

**Missouri's Management of
State Homeland Security
Program and Urban Areas
Security Initiative Grants
Awarded During Fiscal Years
2012 through 2015**





DHS OIG HIGHLIGHTS

Missouri's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2012 through 2015

March 29, 2019

Why We Did This Audit

The Homeland Security Grant Program (HSGP) provides grant funds to help public safety personnel acquire specialized training, exercises, and equipment necessary to safely respond to and manage all-hazards incidents. The audit objectives were to determine whether Missouri distributed and spent HSGP funds in compliance with the law, program guidance, and state homeland security plans; the extent to which funds awarded enhanced the state's preparedness; and whether any duplicate benefits were received by other Federal agencies.

What We Recommend

We made seven recommendations to FEMA to help strengthen program management, performance, and oversight.

For Further Information:

Contact our Office of Public Affairs at (202) 981-6000, or email us at DHS-OIG.OfficePublicAffairs@oie.dhs.gov

What We Found

Williams, Adley and Company–DC, LLP completed an audit of Missouri's management of State Homeland Security Program (SHSP) and Urban Areas Security Initiative (UASI) grants awarded during fiscal years (FY) 2012 through 2015. Williams Adley concluded that Missouri's State Administrative Agency generally complied with applicable Federal laws and regulations. Although Williams Adley did not identify any duplicate benefits received by the state, it did identify instances in which the state did not fully comply with the Federal Emergency Management Agency's (FEMA) FYs 2012–2015 *Notice of Funding Opportunity* guidance. Specifically, the state did not sufficiently monitor its subrecipients to ensure compliance with Federal requirements or verify property information recorded by subrecipients for accuracy and completeness. In addition, the state did not promptly report financial information or obligate grant funds within the required time period.

These deficiencies occurred because Missouri's State Administrative Agency did not follow its own administrative guidance and relied on subrecipients to track inventory without verifying accuracy. The state also submitted financial reports late, and did not have a process for timely obligation of grant funds.

As a result, Williams Adley could not fully assess whether Missouri's State Administrative Agency enhanced its ability to prepare for and respond to disasters and acts of terrorism. If these conditions continue, there is no assurance that the state will spend future HSGP funds strategically, effectively, and in compliance with laws, regulations, and guidance.

FEMA's Response

FEMA concurred with all seven recommendations and plans to take corrective action.




OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

March 29, 2019

MEMORANDUM FOR: Christopher Logan
Acting Assistant Administrator
Grant Programs Directorate
Federal Emergency Management Agency

FROM: Sondra F. McCauley 
Assistant Inspector General for Audits

SUBJECT: *Missouri's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded during Fiscal Years 2012 through 2015*

Attached for your action is our final report, *Missouri's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded during Fiscal Years 2012 through 2015*. We incorporated the formal comments provided by your office.

The report contains 7 recommendations aimed at improving FEMA's State Homeland Security Program and Urban Areas Security Initiative oversight. Your office concurred with all 7 recommendations. Based on information provided in your response to the draft report, we consider recommendations 1 through 7 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. Please send your response or closure request to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to 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 at (202) 981-6000, or your staff may contact Maureen Duddy, Deputy Assistant Inspector General for Audits, at (617) 565-8723.

Attachment



March 28, 2019

Ms. Sondra F. McCauley
Assistant Inspector General for Audits
Office of Inspector General
U.S. Department of Homeland Security

Dear Ms. McCauley:

Williams, Adley and Company-DC, LLP performed an audit of the State of Missouri's management of the Department of Homeland Security's State Homeland Security Program and Urban Areas Security Initiative grants for fiscal years 2012 through 2015. The audit was performed in accordance with our Task Order No. HSIQAQBPA-17-J-00013, dated September 29, 2017. This report presents the results of the audit, and includes recommendations to help improve Missouri's management of the audited State Homeland Security Program and Urban Areas Security Initiative grants.

Our audit was conducted in accordance with applicable *Government Auditing Standards*, 2011 revision. The audit was a performance audit, as defined by Chapter 6 of the *Standards*, and included a review and report on program activities with a compliance element. Although the audit report comments on costs claimed by the State of Missouri, we did not perform a financial audit, the purpose of which would be to render an opinion on the State of Missouri's financial statements, or the funds claimed in the Financial Status Reports submitted to the Department of Homeland Security.

We appreciate the opportunity to have conducted this audit. Should you have any questions or need further assistance, please contact us at (202) 371-1397.

Sincerely,

A handwritten signature in black ink that reads 'Jocelyn A. Hill'.

Jocelyn A. Hill, CPA, CGFM
Partner

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Abbreviations

CFR	Code of Federal Regulations
FEMA	Federal Emergency Management Agency
FFR	Federal Financial Report (SF-425)
GAO	Government Accountability Office
HSGP	Homeland Security Grant Program
NOFO	Notice of Funding Opportunity
OHS	Office of Homeland Security
SAA	State Administrative Agency
SHSP	State Homeland Security Program
SPWG	Statewide Preparedness Working Group
UASI	Urban Areas Security Initiative

Background

Implementing Recommendations of the 9/11 Commission Act of 2007 (Public Law 110-53) requires the Department of Homeland Security Office of Inspector General (OIG) to audit individual states' management of State Homeland Security Program (SHSP) grants. DHS OIG contracted with Williams, Adley and Company-DC, LLP (Williams Adley) to audit Missouri's SHSP and Urban Areas Security Initiative (UASI) grants in accordance with this reporting requirement.

SHSP and UASI fall under the Homeland Security Grant Program (HSGP), a Federal assistance program administered by the Federal Emergency Management Agency's (FEMA) Grant Programs Directorate. HSGP provides grant funds to help public safety personnel acquire specialized training, exercises, and equipment necessary to safely respond to and manage all-hazards incidents. State governors have appointed State Administrative Agencies (SAA) to manage and administer HSGP grants and serve as the pass-through entity for funds sub-granted to other state government agencies, regional government offices, or local recipients.

In Missouri, the Governor has designated the Missouri Department of Public Safety Office of Homeland Security (OHS) as the SAA. The OHS Division of Grants manages and administers HSGP grants. The Division of Grants passes HSGP funding to local jurisdictions and agencies to meet mandatory requirements. OHS leadership has designated a component, Grants and Training, Local and State Assistance, to administer, manage, and oversee the following Federal grant programs:

- SHSP
- UASI
- Emergency Management Performance Grant Program
- Nonprofit Security Grant Program

The HSGP Notice of Funding Opportunities (NOFO) provides guidance, authorization, and appropriation information to potential HSGP grantees. NOFO requirements also provide guidance to help grantees comply with provisions of the *Homeland Security Act of 2002*. Additionally, recipients of Federal awards should follow the Code of Federal Regulations (CFR) (2 CFR 200), which establishes administrative requirements, cost principles, and audit requirements.

HSGP is one tool among a comprehensive set of measures that Congress authorized and FEMA implemented to help prepare the Nation for response to natural disasters, as well as terrorist attacks and other manmade disasters.

Each state applies for the annual grants available under HSGP by submitting a grant package that matches elements of the state's needs-based strategy to the appropriate grant type. As a result, a state-wide strategy, rather than individual projects, is funded.

Results of Audit

Missouri's SAA (OHS) generally complied with applicable Federal laws and regulations. Although we did not identify any duplicate benefits received by OHS, we did identify instances in which it did not fully comply with FEMA's FYs 2012–2015 *Notice of Funding Opportunity* guidance. Specifically, OHS did not:

- sufficiently monitor its subrecipients to ensure compliance with Federal requirements;
- verify property information recorded by subrecipients for accuracy and completeness;
- promptly report financial information; and
- obligate grant funds within the required time period.

These deficiencies occurred because OHS did not follow its own administrative guidance and relied on subrecipients to track inventory without verifying accuracy. OHS also submitted financial reports late, and did not have a process for timely obligation of grant funds. As a result, we could not fully assess whether OHS enhanced its ability to prepare for and respond to disasters and acts of terrorism. If these conditions continue, there is no assurance that OHS will spend future HSGP funds strategically, effectively, and in compliance with laws, regulations, and guidance.

Insufficient Subrecipient Monitoring

OHS did not sufficiently monitor its subrecipients' activities to ensure compliance with Federal requirements. OHS' subrecipients are required to submit a progress report bi-annually, as well as a final progress report, which is due 45 days after the end of period of performance. In addition, OHS' policies and procedures require that OHS conduct onsite monitoring of each UASI subrecipient in alternating years.

We tested 43 subrecipient files related to 11 subrecipients receiving SHSP and UASI funds from FY 2012 through FY 2015.¹ We noted the following issues:

¹ For 10 of the 11 subrecipients sampled, we confirmed they met the threshold requirement for a Single Audit and we were given Single Audits for FY 2012 through FY 2015.

- Of the 43 files reviewed, five files each contained only 1 progress report.
- One of the 43 files was missing the final progress report and in another file, the final progress report (the only report in the file) had been submitted 8 days late.
- Two of 43 files reviewed did not contain any progress reports.
- In FYs 2012 and 2014, OHS did not conduct onsite monitoring for 2 of the 43 subrecipients, as required for UASI grants.

According to 44 CFR 13.40(a), *Monitoring and Reporting Program Performance*, grantees must oversee subrecipient activities to ensure they comply with applicable Federal requirements. Office of Management and Budget Circular A-133, Compliance Supplement, Part 3-M, also requires grantees to monitor subrecipients' use of Federal awards through reporting, site visits, regular contact, or other means.

According to OHS' policies and procedures for grant monitoring, "OHS' Grants and Training will conduct on-site monitoring of each UASI alternating years with the Grant Programs Directorate on-site monitoring schedule for the UASIs and two other randomly selected subrecipients."

Per OHS' *Administrative Guide for Homeland Security Grants*, "Subrecipients are required to prepare and submit grant progress reports according to program guidelines (i.e., semi-annually). It also notes, "The closeout process is completed by the submission of all reimbursement requests, and the Grant Final Report. These reports are due to the Division of Grants within 45 days of the end of the grant."

Although OHS has written policies and procedures for monitoring its subrecipients, it did not follow the procedures outlined in its *Administrative Guide for Homeland Security Grants*. OHS did not track its subrecipients to ensure it received all their progress reports as required.

Without proper monitoring of subrecipients' activities, neither the State nor FEMA had reasonable assurance that the State's subrecipients complied with applicable Federal requirements or properly used the funds for allowable expenditures.

Recommendation 1: We recommend that FEMA's Grant Programs Directorate require the Missouri Office of Homeland Security to implement the monitoring plan in its policies and procedures to ensure subrecipient compliance with applicable requirements.

Recommendation 2: We recommend that FEMA’s Grant Programs Directorate require the Missouri Office of Homeland Security to obtain missing final progress reports from the subrecipients. If the progress reports are not available, the subrecipients should provide the Office of Homeland Security a status of the projects.

FEMA Comments

Recommendation 1: Concur. FEMA’s Grant Programs Directorate will work with OHS to implement the monitoring plan protocols in its policies and procedures to ensure subrecipients comply with applicable requirements. Estimated Completion Date (ECD): September 30, 2019.

OIG Analysis

FEMA’s corrective actions are responsive to the recommendation. The recommendation will remain open and resolved until we have reviewed the monitoring protocols developed and implemented by FEMA’s Grant Programs Directorate and OHS.

FEMA Comments

Recommendation 2: Concur. FEMA’s Grant Programs Directorate will work with OHS to obtain missing final progress reports or obtain a status update report for those projects for which a final progress report was not available. ECD: September 30, 2019.

OIG Analysis

FEMA’s corrective actions are responsive to the recommendation. The recommendation will remain open and resolved until we have reviewed evidence that FEMA’s Grant Programs Directorate has worked with OHS to obtain the missing final progress reports or a status update report for those projects for which a final report was not available.

Inventory Management – Improper Tracking of Property

OHS did not verify that information recorded by subrecipients for items they purchased with HSGP funds was accurately reported on OHS’ property tracking sheet. We tested 52 transactions, totaling \$617,602, from FYs 2012 to 2015 of which 3 transactions, totaling \$52,648, were not accurately reported on the property tracking sheet.

The OHS property tracking sheet amounts for these three transactions did not match the amounts on the subrecipients' invoices and other supporting documentation. For one of the three transactions, the amount recorded on the tracking sheet was higher than the one shown on the supporting documentation; for the other two transactions, the amounts recorded on the tracking sheet were lower. However, the amounts charged to the General Ledger² matched the invoices and other supporting documentation, so there were no questioned costs associated with these three transactions.

We also noted that for 23 of the 52 transactions, the serial number was not included on the project tracking sheet. Additionally, OHS does not track the acquisition date in its property tracking sheet, but we were able to obtain acquisition dates from the invoices we reviewed.

According to 44 CFR 13.32 and 2 CFR 200.313,(d)(1), property records must be maintained and must include a description of the property; a serial number or other identification number; the source of property; the title holder; acquisition date; cost of the property; percentage of Federal participation in the cost of the property; the location, use, and condition of the property; and any ultimate disposition data, including the date of disposal and sale price of the property.

OHS relied on the tracking software the subrecipients used and did not properly review their compiled property tracking sheets to ensure the inventory sheets accurately captured the required equipment information.

Failure to accurately record inventory information may lead to inaccurate, incomplete, and outdated inventory records, as well as an increased risk of equipment being lost, damaged or stolen, or otherwise made unavailable for project use.

Recommendation 3: We recommend that FEMA's Grant Programs Directorate require the Missouri Office of Homeland Security to provide its subrecipients guidance on how to properly track inventory purchased using Homeland Security Grant Program funds

Recommendation 4: We recommend that FEMA's Grant Programs Directorate develop procedures to monitor inventory tracking throughout the grant period to ensure subrecipients are recording inventory items accurately.

Recommendation 5: We recommend that FEMA's Grant Programs Directorate require the Missouri Office of Homeland Security to review its inventory

² The General Ledger is a complete record of all the financial transactions of the entity.

tracking sheet in its entirety to make sure all inventory is accurately recorded, per the supporting documentation for each item, and ensure its subrecipients add missing serial numbers and acquisition dates to items in the subrecipients' inventory records.

FEMA Comments

Recommendation 3: Concur. Consistent with 2 CFR 200.331(e), FEMA's Grant Programs Directorate will require OHS to assess the risk posed by each subrecipient acquiring equipment with HSGP funds. Based on this assessment, the directorate will require OHS to provide its subrecipients guidance or technical assistance on proper tracking of equipment purchased using HSGP funds, where necessary. FEMA further recognizes that some subrecipients may not require additional guidance or technical assistance. ECD: September 30, 2019.

OIG Analysis

FEMA's corrective actions are responsive to the recommendation. The recommendation will remain open and resolved until we have reviewed evidence that FEMA's Grant Programs Directorate requires OHS to assess the risk posed by each subrecipient acquiring equipment with HSGP funds. Additionally, the evidence should show that OHS provided guidance to subrecipients on proper tracking of equipment purchased with HSGP funds.

FEMA Comments

Recommendation 4: Concur. FEMA's Grant Programs Directorate will work with OHS to develop procedures to monitor inventory tracking throughout the grant period to ensure that subrecipients are recording inventory items accurately, and where necessary, consistent with 2 CFR 200.207 and 200.331. ECD: September 30, 2019.

OIG Analysis

FEMA's corrective actions are responsive to the recommendation. The recommendation will remain open and resolved until we have reviewed evidence that FEMA's Grant Programs Directorate worked with OHS to develop procedures to monitor, track, and record equipment inventory accurately.

FEMA Comments

Recommendation 5: Concur. FEMA's Grant Programs Directorate will require

OHS to ensure its subrecipients are recording the correct data and adding missing serial numbers and acquisition dates to items in the subrecipients' inventory records consistent with 2 CFR 200.313. ECD: September 30, 2019.

OIG Analysis

FEMA's corrective actions are responsive to the recommendation. The recommendation will remain open and resolved until we have reviewed evidence that FEMA's Grant Programs Directorate requires OHS to ensure that subrecipients record the correct inventory data, including serial numbers and acquisition dates.

Late Submission of Financial Information

We tested the quarterly Federal Financial Reports (FFR) (SF-425s) that OHS submitted for HSGP awards from September 1, 2012 to December 31, 2017, and observed that 1 of the 37 reports reviewed was submitted 11 days late and a second was submitted 51 days late, as described below:

Table 1: Summary of SF-425s Submitted Late

Grant Year	Reporting Period	Due Date	Submission Date	Days Late
2015	September 1–30, 2015	October 30, 2015	November 10, 2015	11
2015	October 1 – December 31, 2016	January 30, 2017	March 22, 2017	51

Source: SF-425s reviewed during our audit

According to the NOFO *Fiscal Year 2015 Homeland Security Grant Program, Section F: Federal Award Administration Information, Federal Financial Reporting Requirements*:

Recipients must report obligations and expenditures quarterly to FEMA through the FFR. Recipients must file the FFR electronically using the Payment and Reporting System. An FFR must be submitted quarterly throughout the period of performance, including partial calendar quarters, as well as for periods in which no grant award activity occurs. Future awards and fund drawdowns may be withheld if these reports are delinquent, demonstrate lack of progress, or are insufficient in detail.

The NOFO also indicates the following reporting periods and due dates for FFRs:

Table 2: SF-425 Report Due Dates

Reporting Period	Report Due Date
October 1 – December 31	January 30
January 1 – March 31	April 30
April 1 – June 30	July 30
July 1 – September 30	October 30

Source: FYs 2012 through 2015 NOFOs

According to OHS, it submitted revised reports through the Payment and Reporting System, which overwrote the original report. OHS was unable to provide the original financial report submission, which OHS officials said complied with the report due date.

OHS did not promptly submit the financial report and consequently violated timing requirements for reporting. When FFRs are submitted late, FEMA does not have clear and timely information about expenditures to make effective decisions and provide accurate data about SHSP. OHS should have notified FEMA and addressed any challenges that may have hindered its ability to submit by the required date.

Recommendation 6: We recommend that FEMA’s Grant Programs Directorate require the Missouri Office of Homeland Security to update its policies and procedures to ensure it retains a copy of all original Federal Financial Report (SF 425) submissions when reports are submitted.

FEMA Comments

Recommendation 6: Concur. FEMA’s Grant Programs Directorate will require OHS to update its policies and procedures to ensure it retains copies of original FFR (SF-425) submissions as part of the grant file. ECD: September 30, 2019.

OIG Analysis

FEMA’s corrective action is responsive to the recommendation. The recommendation will remain open and resolved until we have reviewed the updated policies and procedures for retaining copies of original FFRs (SF-425s) that the Grant Programs Directorate requires OHS to develop and implement.

State and Urban Area Homeland Security Strategy Not Updated

Starting in FY 2015, FEMA no longer required updates to State and Urban Area

Homeland Security Strategies (Homeland Security Strategies); however, prior to that time, OHS did not update the Homeland Security Strategy at a minimum of every 2 years, as the NOFO recommended. During our review of Missouri's Homeland Security Strategies from FYs 2012–14, we noted that the strategy narrative had not changed since FYs 2009–11.

According to the NOFO from 2012–14, *Homeland Security Grant Program, Section: HSGP Program Priorities*:

State and Urban Area Homeland Security Strategies should be updated every two (2) years at a minimum, to ensure that their strategies continue to address all homeland security mission areas (prevent, protect against, respond to, recover from, and mitigate all hazards) and reflect how their goals and objectives align to PPD-8 and the Whole Community approach. When revisiting and updating the strategies, goals, and objectives, States and Urban Areas are strongly encouraged to consider collaboration across disciplines, jurisdictions, and agencies within the framework of the mission areas and based on a capability-based planning approach.

OHS officials said they revisited the Homeland Security Strategies during 2012–14 to ensure they continued to address all homeland security mission areas (prevent, protect against, respond to, recover from, and mitigate all hazards). They also wanted to ensure the strategies reflected how their goals and objectives aligned to Presidential Policy Directive 8 (PPD-8) and to the Whole Community approach. In revisiting the strategies, officials said they saw no need to change the strategies developed in 2009–11. However, OHS was unable to provide evidence of any meetings or communication to support this statement. OHS officials also did not document their discussion about possible changes to the Homeland Security Strategies to support continuing to follow the strategies already in place.

Without an updated strategy, neither the state nor FEMA had reasonable assurance that grant funding was used for the most critical, current needs of the state. However, because such strategies no longer require updating, we are not making a recommendation.

Delayed Obligation of Grant Funds

For 5 of 42 subgrants, OHS failed to obligate 80 percent of its FY 2014 SHSP funds to local jurisdictions within the required timeframe of 45 days. Table 3 summarizes these 5 subgrants.

Table 3: Summary of Grants Issued to Local Jurisdictions Late

Timeliness of Grant Obligations				
Subgrantee Name	Grant #	Date Awarded to OHS	Date Received by Subgrantee	Days to Obligate Funds
Mark Twain Regional Council of Governments	EMW-2014-SS-00002-S01-008A	9/1/2014	4/13/2015	224
Mid-Missouri Regional Planning Commission	EMW-2014-SS-00002-S01-012A	9/1/2014	4/16/2015	227
Missouri Police Chief Charitable Organization	EMW-2014-SS-00002-S01-01-021	9/1/2014	11/23/2014	83
Missouri State University/Southwest Missouri Council of Governments	EMW-2014-SS-00002-S01-010A	9/1/2014	4/22/2015	233
Southeast Missouri Regional Planning Commission	EMW-2014-SS-00002-S01-011A	9/1/2014	4/16/2015	227

Source: Analysis of subgrant files

According to the NOFO’s *Fiscal Year 2014 Homeland Security Grant Program, Section III: Eligibility Information, A. Eligibility Criteria, subsection iii. Pass Through Funding*, “The SAA must obligate at least 80 [percent] of the funds awarded under SHSP and UASI to local units of government within 45 days of receipt of the funds.”

OHS did not have a process in place to ensure the timely obligation of the statewide competitive portion of the grant. As of November 2014, Missouri’s Statewide Preparedness Working Group had not completed identifying statewide risks, needs, and capabilities. As a result, the State’s Regional Homeland Security Oversight Committee decided to re-allocate the statewide competitive portion of the grant and obligate the money to education and the regions, but it did not re-allocate the funds within the required 45 days.

OHS’ delayed obligation of grant funds may inhibit the subrecipients’ ability to make purchases that are necessary to enhance disaster preparedness.

Recommendation 7: We recommend that FEMA’s Grant Programs Directorate require Missouri’s OHS to develop a process to ensure obligation of the statewide competitive portion of the grant in a timely manner, as required by FEMA’s grant guidance.

FEMA Comments

Recommendation 7: Concur. FEMA's Grant Programs Directorate will work with Missouri's Office of Homeland Security to ensure that allocation plans and procedures are in place to obligate Homeland Security Grant Program funds within the timeframes required. ECD: September 30, 2019.

OIG Analysis

FEMA's corrective action is responsive to the recommendation. The recommendation will remain open and resolved until we have reviewed the allocation plans and procedures that FEMA's Grant Programs Directorate worked with OHS to develop and implement.

Appendix A

Objective, Scope, and Methodology

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Public Law 107–296) by amendment to the *Inspector General Act of 1978*.

The objectives of this performance audit were to determine:

1. whether the state used FYs 2012–2015 SHSP and UASI grant funds in accordance with the law, program guidance, and state homeland security plans and other applicable plans;
2. the extent to which funds awarded enhanced the ability of grantees to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism and other manmade disasters; and
3. whether any duplicate benefits were received by other Federal agencies for the same or similar purposes as the FYs 2012–2015 SHSP or UASI grants.

To answer Objective 1, we developed and addressed the following researchable questions for strategic planning:

- **Strategic Planning:** Did the state, and if applicable, the urban area, develop an appropriate Homeland Security Strategy?

Researchable Question #1. Did the strategy include appropriate goals and objectives?

Researchable Question #2. Did the state adequately assess its risks (threats, vulnerabilities, and consequences) and needs to accomplish its goals and objectives?

To address our researchable questions on strategic planning, we:

- reviewed the State’s strategy and determined whether it complied with FEMA guidance and addressed the four mission areas (prevent, protect, respond, recover) and the National Priorities, and whether the objectives appeared to be specific, measurable, achievable, results-oriented, and time-limited (SMART); and
- reviewed the Threat and Hazard Identification and Risk Assessment (THIRA) and determined whether the state incorporated a whole community approach throughout the THIRA process, thoroughly documented the THIRA process, including support data used to the THIRA, and threats, risks, and capabilities per the THIRA and strategic plan were consistent.

We noted one finding as it relates to our researchable questions on strategic planning. See finding, State and Urban Area Homeland Security Strategy Not Updated, on page 9 of this report.

To answer Objective 1, we also developed and addressed the following researchable questions for compliance:

- **Compliance:** Did the state implement the grant programs in compliance with its Homeland Security Strategy and applicable grant requirements?

Researchable Question #1. Were the funds awarded and spent in accordance with state homeland security plans and other applicable plans?

Researchable Question #2. Did the grantee comply with all grant requirements?

To address our researchable questions on compliance, we:

- inquired and reviewed support to determine how funds were allocated to subrecipients;
- reviewed grant guidelines to understand how funds could be spent;
- reviewed support that showed that the state issued guidelines to subrecipients on grant disbursements and reporting of expenditures;
- tested a sample of non-payroll expenditures and traced these to supporting documentation;
- tested a sample of payroll expenditures and determined that they were adequately supported and reasonable; and
- tested a sample of contracts and determined that Federal, State and grant guidelines were followed.

We noted four findings as it relates to our researchable questions on compliance. See findings: Insufficient Subrecipient Monitoring on page 2; Inventory Management – Improper Tracking of Property on page 4; Late Submission of Financial Information on page 7; and State and Urban Area Homeland Security Strategy Not Updated on page 9.

To answer Objective 2, we developed and addressed the following researchable questions for effectiveness:

- **Effectiveness.** To what extent did funds enhance the ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters?

Researchable Question #1. Has the state developed an appropriate system to measure improvements in preparedness as a result of the grants?

Researchable Question #2. Has the state measured improvements in preparedness as a result of the grants, and have such measurement efforts been effective?

Researchable Question #3. Are there any best practices or innovative ways for improving preparedness that are worthy of sharing with FEMA and other grantees.

To address our researchable questions on effectiveness, we:

- reviewed policies and procedures and instructions for the state's performance measurement system;
- observed support that showed that the state measured preparedness improvements;
- inquired and reviewed support and determined that the state has implemented an assessment process to address a level of preparedness;
- reviewed the State Preparedness Report to determine if the State communicated overall progress toward increasing the national preparedness level; and
- inquired and reviewed support for best practices or innovative ways for improving preparedness.

As a result of the exceptions noted for objective 1, we could not fully assess the state's effectiveness. We also did not identify any best practices or innovative ways.

To answer Objective 3, we developed and addressed the following researchable question regarding duplicate benefits:

- **Duplication of Benefits:** Were any duplicate benefits received by other Federal agencies for the same or similar purposes as the SHSP or UASI grants?

Researchable Question #1. Are there duplicate benefits that were received for same or similar purposes as SHSP or UASI grants?

To address our researchable question on duplication of benefits, we

- performed inquiries of OHS management to obtain an understanding of other Federal funds received and the purpose for these funds.

We did not note any duplicate benefits received for same or similar purposes as the SHSP or UASI grants.

Our scope was to conduct a performance audit of FYs 2012–15 SHSP and UASI grants awarded.

Table 4: Grants Awarded to Missouri for FYs 2012 through 2015

Grant Type	FY 2012	FY 2013	FY 2014	FY 2015	Total
SHSP	\$2,801,316	\$3,459,364	\$3,978,000	\$3,978,000	\$14,216,680
UASI - Kansas City	\$1,250,000	\$0	\$1,000,000	\$0	\$2,250,000
UASI - St. Louis	\$2,908,188	\$3,000,000	\$3,000,000	\$3,000,000	\$11,908,188

Source: FYs 2012 through 2015 Notice of Funding Opportunities

The audit was conducted of Missouri and its subgrantees, local jurisdictions, and first responders. During our fieldwork, we visited the following locations:

- Region B- Mark Twain Regional Council of Governments
 - Monroe County Health Department
 - Randolph County Health Department
- Region D- Missouri State University/Southwest Missouri Council of Governments
 - Springfield Fire Department
- Region E- Southeast Missouri Regional Planning Commission
 - Madison County
- Region F- Mid-Missouri Regional Planning Commission
 - Cole County EMA
 - Jefferson City Police Department
- Region Kansas City (UASI)- Mid America Regional Council
 - Kansas City Fire Department
- Region Saint Louis (UASI)- East-West Gateway Council of Governments
 - Franklin County Emergency Management Agency
 - St. Louis County Police Department

The team reviewed a statistical, monetary unit sample of SHSP grant expenditures representing 19 percent of the dollar value expended for all grant years to determine the sufficiency of internal controls as follow:

Table 5: Disbursement Sample for FYs 2012 through 2015

	SHSP (non-payroll)	UASI (non-payroll)	Payroll	Total
Population	\$11,895,688	\$12,782,945	\$2,459,165	\$27,137,798
Sample	\$1,102,305	\$3,971,241	\$57,992	\$5,131,538
% Tested	9%	31%	2%	19%

Source: Disbursement populations provided by Missouri OHS

We assessed the reliability of disbursement and payroll data by (1) performing testing of required data elements, (2) reviewing existing information about the data, and (3) interviewing agency officials knowledgeable about the data. In addition, we traced a statistically random sample of data to source documents. We determined that the data was sufficiently reliable for the purposes of this report.

We conducted this performance audit between November 2017 and July 2018 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.

Although this audit included a review of costs claimed, we did not perform a financial audit of those costs. This was a performance audit, as defined by Chapter 6 of the *Government Auditing Standards*, and including a review and report on program activities with a compliance element.

Appendix B FEMA Grant Programs Directorate Comments to the Draft Report


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



FEMA

AUG 09 2018

MEMORANDUM FOR: John McCoy
Assistant Inspector General for Audits

FROM: David Bibo 
Associate Administrator (Acting)
Office of Policy and Program Analysis

SUBJECT: Management's Response to OIG Draft Report: "The State of Missouri's Management of the Department of Homeland Security's State Homeland Security Program (SHSP) and Urban Area Security Initiative (UASI) Grants for Fiscal Years 2012 Through 2015" OIG-18-018-AUD-FEMA

Thank you for the opportunity to review and comment on this draft report. The Federal Emergency Management Agency (FEMA) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

FEMA is pleased to note OIG's positive recognition of the combined efforts of the State and FEMA to successfully manage the Homeland Security Grant Program within Missouri. However, FEMA remains concerned with the draft report's reference to a previous "requirement" for States and high-risk urban areas to update their homeland security strategies. As previously stated, updating the state and urban strategies was not a mandatory requirement. FEMA remains committed to improving the effectiveness and simplicity of its administration of preparedness grants.

The Draft Report contains seven recommendations, all of which FEMA concurs with. Please see the attached for our detailed response to each recommendation.

Again, thank you for the opportunity to review and comment on this Draft Report. Technical comments were previously provided under separate cover. Please feel free to contact Mr. Gary McKeon, Director of FEMA's Audit Liaison Office at (202) 646-1308. We look forward to working with you in the future.

Attachment: FEMA Management Response to Recommendations Contained in OIG-18-018-AUD-FEMA

**Attachment: FEMA Management Response to Recommendations
Contained in OIG-18-018-AUD-FEMA**

Recommendation 1: We recommend that FEMA GPD: require OHS to implement the monitoring plan contained within its policies and procedures to ensure sub-recipient compliance with applicable requirements.

Response: Concur. FEMA-Grant Programs Directorate (GPD) will work with the Missouri Office of Homeland Security to implement the monitoring plan protocols contained within its policies and procedures to ensure sub-recipient compliance with applicable requirements.

Estimated Completion Date (ECD): September 30, 2019.

Recommendation 2: We recommend that FEMA GPD: require OHS to obtain missing final progress reports from the sub-grantees who were unable to submit them. If these reports are not available, the sub-grantees should provide OHS a status of each project.

Response: Concur. FEMA-GPD will work with Missouri's Office of Homeland Security to obtain missing final progress reports or obtain a status update report for those projects for which a final progress report is not available.

ECD: September 30, 2019.

Recommendation 3: We recommend that FEMA GPD: require OHS to provide its sub-recipients guidance on how to properly track inventory purchased using HSGP funds.

Response: Concur. In a manner consistent with 2 C.F.R. § 200.331(e), FEMA-GPD will require that Missouri's Office of Homeland Security assess the risk posed by each subrecipient acquiring equipment with HSGP funds and, based on this assessment, require OHS to provide its sub-recipients guidance or technical assistance on how to properly track equipment inventory purchased using HSGP funds, where necessary. FEMA recognizes that some subrecipients may not require additional guidance or technical assistance.

ECD: September 30, 2019.

Recommendation 4: We recommend that FEMA GPD: develop procedures to monitor inventory tracking throughout the grant period to ensure sub-recipients are recording inventory items accurately.

Response: Concur. FEMA-GPD will work with Missouri's Office of Homeland Security

to develop procedures to monitor inventory tracking throughout the grant period to ensure sub-recipients are recording inventory items accurately, where necessary, in a manner consistent with 2 C.F.R. §§ 200.207 and 200.331.

ECD: September 30, 2019.

Recommendation 5: We recommend that FEMA GPD: require Missouri's Office of Homeland Security to review its inventory tracking sheet in its entirety to make sure all inventory is accurately recorded as per the supporting documentation for each item and ensure its sub-recipients add the missing serial number and acquisition date to items in the sub-recipients' inventory records.

Response: Concur. FEMA-GPD will require OHS to ensure its sub-recipients are recording the correct data and add the missing serial number and acquisition date to items in the sub-recipients' inventory records in a manner consistent with 2 C.F.R. § 200.313.

ECD: September 30, 2019.

Recommendation 6: We recommend that FEMA GPD: require OHS to update their policies and procedures to ensure they retain a copy of all original SF 425 report submissions when the report is submitted.

Response: Concur. FEMA-GPD will require Missouri's Office of Homeland Security to update their policies and procedures to ensure they retain a copy of original SF 425 report submissions as part of their grant file.

ECD: September 30, 2019.

Recommendation 7: We recommend that FEMA GPD: Require Missouri's OHS to make sure a plan is in place when allocating funds to ensure obligation of the funds is done in a timely manner as required by FEMA's grant guidance.

Response: Concur. FEMA-GPD will work with Missouri's Office of Homeland Security to ensure allocation plans and procedures are in place to obligate Homeland Security Grant Program funds within the timeframes required.

ECD: September 30, 2019.

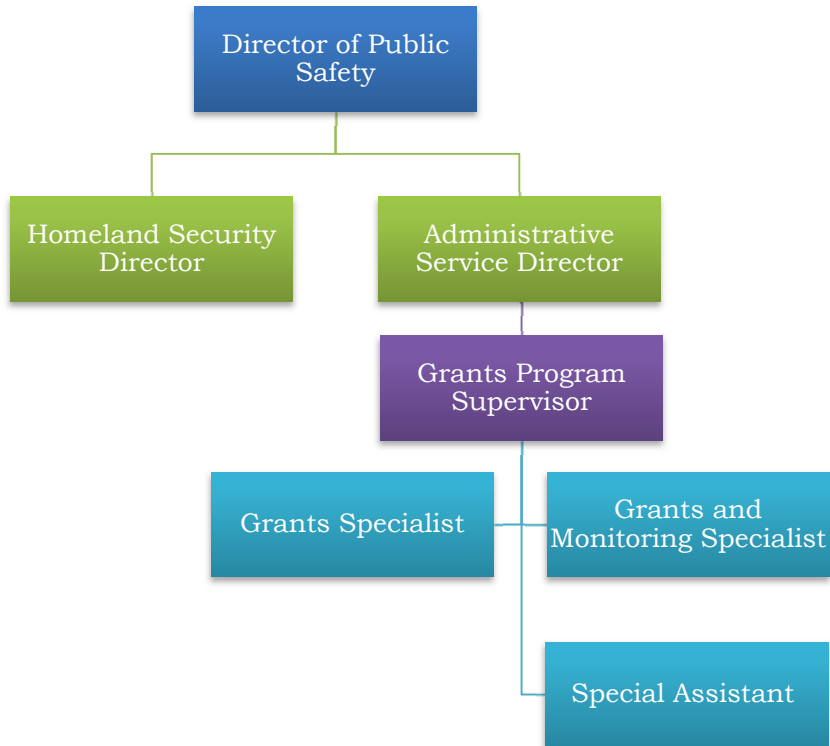
Appendix C

Description of the Homeland Security Grant Program

The purpose of HSGP is to support state, local, and tribal efforts to prevent terrorism and other catastrophic events and to prepare the Nation for the threats and hazards that pose the greatest risk to the security of the United States. HSGP plays an important role in the implementation of the National Preparedness System by supporting the building, sustainment, and delivery of core capabilities essential to achieving the National Preparedness Goal of a secure and resilient Nation. HSGP supports efforts to build and sustain core capabilities across the five mission areas of Prevention, Protection, Mitigation, Response, and Recovery based on allowable costs. HSGP provides Federal funds to assist state, local, tribal, and territorial agencies in obtaining the resources required to support implementation of the National Preparedness System and the National Preparedness Goal of a secure and resilient Nation. HSGP consists of three separate and distinct grant programs (only SHSP and UASI are within the scope of our audit):

- **State Homeland Security Grant Program (SHSP):** SHSP assists state, tribal, and local preparedness activities that address high-priority preparedness gaps across all core capabilities and mission areas that support terrorism preparedness. All supported investments are based on capability targets and gaps identified during the Threat and Hazard Identification and Risk Assessment (THIRA) and assessed in the State Preparedness Report.
- **Urban Areas Security Initiative (UASI):** UASI funds address the unique risk-driven and capabilities-based planning, organization, equipment, training, and exercise needs of high-threat, high-density urban areas, based on the capability targets identified during the THIRA and associated assessment efforts; and assists in building an enhanced and sustainable capacity to prevent, protect against, mitigate, respond to, and recover from acts of terrorism.
- **Operation Stonegarden (OPSG):** OPSG supports enhanced cooperation and coordination among U.S. Customs and Border Protection, U.S. Border Patrol, and local, tribal, territorial, state, and Federal law enforcement agencies. OPSG funds investments in joint efforts to secure the U.S. borders along routes of ingress from international borders, including travel corridors in states bordering Mexico and Canada, as well as states and territories with international water borders.

Appendix D
Missouri Department of Public Safety-
Office of Homeland Security



Source: Flowchart based on information obtained from OHS website and verified by OHS.

Appendix E

Report Distribution

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