

A couple of weeks ago, the Inspector General of Department of the Homeland Security released its second management report of a state's use of homeland security grant dollars. The audit of the American Samoa (referred to as "ASG") and the state's Territorial Office of Homeland Security contains startling results, and illustrates why these types of financial and performance audits are a healthy requirement for states and other recipients of federal homeland security dollars: these audits help a state or territory to identify weaknesses, and establish a measurable state of preparedness. This report also emphasizes why all states and territories should have to go through a similar audit.

"ASG's Grants Management Practices and Controls Continue to be Problematic: As reported by other federal agencies, including the Department of Interior (DOI) OIG and the Government Accountability Office (GAO), and confirmed during this audit, ASG's grants management system continues to be deficient and does not adequately ensure that federal first responder grant funds are expended according to federal grants management regulations and requirements. Specifically, ASG's practices and controls do not ensure: 1) successful implementation of strategic plans and achievement of grant goals and objectives; 2) appropriate expenditure of grants funds; and 3) effective management of ODP [Office of Grants and Training within the DHS Preparedness Directorate] grants resources and the promotion of programmatic and fiscal accountability." --*Audit of State Homeland Security Grants Awarded to the American Samoa Government, page 18*

Examples of questionable costs (the Office of Grants and Training within the DHS Preparedness Directorate concurred with the majority of costs the IG questioned in the report, but said that some fall within a "gray area" of eligibility and allowability):

Ineligible Equipment: \$288,655 for an immigration computer system, \$250,000 for an all-hazards early warning broadcast system the state obtained by illegally "gifting" the funds to NOAA's National Weather Service and obtaining the broadcasting system in return, and \$34,021 for emergency operations center equipment and audio networking system. (pages 7 - 9)

Ineligible planning and administration costs: ASG charged \$4,000 for executive leather chairs, \$2,345 for a water purification system, \$1,390 for deluxe package cell phones, and \$1,986 for printing under the FY 2002 grant, and \$3,406 for gasoline used by TOHS vehicles under the FY 2003 SHSGP-I grant. (pages 9 - 10)

Unallowable Incident Response vehicle purchases:

- "ASG's budget detail worksheet, approved by ODP, provided a budget of \$396,000 to purchase eight chemical, biological, radiological, nuclear, or explosive weapons incident response vehicles (five cargo passenger vans and three cargo trucks). However, a TOHS purchase order supported an order for 10 vehicles (7 vans and 3 crew cab trucks). While grant charges totaled only \$360,670 (\$164,405 invoiced by a car dealer and a \$196,265 unsupported journal entry to the accounting records), (1) ASG receiving reports indicated receipt of only five vehicles (2) only one was outfitted as a chemical, biological, radiological, nuclear, or explosive weapons incident response vehicle, and (3) other vehicles identified as weapons of mass destruction/chemical, biological, radiological, nuclear, or explosive weapons vehicles were used as general use vehicles and as storage for personal protective equipment. Grant guidance for FY 2003 SHSGP-I allowed only for the purchase of vehicles that were outfitted as chemical, biological, radiological, nuclear, or explosive weapons incident response vehicles. Because we could only identify one fully outfitted chemical, biological, radiological, nuclear, or explosive weapons incident response vehicle, we question \$328,670 of the \$360,670 posted to ASG's accounting records (\$360,670 less \$32,000 for one chemical, biological, radiological, nuclear, or explosive weapons incident response van)." (pages 9 - 10)
- The state asked and received permission to purchase 8 "additional" vehicles at a cost of \$345,736. The IG determined these costs were unallowable since the IG found that 17 out of 18 vehicles purchased that year "were for general use vehicles rather than the incident response vehicles needed to respond to and recover from a terrorist event." (page 11)

Unallowable fire department operating supplies and equipment: The state entity charged \$77,719 of the ASG fire department's operating supplies and equipment to the grant. Specifically, TOHS purchased: 640 units of F-500 fire suppression agent at a cost of \$60,640, mobile foam unit hand trailers, nozzles, and other fire fighting equipment at a cost of \$17,079. (page 11)

Unallowable travel expenses (on more than one of these occasions, the audit cites that “the ASG Treasury did not have expense reports to substantiate the costs”):

- \$2,276 for a TOHS official to attend a Fire Grants workshop and meetings with the ODP in Honolulu. (page 11)
- \$15,678 for TOHS officials to attend a meeting and technical assistance in Hawaii on homeland security assessments and strategy development, and to attend a workshop exhibition on training and exercise in Washington, DC. (page 11)
- \$5,228 in travel costs for an ASG official who traveled to Washington, DC on a travel order approved for the Governor's Legal Counsel. (page 12)
- \$2,385 in conference room rental costs at a local hotel to debrief ASG officials on a federally declared disaster, Cyclone Heta. (page 12)
- \$1,356 in a duplicate charge to the training budget. (page 12)
- \$726 in a travel-related advance to an ASG employee for expenses at a city other than where training took place (Las Vegas, NV versus Keystone, CO). (page 12)
- \$4,300 in travel and related costs for one western Samoan and one regional representative to attend a tabletop exercise scheduled in American Samoa in November 2003. (page 12)
- \$5,200 for a three member Emergency Response Exercise Design Team to attend exercise design courses in Hawaii in July 2003. (page 12)

Unallowable administrative expenses (page 13):

- \$44,291 for the purchase of general-use, emergency management software to be used in the emergency operations center,
- \$9,730 in the consulting costs of a TOHS engineer for services related to the ASG's Emergency Operations Center,
- \$4,950 for the purchase of two air conditioners,
- \$3,187 in travel costs to Florida to procure fire trucks,
- \$847 for expenses relating to the Emergency Operations Center grand opening ceremony,
- \$804 for a payment of a delinquent phone bill,
- \$790 for installing computer software, and
- \$734 for procuring steel rods, flat bars, and pipes.