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United States Government Accountability Office
Washington, DC 20548

July 29, 2011

The Honorable Bennie G. Thompson
Ranking Member
Committee on Homeland Security
House of Representatives

The Honorable Laura Richardson
Ranking Member
Subcommittee on Emergency Preparedness, Response, and Communications
Committee on Homeland Security
House of Representatives

Subject: *FEMA Has Made Progress in Managing Regionalization of Preparedness Grants*

This report formally transmits a briefing we provided to your staff on May 31, 2011, which we have revised to reflect subsequent agency comments. We developed this briefing in response to your March 2010 request related to the Federal Emergency Management Agency's (FEMA) efforts to delegate grants administration responsibilities to its regions. Specifically, we are reporting on (1) the extent to which FEMA has operationalized delegation of grants administration responsibilities for preparedness grants to the regions, and (2) the extent to which FEMA has assessed the regions' capacity to assume increased responsibility for administration of preparedness grants. To conduct this work, we analyzed information, such as regionalization implementation plans and grants administration protocols; reviewed reports on regionalization, workforce planning, and grants management by FEMA, the Department of Homeland Security's (DHS) Office of the Inspector General, National Academy of Public Administration, and an independent auditor; compared FEMA's actions against GAO's *Standards for Internal Control in the Federal Government*; and interviewed FEMA officials.

In summary, FEMA has taken steps consistent with internal control standards to operationalize the delegation of grants administration responsibilities for preparedness grants to the regions. For example, FEMA established a task force as an oversight and evaluation mechanism and developed an implementation plan, which includes a phased approach to piloting and delegating specific grants administration functions for preparedness grants to the regions and delineates an approach, including roles and responsibilities, for key implementation activities such as training and communications. FEMA has also made progress in assessing the regions' capacity to assume increased responsibility for the administration of preparedness grants. For example, FEMA's Grant Programs Directorate is conducting an assessment of each of its 10 regions' financial management resources and capabilities, as a means to improve regionalization workforce planning. FEMA's leadership is deliberating on possible changes to the initiative given the current fiscal climate and anticipated resource constraints over the next few years, as well as efforts to achieve the right distribution of grants management responsibilities between

headquarters and the regions. For additional information on a summary of the results of our work, see enclosure I, slide 9. Based on the results of our review, we are not making any recommendations for congressional consideration or agency action.

We provided a draft of this briefing to DHS for review and comment. In written comments on a draft of this report, which are reproduced in enclosure II, DHS agreed with the findings and stated that FEMA will continue its regionalization efforts consistent with the internal control standards and evaluation protocols described in our letter.

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We are sending copies of this report to the appropriate congressional committees. We are also sending copies to the Secretary of Homeland Security, the FEMA Administrator, and the Director of the Grant Programs Directorate. This report will also be available at no charge on our web site at <http://www.gao.gov>.

Should you or your staff have questions concerning this report, please contact me at (202) 512-8757 or JenkinsWO@gao.gov. Contact points for Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report were Chris Keisling, Assistant Director; Anthony C. Fernandez, Analyst-in-Charge; Sarah Arnett; Tracey King; Linda Miller; and Cynthia Saunders.



William O. Jenkins
Director, Homeland Security and Justice

Enclosures - 2



FEMA Has Made Progress in Managing Regionalization of Preparedness Grants

**Briefing for
Committee on Homeland Security
House of Representatives
May 31, 2011**



Briefing Overview

- Introduction
- Objectives
- Scope and Methodology
- Results in Brief
- Background
- Findings
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Introduction

- The Federal Emergency Management Agency (FEMA), within the Department of Homeland Security (DHS), manages a diverse grants portfolio including a variety of preparedness grant programs (see appendix I for a diagram of FEMA's grants portfolio, appendix II for a description of preparedness grants, and appendix III for preparedness grant funding appropriated for fiscal years 2010 and 2011 and requested for fiscal year 2012).
- Grants administration consists of financial management, including monitoring grantee expenditures, amending financial terms of grants, and closing out grants; as well as program management, such as developing grant application packages, creating program standards, and monitoring grantee activities to ensure alignment with homeland security strategies.
- In line with the focus on regional responsibilities for preparedness in the Post-Katrina Emergency Management Reform Act of 2006,¹ FEMA delegated components of preparedness grants administration to its 10 regions beginning in February 2008, a process the agency refers to as regionalization. FEMA's objectives for regionalization are to improve customer service to grantees, increase grants administration efficiencies, and build more robust regions.

¹ See 6 U.S.C. § 317.



Objectives

In response to your request, we examined FEMA's efforts to delegate grants administration responsibilities to its 10 regions. Thus, this briefing addresses the following two objectives:

1. To what extent has FEMA operationalized delegation of grants administration responsibilities for preparedness grants to the regions?
2. To what extent has FEMA assessed the regions' capacity to assume increased responsibility for administration of preparedness grants?



Scope and Methodology: Objective 1

To determine the extent to which FEMA has operationalized delegation of grants administration responsibilities for preparedness grants, we did the following:

- Reviewed FEMA internal and external reports on regionalization to identify any areas requiring management attention (management issues); we corroborated the management issues through our interviews with FEMA officials. See appendix IV for a summary of the management issues addressed in each study.
- Reviewed GAO's *Standards for Internal Control in the Federal Government* to determine their applicability to management issues.² We selected criteria from the Standards that correspond with the management issues we identified from internal and external reports.
- Analyzed FEMA documents on the regionalization process, guidance and protocols on programmatic and financial monitoring, and memorandums detailing policy changes.
- Interviewed FEMA officials responsible for financial and program management in FEMA headquarters Grant Programs Directorate (GPD), as well as other headquarters program offices with planning and oversight responsibilities, including the Office of Policy and Program Analysis and the Office of Regional Operations.

² GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).



Scope and Methodology: Objective 1 (continued)

- Interviewed Grants Management Division officials in FEMA Region IV; identified how FEMA regions have been integrated in the regionalization planning processes, and analyzed input from FEMA regions included in agency regionalization studies. We selected Region IV because it has the largest regional grants organization (in terms of number of staff) and is the subject of a pilot program to test a new management approach for grants administration by having the region determine its resource needs and develop its operating budget.
- Interviewed representatives of the National Emergency Management Association to gain the state perspective on the regionalization initiative.³
- Reviewed the regionalization implementation plan and supporting documents as well as interviewed members of the Regional Implementation of Grants Task Force, the FEMA entity leading the regionalization effort. The Task Force includes senior officials across GPD divisions, as well as representatives from each of the 10 regional grants organizations.

³The National Emergency Management Association is a nonprofit, nonpartisan association of emergency management and homeland security professionals.



Scope and Methodology: Objective 2

To determine the extent that FEMA has assessed the regions' capacity to assume increased responsibility for the administration of preparedness grants, we did the following:

- Reviewed FEMA internal and external reports on regionalization to identify workforce planning management issues, and reviewed GAO's *Standards for Internal Control in the Federal Government* to determine their applicability to the issues.⁴
- Analyzed existing GPD workforce assessments for evidence of consideration of regional capacity.
- Interviewed FEMA officials responsible for financial and program management to determine what workforce and resource changes have been made to accommodate changed responsibilities.
- Reviewed the GPD Regional Coordination and Oversight Branch's process for conducting region by region resource assessments.
- Reviewed the Regional Implementation of Grants Task Force's regionalization implementation plan and related documents to determine if the documents addressed resources related to regionalization activities.
- Analyzed the Region IV budget pilot documentation on FEMA's plans to delegate authority to regional grant divisions or branches to request and manage a budget for regional grants administration activities directly from GPD.

⁴ GAO/AIMD-00-21.3.1.



Scope and Methodology

To ensure the technical accuracy of the briefing, we provided a draft to DHS and incorporated technical comments as appropriate.

We conducted this performance audit from January 2011 through July 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the work to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.



Results in Brief

- FEMA has taken steps consistent with internal control standards to operationalize delegation of grants administration responsibilities for preparedness grants to the regions. For example, FEMA developed an implementation plan, established the Regional Implementation of Grants Task Force as an oversight and evaluation mechanism, and created a communications approach for regionalization activities. Regionalization is slated for completion in fiscal year 2016.
 - FEMA has taken steps consistent with internal control standards to assess the regions' capacity to assume increased responsibility for the administration of preparedness grants. For example, in fiscal year 2011, GPD's Regional Coordination and Oversight Branch plans to complete an assessment of each region's financial management resources and capabilities, as a means to improve regionalization workforce planning. Further, the Regional Implementation of Grants Task Force plans to assess regional resource needs as part of a pilot process from fiscal year 2011 through fiscal year 2016 to regionalize components of grants administration for all of its preparedness grant programs.
 - FEMA is currently evaluating the results of its regionalization efforts to date, assessing the distribution of roles and responsibilities between headquarters and the regions, and weighing options for future changes given resource constraints.
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Background

- GPD manages the preparedness grant portfolio, including monitoring regional grants administration activities. See appendix V, which provides FEMA's organization chart, including Grant Programs. See appendix VI for a detailed GPD organization chart.
- FEMA regions manage grants administration activities through either a stand-alone grants division or a grants branch embedded within a preparedness or mission support division. See appendix VII for a map of the 10 FEMA regions, and appendix VIII for a representation of the different regional grants organization structures.
- FEMA initiated regionalization of preparedness grants in February 2008 as part of a broader effort to delegate responsibility for implementing the National Preparedness System.⁵

⁵ The Post-Katrina Emergency Management Reform Act requires FEMA to develop a national preparedness system. Pub. L. No. 109-295, § 644, 120 Stat. 1355, 1425 (2006) (codified at 6 U.S.C. § 644). The National Preparedness System defines target preparedness levels and priorities, and it consists of a cycle of standard-setting, training, exercise, planning, assessment, technical assistance, grant-making, and reporting activities to build capabilities. For additional information, see GAO, *FEMA Has Made Limited Progress in Efforts to Develop and Implement a System to Assess National Preparedness Capabilities*, GAO-11-51R (Washington, D.C.: Oct. 29, 2010).



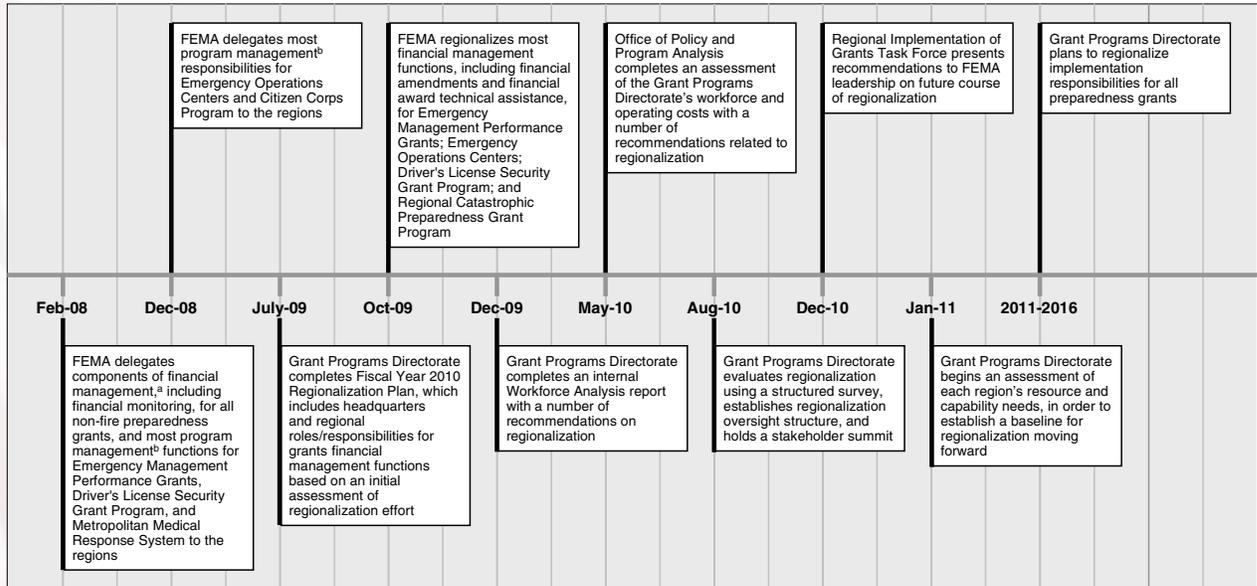
Background

- Through regionalization, FEMA has delegated financial monitoring for all 17 non-fire preparedness grants, as well as other components of financial and program management for six non-fire preparedness grants: Emergency Management Performance Grant, Driver's License Security Grant Program, Emergency Operations Centers Grant Program, Metropolitan Medical Response System Grants, Citizen Corps Program, and Regional Catastrophic Preparedness Grant Program.
 - For the six regionalized non-fire preparedness grants, GPD provides the guidance and mechanisms to assist the regions in administering the grant programs and the regions are responsible for implementing the programs.
 - Figure 1 provides a timeline of key regionalization activities. (See appendix IX for an overview of regionalization of grants administration responsibilities for the 6 of the 17 preparedness grants programs for which regions have additional management responsibilities.)
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Background Regionalization Process Overview

Figure 1: Timeline for Regionalization of Preparedness Grants



Source: GAO analysis of FEMA memorandums, plans, reviews, and monitoring documentation.

^a Some financial management functions including budget reviews, award approval & notification, amendments and payment reviews, are still managed by FEMA headquarters (HQ).

^b Program management functions, including developing grant guidance, application kits, and scoring criteria; determining grant amounts; and coordinating of public affairs materials and contacts, are still the responsibility of FEMA HQ.



Objective 1: FEMA Has Taken Steps Consistent with Internal Control Standards to Operationalize Delegation of Preparedness Grants

Implementation planning

- Federal standards for internal control call for agencies to define areas of responsibility for activities and establish appropriate lines of authority, which should be clearly specified in a document such as an implementation plan. Planning is a critical component of internal control in that it helps agencies meet missions, goals, and objectives and, in doing so, supports performance-based management.
- Consistent with these standards, FEMA has taken or plans to take the following actions:
 - In July 2009, GPD's Grants Management Division completed a Fiscal Year 2010 Regionalization Plan that defined the roles and responsibilities of GPD and the regions for financial monitoring and other financial management functions, and delineated implementation activities related to communications, policy development, information management, technical assistance, and oversight.



Objective 1: FEMA Has Taken Steps Consistent with Internal Control Standards to Operationalize Delegation of Preparedness Grants (continued)

Implementation planning (continued)

- In November and December 2010, the Regional Implementation of Grants Task Force presented recommendations to FEMA leadership for the regionalization of grant programs, along with an implementation plan. The implementation plan includes phases for piloting and rolling out specific grants administration functions for the remaining preparedness grants, and delineates an approach, including roles and responsibilities, for key implementation activities such as training; stakeholder engagement; process improvement; performance measurement; and risk management.
- According to a senior official, FEMA leadership is weighing options for regionalization given the current fiscal climate and anticipated future resource constraints. The Grant Programs Directorate held a summit with regional administrators in June 2011 at which they reached consensus to move forward with a pilot approach to regionalizing the remaining preparedness grants beginning in fiscal year 2012.



Objective 1: FEMA Has Taken Steps Consistent with Internal Control Standards to Operationalize Delegation of Preparedness Grants (continued)

Evaluation process including strategic objectives

- Federal standards for internal control call for agencies to establish strategic objectives and have a mechanism in place to compare actual performance to planned or expected results and analyze significant differences.
- Consistent with these standards, FEMA has taken or plans to take the following actions:
 - Based on an assessment of initial regionalization efforts, the Fiscal Year 2010 Regionalization Plan incorporated changes to regionalization, including expanded regional responsibilities for financial management.
 - The Regional Implementation of Grants Task Force was established as an oversight and evaluation mechanism. The Task Force conducted a 2010 survey of regional and headquarters staff, as well as grantees, regarding the regionalization process, and convened a stakeholder summit to discuss progress, challenges, and future direction.
 - Survey results revealed a need for more clearly defined roles and responsibilities, leadership on the regionalization process, better communication and coordination between headquarters and the regions, stronger guidance and training, and additional regional workforce assessment.



Objective 1: FEMA Has Taken Steps Consistent with Internal Control Standards to Operationalize Delegation of Preparedness Grants (continued)

Evaluation process including strategic objectives (continued)

- The Task Force defined three strategic goals for regionalization: improved customer service, more robust regions, and increased grant administration efficiencies.
- At the stakeholder summit, the Task Force developed a business case for segmenting headquarters/regional responsibilities (e.g., headquarters is in the best position to develop and communicate standards in a centralized manner, regions can more expeditiously complete application review processes).



Objective 1: FEMA Has Taken Steps Consistent with Internal Control Standards to Operationalize Delegation of Preparedness Grants (continued)

Communications approach

- Federal standards for internal control call for agencies to have a communication approach in place to ensure that information is flowing down and up the organization. Operating information helps ensure accountability for effective and efficient use of resources.
- Consistent with these standards, FEMA has taken or plans to take the following actions:
 - The Regional Implementation of Grants Task Force’s October 2010 implementation plan includes a detailed approach and timeline for stakeholder engagement, and outlines key messages, audiences, and delivery mechanisms.
 - In January 2011, FEMA realigned the GPD organizational structure, which according to a December 2010 presentation to GPD staff, was intended to improve collaboration and communication across GPD.
 - Annual financial monitoring plans, as well as programmatic monitoring protocols, provide guidance to regions on their responsibilities for grant monitoring.
 - GPD’s Deputy Assistant Administrator issued protocols to GPD staff on coordinating program monitoring visits with regional staff and integrating program and financial monitoring.



Objective 1: FEMA Has Taken Steps Consistent with Internal Control Standards to Operationalize Delegation of Preparedness Grants (continued)

Risk management approach to grants administration

- Federal standards for internal control call for agencies to use risk (e.g., past deficiencies) to inform monitoring activities.
- Consistent with these standards, FEMA has taken or plans to take the following actions:
 - On March 18, 2011, FEMA’s Deputy Administrator outlined a number of action items for GPD, including creating a methodology and process for assessing grantee risk, and developing a plan to address open GAO and DHS Office of Inspector General audit recommendations and identify risk areas across the recommendations.⁶
 - GPD established a new Internal Controls and Performance Management Office as part of the January 2011 reorganization in order to elevate strategic administration and monitoring of the grant portfolio; the new office developed risk management criteria to guide fiscal year 2011 monitoring activities, which is consistent with internal control standards. Staff in this office also developed a curriculum for internal use on internal controls, risk assessment and their importance to GPD.

⁶ DHS’s Office of Inspector General plans to conduct an audit in fiscal year 2011 on FEMA’s Oversight of Grantees Using a Risk-Based Approach that is to review FEMA’s methodology to identify and monitor grantees with increased risk.



Objective 1: FEMA Has Taken Steps Consistent with Internal Control Standards to Operationalize Delegation of Preparedness Grants (continued)

Risk management approach to grants administration (continued)

- FEMA is attempting to improve tracking of Office of Management and Budget (OMB) Circular A-133 audit findings, which relate to audits of non-federal recipients of federal grants (e.g., states) directed by OMB. The Office of the Chief Financial Officer, in coordination with FEMA's Intra-Agency Grant Programs Task Force, is leading an initiative to implement a FEMA-wide approach to A-133 audit resolution. GPD's Audit Resolution branch already has a standard operating procedure for tracking and resolving A-133 audit findings.
- GPD's Regional Coordination and Oversight Branch is able to analyze trends and generate reports based on financial monitoring activities.



Objective 1: FEMA Has Taken Steps Consistent with Internal Control Standards to Operationalize Delegation of Preparedness Grants (continued)

Oversight of financial and programmatic monitoring

- Federal standards for internal control call for agencies to conduct ongoing monitoring in the course of normal operations, to help ensure compliance with laws and regulations.
- Consistent with these standards, FEMA has taken or plans to take the following actions:
 - GPD issues annual financial monitoring guidance to regions. For fiscal year 2011, GPD published a standardized Financial Monitoring Plan, Financial Monitoring Site Visit protocols, as well as templates for the preparation of summary reports based on monitoring activities. The fiscal year 2011 Financial Monitoring Plan delineates the roles and responsibilities of headquarters and regional staff and provides guidance on site selection.
 - GPD's Regional Coordination and Oversight Branch is to review regional monitoring schedules to ensure adherence to protocols and federal legislation. The oversight branch also is to receive copies of each desk review and site visit report, record issues in a database, and produce quarterly and annual summary reports for GPD management. Regional staff are required to execute specific financial monitoring and cash analysis activities including analyzing cash-on-hand balances and trends to ensure identification and liquidation of excess monies.



Objective 1: FEMA Has Taken Steps Consistent with Internal Control Standards to Operationalize Delegation of Preparedness Grants (continued)

Oversight of financial and programmatic monitoring (continued)

- In fiscal year 2010, GPD's Preparedness Grants Division developed Programmatic Grants Monitoring Protocols, which provide standardized grants monitoring practices for all preparedness grants. The protocols provide a breakdown of the programmatic grants monitoring life-cycle, step-by-step activity summaries, and supporting information on regulations and policy requirements. The division has also developed a set of monitoring questions for regional use in conducting monitoring activities.
- The Regional Implementation of Grants Task Force plans to develop standard operating procedures for all program and financial management functions in the grants life-cycle in fiscal year 2011, indicating respective headquarters and regional responsibilities.⁷

⁷The DHS Office of Inspector General is currently conducting a series of regional inspection audits to examine delegated authorities, including grants oversight functions in each of the 10 regions.



Objective 2: FEMA Has Taken Steps Consistent with Internal Control Standards to Assess the Regions' Capacity to Assume Increased Responsibility for Preparedness Grants

Workforce planning

- Federal standards for internal control call for agencies to identify the necessary resources in order to achieve operational success and develop human capital strategies to address any gaps.
- Consistent with these standards, FEMA has taken or plans to take the following actions:
 - In fiscal year 2011, GPD's Regional Coordination and Oversight Branch initiated an assessment of each region's resources and capabilities for grant financial management functions, as a means to improve regionalization workforce planning. The region resource assessments cover the following areas: organizational structure; workload capacity; tools and resources; policies and procedures; and communications; among other items.⁸
 - The Regional Implementation of Grants Task Force plans to assess regional resource needs as part of a pilot process from fiscal years 2011 through 2016 to regionalize components of financial and program management for the complete set of preparedness grant programs. The Task Force has developed an approach for funding additional regional staff by converting contractors to government employees, relocating headquarters staff to the regions through a voluntary process, and employing other resource management strategies.

⁸ As of May 2011, GPD had assessed four regional offices. GPD plans to complete assessments of all 10 FEMA regional offices by September 30, 2011. GPD expects the results of these assessments will be available by December 2011.



Objective 2: FEMA Has Taken Steps Consistent with Internal Control Standards to Assess the Regions' Capacity to Assume Increased Responsibility for Preparedness Grants (continued)

Workforce planning (continued)

- In fiscal year 2011, FEMA's Office of Chief Financial Officer is conducting a regional budget pilot program, starting with FEMA Region IV, to establish a baseline of funding needs for grants administration and other decentralized functions. In the pilot program, FEMA plans to delegate authority to regional grant divisions or branches to request and manage a budget for regional grants administration activities directly from GPD. Under the existing system, these activities are budgeted for, and funded from, each regional administrator's budget independent of GPD.



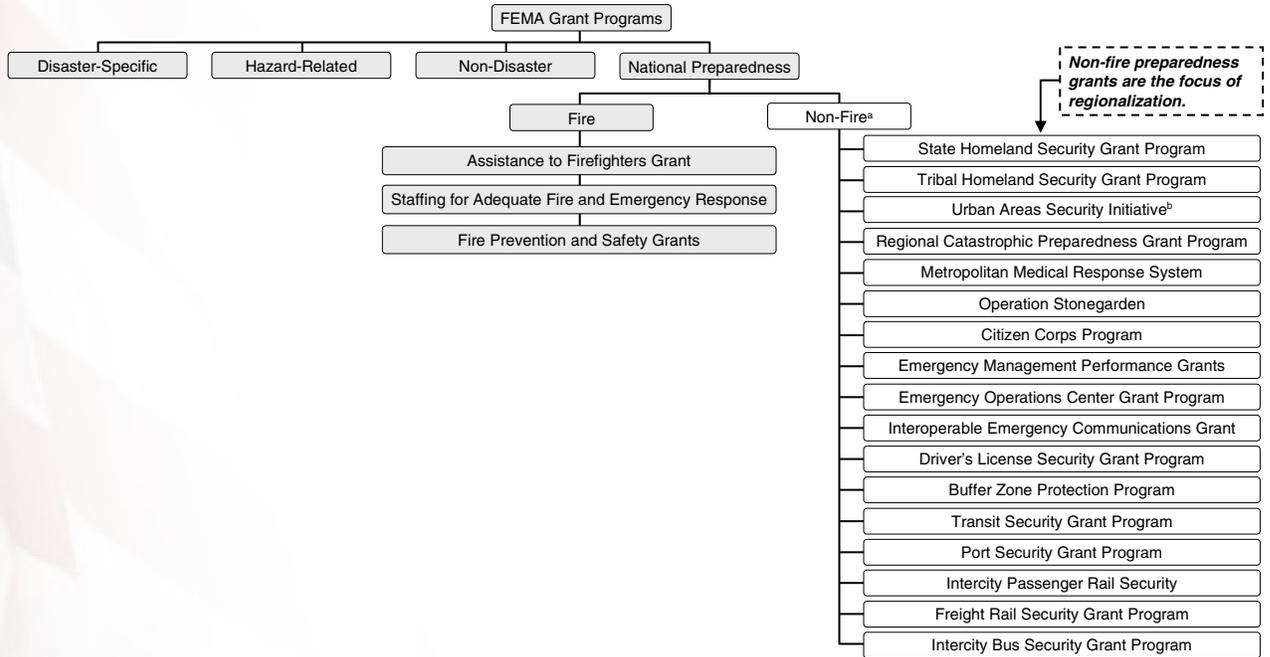
Agency Comments

- We provided a draft of this report to DHS for review and comment.
- We received written comments from DHS on the draft report, which are reproduced in enclosure II. DHS agreed with the findings and noted that FEMA will continue its regionalization efforts consistent with the internal control standards and evaluation protocols described in our letter.
- Additionally, we received technical comments, which were incorporated where appropriate.



Appendix I FEMA's Grant Portfolio

Figure 2: FEMA Grant Programs Including Non-Fire Preparedness Grants



Source: FEMA.

^a See appendix II for a description of non-fire preparedness grants.

^b The Urban Areas Security Initiative includes funding for the Urban Areas Security Initiative Non-Profit Grant Program.



Appendix II

Table 1: FEMA Non-Fire Preparedness Grants

Non-Fire preparedness grants	Purpose
State Homeland Security Grant Program	To support the implementation of State Homeland Security Strategies that address the planning, organization, equipment, training and exercise needs at state and local levels to prevent, protect against, and recover from acts of terrorism and other catastrophic events. Eligible applicants are only State Administrative Agencies, the agencies designated by the states that are responsible for administering grants and obligating funds to local government and other subgrantees.
Tribal Homeland Security Grant Program	To strengthen the nation against risks associated with potential terrorist attacks. Eligible applicants are Indian tribes within the continental U.S. that meet certain risk requirements.
Urban Areas Security Initiative	To assist high-threat, high-density urban areas in building an enhanced and sustainable capacity to prevent, protect against, respond to, and recover from acts of terrorism. Eligible applicants are only State Administrative Agencies.
Regional Catastrophic Preparedness Grant Program	To enhance catastrophic incident preparedness by supporting coordination of regional all-hazard planning. Eligible applicants are only State Administrative Agencies.
Metropolitan Medical Response System	To support the integration of emergency management, health, and medical systems into a coordinated response to mass casualty incidents caused by any hazard. Eligible applicants are only State Administrative Agencies.
Operation Stonegarden	To enhance cooperation and coordination among local, tribal, territorial, state, and federal law enforcement agencies in the joint mission to secure U.S. international borders along routes of ingress as well as along international water borders. Eligible applicants are only State Administrative Agencies.



Appendix II

Table 1: FEMA Non-Fire Preparedness Grants (continued)

Non-Fire preparedness grants	Purpose
Citizen Corps Program	To coordinate the involvement of community members and organizations in emergency preparedness, planning, mitigation, response, and recovery. Eligible applicants are only State Administrative Agencies.
Emergency Management Performance Grant	To assist state, local, tribal, and territorial governments prepare for all hazards. Eligible applicants are only State Administrative Agencies or State Emergency Management Agencies.
Emergency Operations Center Grant Program	To improve emergency management and preparedness capabilities by supporting flexible, sustainable, secure, strategically located, and fully interoperable Emergency Operations Centers. Eligible applicants are only State Administrative Agencies.
Interoperable Emergency Communication Grant	To improve interoperable emergency communications in collective responses to natural disasters, terrorism, and other man-made disasters. Eligible applicants are all states and territories.
Driver's License Security Grant Program	To prevent terrorism, reduce fraud, and improve the reliability and accuracy of state-issued personal identification documents. Eligible applicants are state driver's license agencies and Public Safety departments.
Buffer Zone Protection Program	To increase the preparedness capabilities of jurisdictions surrounding high-priority critical infrastructure and key resource assets (e.g. chemical facilities, dams, etc.). Eligible applicants are only State Administrative Agencies.



Appendix II

Table 1: FEMA Non-Fire Preparedness Grants (continued)

Non-Fire preparedness grants	Purpose
Transit Security Grant Program	To protect critical surface transportation infrastructure and the traveling public from acts of terrorism and increase the resilience of transit infrastructure. Eligible applicants are transit agencies based on ridership, transit agencies that serve high-risk urban areas, and certain ferry systems.
Port Security Grant Program	To support increased port-wide risk management; enhanced domain awareness; training and exercises; expansion of port recovery and resiliency capabilities; and further capabilities to prevent, detect, respond to, and recover from attacks involving improvised explosive devices and other non-conventional weapons. Eligible applicants are port areas.
Intercity Passenger Train Security	To protect critical surface infrastructure and the traveling public from acts of terrorism and increase the resilience of the Amtrak rail system. The only eligible applicant is Amtrak.
Freight Rail Security Grant Program	To protect critical surface transportation infrastructure from acts of terrorism and increase the resilience of the freight rail system. Eligible applicants include certain freight railroad carriers, owners and offerors of railroad cars and owners of rail bridges.
Intercity Bus Security Grant Program	To protect intercity bus systems and the traveling public from acts of terrorism. Eligible applicants include operators of fixed-route intercity and certain charter bus services.

Source: FEMA.



Appendix III

Evolution of Preparedness Grant Funding

Table 2: FY 2010-2012 Funding for Preparedness Grants

Preparedness grant	FY 2010 Appropriations Act ^a	FY 2011 Appropriations Act ^b	FY 2012 Budget Request
State Homeland Security Grant Program (SHSGP)	\$950M ^c	\$725M ^d	\$1.05B ^e
Tribal Homeland Security Grant Program (THSGP)	Included in SHSGP	Included in SHSGP	Included in SHSGP
Urban Areas Security Initiative (UASI) ^f	\$887M	\$725M	\$920M
Regional Catastrophic Preparedness Grant Program	\$35M	\$15M	\$0
Metropolitan Medical Response System (MMRS)	\$41M	Included in SHSGP	Included in SHSGP
Operation Stonegarden (OS)	Included in SHSGP	Included in SHSGP	Included in SHSGP
Citizen Corps Program (CCP)	\$13M	Included in SHSGP	\$13M
Emergency Management Performance Grant	\$340M	\$340M	\$350M
Emergency Operations Center Grant Program	\$60M	\$15M	\$0
Interoperable Emergency Communication Grant (IOECP)	\$50M	\$0	Included in SHSGP
Driver's License Security Grant Program (DLSGP)	\$50M	Included in SHSGP	Included in SHSGP
Buffer Zone Protection Program	\$50M	\$0M	\$50M
Transit Security Grant Program (TSGP)	\$300M ^g	\$250M ^h	\$300M ⁱ
Port Security Grant Program (PSGP)	\$300M	\$250M	\$300M
Intercity Passenger Rail Security (ICPRS)	Included in TSGP	Included in TSGP	Included in TSGP
Freight Rail Security Grant Program (FRSGP)	Included in TSGP	Included in TSGP	Included in TSGP
Intercity Bus Security Grant Program (IBSGP)	\$12M	Included in TSGP	Included in TSGP

Source: GAO analysis of Fiscal Years 2010 and 2011 Appropriations Acts and Fiscal Year 2012 President's Budget.

^a See Pub. L. No. 111-83, 123 Stat. 2142 (2009).

^b See Pub. L. No. 112-10, 125 Stat. 38 (2011).

^c Includes \$60 million for OS and \$10 million for THSGP as specified in FEMA Fiscal Year 2011 Preparedness Grant Guidance.

^d Includes \$35 million for MMRS; \$55 million for OS; \$10 million for CCP; and \$45 million for DLSGP. Also includes \$10 million for THSGP as specified in FEMA Fiscal Year 2011 Preparedness Grant Guidance.

^e Includes \$50 million for OS, and integrates MMRS, IOECP, and DLSGP as allowable expenses.

^f Includes Urban Areas Security Initiative Non-Profit Funding of approximately \$19 million in fiscal years 2010 and 2011.

^g Includes no less than \$20 million for ICPRS and does not specify amount for FRSGP.

^h Includes no less than \$20 million for ICPRS and \$5 million for IBSGP in fiscal year 2011, and does not specify an amount for FRSGP.

ⁱ Includes no less than \$20 million for ICPRS and does not specify amount for IBSGP and FRSGP.



Appendix IV: Areas Requiring Management Attention in Reports on Regionalization

Table 3: GAO Analysis of Reports Related to Regionalization^a

	FEMA internal reports			External reports		
	Grant Programs Directorate Grant Development and Administration Division Workforce Analysis Report December 2009	Office of Policy and Program Analysis Baseline Assessment of GPD May 2010	Regional Implementation of Grants Task Force Workshop Outcomes September 2010	DHS Office of Inspector General Improvements Needed in FEMA Monitoring of Grantees March 2009	NAPA Review of FEMA's Integration of Preparedness and Development of Robust Regional Offices October 2009	Independent Auditors' Report on DHS' FY10 Financial Statements November 2010
Management issues						
Implementation planning	x	x	x		x	
Evaluation process including strategic objectives/outcomes	x		x		x	
Communications approach	x	x	x			
Risk management approach to grants administration						x
Oversight of financial and programmatic monitoring	x		x	x		x
Workforce planning	x	x	x	x	x	

Source: GAO analysis of FEMA management studies and external reviews, including audits.

^aThe information contained in this analysis is based on GAO's review of these agency reports and other sources, as well as related GAO products including GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39, (Washington, D.C.: Dec. 11, 2003); GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003); and GAO, *Legal Services Corporation: Improved Internal Controls Needed in Grants Management and Oversight*, GAO-08-37 (Washington, D.C.: Dec. 28, 2007). Through comparative analysis of the results of the internal and external reports, our Standards for Internal Control, and our previous work on federal management, GAO determined that the scope and methodology used in these reports were sufficiently reliable for our purposes.



Appendix IV: Areas Requiring Management Attention in Reports on Regionalization (continued)

Table 4: Description of Internal Reports Related to Regionalization

<i>FEMA internal reports</i>	Scope and methodology	Findings related to regionalization management issue areas
<p>Grant Programs Directorate Grant Development and Administration Division Workforce Analysis Report December 2009</p>	<ul style="list-style-type: none"> Conducted 15 employee interviews, surveyed 118 employees (59 responded), conducted working group sessions with GPD staff and leadership, interviewed four other federal grant management organizations, and gathered grant data from 2002-2009 to compare against full-time employment levels. Collected workload data from each branch of the Grant Development and Administration Division and compared this to staff's available work hours. 	<ul style="list-style-type: none"> Shortfalls in implementation planning and oversight of monitoring. Need to assess regionalization, what works and what does not. Weaknesses in communications between HQ and regions. Concerns about sufficiency of regional resources to take on additional responsibilities.
<p>Office of Policy and Program Analysis Baseline Assessment of GPD May 2010</p>	<ul style="list-style-type: none"> Conducted interviews of personnel with GPD HQ, FEMA regional offices, FEMA program offices, and FEMA's Office of the Chief Financial Officer, and Office of Human Capital Framed findings in a prospective way, as in steps that FEMA should take with future attempts to regionalize. 	<ul style="list-style-type: none"> Lack of an operational framework for regionalization. Multiple communication channels between HQ and the Regions. Gaps in resources for financial monitoring.
<p>Regional Implementation of Grants (RIG) Task Force Workshop Outcomes September 2010</p>	<ul style="list-style-type: none"> Three day focus group including grants management staff and leaders from GPD, 10 regional officials and representatives of the state, local, and port grantees. 	<ul style="list-style-type: none"> Lack of clearly defined grant management functions to assist implementation of regionalization. Weaknesses in communication and coordination between preparedness grantees, the regions, and FEMA HQ. Lack of coordination on programmatic and financial monitoring between HQ and the regions. Insufficient understanding of regional resource requirements.

Source: GAO analysis of FEMA management studies.



Appendix IV: Areas Requiring Management Attention in Reports on Regionalization (continued)

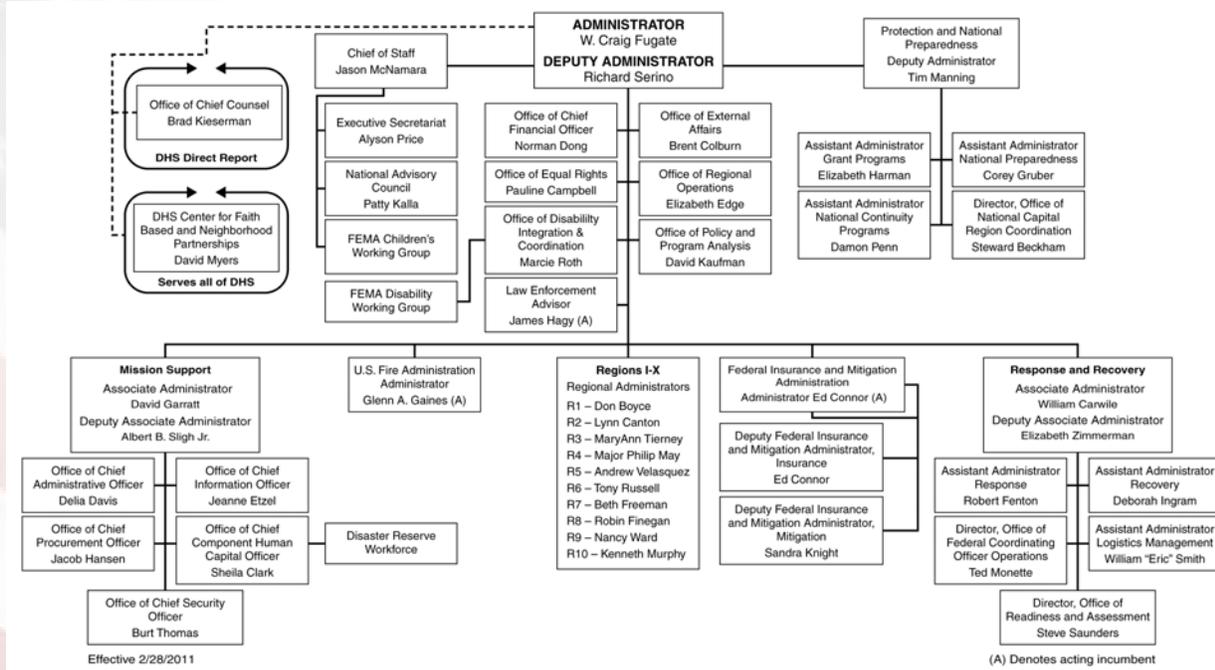
Table 5: Description of External Reports Related to Regionalization

	Scope and methodology	Findings related to regionalization management issue areas
<p><i>FEMA external reports</i></p> <p>DHS Office of the Inspector General. Improvements Needed in FEMA Monitoring of Grantees March 2009</p>	<ul style="list-style-type: none"> • Interviewed GPD staff responsible for preparedness grants financial and program management. • Interviewed staff from FEMA’s Office of the Chief Financial Officer, Office of Human Capital, and Information Technology. • Collected and reviewed fiscal years 2007 and 2008 program and financial data for grant programs. • Reviewed position descriptions for grants management staff in HQ and regions. 	<ul style="list-style-type: none"> • Lack of comprehensive financial and program monitoring policies, procedures, and plans, including for oversight purposes. • Insufficient staffing levels in HQ and the regions for grant monitoring activities.
<p>National Academy of Public Administration. Review of FEMA’s Integration of Preparedness and Development of Robust Regional Offices October 2009</p>	<ul style="list-style-type: none"> • Interviewed HQ and regional officials. • Interviewed stakeholder representatives and experts. • Conducted on-site reviews of three FEMA regional offices. • Surveyed senior officials in all FEMA regional offices. • Analyzed workforce data from fiscal years 2003-2009 and reviewed key FEMA policies and procedures. 	<ul style="list-style-type: none"> • Concerns about regional resource levels. • Unclear roles and responsibilities for regional staff.
<p>Independent Auditors’ Report on DHS’s FY 2010 Financial Statements November 2010</p>	<ul style="list-style-type: none"> • Tested compliance of DHS fiscal year 2010 financial statements with certain provisions of laws, regulations, contracts, and grant agreements and others as required by Government Auditing Standards. 	<ul style="list-style-type: none"> • Shortfalls in risk management approach to grantee monitoring and grantee oversight.

Source: GAO analysis of external reviews of FEMA.

Appendix V FEMA Organization Chart

Figure 3: FEMA Organization Chart February 2011

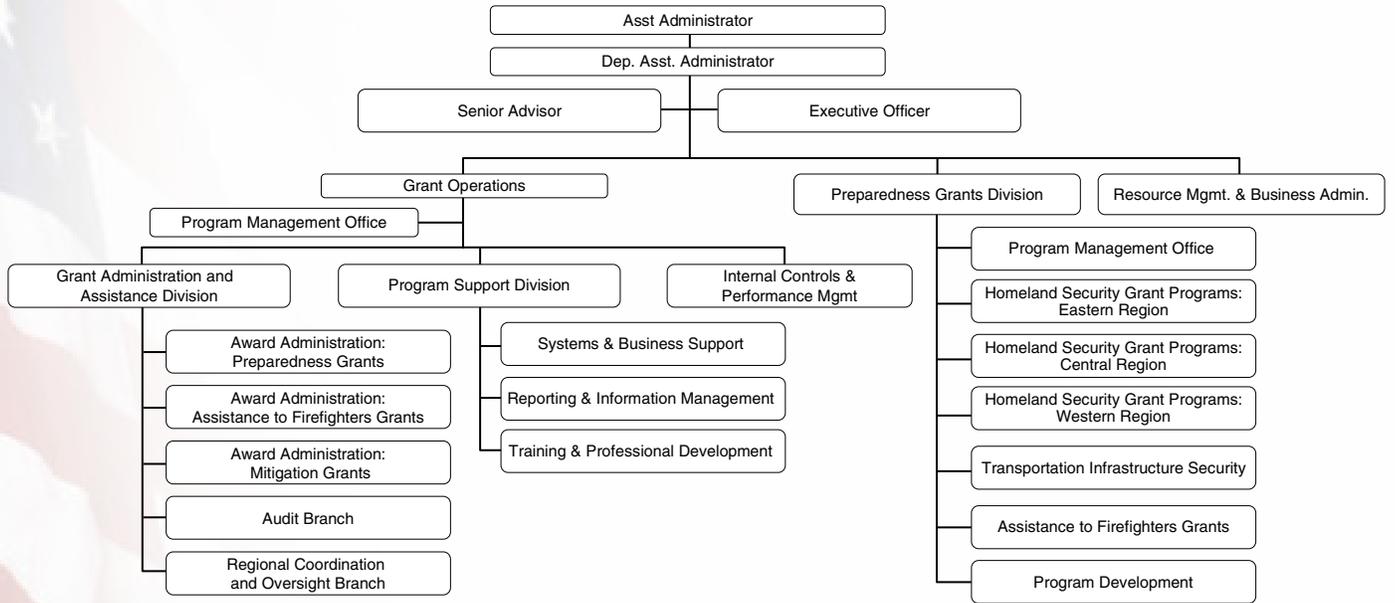


Source: FEMA.

(A) Denotes acting incumbent

Appendix VI Grant Programs Directorate (GPD) Organization Chart

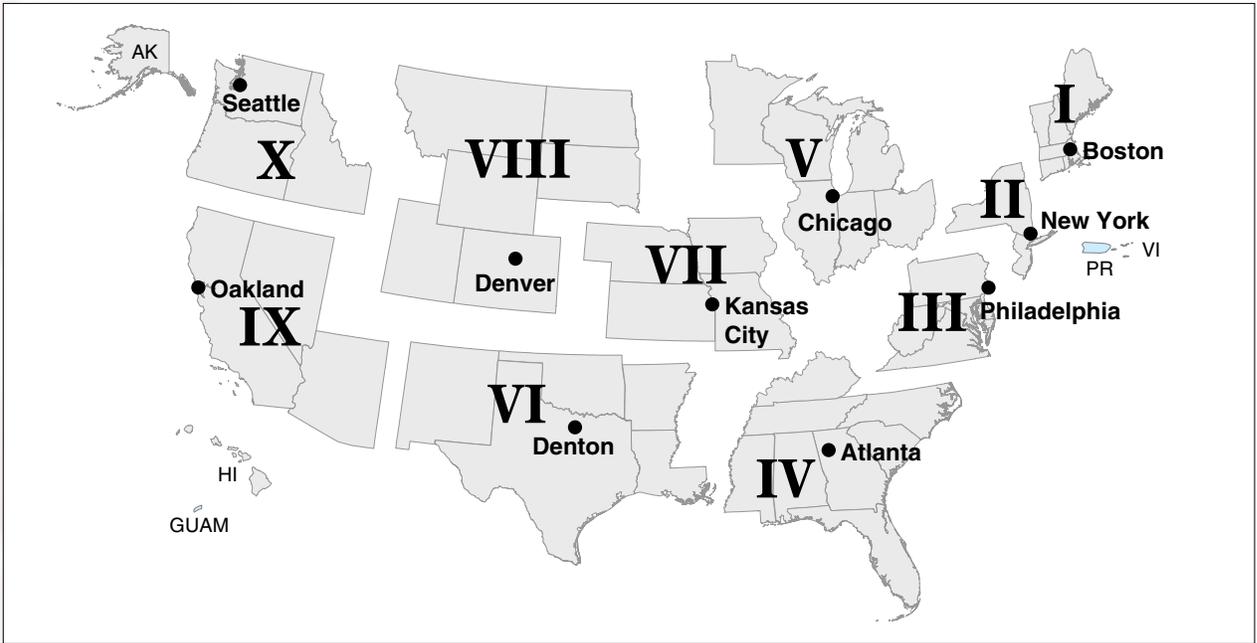
Figure 4: GPD Organization Chart January 2011



Source: FEMA.

Appendix VII FEMA Regions

Figure 5: Location of 10 FEMA Regions

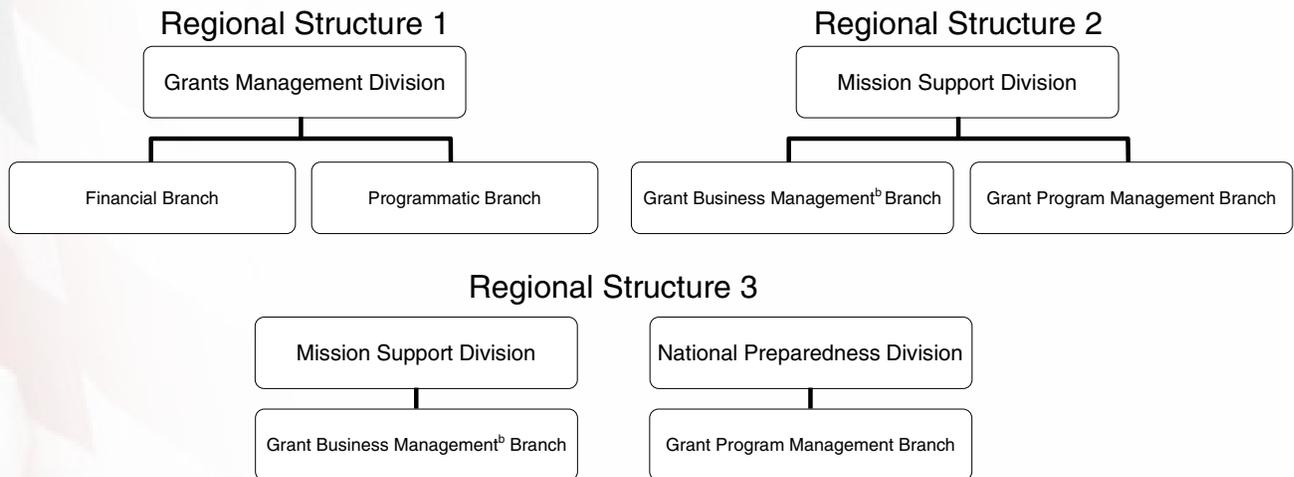


Source: FEMA.

Appendix VIII Regional Grants Organizations

Grants organizations across the regions are either a stand-alone division or branch embedded within a mission support or preparedness division.

Figure 6: Types of Regional Grants Organizations^a



Source: GAO analysis of FEMA regional organization charts.

^a Regions I, III, IV, IX and X follow Regional Structure 1. Region V follows Regional Structure 2. Regions II, VI, VII, and VIII follow Regional Structure 3.

^b Business management activities are the same as financial management activities (e.g., financial monitoring).



Appendix IX

Overview of Regionalization of Preparedness Grants

Table 6: Roles and Responsibilities for Regionalized Preparedness Grant Programs^a

Preparedness grant program ^b	Financial management components				Program management components						
	Financial monitoring protocols	Financial monitoring ^c	Financial amendments, financial award technical assistance, and audit response coordination	Financial close-out	Program development and eligibility and application review standards	Application and award package review, program award, and award changes	Grant award approval and notification	Program standards, monitoring protocols, and training curriculums	Technical assistance, training, and guidance to grantees	Programmatic monitoring	
Emergency Management Performance Grant	HQ	Regions	Regions	Regions	HQ	Regions	HQ	HQ	Regions	Regions	
Driver's License Security Grant Program	HQ	Regions	Regions	Regions	HQ	Regions	HQ	HQ	Regions	Regions	
Emergency Operations Center Grant Program	HQ	Regions	Regions	Regions	HQ	Regions	HQ	HQ	Regions	Regions	
Metropolitan Medical Response System	HQ	Regions	HQ	HQ	HQ	Regions	HQ	HQ	Regions	Regions	
Citizen Corps Program	HQ	Regions	HQ	HQ	HQ	Regions	HQ	HQ	Regions	Regions	
Regional Catastrophic Preparedness Grant Program	HQ	Regions	Regions	Regions	HQ	HQ	HQ	HQ	HQ	HQ	

Source: GAO analysis of FEMA documentation on regionalization.

^a In addition to financial monitoring responsibilities, FEMA has delegated other components of financial management and components of program management for these six preparedness grant programs.

^b In FEMA's fiscal year 2012 budget request, Driver's License Security Grant Program, and Metropolitan Medical Response System are consolidated in the State Homeland Security Grant Program and the Emergency Operations Center Grant Program and Regional Catastrophic Preparedness Grant Program are eliminated.

^c Financial monitoring is regionalized for all non-fire preparedness grants, which are depicted in appendix I.

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



**Homeland
Security**

July 25, 2011

William O. Jenkins, Jr.
Director, Homeland Security and Justice Issues
441 G Street, NW
U.S. Government Accountability Office
Washington, DC 20548

Re: Draft Letter GAO-11-732R, "FEMA Has Made Progress in Managing Regionalization of Preparedness Grants"

Dear Mr. Jenkins:

Thank you for the opportunity to review and comment on this draft letter and the associated briefing slides. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO's) work in planning and conducting its review and issuing this letter.

The Department is pleased to note GAO's positive acknowledgment that the Federal Emergency Management Agency (FEMA) has "taken steps consistent with internal control standards to operationalize the delegation of grants administration responsibilities for preparedness grants to the regions." The letter also recognizes that FEMA has "made progress in assessing the regions' capacity to assume increased responsibility for the administration of preparedness grants."

Although the letter does not contain any recommendations directed at DHS, the Department remains committed to ensuring the effective management of FEMA grant programs and that taxpayer monies are well spent. Along these lines, FEMA will continue its regionalization efforts consistent with the internal controls standards and evaluation protocol described in GAO's letter, to improve customer service to grantees, increase grants administration efficiencies, and build more robust regions.

Again, thank you for the opportunity to review and comment on this letter. We look forward to working with you on future Homeland Security issues.

Sincerely,

A handwritten signature in black ink, appearing to read "John H. Crumpacker".

John H. Crumpacker
Director
Departmental GAO/OIG Liaison Office

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