resolved and open pending implementation of the stated corrective actions.

**Recommendation #5:**

Require the Rhode Island Emergency Management Agency to develop a program monitoring schedule and plan to focus monitoring efforts on active grants.

**Recommendation #6:**

Require the Rhode Island Emergency Management Agency to conduct onsite monitoring of grants to correct deficiencies pertaining to procurement and inventory noncompliance with Federal, State, and local grant requirements.



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**FEMA Response to Recommendations #5 and #6:**

FEMA concurs with both recommendations. FEMA GPD will require the RIEMA Director to submit a revised HSGP monitoring policy to GPD within 90 days of receipt of this report. The updated policy should include:

- a.) a clear method for selecting subgrantees for desk monitoring and onsite visits;
- b.) the number or frequency of monitoring visits each year for both SHSP (State Homeland Security Program) grants and UASI (Urban Area Security Initiative) grants;
- c.) a sample monitoring schedule to encompass the next 12 months;
- d.) the protocols to be followed during the monitoring visits, including the materials and processes to be reviewed; and
- e.) a process for documenting and resolving any deficiencies identified.

FEMA requests these recommendations be resolved and open pending implementation of the stated corrective actions.

Again, we thank you for the opportunity to provide comments concerning this report. Please contact Audit Liaison Gina Norton at 202-646-4287, regarding further questions or concerns.



**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security

**Appendix C**  
**State of Rhode Island Management Comments to the Draft Report**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS



MILITARY STAFF  
EMERGENCY MANAGEMENT AGENCY  
645 New London Avenue  
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LINCOLN D. CHAFEE  
*Governor*  
MG KEVIN R. McBRIDE P.E.  
*Director*  
THERESA C. MURRAY  
*Executive Director*

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

Through: Mark Bell  
Deputy Assistant  
Inspector General of Audits

Date: October 12, 2012

The State of RI is in receipt of your letter dated August 16, 2012 concerning the Office of Inspector General (OIG) findings and recommendations relating to the State of Rhode Island's Management of the State Homeland Security Program and Urban Areas Security Initiative Grants Awarded during Fiscal Years 2008 through 2010.

We appreciate the outreach and effort of the OIG which has enhanced our administration of the State Homeland Security Grant Program. Please reference the below responses to each recommendation as required in your letter. We look forward to hearing from you relative to our response, and will endeavor to ensure better compliance with the program.

Recommendation #1:

Assist the Rhode Island Emergency Management Agency with revising the State Homeland Security Strategy to include—

- Specific, measurable, and results-oriented objectives in compliance with the most recent DHS guidance; and
- Objective completion dates that are consistently listed in the strategies and are current and realistic for achieving each objective.

Based on our audit work, we understand that RIEMA submitted and FEMA accepted Rhode Island's State Homeland Security Strategy. Although FEMA guidance requires that the strategy include specific, measurable and results-oriented objectives, FEMA has not brought this

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requirement to the attention of RIEMA and has not reviewed their strategy to ensure that it meets these FEMA requirements. The intent of recommendation #1 is for FEMA to begin providing oversight to ensure that State Homeland Security Strategies, like Rhode Island's, meet the FEMA requirements.

#### ***RIEMA Response***

We agree with this response. We were in compliance with the grant requirements to submit a state strategy however will concede the strategy could have had more specific, measurable and results-oriented objectives and needs updating. The current State Homeland Security strategy that was submitted in 2009 was reviewed and approved by multiple State Agencies and FEMA. The State had begun the process of updating the Strategy. The plan update will now be delayed until after NPD releases their updated guidance on strategic planning in early 2013. This plan update will review and incorporate the recommendations that were specified in this report. These include 1) specific, measurable, and results-oriented objectives in compliance with the most recent DHS guidance, and 2) objective completion dates that are consistently listed in the strategies and are current and realistic for achieving each objective.

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

Expedite the development of adequate performance measures to assist the Rhode Island Emergency Management Agency with measuring and assessing all of the State's capabilities and preparedness.

#### ***RIEMA Response***

We agree with this response, however, this requirement was not explicit and the State struggled with FEMA as different measurement systems came in went throughout the aforementioned grant years. For example, RIEMA did participate in the Cost to Capabilities "C2C pilot program. The State of Rhode Island began implementing performance measures for all agencies in SFY 2012. The RI Emergency Management Agency was required to develop performance measures for all of its programs. While the measures currently being implemented look at programs and projects, it does not specifically offer in depth analysis of each projects impact. RIEMA will follow the recommendation and look into developing more adequate performance measures to assist with measuring and assessing all of the State's capabilities and preparedness. RIEMA will continue to work with the State Department of Administration on this project.

#### **Recommendation #3:**

Require the Rhode Island Emergency Management Agency to provide training to sub grantees on how to use and comply with Federal, State, and local procurement and inventory requirements.

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***RIEMA Response***

We agree with this finding. Rhode Island Emergency Management Agency has developed and instituted a new policy regarding the notification and distribution of non-disaster grants. RIEMA will no longer mail sub-grantees their grant awards and grant packets. RIEMA will require sub-grantees to attend a workshop on complying with Federal, State, and local procurement and inventory requirements in order to receive their grant awards and grant handbooks. RIEMA will increase the monitoring of open grants to provide technical assistance to sub grantees in the areas of procurement regulations and inventory recording and control. This will be done through the newly established grants calendar elaborated upon in item #5.

**Recommendation #4:**

Require the Rhode Island Emergency Management Agency to ensure that sub grantees develop and sustain an inventory control system in accordance with Federal requirements.

***RIEMA Response***

We agree with this finding. Property records will be maintained to include all required information, in addition to current information gathered, RIEMA will include the State Bar Code, Wasp Generated Bar Code, and RIEMA Bar Code to Cross Reference. Also the Percentage of Federal Funds used and the "Purchased with funds provided by the U.S. Department of Homeland Security" Label will be added. RIEMA's Purchasing Department will ensure that the Inventory Control Manager receives advance copies of all purchase orders generated to cross walk control of the property ordered. A wall to wall physical Inventory of property was conducted by Rhode Island Accounts and Control in May of 2011, and is currently tracked by RIEMA's Fiscal Department. A RIEMA inventory will be conducted in November 2012 to account for all RIEMA property. This will be placed in newly purchased proprietary data base software called WASP Mobile Asset Inventory Control Software.

RIEMA has an Asset Inventory Procedure (#500.01/EMAP Reference 4.8.1) and will implement 1 October 2012. The Procedure will create a policy and procedure to receive, track, and maintain a perpetual inventory of property. A RIEMA inventory has been established and is currently tracked on a Spread Sheet and controlled by the Logistics Manager.

RIEMA sub grantees currently report all equipment purchases in an excel format. This report will be forwarded to the inventory control manager for assimilation into one large spreadsheet. On-going educational efforts with sub grantee's continues concerning inventory discipline. Fiscal and grant staff will be retrained and instructed to work closely with sub-grantees prior to the reimbursement process to ensure compliance with federal requirements. Staff will stress inventory control sheets and labeling of all equipment.

**Recommendation #5:**

Require the Rhode Island Emergency Management Agency to develop a program monitoring schedule and plan to focus monitoring efforts on active grants.

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We understand that RIEMA conducts on-site monitoring of active grants. However, their monitoring of active grants is conducted on an ad hoc basis. The intent of recommendation #5 is for FEMA to require RIEMA to establish a formal active grant monitoring schedule, such as an annual schedule.

***RIEMA Response***

We agree with this finding. RIEMA will develop and institute a formal yearly calendar of scheduled site monitoring for sub recipients. Rhode Island Emergency Management Agency currently has a formal monitoring policy that has been reviewed by FEMA and meets Federal requirements. RIEMA grant staff monitoring of active and closed grants is ongoing and we will attempt to increase the monitoring commensurate with the limited time and staff available. Random site and desk audits will continue but more focus will be placed on scheduling of a cross section on grants to ensure 10% of all grants are monitored to meet compliance.

**Recommendation #6:**

Require the Rhode Island Emergency Management Agency to conduct onsite monitoring of grants to correct deficiencies pertaining to procurement and inventory noncompliance with Federal, State, and local grant requirements.

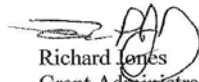
We understand that RIEMA conducts on-site monitoring of active grants. However, during our audit we found deficiencies pertaining to procurement and inventory noncompliance. The intent of recommendation #6 is for FEMA to require RIEMA to conduct onsite monitoring that would help correct the deficiencies we found immediately.

***RIEMA Response***

We agree with this finding. We intend on enhancing our effort of enforcement through better education and more monitoring of the sub recipients specially in the areas of purchasing and inventory control. Rhode Island Emergency Management Agency has conducted onsite monitoring of grants to correct deficiencies pertaining to procurement and inventory noncompliance with Federal, State, and local grant requirements. Sub-grantees are understaffed and underfunded and sometimes unable to meet the inventory compliance issues such as labeling of equipment to give credit to the program providing the funding. RIEMA has made efforts to reach out to sub grantees to correct and enforce this deficiency through on-site monitoring.

If you have any questions, or need additional information, please contact our Grants Manager, Richard Jones at 401-462-7107, or [ricky.jones@us.army.mil](mailto:ricky.jones@us.army.mil).

Sincerely,



Richard Jones  
Grant Administrator  
RI Emergency Management Agency

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## **Appendix D**

### **Description of Homeland Security Grant Program**

The HSGP provides Federal funding to help State and local agencies enhance capabilities to prevent, deter, respond to, and recover from terrorist attacks, major disasters, and other emergencies. The HSGP encompasses several interrelated Federal grant programs that together fund a range of preparedness activities, including planning, organization, equipment purchase, training, and exercises, as well as management and administration costs. Programs include the following:

- **The State Homeland Security Program** provides financial assistance directly to each of the States and Territories to prevent, respond to, and recover from acts of terrorism and other catastrophic events. The program supports the implementation of the State Homeland Security Strategy to address identified planning, equipment, training, and exercise needs.
- **The Urban Areas Security Initiative** provides financial assistance to address the unique planning, equipment, training, and exercise needs of high-risk urban areas, and to assist in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism and other disasters. Allowable costs for the urban areas are consistent with the SHSP. Funding is expended based on the Urban Area Homeland Security Strategies.

The HSGP also includes other interrelated grant programs with similar purposes. Depending on the fiscal year, these programs include the following:

- Metropolitan Medical Response System
- Citizen Corps Program
- Operation Stonegarden (applicable only for FY 2010)



## **Appendix E**

### **Major Contributors to This Report**

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**Appendix F**  
**Report Distribution**

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