



# MICHIGAN

OFFICE OF THE AUDITOR GENERAL

## AUDIT REPORT



THOMAS H. MCTAVISH, C.P.A.  
AUDITOR GENERAL

“...The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.”

– Article IV, Section 53 of the Michigan Constitution

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Michigan  
*Office of the Auditor General*  
**REPORT SUMMARY**

*Performance Audit*

*Homeland Security and Emergency  
Management*

*Department of Military and Veterans Affairs  
and Michigan Department of State Police*

Report Number:  
55-125-04

Released:  
June 2005

*Michigan's homeland security efforts are primarily the responsibility of the Department of Military and Veterans Affairs (DMVA) and the Michigan Department of State Police (MSP) and are predominately directed toward providing training and facilitating equipment acquisitions for first responders. MSP's Emergency Management Division coordinates the emergency management activities of federal, State, county, and municipal governments.*

***Audit Objective:***

To assess the effectiveness of DMVA's and MSP's efforts in facilitating homeland security funding and acquisitions for State agencies and local jurisdictions.

***Audit Conclusion:***

We concluded that DMVA's and MSP's efforts in facilitating homeland security funding and acquisitions were generally effective.

***Reportable Condition:***

DMVA and MSP should seek modification of the State's procurement procedures to expedite the acquisition process for homeland security-related equipment (Finding 1).

***Noteworthy Accomplishments:***

During our audit period, the U.S. Department of Homeland Security (DHS) recognized Michigan's initiative to encourage public school administrators around the State to assess their school buildings' state of emergency preparedness as a homeland security best practice. The

initiative, which began in October 2003, is funded by an \$8.2 million grant from DHS that provides funding to school districts that assess their state of emergency preparedness and response capabilities. As of October 8, 2004, MSP had signed grant agreements with 571 school districts for 3,434 school buildings, or about 94% of all eligible buildings.

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***Audit Objective:***

To assess MSP's efforts in evaluating the effectiveness of training, disaster management services, and homeland security plans developed by State agencies and local jurisdictions.

***Audit Conclusion:***

We concluded that MSP's efforts in evaluating the effectiveness of training, disaster management services, and homeland security plans developed by State agencies and local jurisdictions were generally effective. Our report does not include any reportable conditions related to this audit objective.

**Noteworthy Accomplishments:**

During our audit period, the MSP Emergency Management Division won the National Association of State Chief Information Officers (NASCIO) 2004 Recognition Award for Outstanding Achievement in the Field of Information Technology in the category of Security and Business Continuity for the Critical Incident Management System (CIMS). This category encompasses information technology security projects as well as business continuity initiatives as they relate to disaster recovery, business recovery, business resumption, contingency planning, homeland security, bio-terrorism, and health alerts. CIMS is used by all State agencies during emergency preparedness, response and recovery, and

mitigation of threat activities. By electronically tracking incidents, activity logs, and other important information, paper intensive processes were eliminated and multiple areas of government are able to see all relevant information as needed without sifting through stacks of paper and folders. The significance of this improvement is that it allows decision-making and appropriate response actions to be more effective and efficient.

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**Agency Response:**

Our audit report contains 1 finding and 1 corresponding recommendation. The agency preliminary response indicated that DMVA and MSP agreed with the recommendation.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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June 9, 2005

Major General Thomas G. Cutler, Director  
Department of Military and Veterans Affairs  
2500 South Washington Avenue  
Lansing, Michigan  
and  
Colonel Tadarial J. Sturdivant, Director  
Michigan Department of State Police  
714 South Harrison Road  
East Lansing, Michigan

Dear General Cutler and Colonel Sturdivant:

This is our report on the performance audit of Homeland Security and Emergency Management, Department of Military and Veterans Affairs and Michigan Department of State Police.

This report contains our report summary; description of agency; audit objectives, scope, and methodology and agency responses; comments, finding, recommendation, and agency preliminary response; and a glossary of acronyms and terms.

Our comments, finding, and recommendation are organized by audit objective. The agency preliminary response was taken from the agencies' responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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## Description of Agency

### Homeland Security

Homeland security is a concerted national effort to prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, and minimize the damage and facilitate the recovery from attacks that do occur. Michigan's homeland security efforts are primarily the responsibility of the Department of Military and Veterans Affairs (DMVA) and the Michigan Department of State Police (MSP) and are predominantly directed toward providing training and facilitating equipment acquisitions for first responders.

Executive Order No. 2003-6 created the position of Assistant Adjutant General for Homeland Security within DMVA. The Assistant Adjutant General acts as a liaison with all federal, State, and local jurisdictions to develop and coordinate the implementation of a comprehensive Statewide strategy to secure the State from terrorist attacks.

The MSP Homeland Security Section developed a defensive operations training course for MSP and local law enforcement personnel. The Weapons of Mass Destruction Civil Support Team (WMDCT) augments local and regional terrorism response capabilities. It responds to events involving known or suspected weapons of mass destruction, such as chemical, biological, or radiological agents. WMDCT uses special military and commercial detection and communications equipment and is trained for weapons of mass destruction response.

The full-time, 22-member WMDCT is composed of specialists in command, operations, survey, medicine, communications, and logistics. Each team member completes over 650 hours of technical training conducted by agencies including the MSP Hazardous Materials Training Center, the U.S. Departments of Defense and Energy, and the U.S. Environmental Protection Agency.

In a national effort to protect critical infrastructure assets, the MSP Homeland Security Section works with the Protective Security Division, U.S. Department of Homeland Security, in assisting state and local authorities, as well as private industry, in developing Buffer Zone Protection Plans. The purpose of a Buffer Zone Protection Plan is to develop effective measures to prevent terrorists from conducting surveillance or



launching attacks from the immediate vicinity of critical infrastructure and key asset targets.

Since 2001, the U.S. Department of Homeland Security has allocated \$169 million to Michigan to develop and implement homeland security strategies and purchase homeland security equipment. The State received 20% of the allocation and local units of government received the remaining 80%. Prior to the 2005 Homeland Security Grant Program, local units of government were required to seek reimbursement from the State for homeland security expenditures after procuring security equipment with local funds. Effective with the 2005 grant program, local units of government will have access to homeland security funding prior to equipment procurement.

### Emergency Management

The MSP Emergency Management Division (EMD) was created by Act 390, P.A. 1976 (Sections 30.401 - 30.420 of the *Michigan Compiled Laws*), to coordinate the emergency management activities of federal, State, county, and municipal governments. The Act requires EMD to develop and maintain a State emergency management plan and to administer grants to local emergency management agencies. Local emergency management plans and responses to actual emergencies are primarily the responsibility of local agencies. EMD offers assistance to local emergency management in developing comprehensive and compatible disaster management and homeland security plans and offers training for local emergency and homeland security preparedness. EMD also provides State and federal funds to State and local agencies for disaster recovery emergency management administration and homeland security preparedness efforts.

## Audit Objectives, Scope, and Methodology and Agency Responses

### Audit Objectives

Our performance audit\* of Homeland Security and Emergency Management, Department of Military and Veterans Affairs (DMVA) and Michigan Department of State Police (MSP), had the following objectives:

1. To assess the effectiveness\* of DMVA's and MSP's efforts in facilitating homeland security funding and acquisitions for State agencies and local jurisdictions.
2. To assess MSP's efforts in evaluating the effectiveness of training, disaster management services, and homeland security plans developed by State agencies and local jurisdictions.

### Audit Scope

Our audit scope was to examine the program and other records related to the homeland security and emergency management efforts of the Department of Military and Veterans Affairs and the Michigan Department of State Police. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

### Audit Methodology

Our audit procedures, conducted from August through November 2004, included examination of DMVA's and MSP's records and activities primarily for the period October 1, 2002 through September 30, 2004.

We conducted a preliminary review of DMVA's and MSP's homeland security operations to formulate a basis for defining the audit objectives and scope. Our review included interviewing DMVA's Assistant Adjutant General of Homeland Security and MSP personnel. Also, we reviewed applicable federal and State laws and Department of Management and Budget and MSP procurement policies and procedures. In addition,

\* See glossary at end of report for definition.

we analyzed available data and statistics. Further, we reviewed *A Report From the Task Force on State and Local Homeland Security Funding*, published by the U.S. Department of Homeland Security (DHS).

To assess the effectiveness of DMVA's and MSP's efforts in facilitating homeland security funding, we reviewed MSP's federal homeland security funding allocations and expenditures. We also reviewed State procurement processes for homeland security equipment. In addition, we interviewed homeland security coordinators for local jurisdictions and MSP regarding the procurement process for obtaining homeland security equipment. Further, we assessed the MSP Emergency Management Division's (EMD's) processes for reimbursing local jurisdictions for homeland security equipment purchases.

To assess MSP's efforts in evaluating the effectiveness of training, disaster management services, and homeland security plans developed by State agencies and local jurisdictions, we interviewed agency personnel and reviewed emergency management procedures. We reviewed EMD's training schedules and programs. We assessed the State's 3-year Domestic Preparedness Strategy against DHS's National Strategy for Homeland Security. In addition, we reviewed the Emergency Management Performance Grant and related final reports to determine if EMD established goals\* and objectives\* as well as measurable outcomes\*.

### Agency Responses

Our audit report contains 1 finding and 1 corresponding recommendation. The agency preliminary response indicated that DMVA and MSP agreed with the recommendation.

The agency preliminary response that follows the recommendation in our report was taken from the agencies' written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require DMVA and MSP to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

\* See glossary at end of report for definition.

COMMENTS, FINDING, RECOMMENDATION,  
AND AGENCY PRELIMINARY RESPONSE

# HOMELAND SECURITY FUNDING

## COMMENT

**Audit Objective:** To assess the effectiveness of the Department of Military and Veterans Affairs' (DMVA's) and the Michigan Department of State Police's (MSP's) efforts in facilitating homeland security funding and acquisitions for State agencies and local jurisdictions.

**Conclusion:** We concluded that DMVA's and MSP's efforts in facilitating homeland security funding and acquisitions were generally effective. However, our review disclosed a reportable condition\* related to the procurement of homeland security-related equipment (Finding 1).

**Noteworthy Accomplishments:** During our audit period, the U.S. Department of Homeland Security (DHS) recognized Michigan's initiative to encourage public school administrators around the State to assess their school buildings' state of emergency preparedness as a homeland security best practice. The initiative, which began in October 2003, is funded by an \$8.2 million grant from DHS that provides funding to school districts that assess their state of emergency preparedness and response capabilities. As of October 8, 2004, MSP had signed grant agreements with 571 school districts for 3,434 school buildings, or about 94% of all eligible buildings.

## FINDING

### 1. Procurement of Homeland Security-Related Equipment

DMVA and MSP should seek modification of the State's procurement procedures to expedite the acquisition process for homeland security-related equipment.

An expedited acquisition process would help ensure that equipment is in place for emergency prevention, homeland security preparedness, and terrorism response. It would also help ensure that the expenditure of federal funds is completed within the allowed grant period to prevent the loss of funds.

In fiscal years 2002-03 and 2003-04, DHS allocated approximately \$91.8 million to the State for the procurement of homeland security-related equipment. As of

\* See glossary at end of report for definition.

September 30, 2004, the State expended approximately \$8.1 million on homeland security-related equipment.

The State's procurement process is a lengthy and time-consuming process that prevents State agencies from rapidly procuring and deploying homeland security-related equipment. Acquisitions over \$25,000 require the preparation of a requisition form; approval from the appropriate agency administrator; solicitation of informal or competitive bids by Department of Management and Budget (DMB) Acquisition Services; approval from the director of Acquisition Services, the DMB director, and the State Administrative Board\*; and issuance of a purchase order.

Our review of 5 homeland security-related equipment requisitions totaling over \$4.6 million dated March 16, 2004 through June 10, 2004 disclosed that purchase orders had not been issued for any of the 5 requisitions as of our fieldwork completion date of November 12, 2004. In addition, 1 of the purchases may be ineligible for grant reimbursement because the equipment had not been received prior to the grant deadline of March 31, 2005.

DHS's Task Force on State and Local Homeland Security Funding conducted an analysis of homeland security funding and determined that a large amount of the funds allocated to states were not expended because state procurement rules slowed the spending process. The Task Force recommended that state and local governments work with their legislatures to establish expedited procurement processes and procedures. Many states have a provision in their state law and/or constitution that allow the chief executive to temporarily suspend existing procurement provisions to meet emergency conditions. Article V of the State Constitution gives the Governor that discretion.

DMVA and MSP should request DMB to exempt homeland security-related equipment acquisitions from existing procurement procedures or develop alternative procurement procedures.

\* See glossary at end of report for definition.

## **RECOMMENDATION**

We recommend that DMVA and MSP seek modification of the State's procurement procedures to expedite the acquisition process for homeland security-related equipment.

## **AGENCY PRELIMINARY RESPONSE**

DMVA and MSP agreed and informed us that MSP has been working with DMB to establish a preapproved vendor for homeland security equipment purchases. MSP informed us that this process will be completed by June 2005 and will allow the State of Michigan, along with local units of government, to consolidate purchases and take advantage of quantity discounts on homeland security equipment. MSP also informed us that the use of this preapproved vendor should reduce the previous delays that MSP has experienced.

In addition, MSP informed us that the use of this preapproved vendor is optional and will not be applicable for all purchases. There will still be times that MSP will need to follow standard procurement processes.

## **EMERGENCY MANAGEMENT**

### **COMMENT**

**Background:** Michigan's homeland security efforts are the responsibility of DMVA and MSP and are primarily directed toward providing training and facilitating equipment acquisitions for first responders.

**Audit Objective:** To assess MSP's efforts in evaluating the effectiveness of training, disaster management services, and homeland security plans developed by State agencies and local jurisdictions.

**Conclusion:** We concluded that MSP's efforts in evaluating the effectiveness of training, disaster management services, and homeland security plans developed by State agencies and local jurisdictions were generally effective. Our report does not include any reportable conditions related to this audit objective.

**Noteworthy Accomplishments:** During our audit period, the MSP Emergency Management Division won the National Association of State Chief Information Officers (NASCIO) 2004 Recognition Award for Outstanding Achievement in the Field of Information Technology in the category of Security and Business Continuity for the Critical Incident Management System (CIMS). This category encompasses information technology security projects as well as business continuity initiatives as they relate to disaster recovery, business recovery, business resumption, contingency planning, homeland security, bio-terrorism, and health alerts. CIMS is used by all State agencies during emergency preparedness, response and recovery, and mitigation of threat activities. By electronically tracking incidents, activity logs, and other important information, paper intensive processes were eliminated and multiple areas of government are able to see all relevant information as needed without sifting through stacks of paper and folders. The significance of this improvement is that it allows decision-making and appropriate response actions to be more effective and efficient.



# GLOSSARY

## Glossary of Acronyms and Terms

CIMS	Critical Incident Management System.
DHS	U.S. Department of Homeland Security.
DMB	Department of Management and Budget.
DMVA	Department of Military and Veterans Affairs.
effectiveness	Program success in achieving mission and goals.
EMD	Emergency Management Division.
goals	The agency's intended outcomes or impacts for a program to accomplish its mission.
MSP	Michigan Department of State Police.
objectives	Specific outcomes that a program seeks to achieve its goals.
outcomes	The actual impacts of the program.
performance audit	An economy and efficiency audit or program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
reportable condition	A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.

State Administrative  
Board

The Board having general supervisory control over the administrative activities of all State departments and agencies. The Board reviews all requests for services and commodities when the total value exceeds \$25,000. The Board, which is composed of the Governor, Lieutenant Governor, Secretary of State, Attorney General, State Treasurer, Superintendent of Public Instruction, and the director of the Michigan Department of Transportation, functions through three standing committees that make recommendations to the Board.

WMDCT

Weapons of Mass Destruction Civil Support Team.

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