



Why This Matters

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires the Department of Homeland Security, Office of Inspector General, to audit individual states' management of State Homeland Security Program and Urban Areas Security Initiative grants and annually submit to Congress a report summarizing the results of those audits.

This report responds to the annual reporting requirement and summarizes audits of seven states completed in fiscal year 2011. The Federal Emergency Management Agency (FEMA) awarded the states approximately \$1.7 billion in State Homeland Security Program and Urban Areas Security Initiative funds during fiscal years 2006 through 2009.

DHS Response

We made 70 recommendations to FEMA in the individual audits of the seven states. FEMA concurred with 64 of the recommendations and concurred with the intent of the remaining 6 recommendations.

Corrective actions are underway that, when implemented, should strengthen program management, performance, and oversight.

For Further Information:

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

Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2011

What We Determined

During fiscal year 2011, audit reports were issued for the states of Nevada, New Jersey, New York, Pennsylvania, Tennessee, Texas, and California (Urban Areas Security Initiatives only). Generally, the states did an efficient and effective job of administering the grant requirements, distributing grant funds, and ensuring that all available funds were used. Most states used reasonable methodologies to assess threats, vulnerabilities, capabilities, and needs. Also, most states complied with cash management and status reporting requirements, and procurement methodologies were in conformance with the states' strategies. The states generally spent the grant funds in accordance with grant requirements and state-established priorities, and appropriately allocated funding based on threats, vulnerabilities, capabilities, and priorities.

However, we identified two major areas for improvement: strategic planning and oversight of grant activities. We also identified almost \$7.5 million in questioned costs. We identified five innovative systems that could be considered for use by other jurisdictions.

What We Recommend

No new recommendations were made with this report; however, from the individual audits of the seven states we recommended that the Assistant Administrator, Grant Programs Directorate, FEMA require the states to make improvements in the following areas:

- Strategic Planning Processes:
 - Fully measurable and achievable goals and objectives
 - Long-term capability sustainment options
 - Prioritize strategic goals and proposed projects
 - Statewide strategy for special response teams
- Oversight of Grant Activities:
 - Allocation and obligation of grant funds
 - Monitoring of subgrantees activities
 - Oversight of investments, costs, and financial management
 - Compliance with procurement and property management requirements