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**Guam Homeland Security/Office of Civil Defense Federal Emergency Management Agency
Preparedness and Hazard Mitigation Assistance Grants**

Internal Audit Section Report No. 2022-02

October 07, 2022

The Department of Administration (DOA) Internal Audit Section completed IAS Report No. 2022-02, Guam Homeland Security/Office of Civil Defense (GHS/OCD) Federal Emergency Management Agency (FEMA) Preparedness and Hazard Mitigation Assistance (Hazard Mitigation) Grants.

Reason for Audit

This audit was initiated upon the request of the DOA Director due to a concern over the recovery of federal funds from FEMA.

The audit objectives were to:

1. Determine whether FEMA Preparedness and Hazard Mitigation Grants complied with federal guidelines; and
2. Evaluate the accuracy of accounting for FEMA Preparedness and Hazard Mitigation Grants.

The period of our review encompassed October 1, 2018 through September 30, 2021.

Results of Audit

Based on the Internal Audit Section's assessment, the audit team noted the following:

- There is a need for updated standard operating procedures to ensure that internal controls exist in the tracking of budget deviations, verification of whether payouts are allowable, documentation of reports review and approval, and system updates and control in relation to managing FEMA Preparedness and Hazard Mitigation Grants.
- Although the expenditure deadlines were November 2020 and December 2021, respectively, the audit team found that expenditures totaling approximately \$12 thousand were processed between 65 days to 642 days after the expenditure end dates noted in the financial management system.
- The fiscal year (FY) 2019 Emergency Management Performance Grant and Homeland Security Grant Program's expenditures exceeded their budgets by 5% when comparing budget to actual expenditures.
- Among others, labor costs for a previous fiscal year grant were adjusted and reclassified to charge a current fiscal year grant, supplies intended for use by the FY 2019 HSGP Fusion Center were purchased using the FY 2019 EMPG's funding source, and employees' timesheets were not adhered to when comparing their timesheet to the grant charged.
- FEMA has yet to reimburse GHS/OCD approximately \$6 million paid out through Preparedness Grants as of August 31, 2022.
- The accuracy of the financial information reported on the federal financial reports of 6 Preparedness Grants and 3 Hazard Mitigation Grants that were submitted to FEMA could not be determined. This

was mainly due to the information retrieved at the time of testing not reconciling with the information that GHS/OCD noted on the submitted reports.

- Between FY 2019 through FY 2021, GHS/OCD was required to submit 57 FFRs for Preparedness Grants and 47 FFRs for Hazard Mitigation Grants. Based on our review of the FFRs submitted to FEMA, we found that GHS/OCD submitted 54 FFRs for Preparedness Grants and 38 FFRs for Hazard Mitigation Grants.

Conclusion and Recommendations

Our audit of the GHS/OCD FEMA Preparedness and Hazard Mitigation Grants found that internal controls could be designed more effectively to ensure that standard operating procedures related to managing grants are updated and implemented for staff accountability, federal funds are managed and collected, and financial reports are accurate and submitted timely.

As a result of this audit, the audit team made 10 recommendations to GHS/OCD Management to improve processes moving forward. The GHS/OCD Management have acknowledged the recommendations and have designed improvement actions to address them.

The full report has been prepared solely for the use of GHS/OCD Management. The information in the full report is deemed confidential and not for public distribution.