CITY OF SAN ANTONIO

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December 7, 2006

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Emergency Management Coordinator

Ladies and Gentlemen:

SUBJECT: Audit of the Office of the Emergency Management's Homeland Security Grant Fund Expenditures and Controls

We are pleased to send you the report and Management responses for an audit of the Office of the Emergency Management's (OEM) Homeland Security Grant Fund Expenditures and Controls.

OEM Management and Staff should be commended for their cooperation and assistance during this audit. The OEM Corrective Action Plan indicates full acceptance of nine of the thirteen recommendations in our report, with three partial acceptances and one decline.

The Internal Audit Department appreciates the opportunity to have performed this review and is available to discuss this material with you individually at your convenience.

Respectfully submitted,

Mark S. Swann

Mark S. Swann CPA, CIA, CISA
Interim City Auditor

cc: Leticia Vacek, City Clerk

CITY OF SAN ANTONIO

INTERNAL AUDIT DEPARTMENT

Office of Emergency Management

Audit of Homeland Security Grant Fund Expenditures and Controls

Project No. AU05-028

Issue Date: December 7, 2006

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Executive Summary

Overview

A review of the City of San Antonio's (COSA) Office of Emergency Management (OEM) has been completed. This audit covered the period October 2003 through July 2005. Fieldwork for this audit was conducted primarily from July 2005 through September 2005. The objectives of this project were to determine OEM's compliance with:

- Department of Justice's (DOJ) Uniform Administrative Requirements for grants and Cooperative Agreements to State and Local Governments (Uniform Administrative Requirements)
- Texas Local Government Code - Chapter 252 "Purchasing and Contracting Authority of Municipalities"
- Texas Government Code - Chapter 418 "Emergency Management"
- Texas State Governor's Uniform Grant Management Standards
- COSA Ordinance 67229, dated June 2, 1988
- Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations"

OMB Circular A-133 provides criteria and guidelines for organizations auditing Federal grant programs. Like the documents listed above, OMB Circular A-133 also sets forth standards for organizations applying for, expending, and accounting for Federal and State grants.

Although several Homeland Security (HS) Grants were managed by OEM, the audit team only tested OEM's management of the 2003 State Homeland Security Program (SHSP), which was administered by Texas Engineering Extension Services (TEEX). The total SHSP award for this grant was over $5 million. Limited testing was conducted on specific SHSP grant expenditures, in addition to reviewing OEM's overall grant management processes. **Exhibit A** shows a total of the current HS grant funds received by COSA and managed by OEM for fiscal year 2003 through fiscal year 2005.

Exhibit A **HS Grant Funds Received by COSA and Managed by OEM Fiscal Year 2003 through Fiscal Year 2005**

Federal Fiscal Year Offered	Name of Grant Program	Date Approved by City Council	Ordinance Number	Total Grant Award
2002 – 2003	State Homeland Security Program	08/07/03	97961	$5,137,519
2002 - 2003	Metropolitan Medical Response System	10/23/03	98351	280,000
2003 – 2004	Urban Area Security Initiative	09/30/04	99829	3,604,992
2003 – 2004	State Homeland Security Program	09/16/04	99712	400,408
2003 – 2004	Metropolitan Medical Response System	11/04/04	99951	400,000
2003 – 2004	Law Enforcement Terrorism Prevention	07/29/04	99496	186,912
	Total HS Grant Funds			**$10,009,831**

Results In Brief

OEM has demonstrated the ability to provide outstanding emergency response efforts associated with natural disasters such as Hurricanes Katrina and Rita. However, this audit focused on OEM's day-to-day non-emergency responsibilities. As such, the audit identified opportunities for improvement of the management and controls for HS grant funds.

Recommendations are summarized as follows:

The City Manager should designate someone responsible for implementing guidelines, training, and enforcement to ensure that all Departments utilizing grant funds become familiar, and comply with, all appropriate Federal and State grant standards, including OMB Circular A-133. (Recommendation 1, Page 8)

The City Manager should ensure that OEM develops and implements formal procedures to guide its grant management activities. (Recommendation 2, Page 9)

The City Manager should ensure that OEM and all City Departments using HS grant funds develop, document, monitor, track, and report on performance goals and objectives for program activities. (Recommendation 3, Page 9)

The City Manager should require a Citywide threat and needs assessment, or gap analysis, that extends beyond departments that are authorized in HS grant applications. (Recommendation 4, Page 10)

The City Manager should ensure that a process is developed to require all Departments to factor in and report all current and future grant purchase costs, especially those not supported by grant funding. Recommendation 5, Page 10)

COSA's City Manager should implement a clear line of authority, responsibility, and accountability for the Citywide Departmental management of HS grants. (Recommendation 6, Page 11)

The City Manager should ensure that the current OEM Manager and supervisory Staff receive adequate training in grants management. Alternatively, the City Manager should consider assigning OEM's non-emergency task of grant management to civilian personnel with adequate skills and experience. (Recommendation 7, Page 12)

Background

On October 1, 2003, President Bush signed the fiscal year 2004 Homeland Security Appropriations Act to provide vital funding needed to ensure the safety and security of the United States of America against the threat posed by terrorism. Through the Department of Homeland Security's (DHS) Office for Domestic Preparedness (ODP), emergency prevention, preparedness, and response personnel were provided millions of dollars in funding through various Homeland Security (HS) grant programs.

In an effort to assure proper distribution and management of HS grant funds to local jurisdictions (cities and counties), the DHS distributed funds for emergency prevention, preparedness, and response personnel to the various States. Consequently, the Governor of each State was tasked with designating a State Administrative Agency (SAA) to apply for and administer the funds under these programs.

The Texas Engineering Extension Services (TEEX) was designated as the SAA for the State of Texas in 1999 by the Governor. The Agency's State Domestic Preparedness Division oversees the following homeland security grant programs:

- State Homeland Security Program
- Law Enforcement Terrorism Prevention Program
- Citizen Corps Program
- Urban Area Security Initiative
- Buffer Zone Protection Program

TEEX served as the SAA for the majority of the homeland security funds for Texas, helping the State prepare to prevent, respond to, and recover from terrorism incidents and other disasters. Through grant programs established by ODP, TEEX worked in conjunction with the State Director of Homeland Security to administer approximately 2,500 grants totaling $324 million for more than 1,000 Texas jurisdictions.

The DHS, ODP Urban Areas Security Initiative (UASI) and the State Homeland Security Program (SHSP) continued this intent. These initiatives included an urban area assessment and strategy component which was used by ODP and the Urban Area Working Group to both allocate grant funding and guide delivery of direct services in the form of equipment, planning, training, exercises, and technical assistance to states, counties, and municipalities.

The Office of Emergency Management (OEM) is responsible for the management of HS grant funds for the City of San Antonio (COSA). OEM is also tasked with working to mitigate, plan, and prepare for emergencies; educate the public about preparedness; coordinate emergency response and recovery efforts; collect and disseminate critical information; and seek funding opportunities to support the overall preparedness of COSA. Specifically, COSA Ordinance 67229, dated June 2, 1988, established the overall roles and responsibilities of OEM. Among the OEM mandated responsibilities, are the following:

- Conduct an on-going survey of actual or potential hazards and identifying or recommending the implementation of measures to prevent the occurrence or reduce the impact of such hazards
- Supervise the development and approval of an emergency management plan and authority to recommend for adoption by the City Council mutual aid agreements deemed necessary for the implementation of such plan
- Issue necessary proclamations, regulations, or directives necessary for carrying out the purposes of this article
- Maintain liaison with other municipal, county, district, state, regional, or federal emergency management organizations
- Marshall necessary personnel, equipment, or supplies from any Department of the City to aid in implementation of the provisions of the emergency management plan
- Serve as supervision and final authorization for the procurement of necessary supplies and equipment, including acceptance of private contributions which may be offered for the purpose of improving emergency management
- Survey the availability of existing personnel, equipment, supplies, and services which could be used during a disaster

Additionally, this Ordinance calls for a "Comprehensive Emergency Management Plan" that shall be developed and kept current. This comprehensive plan sets forth the structure of the organization, tasks, duties, and powers, and designation of officers and employees to carry out the provisions of the plan. This plan is incorporated in the Ordinance to serve as law during the time of a disaster.

In terms of natural and manmade disasters, OEM plays a critical role in mitigating, planning, and preparing for such. According to the current Emergency Management Plan, OEM is tasked with:

- Serving as the staff advisor to the Mayor and City Manager on emergency management matters
- Keeping the Mayor and City Manager apprised of preparedness status and emergency management needs
- Coordinating COSA emergency management planning and preparedness activities as well as maintaining this plan
- Preparing and maintaining a resource inventory
- Arranging training for COSA's emergency management personnel and emergency responders
- Coordinating periodic emergency exercises to test COSA plans and training
- Managing the Emergency Operations Center (EOC), developing procedures for its operation, and conducting training for those who staff it
- Performing day-to-day liaison with the State emergency management staff and other local emergency management personnel
- Coordinating with organized volunteer groups and businesses regarding emergency operations

Specific procedures for OEM's response to disasters may vary based on the nature and location of the disaster or attack. However, COSA's Emergency Management Plan gives OEM the general responsibility of activating an Emergency Operations Center (EOC) when required. Once the EOC is activated, the City Manager is responsible for directing its activities.

In terms of non-emergency tasks, OEM oversees the HS grant funds allocated to COSA Departments that are considered first responders to a HS incident. OEM coordinates HS grant efforts with the Police, Fire, Public Works Departments, and the City's Metropolitan Health District.

Criteria

In conducting this audit, the existing OEM operations and processes were evaluated for compliance with:

- Department of Justice's (DOJ) Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (Uniform Administrative Requirements)
- Texas Local Government Code - Chapter 252 "Purchasing and Contracting Authority of Municipalities"
- Texas Government Code - Chapter 418 "Emergency Management"
- Texas State Governor's Uniform Grant Management Standards
- Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations"

OMB Circular A-133 provides criteria and guidelines for organizations auditing Federal grant programs. Like the documents listed above, OMB Circular A-133 also sets forth standards for organizations applying for, expending, and accounting for Federal and State grants. Additional criteria for grant compliance were drawn from related audits performed by the Texas State Auditor's Office and specific HS grant applications.

Audit Objectives and Scope

The objectives of the audit were to determine if:

- An appropriate needs assessment was conducted before applying for HS grant funds
- Prior to grant application, proper planning was undertaken to determine all current and future costs associated with HS and Bioterrorism grants, including proper reporting of these associated costs
- HS assets are on hand and readily accessible when needed in emergency situations
- A cost-benefit analysis was conducted whenever the decision was made to utilize other purchasing options, such as: Cooperative Agreements, Interlocal Participation, Sole-Sourcing, Prime Vendor, Houston-Area Council of Governments, etc.
- There are any past or current acts of fraud or abuse that are significant to these audit objectives

This audit included HS grant expenditures for fiscal years 2003 through 2005. Although other COSA Departments, such as Fire, Police, Public Works, and Health, were included due to their utilizing HS grant funds, the focus of this audit was mainly on OEM and its grant management process.

Methodology

City Internal Audit staff performed the following steps to attain the audit objectives:

- Reviewed documents relating to Homeland Security grant management in the form of Federal, State, and local statutes, relevant OMB Circulars, various HS grant applications, COSA policies and procedures, previous State and local audit reports, and budget documents to establish criteria
- Reviewed various OEM documents to determine high risk factors in the form of completed COSA HS Grant Application Packets, COSA's Domestic Preparedness Assessments, and authorized equipment lists for HS grant expenditures
- Reviewed documents for HS grant expenditure testing in the form of actual expenditures in the ERM/SAP System, lists of expenditures in TEEX's database, OEM cost-benefit analysis, and Council approved ordinances for HS expenditures
- Interviewed COSA's OEM, Purchasing and General Services, and Finance Department staff
- Requested documentation (evidence) of compliance with existing policies, protocols, or best practices as it pertained to emergency management

This audit was performed in compliance with generally accepted government auditing standards issued by the U.S. Government Accountability Office.

Risk Assessment Capability

OEM's grant management performance was evaluated with the Sobel Risk Management Capabilities Matrix, see **Attachment C**. Overall, it appears that OEM Management tends to simply "react" to daily grant related needs, instead of undertaking long-term planning for their grant efforts.

Observations and Recommendations

The following observations and recommendations were made as a result of work procedures performed. Since many recommendations pertain to issues that are critically interrelated, they have been categorized into three broad groups: Noncompliance with Grant Standards, Management Issues, and Organizational Issues.

1. Noncompliance with Grant Standards

OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations", includes a Compliance Supplement that serves to identify important requirements that the Federal Government expects to be considered for audits of its grant programs. This Supplement describes fourteen types of requirements. This audit only tested three areas: 1) Equipment and Real Property Management, 2) Procurement and Suspension and Debarment, and 3) Reporting.

1.1 Decentralized Grant Management Process

OMB Circular A-133 requires Federal grant recipients to maintain a system of internal control over grant programs that provides reasonable assurance that the management of funds is in compliance with laws, regulations, and grant agreements. COSA's Ordinance 67229 designates OEM as the center of control over managing HS related procurements and assets.

However, it was noted that OEM does not have a formal centralized process in place to coordinate the use of HS grants**.** OEM does not facilitate HS grant funding available to Public Works, Aviation, or the Parks and Recreation Departments. OEM has not implemented any written procedures for its grant application and management process.

1.2 Inadequate System for Safeguarding HS Grant Equipment

Currently, OEM does not survey the availability of existing HS equipment and supplies or conduct physical inventory reconciliations. According to OEM, its tracking of HS equipment and supplies ceases at the point in time when purchased items are physically delivered to individual Departments. OEM simply relies on the individual Departments to ensure that purchased items are readily accessible when needed in emergency situations.

OEM does not have a process in place to provide guidance to COSA Departments utilizing HS grants to prevent fraud or abuse of equipment use. For current HS grants, OEM did not attempt to obtain formal direction from appropriate Federal authorities or other resources such as the ODP or OMB Circular A-133. Although specific criteria for use of HS items may vary depending on the intent of the grant, general requirements tend to prohibit expenditures for items considered as "general-use." However, this information is not being applied to OEM processes or communicated to others in the City.

1.3 Inadequate System for Recording Grant Expenditures

HS grant expenditures and assets received through Prime Vendor purchases are not being recorded in the City's accounting and reporting system. The Prime Vendor Purchase Method was established as an option under the Pre-2004 State Homeland Security Program (SHSP) grant provisions to streamline the process. Fisher Scientific (Fisher) was the vendor selected by the State to supply jurisdictions with requested items. Fisher was paid directly by TEEX for purchases made by OEM.

OEM did not coordinate with the Finance and Purchasing Departments to record and report Pre-2004 SHSP grant awards and related purchases of 131 items costing over $1 million using the Prime Vendor Method. This included about $360,000 in capitalizable fixed assets with individual values of $5,000 or greater. **Exhibit B** shows a list of the assets not recorded in the City's records.

OEM relied on information maintained in TEEX's Web-based Domestic Preparedness Assessment system to track the City's expenditures. The State Auditor's January 2005 audit of TEEX reported that its system did not provide complete and accurate information and that it had significant access and security control weaknesses.

Although Federal requirements bestow the recipient of grant purchased equipment the title to the asset, the awarding agency may reserve the right to transfer the title to the State or Federal Government or to a third party. Thus, the proper tracking of these HS grant purchased assets is essential.

Exhibit B Prime Vendor HS Grant Equipment $5,000 or More Not Recorded by the City from October 2004 through July 2005

#	Category	Equipment	Invoice Quantity	Invoice Cost	Invoice Total
1	*CBRNE Logistical Support Equipment	Medical CBRNE response trailer	3	$22,907.87	$ 68,723.61
2	CBRNE Search and Rescue Equipment	Bags Air Rescue Lift Complete Kit	2	28,350.97	56,701.94
3	CBRNE Search and Rescue Equipment	Confined Space Communications Kit -	1	5,364.19	5,364.19
4	CBRNE Search and Rescue Equipment	Listening Device System	2	14,328.75	28,657.50
5	CBRNE Search and Rescue Equipment	Victim Locator	2	16,830.48	33,660.96
6	CBRNE Search and Rescue Equipment	Searchcam Systems. Breaching Systems.	2	5,245.00	10,490.00
7	Interoperable Communications Equipment	Notification system, a reverse 9-1-1 system	1	72,359.00	72,359.00
8	Terrorism Incident Prevention Equipment (Warning, Prevention, Deterrence)	GIS software package	1	87,444.00	87,444.00
		Total Capitalized Assets	**14**		**$363,401.20**

Source: Texas Engineering Extension Services' (TEEX) Web-based Domestic Preparedness Assessment system
*Note: Chemical Biological Radiological Nuclear Explosives (CBRNE)

1.4 Improper Analyses for HS Purchases

OEM has several approved options for HS purchases, such as: Cooperative Agreements, Interlocal Participation, Sole-Sourcing, Prime Vendor, etc. However, it was noted that proper cost analyses were not performed when OEM made Prime Vendor purchases.

DOJ's Uniform Administrative Requirements for grants and Cooperative Agreements to State and Local Governments and the Texas State Local Government Code, Chapter 252 require local governments to achieve the best value for its procurements. These statutes also require that local governments follow their own procurement procedures, provided that the procedures conform to applicable Federal and State laws. **Attachment B-1** shows the Purchasing and General Services Department's required cost analysis for acquisitions over $25,000 that goes to City Council for approval. **Attachment B-2** is an example of OEM's cost analysis. Unlike the Purchasing and General Services Department's analyses, OEM's analyses do not show: 1) the chosen item or vendor, 2) the quantity or unit cost, 3) the date of evaluations, 4) name of preparer, and 5) any support for figures in its cost analysis.

The DOJ's Uniform Administrative Requirements for grants state that grantees and subgrantees will maintain records sufficient to detail the significant history of the procurement. It further states that the records will include, but are not necessarily limited to:

- The rationale for the method of procurement
- The selection of contract type
- The contractor selection or rejection
- The basis for the contract price

Risks

Public interest and media focus has heightened the awareness of HS issues. Thus, the proper management of HS grant funds, including equipment and supplies, is now inherently a high risk area.

Not fully complying with Federal grant standards may also have internal implications for COSA, including: 1) Adverse findings may be identified during COSA's fiscal year 2005 Single Audit, and 2) State or Federal agencies may request reimbursement of previously issued HS grant funds.

Recommendations

The City Manager should designate someone responsible for implementing guidelines, training, and enforcement to ensure that all Departments utilizing grant funds become familiar, and comply with, all appropriate Federal and State grant standards, including OMB Circular A-133. Specifically, the City Manager should require that OEM undertakes the following efforts to ensure compliance with these standards:

- Develop a completely centralized process for managing the HS grant process
- Develop a central recording, tracking, and reporting system
- Develop a process that ensures Prime Vendor expenditures are recorded in the City's ERM/SAP System
- Ensure adequate cost analyses are conducted and reported for purchasing decisions
- Ensure analyses are properly documented and maintained
- Periodically survey the availability of HS grant purchased items

2. Management Issues

2.1 Lack of Formal Procedures for Managing Grants

The OEM Manager is responsible for establishing the procedures to ensure effective administration and efficient operations for its grant management process. However, OEM currently does not have any formal procedures to address this critical function.

Risks

Without formal procedures to guide grant management, OEM may not be providing adequate guidance for those tasked with carrying out this function. As a result, this critical function may not be performed as intended by Management and required by law.

Recommendation

The City Manager should ensure that OEM develops and implements formal procedures to guide its grant management activities.

2.2 Inadequate Performance Measures

The performance of essential OEM functions is not being formally monitored, tracked, or reported. Currently, OEM only has three performance measures for its function: (1) average number of emergency management preparedness exercises per year, (2) average number of emergency activations per year, and (3) number of planning documents maintained per year.

OEM's performance measures in place do not adequately monitor the success of its HS grant programs**.** Generally, ODP grants require periodic reporting on program success or enhancements as a result of receiving Federal funding. In addition, the ODP is required to comply with the Government Performance and Results Act of 1993 which was enacted to improve accountability, reporting, decision-making, effectiveness, and internal management of the Federal Government.

Accordingly, applicants are required to include information on the impact of activities implemented with ODP funds. Currently, OEM does not officially track, monitor, or report the impact of HS grant funds on these programs and initiatives. OEM is not monitoring the performance or enhancements of other COSA Departments utilizing HS grant funds.

Risks

Measuring, monitoring, and reporting on the performance of these grant programs are essential to ensuring program success and compliance with standards. As a result, Federal, State, and local authorities may not be able to determine if HS grant funds allocated to COSA are meeting overall grant program goals and objectives. It may also be difficult to justify COSA's utilization of Federal and State HS grant funds without officially measuring and reporting on these results. According to SAO's audit, TEEX failed in oversight by not requiring such reporting from local jurisdictions. Consequently, not fulfilling Federal reporting requirements may still jeopardize COSA's current and future grant efforts.

Recommendation

The City Manager should ensure that OEM and all City Departments using HS grant funds develop, document, monitor, track, and report on performance goals and objectives for program activities.

2.3 Inadequate Needs Assessment

In January 2003, OEM conducted a needs assessment simply to qualify for HS grant funding offered for fiscal years 2003 through 2004, but didn't include all COSA Departments and agencies critical to its HS efforts. The ODP granted money to the State of Texas through TEEX to allocate to the various local jurisdictions. These jurisdictions were required to complete a Homeland Security Domestic Preparedness Assessment (DPA) in order for TEEX to determine the actual amount of funding to distribute. OEM only met with the City Departments that were authorized by TEEX to receive money from this particular grant in conducting its needs assessment. These Departments were authorized because of their role as first

responders to a Homeland Security incident. The Departments involved were Police, EMS, Fire, Public Works, and Health. However, other Departments critical to COSA's HS effort were not brought into the meetings or the assessment process, because they were not authorized to receive money under this particular program. Also, the equipment identified during the needs assessment was limited to an approved list of equipment provided by the State in the DPA.

Although other areas critical to HS may be conducting their own assessments to comply with various Presidential Directives for HS preparedness, OEM does not participate in coordinating these assessments nor do they receive formal reports. Moreover, OEM does not communicate with the City's Transportation Division of Public Works, Airport, or Parks and Recreation on HS issues, even though these Departments are critical to COSA's overall HS efforts. According to City Ordinance 67229, OEM is responsible for the entire City of San Antonio for a compressive system of emergency management.

Although there is no formal communication with certain critical Departments, it appears that the appropriate areas in the City were identified and included in the "threat" portion of the DPA. This was due in part by the participation of the Joint Terrorism Task Force (JTTF), which is comprised of the Central Intelligence Agency; the Bureau of Alcohol, Tobacco, Firearms, and Explosives; the Department of Public Safety; the Federal Bureau of Investigation; the U.S. Citizenship and Immigration Services; and the Texas Parks and Wildlife Department; who assisted OEM in the assessment process.

Risks

Based on this limited needs assessment, OEM identified a $150 million range of HS equipment for the Departments that participated. Since the needs portion was extremely limited, this estimate may be significantly understated for potential HS needs.

Due to the exclusion of certain relevant City Departments in the assessment process, OEM may not be completely informed about significant HS issues.

Recommendation

The City Manager should require a Citywide threat and needs assessment, or gap analysis, that extends beyond departments that are authorized in HS grant applications.

2.4 Not Ensuring all Costs are Factored in Cost Analyses

Currently, there are no formal processes or procedures in place to ensure that Departments are factoring in and reporting all current and future costs associated with HS grant purchases. OEM relies solely on the individual Departments to: 1) consider all costs that may have future budget implications, and 2) properly report these costs to City Council and Management. Therefore, the Mayor and Council may not be made aware of all costs associated with maintaining HS grant items when making decisions for grant acceptance or subsequent expenditures.

Risk

COSA decision-makers may not be adequately informed about all costs associated with acquiring and maintaining HS grant assets.

Recommendation

The City Manager should ensure that a process is developed to require all Departments to factor in and report all current and future grant purchase costs, especially those not supported by grant funding.

3. Organizational Issues

3.1 Effectiveness of the Current Reporting Structure

OEM reporting structure may not be designed for the most effective management of non-emergency grant related functions. Texas State Government Code 418 "Emergency Management" and COSA City Ordinance 67229 designate the Mayor as the Director of the OEM function. Both laws provide the Mayor the option of appointing a "Coordinator" to be responsible for carrying out the Director's mandated duties. According to State Code 418, this appointment is required to be reported to the Texas State Governor's Division of Emergency Management. Historically, COSA Mayors have delegated this responsibility and authority to City Staff. The current OEM Coordinator designation has been assigned to a District Fire Chief. The reappointment of the current District Fire Chief was reported to the State by the Mayor on September 27, 2005. Based on this assignment, a presumption exists that the Coordinator is the gatekeeper of the Citywide HS grant management process.

The Coordinator of OEM has reporting responsibility to the Mayor, because of the statutory responsibilities given to the Director of Emergency Management. However, the function of OEM is actually a Division of COSA's Fire Department. Therefore, the Coordinator also has reporting responsibility to the City's Fire Chief. According to the Coordinator, there are some reporting requirements to an Assistant City Manager as well.

A benchmarking study of the OEM function with 13 U.S. cities, including San Antonio, was conducted. **Attachment A-1** shows the results of OEM's benchmarking for the organizational structure. It appears that four cities with a Council-Manager form of government, like COSA, have the Manager of the OEM function reporting directly to the City Manager or the Assistant City Manager. Five of the cities with a Mayor-Council form of government have the OEM Manager reporting solely to the Mayor. In some cases, OEM is an actual division of the Mayor's Office.

In the past, the COSA OEM Coordinator has provided ad hoc briefings to the Mayor. However, this is not a formally documented process. Although COSA's Mayors have exercised their authority by appointing a Coordinator for emergency management, the ultimate responsibility for this function still remains with the Mayoral position.

Risks

Having the OEM Coordinator report to the Mayor, an Assistant City Manager, and the Fire Chief could create some conflicts with independence, management of operations, decision-making authority, and reporting for tasks associated with grant management.

Recommendation

COSA's City Manager should implement a clear line of authority, responsibility, and accountability for the Citywide Departmental management of HS grants.

3.2. Management Proficiency Issues

During 2005 Hurricanes Katrina and Rita, OEM demonstrated its capacity to provide outstanding emergency response efforts. However, the OEM function requires a more comprehensive approach to non-emergency management issues. Some of the additional non-emergency skill sets require project management, strategic planning, financial management, and grant management. In addition, most benchmark cities require the OEM Manager to have extensive knowledge of other local departments and external agencies that play a critical role in disaster preparedness.

According to this audit's benchmarking with other U.S. cities, as shown in **Attachment A-1**, OEM is not in line with other cities in terms of the background and skills of the OEM Coordinator (Manager). The larger cities, specifically New York, Los Angeles, Chicago, and Houston, tend to assign the management role of OEM to civilian personnel who have more diverse backgrounds, including executive management, and public safety or security. COSA has assigned this management role to an active Fire Fighter who is a District Fire Chief. Academy training for Fire Fighters does not include grants management. Possessing the proper background and experience in grant management is essential to ensuring program success and compliance with State and Federal standards.

In performing this audit, four risk management capabilities were considered for purposes of summarizing the Office of Emergency Management's key risks to the City. The capabilities include: strategies, processes, people, and information. This matrix outlines the characteristics of each capability needed for effective grant risk management. However, it is important to note that most organizations reach a managed stage, while only a few attain an optimized stage.

In terms of the matrix, internal control issues existed by failing to implement fundamental management procedures to guide essential OEM grant functions. In addition, these key grant related functions are not properly monitored and evaluated by OEM Management. This conclusion was formed based on the results of the generally accepted auditing procedures performed. A more detailed description of the matrix has been included in **Attachment C.**

Risk

Without proper grant management training and experience, HS grant funds may not be adequately used by COSA.

Recommendation

The City Manager should ensure that the current OEM Manager and supervisory Staff receive adequate training in grants management. Alternatively, the City Manager should consider assigning OEM's non-emergency task of grant management to civilian personnel with adequate skills and experience.

Attachment A **Benchmarking of OEM Organizational Structure with Major U.S. Cities as of January 2006**

Benchmark of OEM Structure

Information was obtained from internet websites for the chosen cities. "N/A" indicates that the information could not reasonably be determined by viewing that particular website.

Rank (1)	US City (1)	City Population (1)	Estimated City Employees (2, 7)	Reporting Structure (2, 7)	Form of Local Government (2)	Department/ Division/ Program/ Activity (2)	Current Title of OEM Manager (3)	Prior Background of OEM Manager (3)	OEM Staff Full-Time Equivalent (2)	OEM Budget Fiscal Year 2005-2006 (2)
1	New York, NY	8,008,278	301,294	Mayor	Mayor-Council	Department	Commissioner	City Manager, Attorney	28	$15,847,824
2	Los Angeles, CA	3,684,820	48,226	Mayor	Mayor-Council	Department	General Manager	Emergency Mgt. Professional	14	1,129,790 (7)
3	Chicago, IL	2,896,016	35,872	Mayor	Mayor-Council	Department	Executive Director	Call Center Manager, Criminal Justice, Military	1,238 (5)	191,427,390
4	Houston, TX	1,953,631	21,092	Mayor	Mayor-Council	Division	Director	Executive Asst. Police Chief, Public Safety	10 (8)	N/A
5	Philadelphia, PA (4)	1,517,550	–	–	–	–	–	–	–	–
6	Phoenix, AZ	1,321,045	15,770	Asst. City Manager (8)	Council-Manager	Program	Coordinator (8)	Police Commander, Military, Paramedic (8)	6.5	681,558
7	San Diego, CA	1,223,400	11,096	City Manager	Council-Manager	Program	N/A	Asst. Fire Chief, Public Safety	1.6	589,284
8	Dallas, TX	1,188,580	10,920	Asst. City Manager	Council-Manager	Department	Director (8)	Fire Chief, Public Safety (8)	5	1,413,247
9	**San Antonio, TX**	**1,144,646**	**12,057**	**Mayor & Fire Chief**	**Council-Manager**	**Division**	**Coordinator**	**Asst. Fire Chief, Public Safety**	**7 (6)**	**752,998 (6)**
10	Detroit, MI	951,270	18,705	Mayor	Mayor-Council	Department	Director	Military, Public Safety, Security	52 (9)	3,136,730
11	San Jose, CA	894,943	6,620	City Manager	Mayor-Council	Department	Director	Urban Planning, Public Administration (8)	3	250,539
12	Indianapolis, IN	781,870	4,067	County Board of Public Safety	City-County	Division	Director	Retired Police Officer, Public Safety, Military (8)	7	830,765
13	San Francisco, CA	776,733	26,649	Mayor	City-County	Program	Director	Treasure Island Development Authority Director	24	16,555,830
14	Jacksonville, FL	735,617	7,857	Fire Chief	Mayor-Council	Division	Chief	Asst. Fire Chief, Public Safety	7	777,287 (7)
15	Columbus, OH (4)	711,470	–	–	–	–	–	–	–	–
16	Austin, TX	656,562	11,368	Asst. City Manager	Council-Manager	Activity	Director	Paramedic, Public Safety (8)	6	1,502,257

1. Source: U.S. Census Bureau for year 2000 as published on April 2, 2001.
2. Source: The city's Fiscal Year 2005 - 2006 budget documents located on its official website.
3. Source: The city's OEM section of its official website.
4. Adequate Emergency Management information could not be identified on its website.
5. Of this number, there are: 16 staff with the Office of Director, 593 emergency call takers (911), 19 administrative staff, 149 staff for OEM and dispatch technology, 107 non-emergency call takers (311), 342 IT Traffic and Management staff, and 12 staff for OEM preparedness and response.
6. The Full-Time Equivalent for the OEM manager (Coordinator) is not included in the staff number or budget estimate for FY 2006. This position is funded by the Fire Department's Personnel Budget. Source: The City of San Antonio's ERM/ SAP System and the OEM Coordinator.
7. Source: The city's Fiscal Year 2004 - 2005 budget documents on its official website.
8. Information was obtained from interviews with the managers of the OEM function.
9. Of this number, there are 46 Public Safety Security Guards

Attachment B-1 Sample Procurement Cost Analysis Conducted by the Purchasing and General Services Department

Opened: August 20, 2004 For: Personal Protection Coveralls 04-096 DR			Safety Supply, Inc. 12050 Crownpoint Dr. #160 San Antonio TX 78233	Abatix Corp. 3011 E. Broadway Rd. Suite 300 Phoenix AZ 85040	Accurate Safety 10320 N. Thor Dr. Freeland MI 48623	Alamo Iron Works 943 SBC Center Pkwy. San Antonio TX 78219	Alamo Iron Works 943 SBC Center Pkwy. San Antonio TX 78219	Alaron Supply Company Inc. PO Box 246 San Antonio TX 78291
ITEM	**Description**	**Quantity**						
1	Personal Protection Coveralls, Size: Medium	27						
	Price Each		$24.83	$27.91	$29.95	$28.18	$25.38	$28.90
	Price Total		$670.41	$753.57	$808.65	$760.86	$685.26	$780.30
	Manufacturer Name & Model Number		Lakeland Tychem BR 130-M	Dupont BR127T	Dupont BR127T	Dupont BR127T-M	Lakeland BR-130M	Dupont BR127T-M
2	Personal Protection Coveralls, Size: Large	1100						
	Price Each		$24.83	$27.91	$29.95	$28.18	$25.38	$28.90
	Price Total		$27,313.00	$30,701.00	$32,945.00	$30,998.00	$27,918.00	$31,790.00
	Manufacturer Name & Model Number		Lakeland Tychem BR 130-L	Dupont BR127T	Dupont BR127T	Dupont BR127T-L	Lakeland BR-130LRG	Dupont BR127T-L
3	Personal Protection Coveralls, Size: X-Large	828						
	Price Each		$24.83	$27.91	$29.95	$28.18	$25.38	$28.90
	Price Total		$20,559.24	$23,109.48	$24,798.60	$23,333.04	$21,014.64	$23,929.20
	Manufacturer Name & Model Number		Lakeland Tychem BR 130-XL	Dupont BR127T	Dupont BR127T	Dupont BR127T-XL	Lakeland BR-130XL	Dupont BR127T-XL
4	Personal Protection Coveralls, Size: 2X-Large	345						
	Price Each		$25.98	$29.58	$31.85	$29.87	$27.28	$30.64
	Price Total		$8,963.10	$10,205.10	$10,988.25	$10,305.15	$9,411.60	$10,570.80
	Manufacturer Name & Model Number		Lakeland Tychem BR 130-XXL	Dupont BR127T	Dupont BR127T	Dupont BR127T-2XL	Lakeland BR-1302XL	Dupont BR127T-2XL
	Delivery		39 Days	14 Days	10-30 Days	63-77 Days	35-42 Days	63-77 Days
	Terms		1% 10 Days	Net 30	Net 30	Net 30	Net 30	Net 30
	Total Award		**$57,505.75**					

Source: City of San Antonio Purchasing and General Services Department. This purchase evaluation comes from COSA Ordinance 99894 for a portion of ODP's Pre 2004 State Homeland Security Grant. This purchase was approved on October 21, 2004.
*Note: COSA procedures also require including an interdepartmental memorandum from the preparer providing more detail to the Mayor and City Council.

Attachment B-2 Sample Procurement Cost Analysis Conducted by the Office of Emergency Management

Level A Suit	**Model 17506D**
Fisher/DPA	$552.81
Galls	$724.99
Lab Safety Supply	$680.00
Fisher Catalog	$824.62
Level A Suit	**Model 19-812-661**
Fisher/DPA	$589.08
Galls	$724.99
Lab Safety Supply	$733.00
Fisher Catalog	$882.05
Magellan Sportrak GPS	
Fisher/DPA	$229.03
Cabela's	$239.99
Radalert 50 Radiation Detector	
Fisher/DPA	$342.95
Natural Energy Work	$399.00
Hach Company	$355.00
M-8 Paper	
Fisher/DPA	$9.77
Lab Safety Supply	$5.60
AED Lifepak 500	
Fisher/DPA	$2,189.88
Allied 100	$2,595.00
Life Safety Assoc.	$2,885.00
Overpack Drum 95 Gallon	
Fisher/DPA	$116.63
A Plus Warehouse	$142.10
Spill 911	$139.00

Source: Coordinator for the City of San Antonio's Office of Emergency Management

This OEM analysis fails to show: 1) the chosen item or vendor, 2) the quantity or unit cost, 3) the date of evaluations, 4) that name of the preparer and 5) any support for figures in its cost analysis.

Attachment C Risk Management Capability Matrix

Four risk management capabilities were considered for purposes of summarizing the Office of Emergency Management's key risk levels. The capabilities include: strategies, processes, people, and information. The matrix below outlines the characteristics of each capability needed for effective risk management. However, it is important to note that most organizations reach a managed stage, while only a few attain an optimized stage.

Strategies Capabilities

Stage	Strategies/Objectives	Goals	Policies
Ad Hoc	**No formal *strategies* or *objectives* exist.**	**Annual *goals* are either not developed, or are poorly communicated to employees.**	***Policies*, if any, are broad and general.**
Repeatable	Informal *strategies* or *objectives* exist, but are not broadly understood.	Annual *goals* are established, but are either not broadly understood or are assumed to apply only to management.	Some *policies* exist, but they are not consistently applied and enforced throughout the company.
Defined	Some formal *strategies* and *objectives* exist, but they are not aligned across different areas of the company.	Annual *goals* are well defined and understood, but measurement of goal achievement is not well understood or articulated.	*Policies* are well defined and communicated, but many are out-of-date or misaligned with current strategies and objectives.
Managed	Formal *strategies* and *objectives* exist and some measurements of success are established, but strategies and objectives are not consistently reviewed and updated based on changing business conditions.	Annual *goals* are formalized and measurable, but the goals are not reviewed periodically throughout the year to ensure they still align with the broader strategies and objectives of the company.	*Policies* are clear, generally current, and consistently enforced, but there is no articulation of management's broader risk-taking philosophy.
Optimized	*Strategies* and *objectives* are consistently reviewed and enhanced to ensure they remain current, and success is consistently measured and evaluated.	*Goals* are reviewed periodically throughout the year to ensure they continue to make sense and are consistently aligned with the company's goals.	*Policies* are consistently updated and enforced, and clearly outline management's overall risk tolerance.

Process Capabilities

Stage	Procedures	Controls and Process Improvements	*Metrics
Ad Hoc	**No formal *procedures* exist.**	***Controls* are either non-existent, or are primarily reactionary after a "surprise" within the company.**	**There are no *metrics* or monitoring of performance.**
Repeatable	Some standard *procedures* exist.	Detective *controls* are relied upon throughout the company.	Few performance *metrics* exist, thus there is infrequent monitoring of performance.
Defined	*Procedures* are well documented, but are not regularly updated to reflect changing business needs.	Both preventive and detective *controls* are employed throughout the company.	Some *metrics* are used, but monitoring of performance is primarily manual.
Managed	*Procedures* and *controls* are well documented and kept current.	Best practices and benchmarking are used to *improve* process in certain areas of the company.	Many *metrics* are used, with a blend of automated and manual monitoring of performance.
Optimized	*Processes* and *controls* are continuously reviewed and *improved*.	Extensive use of best practices and benchmarking throughout the company helps to continuously *improve* processes.	Comprehensive, defined performance *metrics* exist, with extensive automated monitoring of performance employed.

*Metrics provide a means for measuring how well a control or process is performing.
Source: 2004 Auditor's Risk Management Guide, CCH Incorporated, 2004. Paul J. Sobel, CPA, CIA

Attachment C (Continued) Risk Management Capability Matrix

People Capabilities

Stage	Experience and Competence	Direction and Development	Authority and Accountability
Ad Hoc	*Inexperienced* personnel in most areas; no formal training programs are followed.	In most areas of the company there is little job guidance or other formal *direction*.	Vague or conflicting *authority and accountability* across business areas throughout the company.
Repeatable	***Competent* personnel in most areas; limited training; many functions tend to be under or over-resourced.**	**Some understanding of the basic job requirements in most areas, but still not much formal *direction* from management.**	**Lack of clear *authority and accountability* across business areas throughout the company.**
Defined	*Experienced* personnel in most areas, but limited bench strength.	Job responsibilities and skill requirements are defined for all areas, but career *development* focus is lacking.	*Authority and accountability* are defined across the company, but not broadly or consistently understood by all affected areas.
Managed	*Strong* team in place with adequate bench strength in most areas.	A formal *development* program exists company-wide, with focus on both enhancing existing skills and developing new skills.	Clear articulation of *authority and accountability*, and consistent understanding among all affected areas.
Optimized	Formal succession planning and integrated resourcing program ensure *multiple sourcing options* for all key positions throughout the company.	Cross-training programs provide *job enrichment* opportunities for all employees and *multiple sourcing options* for all key positions.	A culture of empowerment engages employees throughout the company in exercising the *authority and accountability* they have been granted.

Information Capabilities

Stage	Accuracy, Completeness, and Availability	Reporting	Access Restrictions
Ad Hoc	**Information throughout the company is typically *inaccurate*, *incomplete*, and virtually impossible to *obtain* when needed.**	***Reports* are either non-existent in most areas or are meaningless to users.**	**Critical information is not protected from unauthorized *access* in any area of the company.**
Repeatable	Information in most areas is not always *accurate* and *complete*, and is typically very cumbersome to *obtain*.	Some, but not all, key *reports* are available, and they provide marginal value.	Few *access* restrictions exist throughout the company, and there is limited enforcement of access violations.
Defined	Information in most areas is generally *accurate* and *complete*, but is challenging to *obtain*.	Several *reports* exist, but some contain extraneous information, which makes them difficult and inefficient to effectively utilize.	*Access* is generally restricted, but enforcement is inconsistent across different areas of the company.
Managed	Information is *accurate*, *complete*, and *relevant* throughout the company, and is typically available with a relatively short lead-time.	Most key *reports* are *relevant* and generally *timely*.	*Access* restrictions are typically effective across the company, but most are manually monitored and enforced.
Optimized	*Accurate*, *complete*, and *relevant* information is readily *available* throughout the company via a variety of on-line sources.	All key *reports* are concise, *relevant*, and consistently *timely*.	*Access* is effectively restricted across the company, with automated monitoring and enforcement.

Source: 2004 Auditor's Risk Management Guide, CCH Incorporated, 2004. Paul J. Sobel, CPA, CIA

CITY OF SAN ANTONIO

P.O. BOX 83996
SAN ANTONIO, TEXAS 78283-3996

City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of the Office of Emergency Management's (OEM) Homeland Security (HS) Grant Fund Expenditures and Controls

City Management and OEM have reviewed the audit report for OEM's HS Grant Fund Expenditures and Controls and herein is a Corrective Action Plan for the recommendations. As you are aware, OEM's HS grant process has recently been reviewed by the Texas State Auditor's Office (SAO), the City of San Antonio's Contract Services Department (CSD), and the Texas State Governor's Division of Emergency Management (GDEM). Although these reviews included some of the same HS grants examined by Internal Audit, the scopes, objectives, outcomes, and standards followed by each organization varied. In fact, some of the results may not be comparable, and it should be noted that these agencies did not coordinate their efforts. However, having these objective reviews of OEM's grant management process has resulted in better information for Management to develop operating strategies for the future that will improve the overall management of HS grants for the City.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
	Detailed Report				
1	**Noncompliance with Grant Standards**				
	Designate someone responsible for implementing guidelines, training, and enforcement to ensure that all Departments utilizing grant funds become familiar, and comply with, all appropriate Federal and State grant standards, including OMB Circular A-133	8	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: The OEM Manager is responsible for grant guidelines and implementation. In accordance with City Council uniformed employee redirection, two uniformed members of the OEM will be reassigned to Fire Suppression duties. This personnel change will allow the OEM to recruit and select a qualified staff member to maintain grant requirements and guidelines in accordance with all applicable local, State and Federal criteria.				
1.1	**Decentralized Grant Management Process**				
	• Develop a completely centralized process for managing the HS grant process	8	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: The OEM will work with other City departments to ensure complete utilization of HS grant funds.				

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
1.2	**Inadequate System for Safeguarding HS Grant Equipment**				
	• Periodically survey the availability of HS grant purchased items	8	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: With the implementation of the Asset TRAX software system, the OEM will work with all departments and agencies that have received equipment under the HS grant program. Annual inspections will be performed to ensure compliance with federal grant rules.				
1.3	**Inadequate System for Recording Grant Expenditures**				
	• Develop a process that ensures Prime Vendor expenditures are recorded in the City's ERM/SAP System	8	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	• Develop a central recording, tracking, and reporting system	8	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: All Prime Vendor procured items that meet the City's requirements for recording have been captured in ERM/SAP. No future purchases will be made through the Prime Vendor Program. Asset TRAX will be used as the central recording, tracking and reporting system.				
1.4	**Improper Analyses for HS Purchases**				
	• Ensure adequate cost analyses are conducted and reported for purchasing decisions	8	Partially Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	• Ensure analyses are properly documented and maintained	8	Partially Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: The OEM maintains a centralized process for managing the HS grant process. Items are recorded, tracked and reported to the appropriate entity. Early shortfalls of ERM/SAP prohibited the introduction of prime vendor provided HS grant funded equipment into the system. Consequently, as the ERM/SAP system has been refined and enhanced, all grant-funded equipment that met the definition of capital expenditures has been captured and reported. Cost analysis for consumable and disposable materials will not be conducted due to the transient nature of the items. Maintenance and operational cost associated with Capital items are considered by the Director of each receiving department and carried forward through the annual budget process. Periodic surveys of HS grant purchased items are being conducted under the direction of the individual department directors. OEM will continue to refine and improve the grant process. The recommended positions in the FY 2007 Proposed Budget will work closely with the Emergency Management Coordinator and the Fire Department's Fiscal Division to refine and improve the grant processes, procedures and availability.				
2	**Management Issues**				
2.1	**Lack of Formal Procedures for Managing Grants**				

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
	Ensure that OEM develops and implements formal procedures to guide its grant management activities	9	Accept	Emergency Management Coordinator & Fire Chief	Spring 2006
	Action plan: The OEM Manager already ensures formal grant guidelines and procedures are followed.				
2.2	**Inadequate Performance Measures**				
	Ensure that OEM and all City Departments using HS grant funds develop, document, monitor, track, and report on performance goals and objectives for program activities	9	Accept	City Manager's Office, OMB & Emergency Management Coordinator	Summer 2007
	Action plan: OEM will develop additional performance measures. The City Manager's Office, OMB and OEM will work with other grant recipient departments to develop additional measures.				
2.3	**Inadequate Needs Assessment**				
	Require a Citywide threat and needs assessment, or gap analysis, that extends beyond departments that are authorized in HS grant applications	10	Accept	Emergency Management Coordinator & Fire Chief	Summer 2007
	Action plan: The OEM has procured Catastrophic Assessment software to analyze threats to COSA. Training of 20 COSA employees from various departments has been completed and threat models will be analyzed within the next 90-180 days. Results of the analysis will be used to calculate future priorities for HS grant funding.				
2.4	**Not Ensuring all Costs are Factored in Cost Analyses**				
	Ensure that a process is developed to require all Departments to factor in and report all current and future grant purchase costs, especially those not supported by grant funding	10	Partially Accept	Emergency Management Coordinator & Office of Budget & Management	Fall 2006
	Action plan: Purchase and acquisition procedures for grant funded equipment fall under the same protocol as Operating and Capitol Budget policies. When given the option of utilizing the proficiency of the City's Purchasing and General Services Department or another cooperative purchasing agreements authorized by the City and DHS/ODP/OGT, each authorized Department conducted its own basic cost benefit analysis. Post purchase review of equipment procured through the DHS Prime Vendor or cooperative purchasing agreements validates the choices made by each department were in the best interest of strong fiscal management and responsibility. However, OEM and the Office of Budget & Management will work with grant recipient departments to ensure all costs are considered.				
3	**Organizational Issues**				
3.1	**Effectiveness of the Current Reporting Structure**				

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
	Implement a clear line of authority, responsibility, and accountability for the Citywide Departmental management of HS grants	11	Decline	City Manager's Office	
	Action plan: While it is evident the OEM has a different line of authority than any other department or division of the City, the current arrangement allows the most flexibility and organizational structure to quickly adapt to various situations.				
3.2	**Management Proficiency Issues**				
	Ensure that the current OEM Manager and supervisory Staff receive adequate training in grants management. Alternatively, consider assigning OEM's non-emergency task of grant management to civilian personnel with adequate skills and experience.	12	Accept	City Manager's Office	Fall 2006
	Action plan: The Proposed FY 2007 Budget includes a recommendation to redirect the Captain and Lieutenant, both currently assigned to OEM to the San Antonio Fire Academy. This recommendation also includes replacing these positions with civilian positions in order to recruit individuals with direct experience in emergency management, planning, training, and grant management.				

City Management and OEM appreciate the City Auditor's comments on the HS Grant Management Audit. We are committed to addressing the recommendations in the audit report and the plan of action presented.

Sincerely,

Erik Walsh
Assistant City Manager

Robert Ojeda
Fire Chief

Nim Kidd
Emergency Management Coordinator