

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

Independent Review of the Federal Emergency
Management Agency's Reporting of FY 2012
Drug Control Obligations





OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

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

JAN 29 2013

MEMORANDUM FOR: Edward Johnson
Chief Financial Officer
Federal Emergency Management Agency

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

SUBJECT: *Independent Review of the Federal Emergency
Management Agency's Reporting of FY 2012 Drug Control
Obligations*

Attached for your information is our final report, *Independent Review of the Federal Emergency Management Agency's Reporting of FY 2012 Drug Control Obligations*. Federal Emergency Management Agency's management prepared the Table of Prior Year Drug Control Obligations and the accompanying Unreasonable Burden Statement to comply with the requirements of the Office of National Drug Control Policy Circular, *Drug Control Accounting*, dated May 1, 2007.

We contracted with the independent public accounting firm KPMG LLP to perform the review. KPMG LLP is responsible for the attached independent accountants' report, dated January 18, 2013, and the conclusions expressed in it. We do not express an opinion on the Table of Prior Year Drug Control Obligations or the accompanying Unreasonable Burden Statement. This report contains no recommendations.

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.

Attachment



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Accountants' Report

Deputy Inspector General
U.S. Department of Homeland Security:

We have reviewed the accompanying Table of Prior Year Drug Control Obligations of the U.S. Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA) for the year ended September 30, 2012. We have also reviewed the accompanying statement that full compliance with the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007 (the Circular) would constitute an unreasonable burden (Unreasonable Burden Statement). FEMA's management is responsible for the preparation of the Table of Prior Year Drug Control Obligations and the Unreasonable Burden Statement (collectively the Alternative Report).

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Alternative Report. Accordingly, we do not express such an opinion.

Management of FEMA prepared the Alternative Report to comply with the requirements of the Circular.

Based on our review, nothing came to our attention that caused us to believe that the Table of Prior Year Drug Control Obligations and Unreasonable Burden Statement for the year ended September 30, 2012, are not presented, in all material respects, in conformity with the Circular. The information included in the ONDCP Performance Summary Report section is presented for the purposes of additional analysis and is not a required part of the Alternative Report. Such information has not been subjected to the review procedures applied in the review of the Alternative Report and, accordingly, we do not provide any assurance on the ONDCP Performance Summary Report section.

This report is intended solely for the information and use of the management of DHS and FEMA, the DHS Inspector General, the ONDCP, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 18, 2013



FEMA

January 18, 2013

MEMORANDUM FOR: Ms. Anne L. Richards
Assistant Inspector General for Audit
U.S. Department of Homeland Security

FROM: David J. Kaufman
Acting Assistant Administrator, Grant Programs Directorate

SUBJECT: FY 2012 Office of National Drug Control Policy (ONDCP)
Alternative Report-Federal Emergency Management Agency (FEMA)

Attached for your review and response is the ONDCP 2012 Alternative Report and Performance Summary Report for FEMA. As required by the ONDCP Circular: Drug Control Accounting dated May 1, 2007, the report show that FEMA's prior-year drug control obligations are less than \$50 million and is in full compliance with the requirements of the Circular and constitutes an unreasonable burden.

If you have any questions, please contact the Grant Programs Directorate at ASKCsid@fema.gov.

Attachments:

ONDCP Alternative Report – FEMA Resource Summary



FEMA

ONDCP 2012 Alternative Report – FEMA Resource Summary

Prior Year Drug Control Obligations	FY 2009	FY 2010	FY 2011	FY 2012
Function: State and Local Assistance				
Decision Unit: Operation Stonegarden Grant Program	\$28,249,460	\$25,903,027	\$23,826,599	\$20,500,000

The information above represents data submitted by grantees reflecting the total funding obligated to grantees (drawdowns) for personnel costs as a percentage of total OPSG awards for the Fiscal Years 2009, 2010, and 2011. Since data is not yet available for FY 2012, based on the two most recent years' draw downs, FEMA estimates the amount of funding that will be drawn down by grantees on personnel costs will be similar and approximately 44.0%, equivalent to \$20.5 million (out of a total obligation of \$46.6 million for OPSG). Total obligations from OPSG to grantees for drug interdiction are likely less than \$1 million/year, but, because all personnel costs are reported together, the specific amounts obligated for drug enforcement cannot be determined.

There are two funding categories for which grantees can use OPSG funds: equipment and organization (personnel). Since no equipment is purchased for drug interdiction using OPSG funds, personnel costs are the only category of funds used to estimate possible drug interdiction activities under this grant program. Personnel activities supported with OPSG funds include protection from various criminal activities such as (in order of prevalence): vehicle stops, citations for offenses including drinking and driving, penal violations as well as minor and significant seizures (which may include firearms, stolen goods and drugs).

Pursuant to provisions in Paragraph 9 of the ONDCP Circular issued May 1, 2007, I hereby state that full compliance with this Circular constitutes an unreasonable reporting burden on the agency and that the obligations reported under this section constitute the statutorily required detailed accounting.

A handwritten signature in blue ink, appearing to read "D. Kaufman".

David J. Kaufman, Acting Assistant Administrator
Grant Programs Directorate

1/18/13
Date



FEMA

January 18, 2013

MEMORANDUM FOR: Ms. Anne L. Richards
Assistant Inspector General for Audit
U.S. Department of Homeland Security

FROM: David J. Kaufman
Acting Assistant Administrator, Grant Programs Directorate

SUBJECT: FY 2012 Office of National Drug Control Policy (ONDCP)
Performance Summary Report-Federal Emergency Management
Agency (FEMA)

Attached please find FEMA's Performance Summary Report in compliance with ONDCP Circular: *Drug Control Accounting, Section 7, Performance Summary Report*. The data represents grant dollars reported as obligated by grantees in Fiscal Years 2009, 2010, and 2011 and estimated grant dollars in FY 2012 (data for FY 2012 is not yet available) for organizational expenses, which mostly include personnel costs.

Hopefully the data meets the needs of the Review and the ONDCP Circular. If you have any questions, please contact the Grant Programs Directorate at ASKCsid@fema.gov.

Attachments: ONDCP Performance Summary Report



FEMA

FY 2012

ONDCP Performance Summary
Report



FEMA

ONDCP FY 2012 Performance Summary Report

	FY 2009	FY 2010	FY 2011	FY 2012
Drug Resources by Function				
State and Local Assistance				
Total Drug Resources by Function				
Drug Resources by Decision Unit				
Total Personnel Costs for Operation Stonegarden	\$28,249,460	\$25,903,027	\$23,826,599	\$20,500,000

INTRODUCTION

The Operation Stonegarden (OPSG) grant program supports efforts to secure the United States' along routes of ingress from international borders. FEMA awards OPSG funds in coordination with DHS Customs and Border Protection (CBP), Office of Border Patrol (OBP). OPSG funds support a broad spectrum of activities in border areas as a part of "State and Local Preparedness Programs" and with a programmatic nexus to state, local, and tribal law enforcement agencies.

OPSG funds mostly support personnel (organizational) costs that augment state, local and tribal officers through highly-visible, uniformed patrols. Most personnel costs are used to increase the number of hours of "boots on the ground" by funding activities during overtime hours, increasing current part time law enforcement personnel salaries to bring them to temporary full time status, and by paying for backfill costs resulting from personnel supporting operational activities. Although drug seizures can occur during periods of operations supported by OPSG, by law, it is not a drug enforcement program.

Performance Measure: Document obligations of personnel costs that augment law enforcement capacity, including drug enforcement, along routes of ingress from international borders.

OPSG funds are awarded to State Administrative Agencies (SAAs). SAAs are required to pass through 100% of funds allocated for OPSG to counties and federally recognized tribal governments (sub-recipients) for implementation.

The SAAs provide updated obligations and expenditure information to FEMA's Bi-annual Strategy Implementation Report (BSIR) twice a year using the web-based IJ submission module in the Grants Reporting Tool (GRT). There are two funding categories for which grantees can use OPSG funds: equipment and organization (personnel). Because no equipment is purchased for drug interdiction using OPSG funds, personnel costs are the only category of funds used to estimate possible drug interdiction activities under this grant program. Personnel activities supported with OPSG funds include protection from various criminal activities such as (in order of prevalence): vehicle stops,



citations for offenses including drinking and driving, penal violations as well as minor and significant seizures (which may include firearms, stolen goods and drugs).

The table below summarizes OPSG funding history.

	FY 2009	FY 2010	FY 2011	FY 2012
Total Grant Funding Awarded	\$90,000,000	\$60,000,000	\$54,890,000	\$46,600,000
Number of Applications Received	88	104	121	123
Number of Applications Funded	88	102	111	121
Personnel costs as percentage of total grant awards	31.7	43.2	44.4	44.0

The information above represents data submitted by grantees reflecting the total funding obligated to grantees (drawdowns) for personnel costs as a percentage of total OPSG awards for the Fiscal Years 2009, 2010, and 2011. Whereas 2009 and 2010 funds have been fully expended, because of the program's two year period of performance, 2011 and 2012 funds have not been fully expended and grantees are still able to draw down on these most recent years' funds. Furthermore, FEMA cannot provide FY2012 data on obligations for personnel yet, because funds for FY 2012 were not awarded until September, 2012, and the first report is not due until at least six months after the award notice has been received by the grantee. Final drawn down rates for personnel costs for FY 2011 and 2012 will not be known until after the end of the period of performance for these grant years. Differences in drawdown rates for each year are the result of varying demands by grantees for personnel and equipment to implement OPSG from year to year.

Since data is not yet available for FY 2012, based on the two most recent years' draw downs, FEMA estimates the amount of funding that will be drawn down by grantees on personnel costs will be similar and approximately 44.0%, equivalent to \$20.5 million (out of a total obligation of \$46.6 million for OPSG). Total obligations from OPSG to grantees for drug interdiction are likely less than \$1 million/year, but, because all personnel costs are reported together, the specific amounts obligated for drug enforcement cannot be determined.

TOTAL PERSONNEL COSTS-OPSG

FY 2009	FY 2010	FY 2011	FY 2012
\$28,249,460	\$25,903,027	\$23,826,599	\$20,500,000

Starting in FY2012 CBP will collect for FEMA data on drug seizures. The first reports with this information will be available after October 1, 2013.



FEMA

MANAGEMENT ASSERTIONS

Currently there is no statutory or programmatic requirement under OPSG to specifically delineate drug enforcement activities. The primary intent of the OPSG Grant Program is to fund overtime costs for law enforcement along routes of ingress from international borders.

Funding for FY2012 OPSG was a set-aside from the Homeland Security Grant Program. OPSG funds are allocated based on risk-based prioritization using a U.S. Customs and Border Protection (CBP) specific risk methodology to include (but not limited to) threat and vulnerability, through utilization of both quantitative and qualitative data.



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Appendix A
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