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Report to the Chairman, Committee on Appropriations, House of Representatives

February 2005

HOMELAND SECURITY

Management of First Responder Grant Programs Has Improved, but Challenges Remain

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GAO-05-121

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Highlights

Highlights of GAO-05-121, a report to the Chairman, Committee on Appropriations, House of Representatives

HOMELAND SECURITY

Management of First Responder Grant Programs Has Improved, but Challenges Remain

Why GAO Did This Study

The Office for Domestic Preparedness (ODP)—originally established in 1998 within the Department of Justice to help state and local first responders acquire specialized training and equipment needed to respond to terrorist incidents—was transferred to the Department of Homeland Security upon its creation in March 2003. After September 11, 2001, the scope and size of ODP's grant programs expanded. For example, from fiscal year 2001 through fiscal year 2003, ODP grants awarded to states and some urban areas grew from about $91 million to about $2.7 billion. This growth raised questions about the ability of ODP and states to ensure that the domestic preparedness grant programs—including statewide and urban area grants—are managed effectively and efficiently.

GAO addressed (1) how statewide and urban area grants were administered in fiscal years 2002 and 2003 so that ODP could ensure that grant funds were spent in accordance with grant guidance and state preparedness planning and (2) what time frames Congress and ODP established for awarding and distributing grants, and how time frames affected the grant cycle.

www.gao.gov/cgi-bin/getrpt?GAO-05-121.

To view the full product, including the scope and methodology, click on the link above. For more information, contact William O. Jenkins, Jr. at (202) 512-8757 or jenkinswo@gao.gov.

What GAO Found

ODP has established and refined grant award procedures for states and localities to improve accountability in state preparedness planning. For fiscal years 2002 and 2003, ODP developed procedures and guidelines for awarding statewide and urban area grants to states and for determining how states and localities could expend funds and seek reimbursement for first responder equipment or services. ODP gave states flexibility by allowing them to determine how grant funds were to be managed and distributed within their states. In fiscal year 2003, ODP required states to update homeland security strategies and related needs assessments prepared in earlier years. These efforts are intended to guide states and localities in targeting grant funds. ODP also took steps to improve grant oversight procedures. Finally, to help meet mandates contained in a presidential directive, ODP has begun drafting national preparedness standards to identify and assess gaps in first responder capabilities on a national basis.

Congress and ODP have acted to expedite grant awards by setting time limits for grant application, award, and distribution processes. For fiscal year 2002 through February 2003, the appropriations statutes did not require ODP to award grant funds to states within a specific time frame. Then, in April 2003, the supplemental appropriations act imposed new deadlines on ODP and the states. As a result, ODP reported that all states submitted grant applications within the mandated 30 days of the grant announcement, and that over 90 percent of grants were awarded within the mandated 15 days of receipt of the applications. ODP also took steps to expedite the transfer of funds from states to local jurisdictions. Nevertheless, the ability of states and localities to spend grant funds expeditiously was complicated by the need to adhere to various legal and procurement requirements. ODP is identifying best practices to help states address the issue.

In reviewing a draft of the report, the Department of Homeland Security generally agreed with GAO's findings; however, it questioned whether the report's title adequately reflected the agency's progress in meeting grant management challenges.

Sources: GAO and Corbis.

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Abbreviations

CBRNE	chemical, biological, radiological, nuclear, or explosive
DHS	Department of Homeland Security
GAO	Government Accountability Office
HSPD-8	Homeland Security Presidential Directive-8
IG	Inspector General
ISIP	Initial Strategy Implementation Plans
MOU	memorandum of understanding
OC	Office of the Comptroller
ODP	Office for Domestic Preparedness
OJP	Office of Justice Programs
SDPP	State Domestic Preparedness Program
SHSGP	State Homeland Security Grant Program
SLGCP	Office of State and Local Government Coordination and Preparedness
UASI	Urban Areas Security Initiative

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United States Government Accountability Office
Washington, DC 20548

February 2, 2005

The Honorable Jerry Lewis
Chairman
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

The terrorist attacks of September 11, 2001, placed enormous demands upon the capacities of state and local police and fire departments, emergency medical and public health services, and other first responders. After the attacks, Congress, federal agencies, state and local governments, and a range of independent research organizations acknowledged that additional resources and intergovernmental coordination were needed to ensure that state and local first responders would be better prepared to respond to future domestic terrorist threats or attacks.

The Department of Justice established the Office for Domestic Preparedness (ODP) in 1998 within the Office of Justice Programs (OJP) to assist state and local first responders in acquiring specialized training and equipment needed to respond to and manage terrorist incidents involving weapons of mass destruction. ODP, which was transferred to the Department of Homeland Security (DHS) upon its creation in March 2003,[1] has been a principal source of domestic preparedness grant funds.[2] These grants are a means of achieving an important goal—enhancing the ability of first responders to prevent, prepare for, respond to, and recover from terrorist incidents with well-planned and well-coordinated efforts that involve police, fire, emergency medical, public health, and other personnel from multiple jurisdictions. Since the events of September 11, the amount of grant funds awarded and managed by ODP has grown significantly. For example, in fiscal year 2001, ODP awarded about $91 million in domestic preparedness grants. In fiscal year 2003, ODP awarded about $2.1 billion through its State Homeland Security Grant Programs (SHSGP) I and II and an additional $596 million for Urban Areas Security Initiative (UASI)

[1]Homeland Security Act of 2002 § 403(5), 6 U.S.C. § 203(5) (Supp. 2002).

[2]Grant funds for domestic preparedness programs for state and local governments are also provided by other DHS components and other agencies, including the Departments of Justice and Health and Human Services.

grants I and II.[3] The scope of ODP's grant programs expanded as well, from funding only first responder equipment in fiscal year 2001 to funding a range of preparedness planning activities, exercises, training, equipment purchases, and related administrative costs in fiscal year 2003.

In your request, you raised questions about how, given the growth in funding, ODP, states,[4] and local jurisdictions work together to ensure that grant funds are spent in accordance with both ODP's grant guidance and the state and urban area homeland security strategies that ODP required states to develop as a condition of receiving grant funds. In response to your request, we first briefed your office on ODP's structure and processes for program and financial management of its grants and its monitoring policies and processes. In this report, we address two other issues: (1) How were SHSGP and UASI grants administered in fiscal years 2002 and 2003 so that ODP could ensure that grant funds were spent in accordance with grant guidance and state preparedness planning? (2) What time frames did Congress and ODP establish for awarding and distributing grants, and how did these time frames affect the grant cycle?

In addition to this work, we have recently issued other reports and delivered congressional testimonies on issues relating to federal funding and oversight of grants for first responders, which include ODP grants as well as grants from other federal sources. Among other things, we reported that a major challenge in managing first responder grants is balancing two goals: (1) minimizing the time it takes to distribute grant funds to state and local first responders and (2) ensuring appropriate planning and accountability for effective use of the funds.[5] (See appendix V for the list of Related GAO Products.)

[3]SHSGP I and II grants are formula grants that provide each state a minimum base amount plus an additional amount based on the state's population. UASI I and II grants are awarded to selected urban areas across the nation on the basis of such factors as population density, critical infrastructure, and current threat estimates. In fiscal year 2003, SHSGP and UASI grant programs were designated as I or II because they were funded by different appropriations in the same fiscal year.

[4]For this report, the term "states" refers to the 50 states; the District of Columbia; the Commonwealths of Puerto Rico and the Northern Mariana Islands; American Samoa; Guam; and the U.S. Virgin Islands.

[5]See GAO, *Emergency Preparedness: Federal Funds for First Responders*, GAO-04-788T (Washington, D.C.: May 13, 2004).

To address the objectives in this report, we met with officials from ODP and selected states and local jurisdictions to obtain information about the grant management process.[6] We identified 25 domestic preparedness grant programs managed by ODP in fiscal years 2002 and 2003,[7] and for our detailed review, we selected the five largest in terms of federal funding provided to state and local jurisdictions. As part of our review, we also selected five states (Arizona, California, Florida, Missouri, and Pennsylvania) and 19 local jurisdictions within those states that have received state and urban area grants. The five states were selected on the basis of the amount of ODP grant funding received, population size, and other factors. The local jurisdictions were selected for a more detailed analysis of grant administration. We collected and analyzed grant data from ODP. Specifically, we obtained and analyzed data from ODP on the time frames associated with the grant award and distribution processes. We reviewed these data for obvious inconsistency errors and completeness and compared these data for the five selected states with hard-copy documents we obtained from these states. When we found discrepancies, we brought them to the attention of ODP and state and local officials and worked with them to correct the discrepancies before conducting our analyses. In addition, we obtained and analyzed data on the number of ODP's office-based and on-site monitoring reviews conducted in fiscal year 2004. We also reviewed these data for obvious inconsistency errors and completeness and compared these data with on-site monitoring reports prepared and provided by ODP. From these assessments, we determined that the grant data were sufficiently reliable for the purposes of this report.

We also reviewed relevant reports and studies on homeland security and domestic preparedness. We conducted our work from November 2003 through November 2004 in accordance with generally accepted government auditing standards. (See appendix I for more details on our scope and methodology.)

[6]In this report, the terms "local jurisdictions" and "localities" are used interchangeably to refer to diverse political and governmental entities, such as counties, cities, towns, municipalities, Indian tribes, and others.

[7]In addition to SDPP and SHSGP and UASI I and II grant programs, some of the other grant programs are for the same or similar purposes and are counted as separate grants because they are funded by separate appropriations in different years.

Results in Brief

ODP has established and refined grant award procedures for states and localities that have supported efforts to improve accountability in the state preparedness planning process. For fiscal years 2002 and 2003, ODP developed procedures and guidelines for awarding SHSGP and UASI grants to states and for determining how states and localities could expend funds and seek reimbursement for first responder equipment or services they purchased. As part of this process, ODP gave states flexibility by allowing them to determine how grant funds were to be managed and distributed within their states and whether purchases would be made locally or at the state level. In fiscal year 2003, ODP also required states to update homeland security strategies and related needs assessments prepared in earlier years. These strategies are intended to guide state and local jurisdictions in targeting grant funds. As directed by statute, ODP required states to submit these updated strategies to ODP for approval in order to receive fiscal year 2004 grant funds. In tandem with this effort, ODP revised its grant-reporting method, moving away from requiring states, localities, and urban areas to submit itemized lists of first responder equipment they plan to purchase toward a more results-based approach, whereby grant managers at all levels must demonstrate how grant expenditures are linked to larger projects that support goals in the states' homeland security strategies. ODP also took steps to improve grant oversight procedures in part by setting new goals in fiscal year 2004 for monitoring states' progress toward meeting preparedness goals and objectives in their homeland security strategies. ODP planned to visit all 56 grantees at least once a year. ODP completed 44 of 56 planned visits to grantees in fiscal year 2004. In addition, ODP cited staffing challenges in filling all of its authorized positions, which have affected grant management; ODP has worked to fill federal vacancies. ODP also is addressing concerns that some states have about the accuracy of the needs assessments upon which the fiscal year 2003 state homeland security strategies are based, citing, among other things, a mismatch between local jurisdictions' estimates of need and the states' estimates. Finally, as part of a broader effort to meet mandates contained in a presidential directive, ODP has begun drafting national preparedness standards to identify and assess gaps in first responder capabilities on a national basis.

Congress, ODP, states, and localities have acted to expedite grant awards by setting time limits for the grant application, award, and distribution processes and by instituting other procedures. For all of fiscal year 2002 through February 2003, the appropriations statutes did not require ODP to award grant funds to states within a specific time frame. For fiscal year 2002, ODP took roughly 4 months to make applications available to states.

In April 2003, the supplemental appropriations act imposed new deadlines on ODP and the states. As a result, ODP made the grant application available within the mandated 15 days of the congressional appropriation for the grant cycle, and all states returned their applications within 30 days of the grant announcement. ODP reported that over 90 percent of grant awards were made to the states within 14 days of receipt of state applications. ODP also took steps to expedite the transfer of funds from states to local jurisdictions, allowing states, for example, to transfer grants to localities before all required grant application documentation had been submitted to ODP. Nevertheless, the ability of states and localities to spend grant funds expeditiously was complicated by the need to adhere to state and local legal and procurement requirements and approval processes, which in some cases added months to the purchasing process. Some states have modified their procurement practices, and ODP is identifying best practices to aid in the effort.

After reviewing a draft of this report, DHS generally agreed with our findings and provided technical comments, which were incorporated as appropriate. The agency also expressed the view that progress made in addressing challenges related to managing first responder grant programs was not appropriately reflected in the report's title. We disagree. The agency's comments are in appendix IV.

Background

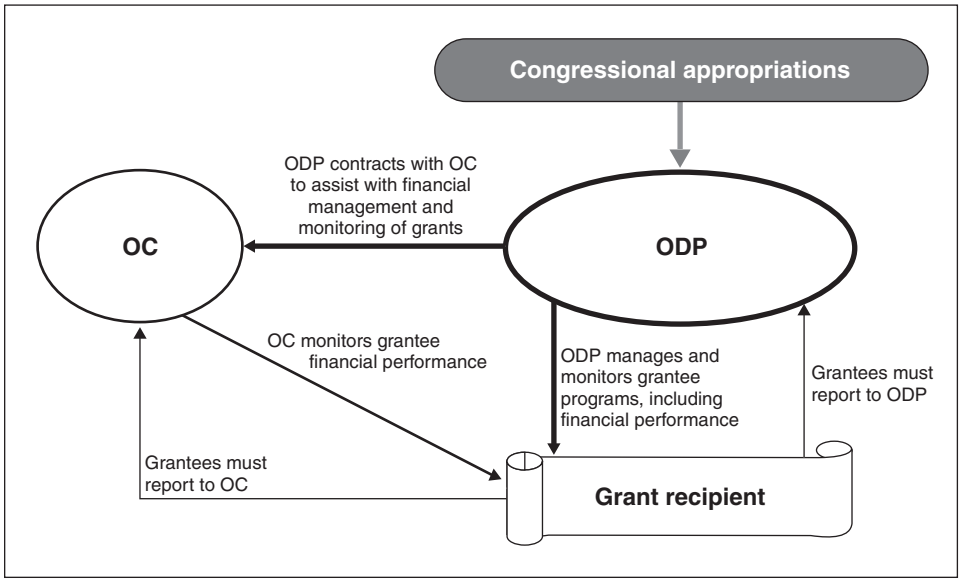
When DHS was created in March 2003, ODP was transferred from the Justice Department's OJP to DHS's Directorate of Border and Transportation Security. In March 2004, the Secretary of Homeland Security consolidated ODP with the Office of State and Local Government Coordination to form the Office of State and Local Government Coordination and Preparedness (SLGCP).[8] In addition, other preparedness grant programs from agencies within DHS were transferred to SLGCP.[9] SLGCP, which reports directly to the Secretary, was created to provide a "one-stop shop" for the numerous federal preparedness initiatives applicable to state and local first responders. As shown in figure 1, while

[8]For the purpose of this report, we cite ODP in discussing the first responder grant management functions of SLGCP.

[9]Among the grant programs transferred were the following: Assistance to Firefighters Grant Program, Citizen Corps Program, and Emergency Management Performance Grants from the Federal Emergency Management Agency within the Emergency Preparedness and Response Directorate; and Port Security Grant Program from the Transportation Security Administration within the Border and Transportation Security Directorate. In addition, a new program, the Law Enforcement Terrorism Prevention Program, was initiated in SLGCP.

SLGCP/ODP has program management and monitoring responsibility for domestic preparedness grants, it relies upon the Justice Department's Office of the Comptroller (OC) for grant fund distribution and assistance with financial management support, which includes financial monitoring.

Figure 1: ODP and OC Grant Management and Monitoring



Source: GAO based on ODP and OC data. Copyright © Corel Corp. all rights reserved (image).

Within ODP, the Preparedness Programs Division (formerly the State and Local Program Management Division) is specifically tasked with enhancing the capability of state and local emergency responders to prevent, deter, respond to, and recover from terrorist attacks involving the use of chemical, biological, radiological, nuclear, or explosive (CBRNE) weapons. For these purposes, ODP provides grant funds to the 50 states, the District of Columbia, the Commonwealths of Puerto Rico and the Northern Mariana Islands, American Samoa, the Virgin Islands, Guam, and selected urban areas. In addition to this grant funding for specialized equipment and other purposes, ODP provides direct training, exercises, technical assistance, and other counterterrorism expertise.

Program Funding and Allocation for Fiscal Years 2002 and 2003

During fiscal years 2002 and 2003, ODP managed 25 grant programs totaling approximately $3.5 billion. About $2.98 billion (85 percent) of the total ODP grant funds for both years was for statewide grants—the State Domestic Preparedness Program (SDPP), which is a predecessor grant program to SHSGP, and SHSGP I and II—and grants targeted at selected

urban areas (UASI I and II). The SDPP/SHSGP grant funds accounted for about 68 percent ($2.38 billion) and the UASI I and II grant funds about 17 percent ($596 million). Table 1 shows the amounts provided for these and other ODP grants.

Table 1: ODP Grant Program Funding for Fiscal Years 2002 and 2003

Dollars in thousands

Grant program	2002	2003	Total	Percent of total funding
SDPP	$315,700	[a]	**$315,700**	9.1
SHSGP I	[a]	$566,295	**566,295**	16.2
SHSGP II	[a]	1,500,000	**1,500,000**	43.0
Total SDPP/SHSGP	315, 700	2,066,295	**2,381,995**	68.3
UASI I	[a]	96,351	**96,351**	2.8
UASI II	[a]	500,000	**500,000**	14.3
Total UASI I and II	[a]	596,351	**596,351**	17.1
Total SDPP/SHSGP and UASI I and II	315, 700	2,662,646	**2,978,346**	85.4
UASI–other		190,000[c]	**190,000**	5.5
Other grants	119,979[b]	198,081[d]	**318,060**	9.1
Total	**$435,679**	**$3,050,727**	**$3,486,406**	**100.0**

Source: ODP.

[a]Program not funded in this year.

[b]Includes the following five grant programs: Law Enforcement Enhancement Program, New York Equipment Replacement Program, National Domestic Preparedness Consortium, Homeland Defense Equipment Reuse Program Pilot Project Support Grant, and Domestic Preparedness Training and Technical Assistance Program–St. Petersburg College.

[c]Includes the following four grant programs: the UASI Port Security Grant Program, UASI Transit Security Grant Program, UASI Pilot Projects, and UASI Radiological Defense System.

[d]Includes the following 11 grant programs: Counterterrorism Institute Grant Program, TOPOFF II, Washington Metropolitan Area Transit Authority, Airborne Imaging in Support of Emergency Operations, Testing and Evaluation of Emergency Response Equipment, Terrorism Early Alert and Strategic Planning System, Homeland Defense Equipment Reuse Program, Northern Virginia Emergency Response Coalition Grant Program, Domestic Preparedness Equipment Training and Technical Assistance Program, National Domestic Preparedness Consortium, and Multistate Anti-Terrorism Information Exchange Project.

See appendix II for the SDPP/SHSGP grant funding awarded in fiscal years 2002 and 2003 and the UASI I and II grant funding awarded in fiscal year 2003.

The SDPP/SHSGP grant programs expanded from funding equipment, exercises, and administrative activities in fiscal year 2002 to include, in fiscal year 2003, the cost of planning and training. The SDPP generally provided funding for advanced equipment,[10] exercises, and administrative activities. The SHSGP I provided, among other things, funding for specialized equipment, exercises, training, and planning and administrative costs. From a separate appropriation, the SHSGP II supplemented funding available through SHSGP I for basically the same purposes, but included separate funding for critical infrastructure protection. The SDPP/SHSGP grant funds were distributed using a base amount of 0.75 percent of the total allocation to each state, the District of Columbia, and the Commonwealth of Puerto Rico, and 0.25 percent of the total allocation to the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, and the Virgin Islands, with the balance being distributed on a population-share basis. The UASI I grant funds were provided directly to seven selected urban areas to address the unique equipment, training, planning, and exercise needs of large high-threat urban areas and specifically, to assist in building an enhanced and sustainable capacity to prevent, respond, and recover from threats or acts of terrorism. From a separate appropriation, UASI II provided funding through the states (not directly) to 30 selected urban areas for basically the same purposes.[11] The UASI grant funds were awarded on the basis of the following factors: population density, critical infrastructure, and current threat estimates.[12] (See appendix II for the urban areas that received UASI I and II grant funds.) Table 2 shows the funding authority for these grant programs.

[10]For the fiscal year 2002 SDPP, states and local jurisdictions were allowed to acquire advanced levels of first responder equipment, including bomb mitigation and remediation gear, remote sensing devices, and mass casualty decontamination equipment.

[11]In fiscal year 2004, 50 urban areas received UASI grant funding.

[12]Each of these factors was weighted in a linear formula; the results were ranked and used to calculate a proportional allocation of grant funds.

Table 2: Appropriations Acts for Fiscal Years 2002 and 2003 SDPP/SHSGP and UASI I and II Grant Programs

	2002		2003	
Grant program	Appropriations acts	Date enacted	Appropriations acts	Date enacted
SDPP	Pub. L. No. 107-77[a], Pub. L. No. 107-117[b]	Nov. 28, 2001, Jan. 10, 2002		
SHSGP I			Pub. L. No. 108-7[c]	Feb. 20, 2003
SHSGP II			Pub. L. No. 108-11[d]	Apr. 16, 2003
UASI I			Pub. L. No. 108-7[c]	Feb. 20, 2003
UASI II			Pub. L. No. 108-11[d]	Apr. 16, 2003

Source: Congressional legislation.

[a]Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2002.

[b]Department of Defense and Emergency Supplemental Appropriations for Recovery from and Response to Terrorist Attacks on the United States Act, 2002.

[c]Consolidated Appropriations Resolution, 2003.

[d]Emergency Wartime Supplemental Appropriations Act, 2003.

ODP Established Grant Award Procedures for States and Localities That Support Efforts to Improve Accountability in State Preparedness Planning

Over time, ODP has developed and modified its procedures for awarding grants to states, governing how states distribute funds to local jurisdictions, and facilitating reimbursements for states and localities purchasing first responder equipment and services. ODP also developed requirements intended to hold states and localities accountable for how grant expenditures were planned, justified, expended, and tracked. These accountability-related requirements evolved over time. For instance, prior to fiscal year 2004, the states were primarily required to provide information on the specific items they and localities planned to purchase on the basis of ODP's evolving authorized equipment lists. In fiscal year 2004, to better determine the impact of expenditures on preparedness efforts, ODP began placing more emphasis on results-based reporting of planned and actual grant expenditures. ODP instituted new state and local reporting requirements aimed at ensuring that grant expenditures would align with goals and objectives contained in state and urban area homeland security strategies. ODP also, over time, has stepped up its state grant-monitoring activities.

ODP Gave States Flexibility in Administering and Distributing Grants

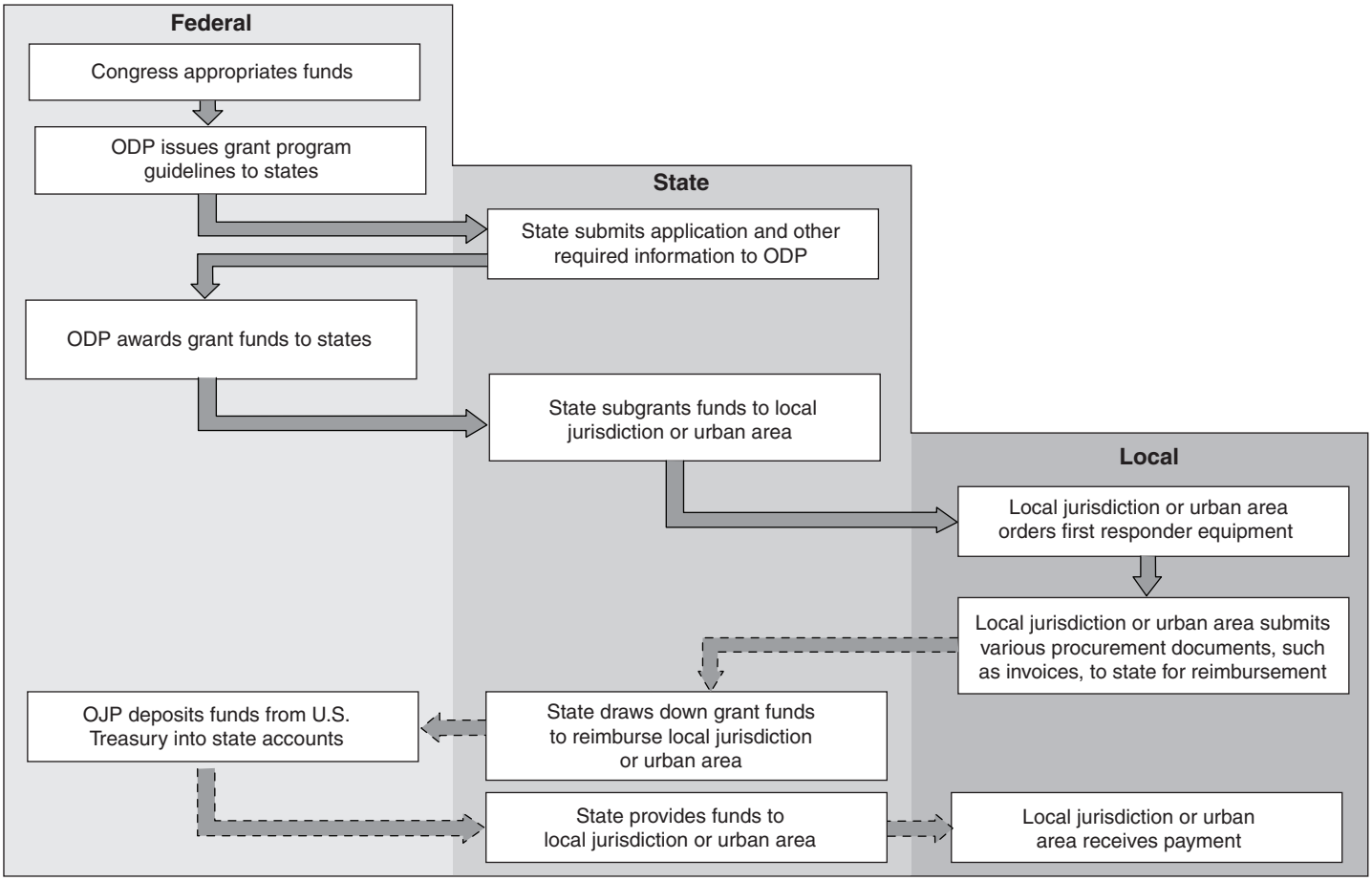
For fiscal years 2002 and 2003, ODP developed procedures and guidelines for awarding SDPP/SHSGP and UASI grants to states that enabled states to distribute grant funds and states and localities to expend funds and seek reimbursement for first responder equipment or services they purchased directly. After enactment of appropriations for the grant programs, ODP developed and made available program guidelines including the grant application for each grant program.[13] With the exception of UASI I, once a grant application was submitted to and approved by ODP, ODP awarded grant funds directly to each state, which was required to designate a state administrative agency to administer the grant funds.[14] States in turn transferred or subgranted the funds to local jurisdictions[15] or urban areas, with a designated core city and county/counties. For UASI I grants, ODP awarded grant funds directly to selected urban areas (i.e., selected cities). Figure 2 illustrates the main steps involved in the SDPP/SHSGP and UASI II grant cycle.

[13]The applications are posted and must be submitted in OJP's Web-based Grants Management System.

[14]For UASI I, the Chief Executive of each city was required to designate a program administering agency to administer the grant funds.

[15]For SDPP and SHSGP I, states were required to provide 80 percent of their funding allocations for equipment to local jurisdictions. States were permitted to retain 20 percent of the equipment funds, and the pass-through requirement did not apply to other components of the grants. For SHSGP II and UASI II, states were required to provide at least 80 percent of the total grant funding for all permissible purposes (equipment, exercises, training, and planning and administrative costs) to local jurisdictions. States were permitted to retain up to 20 percent of their total funding. For SHSGP II and UASI II, 3 percent of the total grant award could be used for administrative purposes.

Figure 2: SDPP/SHSGP and UASI II Grant Award, Distribution, and Reimbursement Processes for First Responder Equipment



Source: GAO analysis of ODP and selected states' data.

Note: The term "reimbursement" as used here includes the process by which states and localities may request and receive federal funds to pay invoices for goods or services before payment is due. Localities receive their funds through the states, which request the funds on behalf of the localities.

For SDPP/SHSGP grant programs, ODP allowed the states flexibility in deciding how the grant programs were structured and implemented in their states. In general, states were allowed to determine such things as the following:

- the formula for distributing grant funds to local jurisdictional units;
- the definition of what constitutes a local jurisdiction eligible to receive funds, such as a multicounty area;
- the organization or agency that would be designated to manage the grant program; and
- whether the state or local jurisdictions would purchase grant-funded items for the local jurisdictions.

UASI I grantees, for the most part, have had flexibilities similar to those of the states and could, in coordination with members of the Urban Area Working Group,[16] designate contiguous jurisdictions to receive grant funds. For UASI II, while the states subgranted the grant funds to selected urban areas, states retained responsibility for administering the grant program. The core city and county/counties worked with the state administrative agency to define the geographic borders of the urban area and coordinated with the Urban Area Working Group.

Once the grant funds were awarded to the states and then subgranted to the local jurisdictions or urban areas, certain legal and procurement requirements had to be met, such as a city council needing to approve acceptance of grant awards. Once these requirements were satisfied, states, local jurisdictions, and urban areas could then obligate their funds for first responder equipment, exercises, training, and services. Generally, when a local jurisdiction or urban area directly incurred an expenditure for first responder equipment, it submitted related procurement documents, such as invoices, to the state. The state would then draw down the funds from the Justice Department's OJP. According to OJP, funds from the U.S. Treasury were usually deposited with the states' financial

[16]The Urban Area Working Group consists of points of contact from jurisdictions within the defined urban area. The working group is responsible for coordinating development and implementation of all program elements within the area.

institution within 48 hours. The states, in turn, provided the funds to the local jurisdiction or urban area.[17]

States Updated Homeland Security Strategies to Guide Grant Spending, and ODP Revised Grant Reporting and Monitoring Procedures

In addition to the guidelines ODP developed for the grant award, distribution, and reimbursement process, ODP developed separate guidance that required every state to develop a homeland security strategy as a condition of receiving grant funds. Specifically, ODP required states to develop homeland security strategies that would provide a roadmap of where each state should target grant funds for fiscal years 1999 to 2001 (subsequently extended to fiscal year 2003). To assist the states in developing these strategies, state agencies and local jurisdictions were directed to conduct needs assessments on the basis of their own threat and vulnerability assessments. The needs assessments were to include related equipment, training, exercise, technical assistance, and research and development needs. In addition, state and local officials were to identify current and required capabilities of first responders to help determine gaps in capabilities.

ODP directed the states in fiscal year 2003 to update their homeland security strategies to better reflect post-September 11 realities and to identify progress on the priorities originally outlined in the initial strategies.[18] As with these initial strategies, the updated strategies included goals and objectives the states wanted to achieve to meet homeland security needs, such as upgrading emergency operations centers and command posts. As directed by statute, ODP required completion and approval of these updated strategies as a condition for awarding fiscal year 2004 grant funds. As of July 2004, ODP had approved or conditionally approved[19] all state strategies and awarded all fiscal year 2004 SHSGP

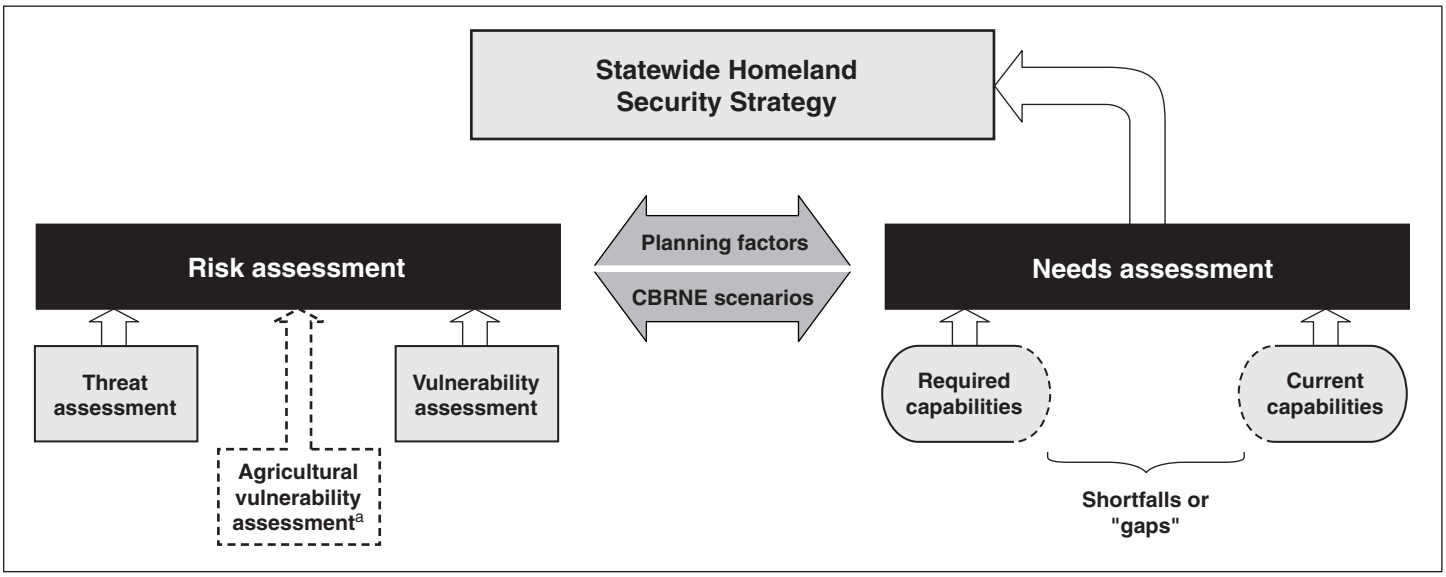
[17]According to ODP officials, this process for the transfer of funds is intended to allow for the use of federal monies to pay the bill, rather than state or local funds. (For further discussion of steps taken by ODP to expedite grant funding and remaining challenges, see pp. 23-30.)

[18]In fiscal year 2003, the urban area grantees were required to prepare jurisdictional needs assessments that would support the development of urban area homeland security strategies. Twenty-five percent of the fiscal year 2003 UASI I and II grant funds could be used prior to the submission and approval of the urban area strategies to assist jurisdictions in developing their strategies as well as for other purposes.

[19]According to ODP, it conditionally approved some state strategies, provided that all issues were addressed within a set time period. States with conditionally approved strategies received their grant award but could not draw down grant funds until their strategies were approved. Among the reasons that ODP provided for conditional approvals were time lines that were vague, missing, or too broad and not realistic; objectives that did not tie in with the goals; and goals that were not well defined.

funds.[20] Figure 3 shows an overview of the state homeland security assessment and strategy development process in place for fiscal years 1999 through 2003.

Figure 3: State Homeland Security Assessment and Strategy Development Process for Fiscal Years 1999 through 2003



Source: GAO based on ODP data.

[a]In fiscal year 2003, states and jurisdictions could also complete an optional agricultural vulnerability assessment in addition to the vulnerability assessment.

In conjunction with the development of the states' updated homeland security strategies, ODP revised its approach to how states and localities reported on grant spending and use. Specifically, ODP took steps to shift the emphasis away from reporting on specific items purchased and toward results-based reporting on the impact of states' expenditures on preparedness. ODP maintains a list of authorized items that all states and

[20]As part of ODP's fiscal year 2003 State Homeland Security Assessment and Strategy Program, states were instructed to prepare new homeland security strategies using an electronic template provided by ODP. The aggregated results from the local jurisdiction needs assessment were automatically populated in data fields in the state homeland security strategy template. These data fields included, for example, the total number of potential threat elements in the state, the number of jurisdictions facing vulnerabilities from various hazards and their grouped ranking from low to high risk, and the total equipment needs for nine categories of equipment. State program managers completed the other sections of the strategy template that described the state's vision, focus, goals and objectives, jurisdictional prioritizations, and implementation steps.

localities were required to use as a guideline for making purchases. This evolving list, comprising hundreds of first responder items, is arranged by category, such as personal protection equipment; explosive device mitigation and remediation equipment; CBRNE search and rescue equipment; interoperable communications equipment; and more. Under this arrangement, states and localities consulted ODP's authorized equipment list and selected the equipment and quantity they planned to purchase—including such diverse items as personal protection suits for dealing with hazardous materials and contamination, bomb response vehicles, and medical supplies. This information is in turn listed on itemized budget detail worksheets that localities submitted to states for their review. Prior to the fiscal year 2004 grant cycle, states submitted the worksheets to ODP. States also compared purchased items against these worksheets when approving reimbursements to localities.

According to ODP, this list-based reporting method made it difficult to track the cumulative impact of individual expenditures on the goals and objectives in a state's and urban area's homeland security strategy. While the budget detail worksheets reflected the number and cost of specific items that states and localities planned to purchase, neither states nor ODP had a reporting mechanism to specifically assess how well these purchases would, in the aggregate, meet preparedness planning needs or priorities, or the goals and objectives contained in state or urban area homeland security strategies. To help remedy this situation, ODP revised its approach for fiscal year 2004. Rather than being required to submit budget detail worksheets to ODP,[21] states, urban areas, and local jurisdictions were required instead to submit new Initial Strategy Implementation Plans (ISIP). These ISIPs are intended to show how planned grant expenditures for all funds received are linked to one or more larger projects, which in turn support specific goals and objectives in either a state or urban area homeland security strategy. The state administrative agency is responsible for submission of all ISIPs to ODP within 60 days of the state's grant award.[22] The final submission is to include one ISIP from the state administrative agency if the agency retains a portion of the funding, and one ISIP for every local jurisdiction, state

[21]The budget detail worksheets are to be maintained by the state administrative agency.

[22]The agency is also responsible for reviewing all completed ISIPs prior to submitting them to ODP.

agency, or nongovernmental organization receiving grant funds. ODP said that almost all of the states have submitted their ISIPs.[23]

In addition to the ISIPs, ODP now requires the states to submit biannual strategy implementation reports showing how the actual expenditure of grant funds at both the state and local levels was linked by projects to the goals and objectives in the state and urban area strategy. According to ODP, this reporting process is intended to better enable states and ODP to track grant expenditures from all funding sources against state and urban area homeland security strategies as well as collect critical project output and performance data. The first biannual strategy implementation reports covering the 6-month period ending December 31, 2004, were due to ODP on January 31, 2005. At the time of our review, it was too early to determine whether the new approach would improve expenditure tracking and performance reporting.

ODP, State, and Local Officials Expressed Concerns about the 2003 Needs Assessments

While progress has been made in updating state homeland security strategies and planned improvements for reporting and tracking grant-related expenditures are under way, some federal, state, and local officials expressed concerns about the accuracy of the needs assessments on which the state strategies were based. When ODP instructed states and local jurisdictions to update their fiscal year 1999 needs assessments in fiscal year 2003, the agency told them not to constrain their estimates of needs to a specific period of time or take potential sources of funding into account. At the same time, ODP instructed states to review and analyze local jurisdictions' needs assessments and the aggregated results before submitting their needs assessment data to ODP. The needs assessments for equipment received by ODP from 56 states and territories as a result of this process totaled $352.6 billion. By contrast, the funding available for SHSGP I and II in fiscal year 2003 totaled roughly $2.1 billion.

State and local officials in three of the five states we visited cited concerns about the accuracy of the needs assessments for their individual states. For example, the needs assessment for one state we reviewed amounted to about $11.8 billion—nearly 300 times the $39.5 million in total state homeland security grant funds awarded to the state in fiscal year 2003.

[23]According to ODP, as of September 30, 2004, 19 states and territories submitted their ISIPs by the due date, 35 were submitted late, and 2 had not been submitted. Of the two that had not been submitted, one was late, and one was not due to be submitted as of that date.

Grant managers in this state said that they had reviewed the local jurisdictions' threat estimates and determined that, because of a misinterpretation of the term "threat" by local officials, the number of critical assets needing protection was higher than estimated by the state. In their opinion, the local jurisdictions included items in their needs assessments that were not needed to protect the state's critical assets. Nevertheless, state officials did not revise the aggregated needs assessment estimates included in their state strategy. ODP conditionally approved the strategy for this state, noting, among other things, a "disconnect" between the state's mission and goals and that time lines were "too broad" and "not realistic."[24] Grant managers in a second state said that the state did not base its strategy on the needs assessments prepared by the local jurisdictions, in part, because they judged the unconstrained assessments for equipment to be unrealistically high—approximately $13 billion over an open-ended, multiyear period. While the state submitted the total of these local assessments to ODP; it submitted a strategy on the basis of its own planning procedures for 1 year only, resulting in a $92 million estimate of needs. After discussions with ODP, the state later submitted a broader, multiyear $9.6 billion needs assessment for equipment.

ODP has taken steps to address its concerns, and some states' concerns, related to the estimates included in the needs assessments. In a conference held with state officials in March 2004, ODP personnel discussed concerns that arose from their review of aggregated needs assessment data and identified some possible sources of the problems. They determined that, before submitting their fiscal year 2003 needs assessments to ODP, states might not have adequately considered such factors as mutual aid agreements for first responder assistance within jurisdictions or whether jurisdictions within a region could share resources, rather than submit separate or overlapping requests for first responder equipment.[25] In response, ODP requested the states to validate and revise, if necessary, the needs assessment data to take these factors into account and to resubmit their assessments. States were to submit their validated assessments to ODP by October 15, 2004. According to an

[24]ODP approved the state strategy in August 2004.

[25]See GAO, *U.S. Infrastructure: Agencies' Approaches to Developing Investment Estimates Vary*, GAO-01-835 (Washington, D.C.: July 20, 2001). This report describes best practices followed by agencies in performing needs assessments in the area of public infrastructure, such as considering alternatives ways to address needs.

ODP document, ODP is currently completing its analysis of the assessment data.

ODP Has Begun Drafting National Preparedness Standards to Better Assess First Responder Needs

In addition to the issues raised about the accuracy of the fiscal year 2003 needs assessments, other factors may affect ODP's and states' abilities to identify and assess first responder needs and priorities. For example, according to some state officials we interviewed as well as recent reports by DHS's Office of Inspector General (IG)[26] and the House Select Committee on Homeland Security,[27] efforts by state and local jurisdictions to prioritize expenditures to enhance first responder preparedness have been hindered by the lack of clear guidance in defining the appropriate level of preparedness and setting priorities to achieve it.

Additionally, in our recent report on the management of first responder grants in the National Capital Region, we reported that the lack of national preparedness standards that could be used to assess existing first responder capacities (such as the number of persons per hour that could be decontaminated after a chemical attack), identify gaps in those capacities, and measure progress in achieving specific performance goals was a challenge.[28] We also reported that effectively managing federal first responder grant funds requires the ability to measure progress and provide accountability for the use of public funds. This required a coordinated strategic plan for enhancing preparedness, performance standards to guide how funds are used to enhance first responder capacities and preparedness, and data on funds available and spent on first responder needs.

National performance standards for assessing domestic preparedness capabilities and identifying gaps in those capabilities that reflect post-September 11 priorities are being developed. ODP has submitted to the Secretary of DHS a definition of a national preparedness goal that is intended to provide assurance of the nation's capability to prevent, prepare for, respond to, and recover from major events, especially

[26]Department of Homeland Security: Office of Inspector General, *An Audit of Distributing and Spending "First Responder" Grant Funds*, OIG-04-15 (Washington, D.C.: March 2004).

[27]House Select Committee on Homeland Security, *An Analysis of First Responder Grant Funding* (Washington, D.C.: April 2004).

[28]See GAO, *Homeland Security: Management of First Responder Grants in the National Capital Region Reflects the Need for Coordinated Planning and Performance Goals*, GAO-04-443 (Washington, D.C.: May 28, 2004).

terrorism. ODP plans call for achieving the full capability needed to sustain the preparedness levels required by the new national standards by September 2008. In order to develop performance standards that will allow ODP to measure the nation's success in achieving this goal, ODP is using a capabilities-based planning approach—one that defines the capabilities required by states and local jurisdictions to respond effectively to likely threats. These capability requirements are to establish the minimum levels of capability required to provide a reasonable assurance of success against a standardized set of 15 scenarios for threats and hazards of national significance.[29]

ODP's efforts to develop national preparedness standards are, in part, a response to Homeland Security Presidential Directive-8 (HSPD-8), issued by the President in December 2003. HSPD-8 called for a new national preparedness goal and performance measures, standards for preparedness assessments and strategies, and a system for assessing the nation's overall preparedness.[30] The directive required the DHS Secretary to submit the new national preparedness goal to the President through his Homeland Security Council for review and approval prior to, or concurrently with, DHS's fiscal year 2006 budget submission to the Office of Management and Budget in September 2004.[31] HSPD-8 also requires the preparation and approval of statewide, comprehensive all-hazards preparedness strategies in order to receive federal preparedness assistance at all levels of government, including grants, after fiscal year 2005.

As part of the HSPD-8 implementation process, ODP plans to develop a list of capability requirements by the end of January 2005 in keeping with the

[29]The interagency working group under the direction of the White House Homeland Security Council developed these scenarios. They involve a variety of potential emergencies, including four chemical (including both chemical warfare and toxic industrial chemicals), three biological (including both contagious and noncontagious agents and pandemic influenza), two agricultural (including food safety and animal disease), two natural disasters (a catastrophic earthquake and major hurricane), one radiological, one nuclear, one improvised explosive device, and one cyber attack.

[30]HSPD-8 also requires that the preparedness goal pertain to "all hazards," addressing the nation's readiness to respond to all major events, including natural disasters as well as acts of terrorism.

[31]The recently enacted fiscal year 2005 DHS appropriation legislation, Pub. L. No. 108-334 (2004), included other deadlines relative to HSPD-8, such as the requirement that final guidance on the implementation of the national preparedness goal be issued by March 31, 2005.

fiscal year 2005 DHS appropriations act.[32] To help define the capabilities that jurisdictions should set as targets, ODP first drafted a list of tasks required to prevent or respond to incidents of national consequence. They include such generic tasks as integrating private-sector entities into incident response activities or coordinating housing assistance for disaster victims. The list of target capabilities includes the policies, procedures, personnel, training, equipment, and mutual aid arrangements needed to perform the tasks required to prevent or respond to the national planning scenarios. ODP further plans to develop performance measures, on the basis of the target capability standards that define the minimal acceptable proficiency required in performing the tasks outlined in the task list. ODP plans to complete initial development of the performance measures by March 2005 and to refine them subsequently. According to ODP's plan, the measures will allow the development of a rating methodology that incorporates preparedness resources and information about overall performance into a summary report that represents a jurisdiction's or agency's ability to perform essential prevention, response, or recovery tasks. The office acknowledges that this schedule may result in a product that requires future incremental refinements but has concluded that this is preferable to spending years attempting to develop a "perfect" process. ODP held a workshop in mid-October 2004 to obtain input from representatives from states, national associations, and other federal departments and agencies regarding the implementation of HSPD-8. At the workshop, some participants voiced concerns that the process, among other things, was moving too fast and did not consider the state and local needs assessments that had already been done. In addition, some participants believed that better communication and a more collaborative process was needed. ODP officials promised to address the participants' concerns and asked for additional input on how ODP could better implement the process and work better with state and local jurisdictions.

ODP Increased Grant Monitoring Activities for Fiscal Year 2004 but Did Not Meet Its Monitoring Goal for All States

ODP has taken steps to improve its oversight procedures with respect to state, urban area, and local grantees. ODP is responsible for ensuring administrative and programmatic compliance with relevant statutes, regulations, policies, and guidelines of the grants it manages. ODP also monitors the progress that states make toward the goals and objectives contained in their homeland security strategies. Prior to September 11,

[32]The act requires ODP to provide state and local jurisdictions with nationally accepted first responder preparedness levels no later than January 31, 2005.

2001, ODP formally monitored grantees through such activities as office-based reviews at ODP of grantees' financial reports and other documents, followed by on-site visits to state grant officials. Office-based reviews entail a review of grant files to ensure that all grant documentation is complete and up-to-date and that any apparent problems are addressed through follow-up telephone or e-mail contact with the state or urban area. Upon completion of an office-based review, an ODP preparedness officer prepares a memorandum for the file. This review usually takes place before an on-site visit is scheduled, according to ODP. During an on-site visit, an ODP preparedness officer is to discuss administrative and financial issues and programmatic issues such as whether the state or urban area is meeting the goals and objectives in the homeland security strategies. The ODP preparedness officer is to prepare a monitoring report for each on-site visit.

ODP officials told us that formal on-site monitoring visits were temporarily discontinued after September 11, 2001, because of a high volume of work. For fiscal years 2002 and 2003, ODP did not set formal monitoring goals, such as a specific number of on-site visits to be made in a given year. ODP officials said they continued to maintain active, almost daily contact with the states by telephone, e-mail, and regular correspondence and through informal visits to monitor programmatic and financial aspects of the grants; however, no memorandums or formal site-visit reports were filed during that period. In fiscal year 2004, ODP updated its grant-monitoring guidance and established new monitoring goals. According to the guidance, at least one office file review and one on-site visit—resulting in a monitoring visit report—should be completed for each state (inclusive of urban area grantees) each fiscal year. As of September 30, 2004, ODP had completed 44 office file reviews and 44 on-site visits for the 56 states and territories. According to ODP, of the remaining 12 reviews and visits for the fiscal year 2004 monitoring cycle, 8 have been conducted as of December 2004. ODP officials said that these reviews and visits were delayed, in part, because of turnover in preparedness officer positions and scheduling problems. These on-site monitoring visits are a principal tool for, among other things, ascertaining a grantee's progress on its strategy implementation, and noting problems with implementing the grant program and the steps the grantee and ODP will take to resolve them. These on-site visits are needed to track whether and how grantees are managing their program funds.

ODP and Some State and Local Jurisdictions Cite Staffing Challenges

ODP cited staffing challenges that have affected its grant management in general. ODP has made progress in filling authorized staff positions, but vacancies remain. ODP had 146 full-time equivalent positions authorized for fiscal years 2003 and 2004, 30 of which were preparedness officers. As of September 2004, ODP had filled 138 of these positions compared with 63 filled positions at the end of fiscal year 2003. Of the eight vacancies remaining, five were preparedness officer positions. In addition to performing office-based and scheduled on-site monitoring, these officers serve as day-to-day liaisons to designated states. According to ODP, the ODP preparedness officers currently have responsibility for one to five states each, depending on the state's population.

ODP officials told us that, in hiring staff, they face challenges shared by other agencies. ODP has acknowledged that it experienced significant staffing shortages in fiscal years 2002 and 2003 because of a hiring freeze. In addition, officials cited other factors, including staff turnover, the lack of recruitment and relocation bonuses, the high cost of living in the Washington metropolitan area, and competition with other DHS entities and contracting firms for high-quality candidates. These officials also said that the lengthy federal hiring process is further extended by the need to conduct security clearances for job candidates. To deal with some staff shortages, ODP has relied on outside contractors and temporary employees, but they are not working directly with states and local jurisdictions on grants, and none are ODP preparedness officers.[33]

State and local officials in two of the five states visited also cited a lack of sufficient state and local personnel to administer and manage their grant programs. While the fiscal years 2002 and 2003 grants provided funding that states and local jurisdictions could use to administer the grants,[34] these officials said that the 3 percent limit on grant management and administrative costs imposed by ODP in the fiscal year 2003 SHSGP II was not sufficient to cover the grant administrative costs needed to administer and manage the grants. This allowance can be used at the state and/or local levels, but the combined allowance cannot exceed 3 percent of the

[33]As of the end of fiscal year 2003, ODP had 72 contract employees and as of July 2004, 147.

[34]The fiscal year 2002 SDPP included up to $150,000 or up to 2.5 percent of each state's total award (whichever was greater) for administrative costs associated with implementing the state strategies. For the fiscal year 2003 SHSGP I, the amount of grant funds that each state could use for planning and administrative costs was specified in the program guidelines. The amount ranged from $104,000 to about $3.2 million.

total first responder preparedness grant funds for each state.[35] For SHSGP II first responder preparedness grant funds, the allowable administrative costs ranged among all states from a low of about $102,000 to a high of about $3.1 million per state. Some officials said they have not been able to hire the personnel necessary to administer and manage the grant programs, in part, because of the limit on funds used for administrative costs. DHS's IG and Homeland Security Advisory Council Task Force[36] also cited similar reports from state and local officials they spoke with. In responding to DHS's IG report, ODP said that the homeland security grant programs allow for the hiring of both full- and part-time personnel and contractors to implement the program and that this option could be more widely used by states to address the issue of inadequate staffing. ODP officials recently told us that the fiscal year 2005 grant guidelines allow states to retain 3 percent of the total grant award and local jurisdictions to use 2.5 percent of their grant allocation for management and administrative purposes. According to these officials, this change should alleviate some of the staffing issues.

[35]For the fiscal year 2003 SHSGP II, states received separate funding for both first responder preparedness and the cost incurred for protecting critical infrastructure.

[36]U.S. Department of Homeland Security, *The Homeland Security Advisory Council, A Report from the Task Force on State and Local Homeland Security Funding* (June 2004).

Congress, ODP, States, and Localities Have Acted to Expedite Grant Awards, but Challenges Remain

Statutory Deadlines Were Imposed to Expedite the Grant Award and Distribution Process

Congress, the Conference of Mayors,[37] some state and local officials, and others expressed concerns about the time ODP was taking to award grant funds to states and for states to transfer grant funds to local jurisdictions. For SDPP and SHSGP I grants, ODP was not required to award grant funds to states within a specific time frame. During fiscal year 2002, ODP took 123 days to make the SDPP grant application available to states and, on average, about 21 days to approve states' applications after receipt. For SHSGP II, however, the appropriations statute required that ODP make the grant application available to states within 15 days of enactment of the appropriation and approve or disapprove states' applications within 15 days of receipt. According to ODP data for SHSGP II, ODP made the grant application available to states within the required deadline and awarded over 90 percent of the grants within 14 days of receiving the applications. For SHSGP II, the appropriations statute also mandated that states submit grant applications within 30 days of the grant announcement.[38] According to ODP data, all states met the statutory 30-day mandate. For SHSGP II, the average number of days from grant announcement to application submission declined from about 81 days in fiscal year 2002 to about 23 days.

To expedite the transfer of grant funds from the states to local jurisdictions, ODP program guidelines and subsequent appropriations acts imposed additional deadlines on states. For SDPP, there were no

[37]The United States Conference of Mayors Homeland Security Monitoring Center, *First Mayors' Report to the Nation: Tracking Federal Homeland Security Funds Sent to the 50 State Governments* (Washington, D.C.: September 2003).

[38]In fiscal year 2002, ODP required that states submit their grant application by July 31, 2002 (79 days after the grant application was made available to the states). For the fiscal year 2003 SHSGP I, ODP required that the application be submitted in 45 days from the release of the grant application.

mandatory deadlines or dates by which states should transfer grant funds to localities. One of the states we visited, for example, took 91 days to transfer the SDPP grant funds to a local jurisdiction while another state we visited took 305 days. In addition, a DHS IG report found that for SDPP, two of the states it visited took 73 and 186 days, respectively, to transfer funds to local jurisdictions. Beginning with SHSGP I, ODP required in its program guidelines that states transfer grant funds to local jurisdictions within 45 days of the grant award date. Congress subsequently included this requirement in the appropriations statute for SHSGP II grant funds. To ensure compliance, ODP required states to submit a certification form indicating that all awarded grant funds had been transferred within the required 45-day period.[39] States that were unable to meet the 45-day period had to explain the reasons for not transferring the funds and indicate when the funds would be transferred. According to ODP, for SHSGP I and II, respectively, 33 and 31 states certified that the required 45-day period had been met.[40]

To further assist states in expediting the transfer of grant funds to local jurisdictions, ODP also modified its requirements for documentation to be submitted as part of the grant application process for fiscal years 2002 and 2003. In fiscal year 2002, ODP required states to submit budget detail worksheets and program narratives indicating how the grant funds would be used for equipment, exercises, and administration—and have them approved. If a state failed to submit the required documentation, ODP would award the grant funds, with the special condition that the state could not transfer, expend, or draw down any grant funds until the required documentation was submitted and approved. In fiscal year 2002, ODP imposed special conditions on 37 states for failure to submit the required documentation and removed the condition only after the states submitted the documentation. The time required to remove the special conditions ranged from about 1 month to 21 months. For example, in one state we reviewed, ODP awarded SDPP grant funds and notified the state of the special conditions on September 13, 2002; the special conditions

[39]For the fiscal year 2003 SHSGP II, states had to certify that they had met the statutory requirement to transfer 80 percent of the awarded funds for first responder preparedness and 50 percent of the awarded funds for critical infrastructure protection to local jurisdictions within the required 45-day period.

[40]According to ODP, follow-up letters were distributed to states that had not submitted the certification form or were not certified, followed by a series of phone calls to collect the pertinent information.

were removed about 6 months later on March 18, 2003, after the state had met those conditions.

However, in fiscal year 2003, ODP allowed states to move forward more quickly, by permitting them to transfer grant funds to local jurisdictions before all required grant documents had been submitted. If a state failed to submit the required documentation for SHSGP I, ODP awarded the grant funds and allowed the state to transfer the funds to local jurisdictions. While the state and local jurisdictions could not expend—and the state could not draw down—the grant funds until the required documentation was submitted and approved, they could plan their expenditures and begin state and locally required procedures such as obtaining approval of the state legislature or city council to use the funds. For SHSGP I, ODP imposed special conditions on 47 states for failure to submit the required documentation and removed the condition only after the states submitted the documentation. The special conditions were removed approximately 1 month to 15 months after the grant funds were awarded to the states. For the SHSGP II grant cycle, in order to further expedite the award process and availability of fiscal year 2003 funds for expenditure, ODP no longer required states to submit the budget detail worksheets and certain other documents as part of the grant application process.[41] Rather, these documents could be submitted later with the state's biannual progress report.[42] Thus, states were able to transfer, expend, and draw down grant funds immediately after ODP awarded the grant funds. (See appendix III for grant award and distribution timelines for selected state and local grantees.)

[41]For the fiscal year 2004 Homeland Security Grant Program, Congress required states to obligate grant funds to localities within 60 days of the grant award date. States did not have to submit budget detail worksheets and program narratives as part of the grant application process. However, states were expected to maintain complete and accurate accounting records and make those records available to DHS upon request. In addition, states were to provide information on how the expenditure of grant funds will support the goals and objectives included in the state homeland security strategy in the Initial Strategy Implementation Plan report due no later than 60 days after the grant award date.

[42]The Categorical Assistance Progress Report for the period ending June 30, 2003, was due July 30, 2003. This report describes, among other things, the total amount of funds expended and the progress made to date in achieving the state's overall goals and objectives identified in the state homeland security strategy.

Some States Have Revised Procurement Requirements Affecting Grant Time Lines, and ODP Is Developing Related Best Practices

Despite congressional and ODP efforts to expedite the award of grant funds to states and the transfer of those funds to localities, some states and local jurisdictions could not expend the grant funds to purchase equipment or services until other, nonfederal requirements were met. Some state and local officials' ability to spend grant funds was complicated by the need to meet various state and local legal and procurement requirements and approval processes, which could add months to the process of purchasing equipment after grant funds had been awarded. For example, in one state we visited, the state legislature must approve how the grant funds will be expended. If the state legislature is not in session when the grant funds are awarded, it could take at least 4 months to obtain state approval to spend the funds.[43] In another state we visited, a city was notified on July 17, 2003, that SHSGP I grant funds were available for use, but the city council did not vote to accept the funds until almost 4 months later. A 2004 report by the House Select Committee on Homeland Security also cited instances of slowness at the state and local government levels in approving the acceptance and expenditure of grant funds. For example, according to the committee report, one county took about 7 months after receiving its SHSGP I grant award to get authorization to spend the grant funds. Some state and local officials we talked with said that complying with their normal procurement regulations could also take months. They said that these regulations require, among other things, competitive bidding for certain purchases—a frequently lengthy process in their view.

Some states, in conjunction with DHS, have modified their procurement practices to expedite the procurement of equipment and services. Officials in two of the five states we visited told us they established centralized purchasing systems that allow equipment and services to be purchased by the state on behalf of local jurisdictions, freeing them from some local legal and procurement requirements. As reported by the House Select Committee on Homeland Security in April 2004, many states were looking to move to a centralized purchasing system for the same reason. In addition, the DHS's Homeland Security Advisory Council Task Force reported that several states developed statewide procurement contracts that allow local jurisdictions to buy equipment and services using a prenegotiated state contract. According to DHS, it has offered options for

[43]When the state legislature is not in session, changes of over $1 million in the budget must be reviewed and approved by the Legislative Budget Commission, which generally meets quarterly.

equipment procurement, through agreements with the U.S. Department of Defense's Defense Logistics Agency and the Marine Corps Systems Command, to allow state and local jurisdictions to purchase equipment directly from their prime vendors. DHS said that these agreements provide an alternative to state and local procurement processes and often result in a more rapid product delivery at a lower cost. For example, one state we visited is using a Defense Logistics Agency prime vendor to make equipment purchases. Local jurisdictions can order the equipment without having to go through their own locally based competitive bidding process.

Congress has also taken steps to address a problem that some states and localities cited concerning a federal policy that provides reimbursement to states and localities only after they have incurred an obligation, such as a purchase order, to pay for goods and services. Until fiscal year 2005, after submitting the appropriate documentation, states and localities could receive federal funds to pay for these goods and services several days before the payment was due so that they did not have to use their own funds for payment. However, according to DHS's Homeland Security Advisory Council Task Force, many municipalities and counties had difficulty participating in this process either because they did not receive their federal funds before payment had to be made or their local governments required funds to be on hand before commencing the procurement process. Officials in one city we visited said that, to solve the latter problem, the city had to set up a new emergency operations account with its own funds. The task force recommended that for fiscal year 2005, ODP homeland security grants be exempt from the Cash Management Improvement Act[44] to allow funds to be provided to states and municipalities up to 120 days in advance of expenditures. The fiscal year 2005 DHS appropriations legislation includes a provision that exempts formula-based grants (SHSGP) and discretionary grants, including UASI and other ODP grants, from the act's requirement that an agency schedule the transfer of funds to a state so as to minimize the time elapsing between

[44]Pub. L. No. 101-453, 104 Stat. 1058 (1990). The purpose of the law is to ensure efficiency, effectiveness, and equity in the exchange of funds between the federal government and the states. The Cash Management Improvement Act responded to previously alleged instances in which either the states drew cash advances well before federal funds were needed to make payment or states used their own funds to satisfy federal program needs and were not reimbursed in a timely manner by the federal agencies. The act provided that states would pay interest to the federal government if they draw funds in advance of need and that the federal government would pay interest to states if the federal program agency does not reimburse the states in a timely manner when states use their own funds.

the transfer of funds from the U.S. Treasury and the state's disbursement of the funds for program purposes.

In addition, DHS efforts are under way to identify and disseminate best practices, including how states and localities manage legal and procurement issues that affect grant distribution. DHS's Homeland Security Advisory Council Task Force stated in a June 2004 report that some jurisdictions have been "very innovative" in developing mechanisms to support the procurement and delivery of emergency-response-related equipment. For example, one state cited in the report was in the process of forming a procurement working group to address issues as they arise. The report also cited that several states have developed statewide procurement contracts that allow municipal government units to buy first responder equipment and services. One state created a password-protected Web site that allowed local jurisdictions to view their allocation balance and place orders for equipment up to their funding allocation limit. According to the task force, these efforts substantially reduced the time it takes for localities to purchase and receive their equipment. The task force recommended that, among other things, DHS should, in coordination with state, county, and other governments, identify, compile, and disseminate best practices to help states address grant management issues. According to ODP, in an effort to complement and reinforce the task force's recommendations, in partnership with the National Criminal Justice Association,[45] it established a new Homeland Security Preparedness Technical Assistance Program service to enhance the grant management capabilities of state administrative agencies. In an August 30, 2004, Information Bulletin, ODP requested that state administrative agencies complete a survey designed to gather information on their grant management technical needs and best practices related to managing and accounting for ODP grants, including the procurement of equipment and services at the state and local levels. The information that ODP is gathering is to serve as a foundation for the development of a tailored, on-site assistance program for states to ensure that identified best practices are implemented and critical grant management needs and problems are addressed. According to ODP, this program will be operational in December 2004.

[45]The National Criminal Justice Association represents state, tribal, and local criminal and juvenile justice system concerns to the federal government. Among other things, it promotes the development of justice systems in states, tribal nations, and units of local government that enhance public safety.

Despite efforts to streamline local procurement practices, some challenges remain at the state and local levels. An ODP requirement that is based on language in the appropriations statute could delay procurements, particularly in states that have a centralized purchasing system. Specifically, for the fiscal 2004 grant cycle, states are required by statute to pass through no less than 80 percent of total grant funding to local jurisdictions within 60 days of the award. In order for states to retain grant funds beyond the 60-day limit, ODP requires states and local jurisdictions to sign a memorandum of understanding (MOU) indicating that states may retain—at the local jurisdiction's request—some or all funds in order to make purchases on a local jurisdiction's behalf. The MOU must specify the amount of funds to be retained by the state. A state official in one state we visited said that, while the state's centralized purchasing system had worked well in prior years, the state has discontinued using it because of the MOU requirement, since establishing MOUs with every locality might take years. The state transferred the fiscal year 2004 grant funds to local jurisdictions so they can make their own purchases. In another state, officials expressed concern that this requirement would negatively affect their ability to maintain homeland security training provided to local jurisdictions at state colleges that had been previously funded from local jurisdictions' grant funds. In a June 23, 2004, ODP Information Bulletin, ODP strongly recommended that states retaining funds at the state level on behalf of local jurisdictions have the MOUs reviewed by DHS's Office of General Counsel to ensure that the MOUs meet the requirements of the appropriation language and ODP program guidelines. ODP officials told us that they were assisting states to adapt to the new requirement.

Concluding Observations

The terrorist attacks of September 11, 2001, forced the nation to reexamine its requirements for domestic safety, including the capacity and resources that would be needed at the state and local levels to prevent, prepare for, respond to, or recover from potential future threats from terrorists and minimize their impact. Congress addressed this concern in the months after the attacks, in part by increasing the grant funds that states would receive to enhance their emergency first responder and public health and safety capabilities to deal with terrorist attacks involving CBRNE weapons. Not surprisingly, the enormous effort required to bolster first responder capacity nationwide posed challenges for government administrators at the federal, state, and local levels. A major challenge in administering first responder grants is balancing two goals: minimizing the time it takes to distribute grant funds to state and local first responders, and ensuring appropriate planning and accountability for the effective use of grant funds. ODP's approach to striking this balance has been evolving

from experience, congressional action, and feedback from states and local jurisdictions.

Over the last 2 years, working in concert with state governments and others, DHS has made progress, through ODP, in managing its state homeland security grant programs. ODP has addressed management problems regarding how grants were awarded and funds distributed, which arose following the dramatic increase in federal funding for first responders after September 11. While some localities continue to face legal and procurement challenges that can tie up access to grant funds, ODP is taking steps to provide technical assistance that will, among other things, give state and local officials access to best-practice information on how other jurisdictions have successfully addressed procurement challenges.

As ODP continues to administer its state and urban first responder grant programs, it will likely face new challenges. In particular, as DHS and ODP work to develop national preparedness standards, it will be important to listen and respond fully to the concerns of states, local jurisdictions, and other interested parties about, among other things, the planned time frames for implementing the new standards. It will also be important to ensure that there is adequate collaboration and guidance for moving forward. Effective collaboration among ODP, states, and others in developing appropriate preparedness performance goals and measures will be essential to ensuring that the nation's emergency response capabilities are appropriately identified, assessed, and strengthened.

Agency Comments and Our Evaluation

DHS generally agreed with the report's findings. In particular, the agency concurred that it faced a number of challenges related to effectively managing first responder grants and highlighted the progress it has made in addressing them. The agency expressed the view, however, that the progress already achieved in meeting these challenges was not appropriately reflected in the title of the report. We disagree. As DHS notes, our report acknowledges the efforts the agency has made in revising grant procedures to expedite awards while maintaining accountability. Nevertheless, not all of the agency's efforts have gone smoothly, as attested, for example, by the problems that DHS and the states experienced in realistically defining first responder equipment needs in 2003. In view of the concerns recently expressed by state and other officials, DHS may, in our view, continue to face significant challenges in meeting its time tables to develop realistic capability requirements and performance measures for first responders. DHS also provided further

details on some grant management issues we raised in the report. We have revised the report as appropriate to include these and other technical comments provided.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies of this report to relevant congressional committees and subcommittees, the Secretary of Homeland Security, and to other interested parties. We will also make copies available to others upon request. In addition, the report will be available at no charge on GAO's Web site at http://www.gao.gov.

If you have any questions about this report or wish to discuss it further, please contact me at (202) 512-8777 or jenkinswo@gao.gov. Key contributors to this report are listed in appendix VI.

Sincerely yours,

William O. Jenkins, Jr.
Director, Homeland Security
and Justice Issues

Appendix I: Scope and Methodology

We initially addressed our researchable questions regarding the Office for Domestic Preparedness's (ODP) structure and processes for program and financial management of its grants and its monitoring policies and processes in a briefing to the Subcommittee on Homeland Security of the House Committee on Appropriations. In addressing those questions, we identified 25 domestic preparedness programs managed by ODP in fiscal years 2002 and 2003.[1] For this report, we selected the five largest programs in terms of federal funding provided to state and local jurisdictions for our detailed review. Three of the five programs that addressed state and local preparedness issues were basically for the same purposes but received funding from separate appropriations. These were the fiscal year 2002 State Domestic Preparedness Program (SDPP) and the fiscal year 2003 State Homeland Security Grant Programs (SHSGP) I and II. The other two programs were awarded to selected urban areas. These were the fiscal year 2003 Urban Areas Security Initiatives (UASI) I and II grant programs.

We also selected Arizona, California, Florida, Missouri, and Pennsylvania and 19 local jurisdictions within those states:

- The cities of Phoenix and Pima and Maricopa and Coconino Counties in Arizona.
- The cities of Los Angeles and Sacramento and the County of Los Angeles in California.
- The city of Miami, Miami-Dade County, and the Miami and Tallahassee Regional Domestic Security Task Forces in Florida.
- The city of St. Louis, St. Louis and Franklin Counties, and the rural cities of Jackson and Sikeston in Missouri.
- The city of Philadelphia and the Southeastern and South Central Regional Terrorism Task Forces in Pennsylvania.

The five states were selected on the basis of the amount of ODP grant funding received, population size, and other factors. The local jurisdictions

[1]Even though some of the grant programs were basically for the same or similar purposes, they are counted as separate grants in part because of separate appropriations in the same and different years and name changes.

were selected on the basis of a mix of urban and rural locations to include cities and counties that received UASI funding.

To determine how SHSGP and UASI were administered in fiscal years 2002 and 2003 so that ODP could ensure that grant funds were spent in accordance with grant guidance and state preparedness planning, we interviewed ODP officials and homeland security and grant management officials and first responders in the five selected states and from selected local jurisdictions within those states. We also obtained and reviewed related ODP policy guidance and program guidelines for the SDPP/SHSGP and UASI grant programs. We also obtained and reviewed documentation on grant awards to state and local jurisdictions. We spoke with ODP officials about their grant monitoring and reporting processes and obtained and reviewed related ODP grant-monitoring guidance and monitoring reports for fiscal year 2004. We also obtained and analyzed data on the number of office-based and on-site-monitoring reviews conducted in fiscal year 2004. We reviewed these data for obvious inconsistency errors and completeness and compared these data with on-site-monitoring reports prepared by ODP. On the basis of these efforts, we determined that the monitoring review data were sufficiently reliable for the purpose of this report. In addition, we spoke with ODP and state and local officials about staffing issues that affect grant management. We also interviewed ODP and state and local officials and reviewed documentation about ODP's state homeland security needs assessment and strategy development process and the similar needs assessment and strategy development process for selected urban areas. In addition, we obtained and reviewed the state domestic preparedness strategies for the selected five states. In conjunction with this effort, we also obtained information about the steps that ODP is taking to implement Homeland Security Presidential Directive-8 regarding national preparedness goals and performance standards. We also reviewed relevant reports on homeland security and domestic preparedness that discuss the development of national performance standards.

To determine the time frames for awarding and distributing SHSGP and UASI grants established by ODP grant guidance or by law, and how these time frames affected the grant cycle, we obtained and analyzed appropriations acts and program guidelines for the grant programs. We also met with ODP officials and state homeland security and grant management officials, and local grant managers and first responders in the selected states and local jurisdictions to discuss how the time lines affected the grant cycle. We obtained and analyzed data on the time frames associated with the grant award and distribution processes. We

reviewed these data for obvious inconsistency errors and completeness and compared these data with hard-copy documents we obtained for these states. When we found discrepancies, we brought them to the attention of ODP and state and local officials and worked with them to correct the discrepancies before conducting our analyses. On the basis of these efforts, we determined that the time-frame data were sufficiently reliable for the purpose of this report. We also obtained information about local procurement policies and practices. In addition, we reviewed recent reports and studies on issues related to federal funding and oversight of grants for first responders. We also obtained grant funding and expenditures as of July 31, 2004, for the 56 states and territories and the urban areas. Given that the grant funding and expenditure data are used for background purposes only, we did not assess the reliability of these data. We also obtained and analyzed key dates associated with the grant award, distribution, and reimbursement processes for selected states and local jurisdictions. We conducted this work from November 2003 through November 2004 in accordance with generally accepted government auditing standards.

Appendix II: Fiscal Years 2002 and 2003 SDPP/SHSGP and UASI Funding and Draw Downs by State

Given that these grant-funding and drawn-down amounts are used for background purposes only, we did not assess the reliability of these data.

Table 3: Fiscal Year 2002 State Domestic Preparedness Program (SDPP) and Fiscal Year 2003 State Homeland Security Grant Programs (SHSGP) Funding and Draw Downs as of July 31, 2004

Dollars in thousands

	FY 2002 SDPP		FY 2003 SHSGP				Total	
States and territories	Funding	Drawn down	SHSGP I funding	Drawn down	SHSGP II funding	Drawn down	Funding	Drawn down
Alabama	$5,317	$3,259	$9,457	$360	$25,049	$2,514	**$39,823**	**$6,133**
Alaska	2,783	203	4,995	485	13,230	855	**21,008**	**1,543**
American Samoa	828	714	1,482	0	3,926	874	**6,236**	**1,588**
Arizona	5,770	3,929	10,584	3,069	28,033	6,463	**44,387**	**13,461**
Arkansas	4,141	2,169	7,394	4,234	19,585	7,964	**31,120**	**14,367**
California	24,831	12,403	45,023	11,903	119,256	33,262	**189,110**	**57,568**
Colorado	5,220	3,776	9,480	4,068	25,111	5,249	**39,811**	**13,093**
Connecticut	4,626	3,133	8,265	2,281	21,893	1,515	**34,784**	**6,928**
Delaware	2,887	2,643	5,185	515	13,733	2,698	**21,805**	**5,856**
District of Columbia	2,747	2,559	4,910	0	13,006	1,967	**20,663**	**4,526**
Florida	12,967	12,967	23,654	9,966	62,655	12,107	**99,276**	**35,041**
Georgia	7,797	1,628	14,188	5,319	37,579	9,253	**59,564**	**16,200**
Guam	892	783	1,596	209	4,226	227	**6,714**	**1,219**
Hawaii	3,172	737	5,693	484	15,079	2,066	**23,944**	**3,286**
Idaho	3,226	963	5,803	2,306	15,375	4,412	**24,404**	**7,680**
Illinois	10,604	7,559	18,879	10,399	50,005	1,478	**79,488**	**19,435**
Indiana	6,400	4,834	11,399	6,844	30,194	23,327	**47,993**	**35,005**
Iowa	4,308	4,307	7,657	725	20,282	1,747	**32,247**	**6,779**
Kansas	4,151	4,064	7,401	1,303	19,603	1,401	**31,155**	**6,767**
Kentucky	5,048	2,857	9,001	4,369	23,838	5,444	**37,887**	**12,670**
Louisiana	5,331	4,976	9,451	1,028	25,037	4,367	**39,819**	**10,371**
Maine	3,213	2,771	5,751	1,769	15,232	3,378	**24,196**	**7,919**
Maryland	5,881	5,850	10,585	3,550	28,037	3,437	**44,503**	**12,836**
Massachusetts	6,579	6,437	11,711	815	31,020	12,598	**49,310**	**19,850**
Michigan	8,958	8,124	15,918	5,099	42,162	2,414	**67,038**	**15,638**
Minnesota	5,631	5,207	10,076	1,965	26,690	2,374	**42,397**	**9,546**
Mississippi	4,255	599	7,582	1,933	20,083	2,955	**31,920**	**5,487**
Missouri	6,079	5,042	10,834	3,872	28,697	7,285	**45,610**	**16,199**

Dollars in thousands

	FY 2002 SDPP		FY 2003 SHSGP				Total	
States and territories	Funding	Drawn down	SHSGP I funding	Drawn down	SHSGP II funding	Drawn down	Funding	Drawn down
Montana	2,967	2,589	5,303	1,272	14,047	730	**22,317**	**4,591**
Nebraska	3,502	2,560	6,255	2,877	16,568	6,310	**26,325**	**11,747**
Nevada	3,693	3,000	6,771	2,491	17,935	3,442	**28,399**	**8,933**
New Hampshire	3,187	687	5,727	1,113	15,172	6,887	**24,086**	**8,687**
New Jersey	7,948	2,839	14,222	1,470	37,671	6,765	**59,841**	**11,074**
New Mexico	3,574	1,947	6,401	1,286	16,956	1,302	**26,931**	**4,535**
New York	14,953	12,000	26,492	23,400	70,172	63,000	**111,617**	**98,400**
North Carolina	7,706	6,322	13,908	3,995	36,840	4,337	**58,454**	**14,654**
North Dakota	2,794	2,670	4,983	2,026	13,200	1,500	**20,977**	**6,196**
Northern Mariana Islands	835	632	1,496	892	3,963	815	**6,294**	**2,338**
Ohio	9,897	8,350	17,510	6,757	46,378	8,403	**73,785**	**23,511**
Oklahoma	4,656	524	8,304	978	21,996	222	**34,956**	**1,724**
Oregon	4,637	1,857	8,336	1,884	22,081	4,760	**35,054**	**8,501**
Pennsylvania	10,512	6,168	18,570	6,906	49,189	4,249	**78,271**	**17,323**
Puerto Rico	4,894	490	8,727	0	23,118	0	**36,739**	**490**
Rhode Island	3,063	1,171	5,489	1,899	14,540	9,286	**23,092**	**12,356**
South Carolina	5,028	4,552	9,017	2,032	23,882	6,626	**37,927**	**13,210**
South Dakota	2,868	2,745	5,131	1,265	13,591	6,027	**21,590**	**10,036**
Tennessee	6,140	4,089	10,978	1,961	29,080	374	**46,198**	**6,424**
Texas	16,196	8,878	29,538	10,324	78,238	14,078	**123,972**	**33,280**
Utah	3,849	2,608	6,937	4,184	18,374	7,833	**29,160**	**14,625**
Vermont	2,772	2,352	4,963	2,652	13,147	3,688	**20,882**	**8,692**
Virgin Islands	861	133	1,542	1,227	4,085	2,409	**6,488**	**3,770**
Virginia	7,062	6,226	12,716	7,846	33,683	22,956	**53,461**	**37,028**
Washington	6,276	5,368	11,294	6,877	29,917	3,655	**47,487**	**15,899**
West Virginia	3,567	3,567	6,340	5,758	16,792	8,856	**26,699**	**18,181**
Wisconsin	5,925	5,238	10,565	7,545	27,985	20,800	**44,475**	**33,584**
Wyoming	2,696	2,285	4,827	1,410	12,784	2,205	**20,307**	**5,899**
Total	**$315,700**	**$216,339**	**$566,295**	**$201,197**	**$1,500,000**	**$385,146**	**$2,381,995**	**$802,682**

Source: Office for Domestic Preparedness (ODP) grant guidance and Office of Justice Programs/Office of the Comptroller (OJP/OC) financial management data.

Table 4: Fiscal Year 2003 Urban Areas Security Initiative (UASI) I and II Grant Funding and Draw Downs as of July 31, 2004

Dollars in thousands

	UASI I		UASI II		Total	
State, city, county	**Funding**	**Drawn down**	**Funding**	**Drawn down**	**Funding**	**Drawn down**
Arizona Phoenix and Maricopa County	[a]	[a]	$11,033	$471	**$11,033**	**$471**
California Los Angeles[b] and Los Angeles County; San Francisco[b] and San Francisco County; San Diego City and San Diego County; Sacramento and Sacramento County; and Long Beach and Los Angeles County	$22,771	$560	62,202	6,014	**84,973**	**6,574**
Colorado Denver and Denver County	[a]	[a]	15,568	93	**15,568**	**93**
Florida Miami and Miami-Dade County; Tampa and Hillsborough County	[a]	[a]	18,960	3,296	**18,960**	**3,296**
Hawaii Honolulu and Honolulu County	[a]	[a]	6,871	1,718	**6,871**	**1,718**
Illinois Chicago[b] and Cook County	10,896	0	29,976	0	**40,872**	**0**
Louisiana New Orleans and Orleans Parish	[a]	[a]	6,283	350	**6,283**	**350**
Maryland Baltimore and Anne Arundel and Baltimore Counties	[a]	[a]	10,901	1,468	**10,901**	**1,468**
Michigan Detroit and Wayne County	[a]	[a]	12,273	0	**12,273**	**0**
Missouri St. Louis and St. Louis County; Kansas City and Clay, Jackson, Platte, and Cass Counties	[a]	[a]	19,549	1,605	**19,549**	**1,605**
Massachusetts Boston and Suffolk County	[a]	[a]	16,727	0	**16,727**	**0**
National Capital Region[b]	18,081	459	42,410	186	**60,491**	**645**
New Jersey Newark and Essex County	[a]	[a]	11,893	0	**11,893**	**0**

Dollars in thousands

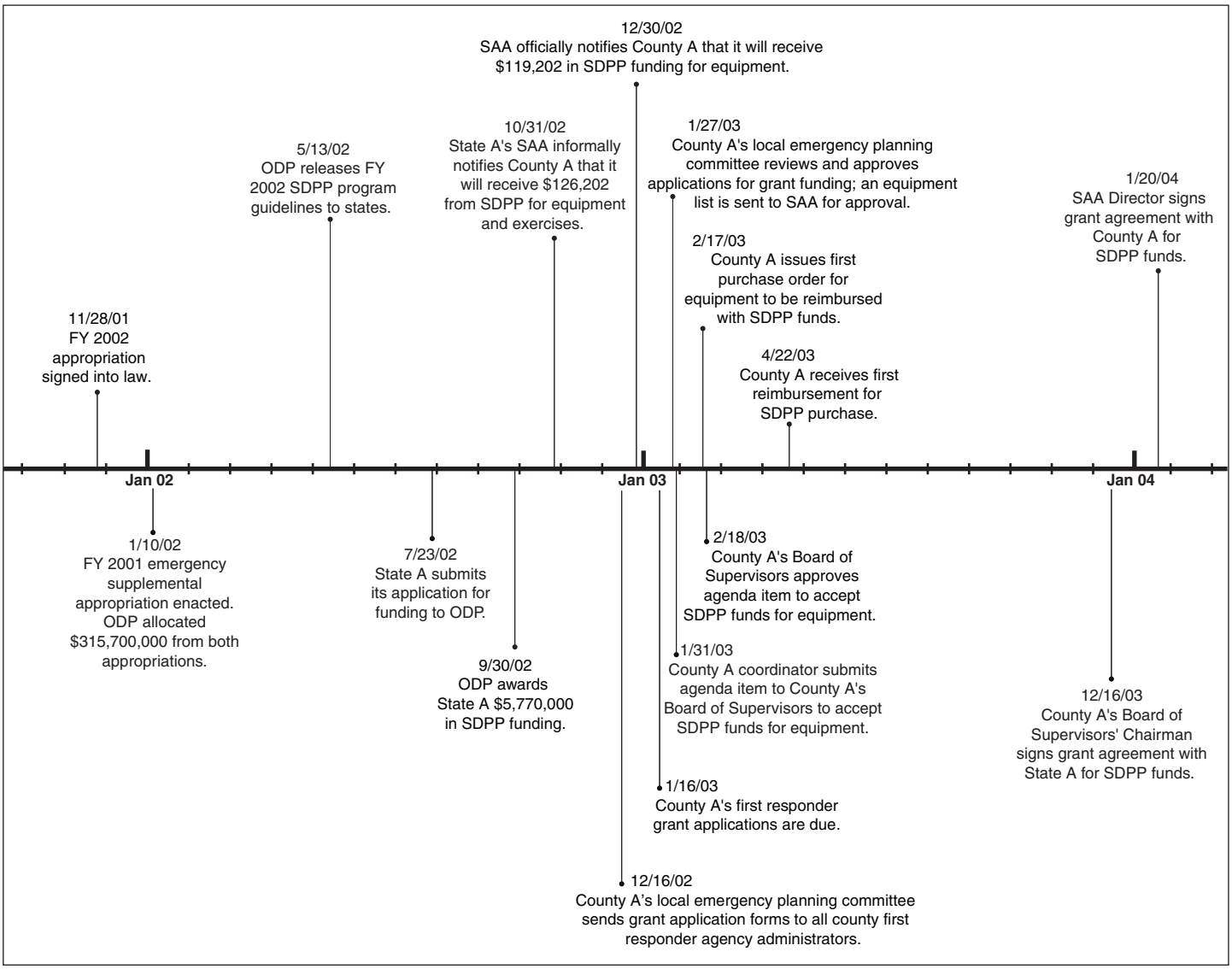
State, city, county	UASI I Funding	UASI I Drawn down	UASI II Funding	UASI II Drawn down	Total Funding	Total Drawn down
New York New York City[b]; Buffalo and Erie County	24,768	2,706	135,267	103,103	**160,035**	**105,809**
Ohio Cincinnati and Hamilton County; Cleveland and Cuyahoga County	[a]	[a]	13,859	16	**13,859**	**16**
Oregon Portland and Washington, Multnomah, and Clackamas Counties	[a]	[a]	6,766	1	**6,766**	**1**
Pennsylvania Philadelphia and Philadelphia County; Pittsburgh and Allegheny County	[a]	[a]	21,039	0	**21,039**	**0**
Tennessee Memphis and Shelby County	[a]	[a]	6,072	0	**6,072**	**0**
Texas Houston[b] and Harris, Fort Bend, and Montgomery Counties; Dallas and Denton, Rockwell, Kaufman Collin, and Dallas Counties	8,634	0	34,165	8	**42,799**	**8**
Washington Seattle[b] and King County	11,201	335	18,187	24	**29,388**	**359**
Total	**$96,351**	**$4,060**	**$500,000**	**$118,354**	**$596,351**	**$122,414**

Source: ODP grant guidance and ODP and OJP/OC financial status information.

[a]Data not applicable.
[b]Six cities and the National Capital Region also received UASI I grant funding.

Appendix III: Grant Award, Distribution, and Reimbursement Process for Selected States and Local Jurisdictions

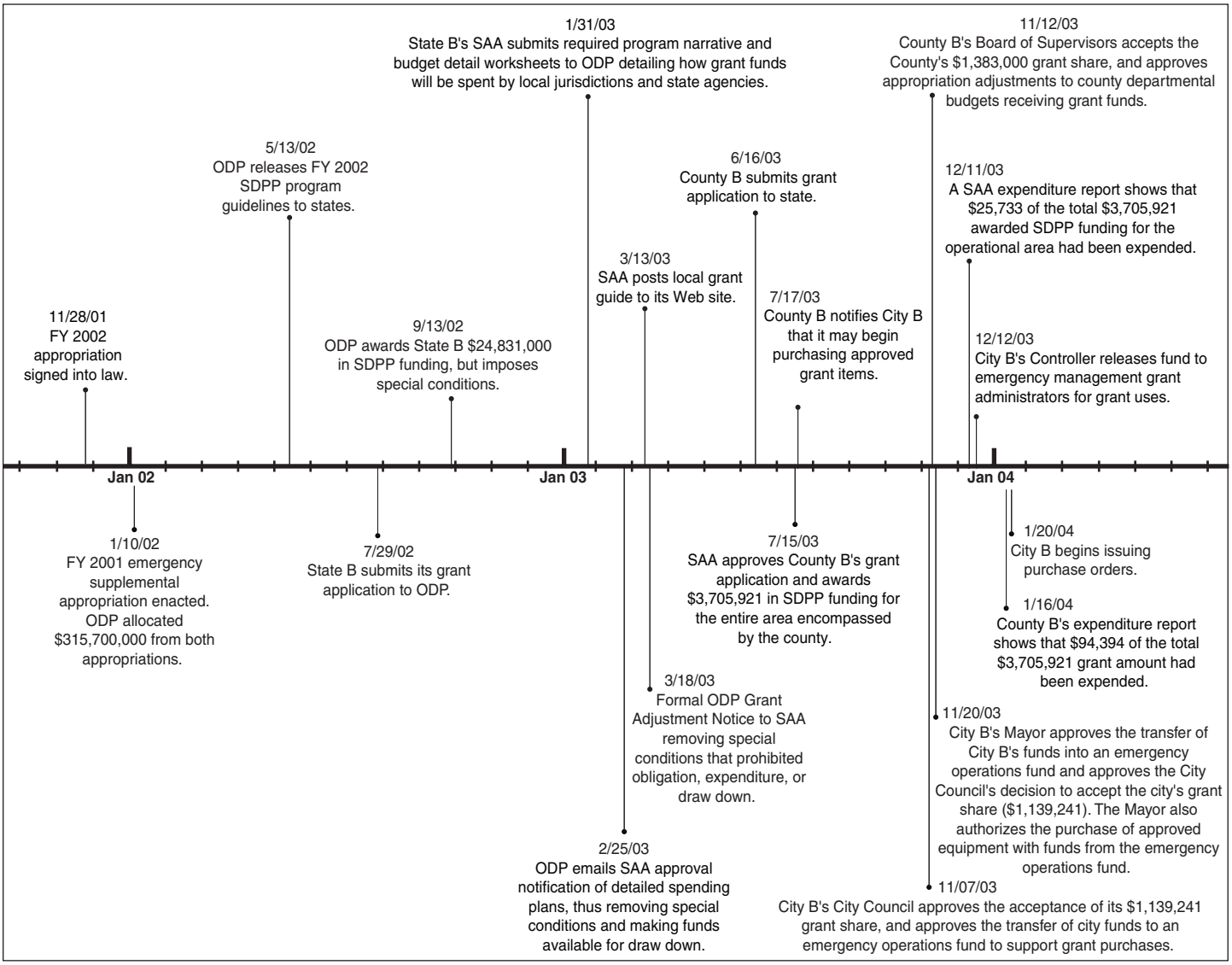
Figure 4: Key Dates Associated with FY 2002 State Domestic Preparedness Program Grant Distribution for State A



Source: GAO based on ODP, state, and local jurisdiction data.

Notes:
ODP = Office for Domestic Preparedness
SAA = state administrative agency
SDPP = State Domestic Preparedness Program

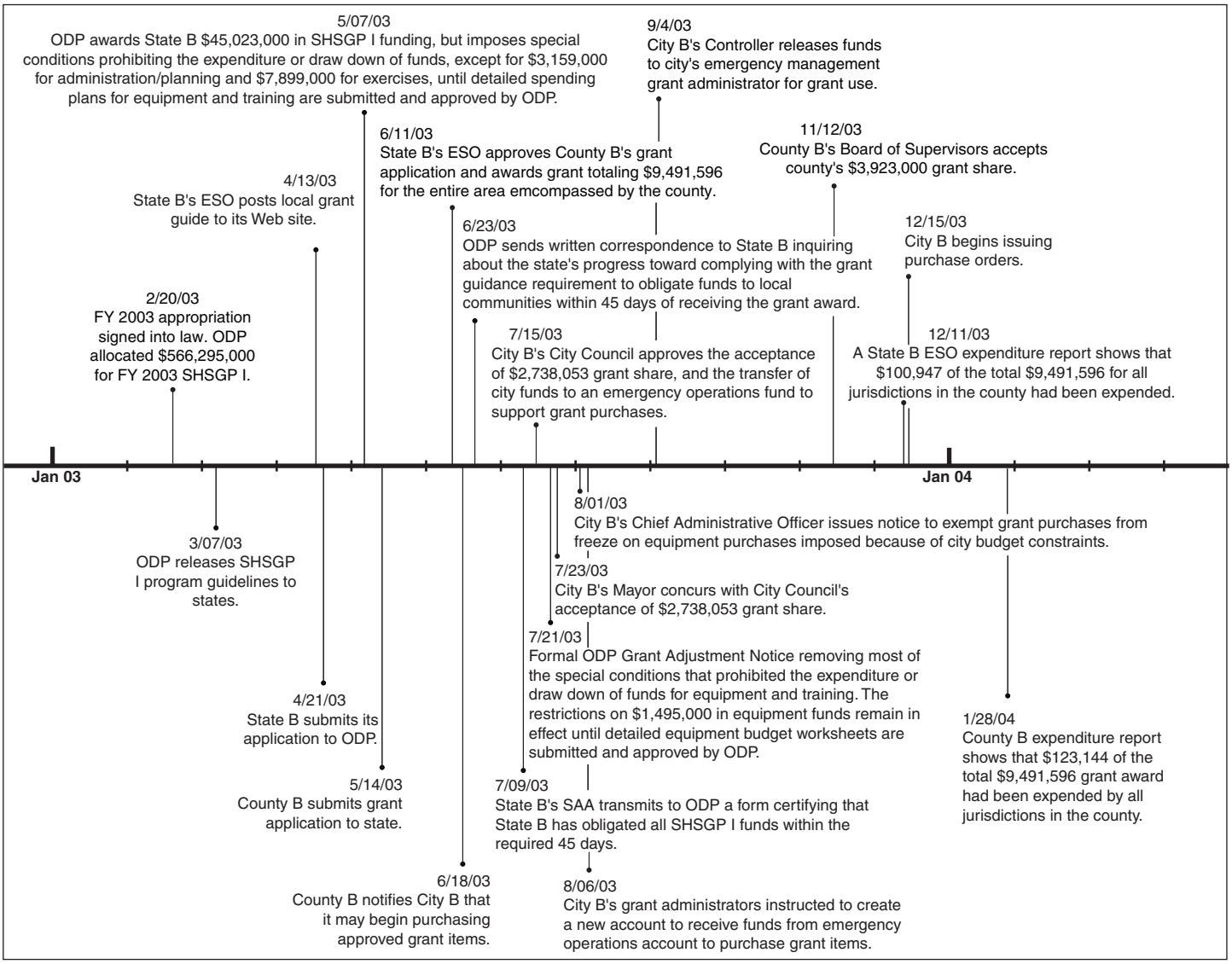
Figure 5: Key Dates Associated with FY 2002 State Domestic Preparedness Program Grant Distribution for State B



Source: GAO based on ODP, state, and local jurisdiction data.

Notes:
ODP = Office for Domestic Preparedness
SAA = state administrative agency
SDPP = State Domestic Preparedness Program

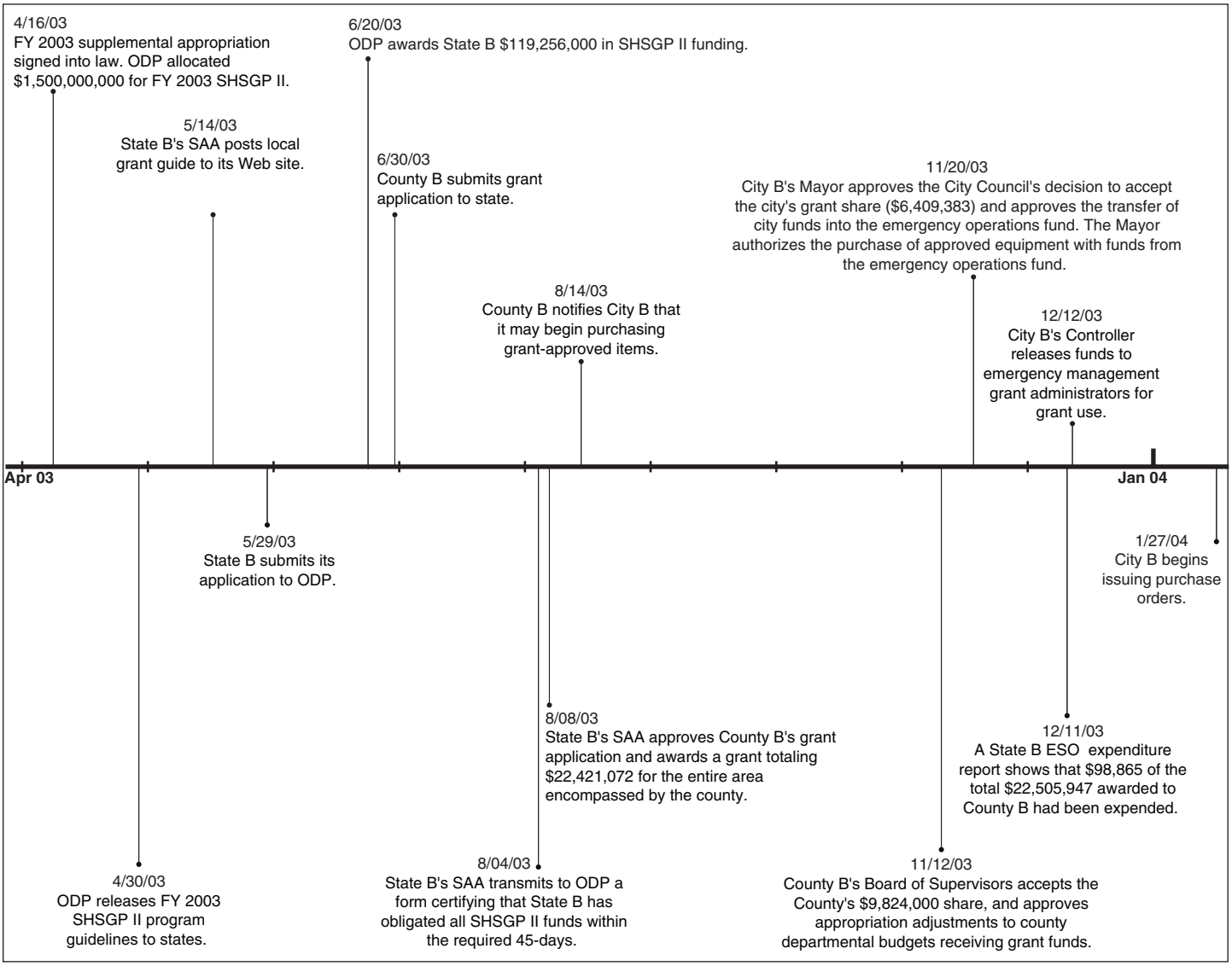
Figure 6: Key Dates Associated with FY 2003 State Homeland Security Grant Program I Grant Distribution for State B



Source: GAO based on ODP, state, and local jurisdiction data.

Notes:
ESO = emergency services office
ODP = Office for Domestic Preparedness
SAA = state administrative agency
SHSGP = State Homeland Security Grant Program

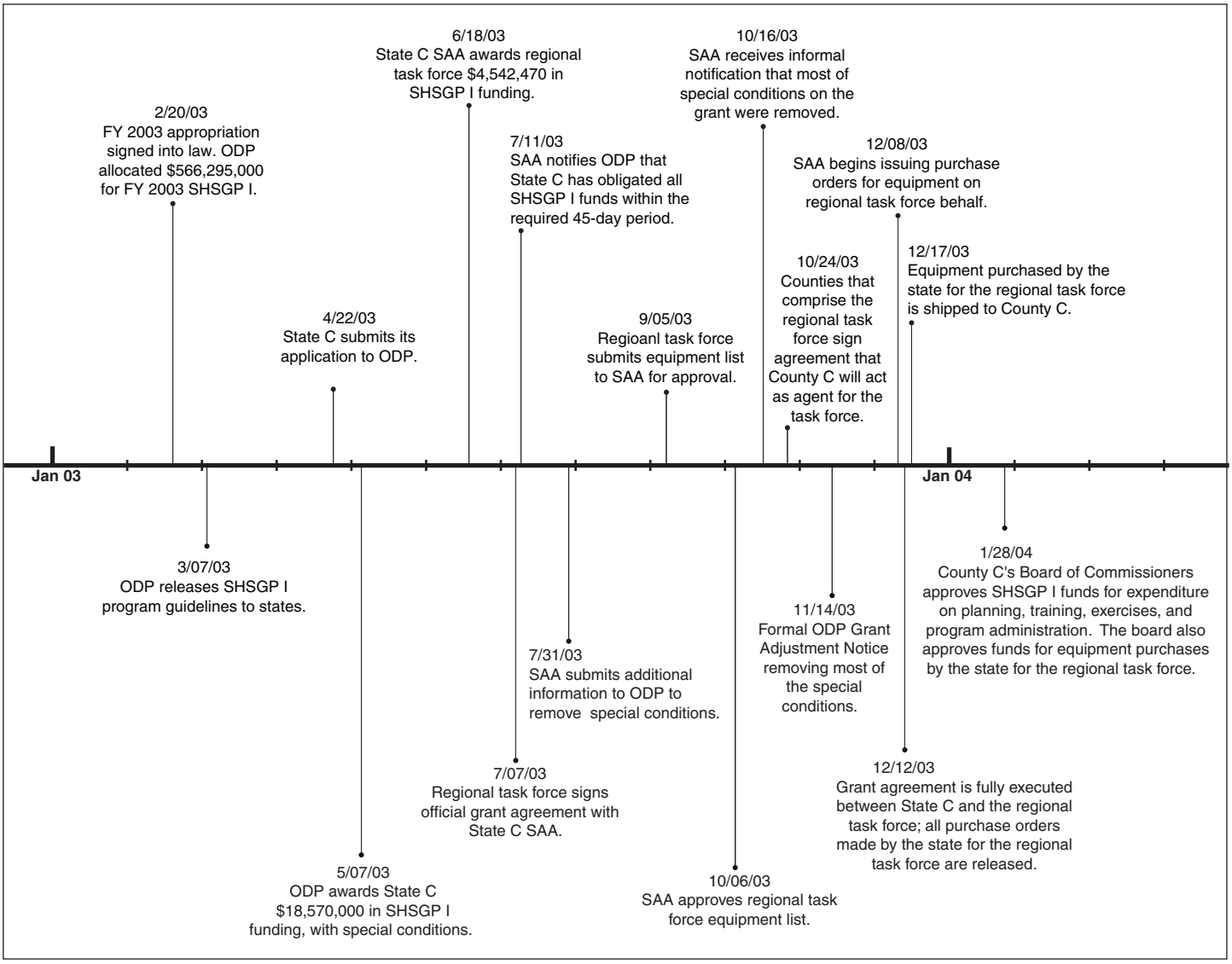
Figure 7: Key Dates Associated with FY 2003 State Homeland Security Grant Program II Grant Distribution for State B



Source: GAO based on ODP, state, and local jurisdiction data.

Notes:
ESO = emergency services office
ODP = Office for Domestic Preparedness
SAA = state administrative agency
SHSGP = State Homeland Security Grant Program

Figure 8: Key Dates Associated with FY 2003 State Homeland Security Grant Program I Grant Distribution for State C



Source: GAO based on ODP, state, and local jurisdiction data.

Notes:
ODP = Office for Domestic Preparedness
SAA = state administrative agency
SHSGP = State Homeland Security Grant Program

Appendix IV: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, DC 20528

December 29, 2004

Mr. Norman Rabkin
Managing Director, Homeland Security & Justice Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Rabkin:

RE: GAO-05-121, Homeland Security: Management of First Responder Grant Programs Has Improved, but Challenges Remain (GAO Job Code 440244)

Thank you for the opportunity to review the subject draft report. We generally agree with the draft report's findings. The draft acknowledges the work and progress of the Department of Homeland Security (DHS) in establishing and refining grant award procedures for states and localities that have supported efforts to improve accountability in the state preparedness planning process, improving grant oversight procedures, and expediting grant awards and the transfer of funds from states to local jurisdictions. The draft acknowledges efforts in identifying best practices to help states spend grant funds expeditiously while adhering to various legal and procurement requirements. Furthermore, DHS through its Office for Domestic Preparedness (ODP) [now part of the Office of State and Local Government Coordination and Preparedness (SLGCP)] began drafting national preparedness goals in order to meet mandates contained in a presidential directive. Issued in December 2003, Homeland Security Presidential Directive 8 requires a national domestic all-hazards preparedness goal, adoption of quantifiable performance measurements in several areas related to Federal incident management and asset preparedness, and other action. We offer a few comments for your consideration.

We believe that the report title does not adequately reflect the work and accomplishments of DHS managers and staff working on the first responder grant program. Management of the program has improved to the point where SLGCP officials are already actively working with other parties on matters that GAO describes as remaining challenges.

GAO highlights several challenges facing the agency. One is balancing the two goals of minimizing the time its takes to distribute grant funds to state and local first responders with ensuring appropriate planning and accountability for the effective use of grant funds. As noted the Department's approach in achieving the balance has been evolving based on experience, congressional action, and feedback from state and local jurisdictions. DHS through SLGCP

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continues to bolster first responder capacity nationwide by drawing on experience and feedback from a variety of sources, including our stakeholders.

Another challenge relates to developing national preparedness standards. The report discusses the importance of listening and responding fully to the concerns of states, local jurisdictions and other interested parties about planned timeframes for the new standards. It also mentions the need for adequate and effective collaboration among DHS/SLGCP, states, and others in developing appropriate preparedness goals and measures important in ensuring that emergency response capabilities throughout the country are appropriately identified, assessed, and strengthened. In an effort to ensure collaboration, DHS/SLGCP officials listened and responded to the concerns of the stakeholders and others as noted in the draft report and will continue to do so. For example, SLGCP allowed states to determine how grant funds were to be managed and distributed within their states and whether purchases would be made locally or at the state level, took steps to expedite the transfer of funds from states to local jurisdictions, and established Initial Strategy Implementation Plans to assess how cumulative purchases meet preparedness planning needs or objectives found in state or urban area homeland security strategies. SLGCP also has taken steps to address states' concerns related to estimates included in needs assessments as noted in the report.

There are several other points that we want to bring to your attention.

The draft report at page 21 begins, "SLGCP officials told us that formal onsite monitoring visits were suspended after September 11, 2001, due to a high volume of work." SLGCP did not formally suspend onsite monitoring visits after September 11, 2001. We continued to maintain active, almost daily contact with our grantees, which includes the monitoring of programmatic and financial aspects of the grants. We did update and revise monitoring protocols in FY 2004; it is common practice to revise internal protocols. Regular correspondence between grantees and SLGCP can include financial reports, progress reports, emails and written requests; all of these items frequently are used in monitoring grantee performance. In the majority of cases, SLGCP was unable to accomplish the monitoring visits due to scheduling conflicts with the states. It is worth noting that 8 of the 12 visits have already been accomplished by December of this year.

The draft at page 23 notes that SLGCP officials were considering whether or not the 3% limit on grant management and administrative (M&A) costs should be increased. The issue of whether or not to raise the cap has been resolved for FY 2005. SLGCP grant guidance allows for states to keep 3% of the total amount of the award in each program, but also allows for the local unit of government to use 2.5% of their allocation for M&A purposes, which should alleviate some of the staffing issues.

On page 26, the last paragraph references a state that contracted with the Defense Logistics Agency (DLA). We consider this a good example of DHS leadership; these types of agreements reflect the effort by DHS, its stakeholders, and other parties in overcoming state or local procurement obstacles. This agreement was set up between SLGCP and the Defense Logistics Agency, Defense Supply Center Philadelphia (DSCP), to allow SLGCP's state and local grant

recipients to take advantage of equipment procurement services that are available through the DSCP Fire and Emergency Prime Vendor program. State and local recipients of SLGCP equipment grant funding may utilize DSCP prime vendors and other logistic support programs to expedite equipment purchases using grant funds. SLGCP has also set up a similar agreement with the Marine Corps Systems Command, to allow for the same equipment procurement services through their prime vendors. Both of these agreements are offered through SLGCP's technical assistance menu.

Conversely, GAO comments at page 28 that an SLGCP requirement could delay procurements, particularly in states that have a centralized purchasing system. This requirement was a direct result of a change in conference report language to ODP [SLGCP]. Previous language in FY 2003 Supplemental Conference Report noted that, "...each State shall transfer no less than 80 percent of the total amount of the grant to local governments within 45 days of the grant award". Language in the FY 2004 Conference report noted, "…each State shall obligate not less than 80 percent of the total amount of the grant to local governments within 60 days after the grant award". Because the wording had changed from "transfer" to "obligate", we sought advice from our Office of General Counsel. The opinion that we received noted that states MUST make a subgrant to the local units of government. The only way that the state may hold money on behalf of a local government is through the expressed permission in a written Memorandum of Agreement initiated by a local unit of government. Please note that this SLGCP requirement stems from statutory language.

In addition, we are assuming GAO's incorporation of our technical comments which were provided to your office under separate cover.

Sincerely,

Michael E. McPoland

for Anna F. Dixon
Director
Departmental GAO/OIG Liaison Office

MMcP

Appendix V: Related GAO Products

Homeland Security: Effective Regional Coordination Can Enhance Emergency Preparedness. GAO-04-1009. Washington, D.C.: September 15, 2004.

Homeland Security: Federal Leadership Needed to Facilitate Interoperable Communications between First Responders. GAO-04-1057T. Washington, D.C.: September 8, 2004.

Homeland Security: Federal Leadership and Intergovernmental Cooperation Required to Achieve First Responder Interoperable Communications. GAO-04-740. Washington, D.C.: July 20, 2004.

Homeland Security: Federal Leadership and Intergovernmental Cooperation Required to Achieve First Responder Interoperable Communications. GAO-04-963T. Washington, D.C.: July 20, 2004.

Homeland Security: Coordinated Planning and Standards Needed to Better Manage First Responder Grants in the National Capital Region. GAO-04-904T. Washington, D.C.: June 24, 2004.

Homeland Security: Management of First Responder Grants in the National Capital Region Reflects the Need for Coordinated Planning and Performance Goals. GAO-04-433. Washington, D.C.: May 28, 2004.

Emergency Preparedness: Federal Funds for First Responders. GAO-04-788T. Washington, D.C.: May 13, 2004.

Homeland Security: Challenges in Achieving Interoperable Communications for First Responders. GAO-04-231T. Washington, D.C.: November 6, 2003.

Homeland Security: Reforming Federal Grants to Better Meet Outstanding Needs. GAO-03-1146T. Washington, D.C.: September 3, 2003.

Appendix VI: GAO Contacts and Staff Acknowledgments

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In addition to those persons mentioned above, David Alexander, Leo Barbour, Amy Bernstein, Mona Nichols Blake, Laura Helm, Carlos Garcia, Jessica Kaczmarek, and Katrina Moss made key contributions to this report.

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