

CITY AUDITOR'S OFFICE



AUDIT OF THE CITY'S ADMINISTRATION OF THE EMERGENCY MANAGEMENT PERFORMANCE GRANT

Report No. CAO 0510-1415-05

March 30, 2015

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CITY AUDITOR

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**AUDIT OF THE CITY’S ADMINISTRATION OF THE
EMERGENCY MANAGEMENT PERFORMANCE GRANT
CAO 0510 - 1415- 05**

BACKGROUND

The Emergency Management Performance Grant (EMPG) is administered by the Nevada Department of Public Safety, Division of Emergency Management (NDEM). The EMPG grant program provides a vital link between the state and local levels response to support comprehensive emergency management, to encourage the improvement of mitigation, preparedness, response and recovery for all hazards. This grant helps contribute to the capability to prevent, prepare for, mitigate against, respond to, and recover from emergencies and disasters, whether natural or man-made.

The city of Las Vegas (City) is 1 of 35 jurisdictions in Nevada awarded this grant funding on a “50% in-kind” match basis. The City has been awarded the following EMPG grant funding:

Fiscal Year	Las Vegas Allocation
2012	\$391,886
2011	\$391,886
2010	\$391,886
2009	\$222,738
2008	\$360,574
2007	\$178,744

The EMPG grant program is a pass-through grant via the NDEM. The NDEM provides oversight and reimburses the City for expenditures associated with the grant. The City’s Office of Administrative Services, Emergency Management Administrator, is the project manager for this grant.

OBJECTIVE

The audit objective was to ensure that the EMPG grant award for Fiscal Year 2012 was administered in accordance with Federal, State and City guidelines.

SCOPE AND METHODOLOGY

The scope of this audit was limited to the fiscal year 2012 grant awards. The 2012 fiscal year was audited since it was the latest EMPG grant that was fully closed out and all fiscal documents were available. The last day of audit fieldwork was November 9, 2014. The scope of our work on internal controls was limited to the controls within the context of the audit objectives and the scope of the audit.

Our audit methodology included:

- Research of applicable guidelines,
- Interviews of City employees,
- Analysis and detail testing of data for fiscal year 2012.

We conducted this performance audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. 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.

The exception to full compliance is because the City Auditor's Office has not yet undergone an external peer review. However, this exception has no effect on the audit or the assurances provided.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The following conclusions of the audit objectives were noted:

Compliance with Federal guidelines on identifying grant purchased equipment.

We found non-compliance with inventory and control over grant funded IT equipment.
(Finding #1)

Equipment was not properly tagged by project manager indicating whether it was grant funded as required by Federal and State guidelines.

The inventory of grant funded IT equipment was not properly annotated. (Finding #1)

Compliance with the City of Las Vegas Grant Review Committee requirements.

EMPG grant applications did not go through the Grant Review Committee process.
(Finding #2)

Quarterly Financial Report was not reviewed by project manager to ensure only accurate required documentation was submitted to NDEM.

A Quarterly Financial Report submitted to NDEM was submitted incorrectly. (Finding #3)

Further information is contained in the sections below. While other issues were identified and discussed with management, they were deemed less significant for reporting purposes.

1. Non-Compliance with Equipment Management

Criteria

The Code of Federal Regulations (CFR) spells out the specific guidelines that must be followed when using grant funding for Emergency Management.

44 CFR Part 13 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments Subpart C – Post-Award Requirements – Changes, Property, and Sub awards - 13.32 Equipment...

(d) Management requirements...

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated...

The State (NDEM) also provides additional guidelines that need to be followed in the administration of the grant.

Nevada Department of Public Safety, Division of Emergency Management, Grant Financial and Program Assurances

VI. Equipment Management...

5. Property tags are placed on equipment...

Condition

We reviewed with the Emergency Management Administrator (Project Manager), during audit fieldwork concerning the IT equipment funded by the grant. The Project Manager

was unsure if the IT equipment was originally purchased with grant funding. Since this grant was funding for maintenance and infrastructure costs of IT equipment, only IT equipment was selected for testing. All IT equipment tested was identified by CLV tag numbers annotated on the Quarterly Financial Reports. Non-compliance with the following Federal guidelines was noted:

- Grant funded IT equipment items were not annotated with the "G" suffix on the CLV tag.
- Several pieces of equipment items were not tagged with the CLV tag.
- A physical inventory of IT equipment has not been completed in accordance with 44 CFR Part 13.32 (d) (2).
- A control system has not been developed in accordance with 44 CFR Part 13.32 (d) (3).
- Grant funded IT equipment items were not easily located:
 - one computer was being used for non-grant purposes;
 - two items were sent to surplus and not accounted for on the inventory list;
 - Detention and Enforcement had a desktop and laptop computer in their offices.
- Policies and procedures have not been established for labeling equipment as recommended by the Fiscal Year 2012 Guidance.
- An inventory management plan has not been implemented in accordance with the Fiscal Year 2012 Guidance.

Cause

Lack of understanding of the Federal grant compliance requirements concerning grant funded equipment items and an effective inventory management plan to track grant funded equipment items.

Effect

The City could be subject to the following penalties as noted in ***44 CFR Part 13.43 Enforcement***

Recommendation

1.1 The EMPG project manager should establish, document, and implement an inventory management plan. This plan should include:

- Documented guidelines on how to appropriately comply with 44 CFR Part 13.32 Equipment standards.
- Plans to ensure all grant funded items are properly tagged and annotated with the "G" suffix.

- Written policies and procedures requiring equipment purchased with Federal grant funds to have property tags.
- Plans to review all items and ensure they are properly tagged and annotated as grant funded.

2. Required Review by the City of Las Vegas Grant Review Committee

Criteria

The City's Office of Administrative Services has the responsibility of overseeing local, state and federal grant applications and programs managed by city departments.

CITY OF LAS VEGAS GRANT REVIEW COMMITTEE

All applications will be carefully screened and reviewed for completeness. Any application determined to be incomplete may be disqualified. Completed applications will be reviewed in the following areas regardless of which federal or state assistance program being applied for:

- *Ability to meet any prior award special conditions*
- *Ability to expend grant funds in a timely manner*
- *Compliance with procurement and contracting requirements*
- *Record of participation in City of Las Vegas, federal and state grant management training and/or conferences*

Condition

There is no documentation showing that the EMPG went through the City of Las Vegas Grant Review Committee process.

Cause

The project manager was not aware of the requirement for the EMPG grant to be reviewed by the City of Las Vegas Grant Review Committee.

Effect

Unreviewed grant applications may contain incorrect information that may cause serious ramifications to the City. Unreviewed grants could be denied or commit the City to unachievable goals or result in unexpected expenses to the City.

Recommendation

- 2.1 The EMPG project manager should establish, document, and implement written policies and procedures to ensure:
- All future grant applications are submitted to the City of Las Vegas Grant Review Committee.

3. State (NDEM) Documentation Deficiencies

Criteria

The Code of Federal Regulations (CFR) spells out the specific guidelines that must be followed when using grant funding for Emergency Management.

44 CFR Part 13 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments - Part 13.30 Changes...

(d) Programmatic changes. Grantees or sub grantees must obtain the prior approval of the awarding agency whenever any of the following actions is anticipated:

(1) Any revision of the scope or objectives of the project. (Regardless of whether there is an associated budget revision requiring prior approval)...

(3) Changes to key persons in cases where specified in an application or grant award...

Nevada Department of Public Safety, Division of Emergency Management, Grant Financial and Program Assurances

III. FISCAL REPORTING RESPONSIBILITY

1. *The submission of inaccurate or incomplete information with unapproved reporting documentation and/or templates will result in the rejection of the quarterly report.*

Condition

Quarterly Financial Reports were not always retained by the project manager to substantiate whether written requests or notifications were completed and written approval obtained for the following adjustments to EMPG grant awards:

- A Quarterly Financial Report was submitted in error with incorrect reporting periods and report number. [*A Quarterly Financial Report reflected as Report 2, dated January 1, 2012 - March 31, 2012 was in error. The financial data was correct; the Report should have been Report 3, dated: April 1, 2012 thru June 30, 2012.*]

Cause

Lack of independent oversight from the project manager to provide a quality check before submitting required documents to NDEM.

Effect

The City could be subject to the following penalties as noted in *44 CFR Part 13.43 Enforcement*.

Recommendation

3.1 The EMPG project manager should establish, document, and implement written policies and procedures to ensure that:

- Written requests or notifications are completed and retained to notify the Nevada Department of Public Safety Division of Emergency Management of all grant award adjustments.
- Quality review of all grant documents by the project manager before submitting to NDEM.

MANAGEMENT RESPONSE

1.1 Non-Compliance with Equipment Management

Recommendation

The EMPG project manager should establish, document, and implement an inventory management plan. This plan should include:

- Documented guidelines on how to appropriately comply with 44 CFR Part 13.32 Equipment standards.
- Plans to ensure all grant funded items are properly tagged and annotated with the "G" suffix.
- Written policies and procedures requiring equipment purchased with Federal grant funds to have property tags.
- Plans to review all items and ensure they are properly tagged and annotated as grant funded.

Management Plan of Action

The EMPG project manager will create and implement an inventory management plan that will:

- Document guidelines to comply with 44 CFR Part 13.32 equipment standards.
- Ensure documentation of all grant-purchased equipment on forms approved by granting agency. Sample form attached.
- Ensure all grant-purchased equipment tags include the "G" suffix to identify it as grant-purchased.
- Ensure compliance with new Fixed Asset Policy and Procedures issued by CLV Finance as of January 21, 2015.

Estimated Date of Completion: December 31, 2015

MANAGEMENT RESPONSE (continued)

2.1 Required Review by the City of Las Vegas Grant Review Committee

Recommendation

The EMPG project manager should establish, document, and implement written policies and procedures to ensure:

- All future grant applications are submitted to the City of Las Vegas Grant Review Committee.

Management Plan of Action

EMPG project manager, upon entering CLV employment in 2008, had been verbally advised that EMPG was exempted from Grant Review Committee process. EMPG is a programmatic operations grant which is passed through the State Division of Emergency Management (DEM) by FEMA and is 50% matched by CLV with in-kind contributions. Although exact funding amounts are never guaranteed, the State DEM routinely provides assurances that the CLV program will continue to receive adequate funding to maintain current program conditions. Because of delays in federal appropriations processes, the Office of Emergency Management routinely functions on a "continuing resolution" basis, utilizing CLV funds to provide program continuity until EMPG funds are formally awarded. To this end, a review of any EMPG application by a CLV Grant Review Committee is essentially moot, as the majority of the grant is already expended by the time a grant application is due.

EMPG program manager will seek written guidance from the City Manager's Office regarding exempt status of this particular grant. Further action, if necessary, will be taken accordingly.

Estimated Date of Completion: December 31, 2015

MANAGEMENT RESPONSE (continued)

3.1 State (NDEM) Documentation Deficiencies

Recommendation

The EMPG project manager should establish, document, and implement written policies and procedures to ensure that:

- Written requests or notifications are completed and retained to notify the Nevada Department of Public Safety Division of Emergency Management of all grant award adjustments.
- Quality review of all grant documents by the project manager before submitting to NDEM.

Management Plan of Action

EMPG project manager will initiate any and all project change requests (programmatic, budget revision, extension request, etc.) to NDEM, acquire required signature from financial officer and retain copies of correspondence in related grant file.

EMPG project manager will take greater care to review quarterly financial reports completed by financial officer for administrative accuracy such as correct reporting periods and report numbers.

Estimated Date of Completion: Complete