

City of Austin



February 2014

**A Report to the
Austin City Council**

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**Office of the
City Auditor**



City Auditor

Kenneth J. Mory
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Deputy City Auditor

Corrie E. Stokes
CIA, CGAP, CFE

HOMELAND SECURITY GRANT FUNDING OPTIMIZATION AUDIT

OBJECTIVE

The objective of the audit was to evaluate whether the City is optimizing grant funding opportunities related to homeland security purpose.

AUDIT RESULTS

Federal grant guidance describes a process designed to identify activities needing funding, resource gaps, and available grants to help bridge such gaps. While we identified some efforts in place to obtain homeland security grants, we determined that the City does not have an effective process to identify and assess available grant opportunities for homeland security purposes.

Specifically, we found that Office of Homeland Security and Emergency Management (HSEM) efforts focused on one source of federal funding for homeland security, a program involving pass through grants from the US Department of Homeland Security. In addition, we noted that grants received through this program have been primarily for emergency response, and not critical infrastructure, projects.

Other potential sources of funding have not been pursued by HSEM. Examples of other sources identified in the State's Homeland Security Strategic Plan include the US Army Corps of Engineers, US Department of Justice, and the US Department of Agriculture.

HSEM reports encouraging other departments to pursue grants independently, but few departments surveyed reported dedicating resources to identify and analyze homeland security grant opportunities. Specifically, of the six departments surveyed, only two (Police and Fire) reported dedicating resources for this activity.

Without a coordinated effort to seek homeland security grants, the City cannot ensure it is optimizing grant funding opportunities and cannot leverage successful grant efforts to enhance future applications.

We appreciate the cooperation and assistance we received from HSEM and department staff during this audit.

RECOMMENDATIONS

We strongly recommend that the HSEM Director should ensure that the Homeland Security grants process considers all potential funding sources and includes participation from all departments that could benefit from this funding.

MANAGEMENT RESPONSE: Management concurs with the findings in this report. Refer to Appendix A for management response and action plan.

The recommendation listed above is a result of our audit effort and subject to the limitation of our scope of work. We believe that these recommendations provide reasonable approaches to help resolve the issues identified. We also believe that operational management is in a unique position to best understand their operations and may be able to identify more efficient and effective approaches and we encourage them to do so when providing their response to our recommendations.

BACKGROUND

Homeland security grants provide funding for emergency response and critical infrastructure protection. In the last three fiscal years, the City of Austin has received between approximately \$1 million and \$6 million each year for homeland security purposes.

“Homeland security includes all activities aimed at preventing terrorist attacks within Texas, gathering intelligence and analyzing threats, reducing vulnerability, protecting our critical infrastructures, and coordinating responses to all hazards.”

Texas Government Code, Chapter 421

SCOPE AND METHODOLOGY

The Homeland Security Grant Funding Optimization Audit was conducted as part of the OCA’s Fiscal Year (FY) 2013 Strategic Audit Plan, as presented to the City Council Audit and Finance Committee.

Scope

The audit scope included efforts to obtain grants from September 2010 to December 2013 by HSEM and six other departments that we selected based on likelihood of needing or receiving homeland security funds: Police, Fire, Emergency Medical Services, Austin Energy, Austin Water, and Aviation.

Methodology

To accomplish our audit objectives, we performed the following steps:

- interviewed HSEM director and grants manager;
- reviewed documentation related to obtaining grant funding provided by HSEM and departments;
- surveyed City departments that had potential for receiving homeland security grants; and
- interviewed departmental grants managers to understand how they optimize grant funding.

AUDIT TEAM

Hector Gonzales, CPA, CIA, Assistant City Auditor
Robert Elizondo, CIA, CGAP, CICA, CRMA, Auditor-in-Charge
Charles Holder, CPA, Auditor
Kacy Williams, Auditor

GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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MANAGEMENT RESPONSE



City of Austin

Office of Homeland Security and Emergency Management



To: **Kenneth Mory, City Auditor**

From: **Otis J. Latin, Sr., Director, Homeland Security & Emergency Management** 

Date: **February 25, 2014**

Subject: **Homeland Security Grant Funding Optimization Audit**

The Office of Homeland Security and Emergency Management concurs with the City Auditor's finding that the Homeland Security grants process should consider all potential funding sources and include participation from all departments that could benefit from this funding.

The mission of the office's financial operations has been, for several years, to "manage grant funding to improve homeland security and public safety capabilities" and we have continued to do this, despite the loss of one full-time and one temporary grant-funded grants administration positions.

Optimally, the office would research *all* grant funding streams available to address homeland security and emergency management but what we focus on, with current limited resources, is our mission area of managing thousands of homeland security grant assets received over the years; coordinating with federal, state, and regional partners to manage citywide participation in the homeland security grant process; and managing current homeland security grant funds.

We will make sure to be as inclusive as possible in our risk assessment, gaps analysis, and grant process, and invite all stakeholders who could benefit from it.

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ACTION PLAN

Homeland Security Grant Funding Optimization Audit

Recommendation	Concurrence and Proposed Strategies for Implementation	Status of Strategies	Proposed Implementation Date
<p>1. The HSEM Director should ensure that the Homeland Security Grants process considers all potential funding sources and includes participation from all departments that could benefit from this funding</p>	<p>HSEM management concurs.</p> <p>HSEM will increase its list of stakeholders in its communications and meetings regarding homeland security grants and critical infrastructure protection. Specifically, APD, AFD, EMS, AE, AWU, and Aviation will be included but the list will not be limited to just those agencies.</p> <p>HSEM does not currently have the resources to participate in coordinated research of other non-homeland security grants that could be used for the hardening of critical infrastructure.</p> <p>Current limited resources are dedicated to managing thousands of homeland security grant assets received over the years; coordinating with federal, state, and regional partners to manage citywide participation in the homeland security grant process; and managing current homeland security grant funds allocated to APD, Austin Regional Intelligence Center, Health and Human Services, AFD, and Communications and Technology Management.</p>	<p>The current status is:</p> <ul style="list-style-type: none"> underway (action is currently taking place but is not complete) 	<p>All agencies will be invited to participate in the FY 14 homeland security grant meeting in March 2014 and to participate in ongoing critical infrastructure meetings.</p>

