

EMERGENCY PREPAREDNESS

California's Administration of Federal Grants for Homeland Security and Bioterrorism Preparedness Is Hampered by Inefficiencies and Ambiguity

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Audit Highlights . . .

Our review of California's administration of federal grants for homeland security and bioterrorism preparedness revealed that:

- The State's two annual statewide exercises have not sufficiently tested the medical and health response systems.*
 - The Governor's Office of Emergency Services (Emergency Services) and the Governor's Office of Homeland Security have been slow in spending federal grant awards for homeland security.*
 - Emergency Services is behind schedule in its receipt and review of county and state agency emergency response plans.*
 - The California Department of Health Services has not finalized its plans to conduct on-site reviews of subrecipients.*
 - The State's organizational structure for ensuring emergency preparedness is neither streamlined nor well defined.*
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California Department of Health Services', the Governor's Office of Emergency Services', and the Governor's Office of Homeland Security's responses as of November 2006

The Joint Legislative Audit Committee (audit committee) requested that the Bureau of State Audits conduct an audit of the State's administration of federal grants for homeland security and bioterrorism preparedness. We were asked to determine whether state entities are administering these grants in an efficient and effective manner. Specifically, the audit committee requested that we identify the state entities responsible for homeland security and bioterrorism preparedness, their roles, and how they coordinate and communicate with each other. It also asked that we review and assess how state entities plan and train for responding to a terrorist attack and the scale or criteria the State uses to determine the seriousness of a potential terrorist attack. Additionally, the audit committee asked that we determine how state entities ensure compliance with their policies and procedures, including a review of the State's procedures for monitoring funds distributed to local entities. The audit committee further requested that we examine the State's homeland security and bioterrorism preparedness funding, expenditures, and encumbrance activities, including policies for prioritizing expenditures, how state entities have spent federal homeland security and bioterrorism preparedness funds, expenditure rates, and criteria for determining the amount of funding local entities receive from the State. Finally, the audit committee asked that we identify impediments to the efficient and effective investment of federal homeland security and bioterrorism preparedness funds. We performed most of our audit work at three state entities: the California Department of Health Services (Health Services), the Governor's Office of Emergency Services (Emergency Services), and the Governor's Office of Homeland Security (State Homeland Security).

Finding #1: Annual statewide exercises have not sufficiently tested California’s medical and health systems.

Although the State has been conducting emergency exercises simulating various threats throughout the last few years, California’s two major annual exercises—the Golden Guardian exercises created by State Homeland Security and the Statewide Medical and Health Disaster exercises created by the Emergency Medical Services Authority—have not exerted sufficient stress on the State’s medical and health systems to determine how well they can respond to emergencies. In 2005, Golden Guardian included a simulation involving about 550 casualties suffering from moderate-to-acute injuries or who died at the scene. Because that number is at the low end of the range of 250 to 10,000 casualties estimated for a moderate-size emergency, Golden Guardian lacked sufficient realism. Also, according to one Golden Guardian participant, the exercise tested medical mutual aid from a source that would not be used during an actual emergency. Further, although the Statewide Medical and Health Disaster Exercise was designed to fulfill exercise needs for local medical and health systems, it has not tested the medical and health mutual aid systems on a statewide basis. As a result, California does not know how well its medical and health systems can respond to all emergencies.

Emergency Services is the lead agency for emergency management in California. One of the four phases of emergency management is preparedness. Exercises are a type of activity that occurs within the preparedness phase. Emergency Services raised concerns about the 2005 Golden Guardian exercise. In a February 2006 letter, Emergency Services’ director stated that “inadequate integration of the [state emergency management system] by [State Homeland Security], coupled with unfocused objectives, caused exercise design flaws and problems in the exercise play.” The director also noted, “local participants have stated that [Golden Guardian 2005] was confusing and frustrating and called into question the credibility of the State’s level of preparedness.”

To better prepare the State for responding to terrorism events and other emergencies, state entities, including State Homeland Security and Emergency Services, should ensure that future exercises are as realistic as possible and sufficiently test the response capabilities of California’s medical and health systems.

Emergency Services’ Action: Pending.

Emergency Services stated that stressing the medical and health systems will certainly be the focus of future statewide exercises. Further, under statutory authority as the lead emergency management agency in the State, Emergency Services is strengthening its statewide exercise program designed to test policy, plans, and procedures and its associated training program for an all-hazards concept of response and recovery. Emergency Services plans to develop an outline for the statewide exercise program by March 2007, present a final draft of the outline to stakeholders by September 2007, and implement the plan in December 2007.

State Homeland Security’s Action: Partial corrective action taken.

State Homeland Security stated that it incorporated the Statewide Medical and Health Exercise into the 2006 Golden Guardian Exercise for the first time. It also stated that more than 100 hospitals participated in the 2006 Golden Guardian Exercise, which included 20,000 injuries that required hospital beds and 72,000 treated and released at the scene. State Homeland Security further stated that it will continue to test aspects of the medical health system in the next Golden Guardian exercise and that it will use a variety of exercises to test the medical system, including tabletop, functional, and full-scale exercises. Finally, State Homeland Security stated that it will build on previous and current Golden Guardian efforts as part of future planning.

Finding #2: California's spending of some federal funds has been slow.

The State has not promptly spent federal funds received since 2001 for homeland security. As of June 30, 2006, Emergency Services and State Homeland Security had spent only 42 percent of the funds granted to the State for homeland security. The slow pace of spending of the homeland security funds is a sign that California may not be as prepared as it otherwise could be. Local entities we contacted offered several reasons for the slow spending, including the State's slow process for reimbursing local entities. To determine the length of time it took the state to process reimbursement requests, we examined samples of payments made at two points during 2006. Our review of the first sample showed that it took Emergency Services and State Homeland Security an average of 66 days to process reimbursement requests. For the second sample, it took the two entities an average of 41 days. Based on the results of our testing, the State's current reimbursement process probably does not contribute significantly to the inability of subrecipients to spend federal grants. However, both averages exceed the 30-day maximum established in law for state entities to process invoices from its contractors. We believe this is a reasonable benchmark. Local entities also mentioned the combination of the short time allowed for developing budgets and the time-consuming budget-revision process as obstacles, and identified local impediments to quicker spending, including procurement rules and a lack of urgency.

To identify steps that could be taken to help increase the pace of spending for federal homeland security grants, State Homeland Security should create a forum for local administrators to share both best practices and concerns with state administrators. Further, to reduce the amount of time necessary to reimburse local jurisdictions for their homeland security expenditures, State Homeland Security and Emergency Services should collaborate to identify steps they can take.

Emergency Services' Action: Partial corrective action taken.

Emergency Services stated that it and Homeland Security are working cooperatively and are committed to reducing the processing time for all reimbursement claims. It also indicated that, although it is currently processing payments within 35 to 40 days, its goal is to reduce the processing time down to 30 days.

State Homeland Security's Action: Partial corrective action taken.

State Homeland Security stated, among other things, that it will continue to create forums for local administrators to share best practices and concerns with the State. State Homeland Security cited the expansion of its Program and Capability Review (PCR) from 200 participants to as many as 1,000 as an example. State Homeland Security stated that during the PCR, local administrators will have time to discuss grant issues and other types of issues with counterparts from around the State. It will also include best practices workshops as part of the PCR. State Homeland Security also mentioned that it will host an annual statewide conference in early spring 2007 at which it will encourage the sharing of best practices by giving local agencies the opportunity to explain what has worked for them and some of the problems they encountered along the way.

Regarding steps to reduce the time necessary to reimburse local jurisdictions, State Homeland Security indicated that it has been working with Emergency Services to coordinate activities. It also stated that it will implement a process for getting payments to Emergency Services' accounting office within 15 days and, to help achieve this goal, it will create and fill an additional payment processing position.

Finding #3: State reviews of emergency response plans are behind schedule.

The state emergency plan and other existing emergency and mutual aid plans guide public entities during their response to declared emergencies, in conjunction with the emergency operations plans established by local governments and state agencies. Emergency Services, however, is behind schedule in its receipt and review of the emergency operations plans for 35 of California's 58 counties and those of 17 of 19 state entities that are key responders during emergencies. As a result, California cannot ensure that these plans incorporate all relevant changes in agency reorganizations, new laws, and experience with both exercises and actual disasters. California also has less assurance that these plans will effectively guide the entities in their response to emergencies. The current status of the State's review of local and state agency plans is the result of weak internal controls.

To ensure that emergency plans of key state entities and local governments are as up-to-date as possible, integrated into the State's response system, and periodically reviewed, Emergency Services should develop and implement a system to track its receipt and review of these plans.

Emergency Services' Action: Partial corrective action taken.

Emergency Services stated that it will include the emergency planning process as part of its effort to update the state emergency plan. The revised state emergency plan will define the update schedule for the State's plan and define the supporting plans and their update schedule. Emergency Services estimates that the completion date for the updated state emergency plan is January 2008.

Emergency Services also stated that it is completing a database to include the emergency-related plans and other documents for state agencies and operational areas. It stated that it will work with state agencies and operational areas to enter the information into the database. It also stated that it will assign staff to oversee the database, notify entities of the need for upcoming updates, and monitor development of emergency plans. Emergency Services has set a target date of January 2007 for the completion of this database.

Finding #4: Grant monitoring efforts are expanding.

Current efforts by the State to monitor subrecipients' use of homeland security and bioterrorism preparedness funds appear to comply with the minimum requirements set by the federal government. Generally, the State performs the four types of monitoring suggested by federal guidance: technical assistance, desk reviews, independent audit reports, and on-site monitoring. However, only State Homeland Security performs on-site reviews to examine subrecipients' use of federal grant funds. Legislation enacted in July 2005 requires Health Services to begin reviewing subrecipient cost reports by January 2007. Planning documents indicate that Health Services intends to perform these reviews on site. Health Services was continuing with its planning efforts as of August 2006.

To ensure that it can implement in January 2007 the provisions of Chapter 80, Statutes of 2005, related to auditing cost reports from subrecipients of federal bioterrorism preparedness funds, Health Services should complete its planning efforts.

Health Services' Action: Partial corrective action taken.

According to Health Services, it remains on schedule to implement auditing of subrecipients. Health Services told us that audit instruments have been developed and staff will initiate audits in January 2007.

Finding #5: The State's preparedness structure is neither streamlined nor well defined.

Although California's structure for responding to emergencies is established in state law and is very streamlined, its structure for preparing for emergency response is a labyrinth of complicated and ambiguous relationships among myriad entities. Emergency Services and State Homeland Security, as well as the numerous committees that provide advice or guidance to the three state entities that administer federal grants for homeland security and bioterrorism preparedness, are working within a framework of poorly delineated roles and responsibilities. If this status continues, the State's ability to respond to emergencies could be adversely affected. It appears that the current structure for preparedness arose as the State reacted administratively to guidance from the federal government and created its own requirements to fill perceived needs.

To simplify and clarify California's structure for emergency response preparation, the following steps should be taken:

- The governor and the Legislature should consider streamlining the preparedness structure. For instance, they should consider establishing one state entity to be responsible for emergency preparedness, including preparedness for emergencies caused by terrorist acts.
- The Legislature should consider statutorily defining the preparedness structure in law.
- The Legislature should consider statutorily establishing State Homeland Security in law as either a stand-alone entity or a division within Emergency Services. Further, if it creates State Homeland Security as a stand-alone entity, the Legislature should consider statutorily defining the relationship between State Homeland Security and Emergency Services.

Legislative Action: Legislation proposed.

As of December 8, 2006, we are aware of only one bill that addresses our recommendations. On December 4, 2006, Assemblymember Nava introduced AB 38 to transfer State Homeland Security from the Governor's Office to become a division within Emergency Services. Further, Emergency Services told us that it was working with the legislative leadership to determine how to best structure the relationship between it and State Homeland Security in state law. We are unaware of other actions taken by the Legislature to address our recommendations.

