

TRACKING THE FUNDS:

Specific Fiscal Year 2022 Provisions for Department of Homeland Security

Accessible Version

GAO-22-105899 · September 2022
Report to Congressional Committees



The Consolidated Appropriations Act, 2022 appropriated approximately \$203.1 million to the Department of Homeland Security (DHS) for 122 projects at the request of Members of Congress. The act includes specific provisions that designate an amount of funds for a particular recipient, such as a nonprofit organization or a local government, to use for a specific project. These provisions are called “Congressionally Directed Spending” in the U.S. Senate and “Community Project Funding” in the House of Representatives. Members of Congress had to meet certain requirements under Senate and House rules in order to have their requests included as provisions in the act. Such requirements included that Members post requests online and certify that they had no financial interest in the projects. The House also required Members to demonstrate community support for requests.

This report examines how DHS intends to identify the provisions, distribute the funds made available through these provisions, and ensure the funds are spent for the purposes Congress intended. For more information on this report and others in this series, including background and methodology, visit <https://www.gao.gov/tracking-funds>.

What are the intended uses of these funds?

The \$203.1 million is intended to support efforts to plan for and implement sustainable, cost-effective measures to reduce risks from future natural hazards; improve emergency management and preparedness capabilities; and prevent, prepare for, protect against, and respond to terrorist attacks.

Department of Homeland Security: Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions

	Subunit	Budget account	Number of fiscal year 2022 provisions	Percentage of budget account designated for fiscal year 2022 provisions ^a	Examples of projects
\$203.1 million	Federal Emergency Management Agency	Federal Assistance	122	6%	Improvements to emergency operations centers, support for flood and other disaster mitigation efforts

Source: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; and information provided by the Department of Homeland Security. | GAO-22-105899

^aBased on total amount appropriated for this budget account for fiscal year 2022. Total dollar amount is rounded to the nearest hundred thousand.

Note: The Consolidated Appropriations Act, 2022 also provided that \$2 million shall be transferred to the Federal Emergency Management Agency – Operations and Support account to manage and administer Community Project Funding/Congressionally Directed Spending provisions.

Who are the designated recipients?

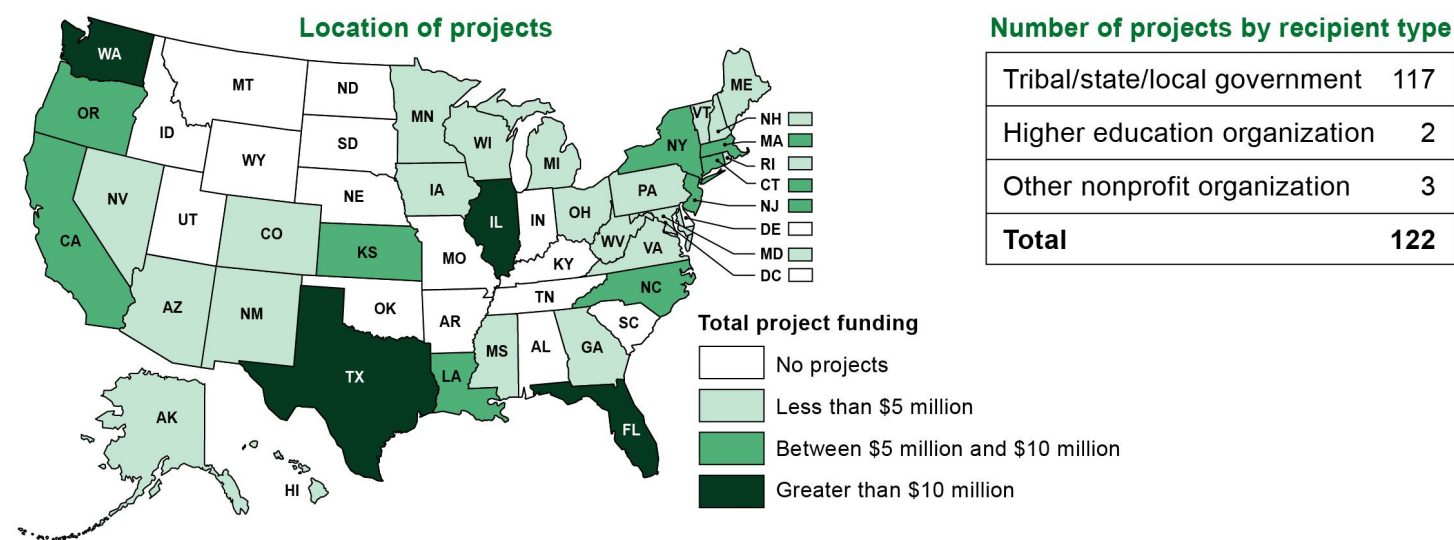
Most of the 117 designated recipients of the funds appropriated to DHS’s Federal Emergency Management Agency (FEMA) are local governments such as counties and cities. In some cases, the designated recipients are tribal governments, higher education organizations, or other nonprofit organizations. The number of designated recipients is less than the number of provisions in the Consolidated Appropriations Act, 2022 (122) because some recipients will receive funds for more than one project. The designated recipients are located across 34 states.

Key Observations

- Sixty-six (66) designated recipients are to receive approximately \$154 million through FEMA’s Pre-Disaster Mitigation grant program for 68 projects that include dam modifications, electrical substation renovations, and river dredging.

- Fifty-three (53) designated recipients are to receive approximately \$49 million through FEMA’s Emergency Operations Center grant program for projects that include building new structures, expanding existing structures to accommodate needed personnel or resources, or renovating existing spaces where accessibility or technology improvements are needed, according to FEMA officials.
- One designated recipient, a nonprofit organization in New Jersey, is to receive \$150,000 through FEMA’s Nonprofit Security grant program. FEMA officials told us these funds are to be used to purchase and install remote-controlled security doors.
- The amount of funding designated per project across all of these provisions ranges from \$36,000 to about \$10 million. Most of the designated recipients are to receive less than \$2 million.

Department of Homeland Security: Distribution of Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions



Sources: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; and information provided by the Department of Homeland Security; Map Resources (map). | GAO-22-105899

Who within the agency will be responsible for identifying and monitoring these funds?

FEMA officials told us that the Budget Planning and Analysis Division, within its Office of the Chief Financial Officer, is responsible for identifying these funds. Multiple program and regional offices will be responsible for distributing and monitoring these funds. The specific offices involved will depend on which grant program administers the funds.

- FEMA does not plan to work directly with most of the designated recipients to distribute and monitor the funds. Instead, in 33 of the 34 states where projects will be performed, FEMA plans to administer the funds through state administrative agencies—entities responsible for managing FEMA grant programs at the state level. According to FEMA officials, these state agencies are to submit applications for the funds and then distribute the funds to the designated recipients in their states. FEMA officials said they frequently administer financial assistance in this manner and noted that this practice complies with the Office of Management and Budget’s *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- According to FEMA officials, the only funds that will not pass through state administrative agencies are those designated for four tribal government recipients, which are to receive funds directly from FEMA. In Alaska, a tribal government is the only designated recipient, and the state agency will not administer the funds.
- **Distributing funds.** Two FEMA program offices will be responsible for distributing these funds:

- FEMA's Federal Insurance and Mitigation Administration is to distribute funds to state administrative agencies and tribal government recipients for projects funded through the Pre-Disaster Mitigation grant program.
- FEMA's Grant Programs Directorate is to distribute funds for projects funded through the Emergency Operations Center and Nonprofit Security grant programs.
- **Monitoring funds.** FEMA program and regional offices plan to conduct financial and programmatic monitoring of all state administrative agencies and tribal government recipients. FEMA does not plan to directly monitor the funds that state agencies distribute to designated recipients. Rather, FEMA regional offices are to ensure that the state administrative agencies take measures to monitor the designated recipients' use of these funds. In contrast, FEMA is to directly monitor tribal government recipients because those recipients opted to receive funds directly from FEMA rather than through state administrative agencies.
 - FEMA's regional offices plan to conduct financial and programmatic monitoring of the Emergency Operations Center and Pre-Disaster Mitigation projects in their regions. FEMA's Federal Insurance and Mitigation Administration plans to assist the regional offices with programmatic monitoring of the Pre-Disaster Mitigation projects.
 - FEMA's Grant Programs Directorate plans to conduct programmatic monitoring of the single Nonprofit Security project, while the relevant FEMA regional office plans to conduct financial monitoring of that project.

How does the agency intend to ensure recipients are ready to receive and are able to use these funds?

FEMA officials said designated recipients would need to complete applications for the respective grant program administering the funds. Tribal governments are to submit these applications to the appropriate FEMA grant office. Other designated recipients are to submit them to the state administrative agency in their state, which then is to submit them to the appropriate FEMA grant office. FEMA officials said this is the agency's usual process and will allow it to assess whether designated recipients are ready to receive and able to use the funds. FEMA officials also said this process would help prevent fraud, waste, and abuse.

- FEMA plans to verify that state administrative agencies and tribal governments have registered in both the System for Award Management (through which entities must register to receive federal funds) and the Federal Awardee Performance and Integrity Information System (a government-wide database that contains information to support award decisions). FEMA also plans to ensure that state agencies verify that the designated recipients receiving funds through them are ready to receive these funds.
- FEMA plans to conduct fiscal integrity assessments when reviewing applications for these funds to determine whether the state administrative agencies and tribal government recipients can meet the management and fiscal responsibilities associated with executing these funds. These reviews are to include examining any relevant findings from audits related to the state agencies or tribal governments. FEMA officials told us that their prior experiences working with state administrative agencies indicate that these state agencies should not have any issues in meeting their management and fiscal responsibilities.
- FEMA officials told us that they informed the state administrative agencies and the designated recipients about the availability of these funds by email and by distributing Notices of Funding Opportunities through the three grant programs.

How does the agency intend to ensure these funds are spent properly?

FEMA officials told us they plan to use FEMA's standard grant monitoring mechanisms to ensure that state administrative agencies and tribal government recipients are spending the funds properly. The officials noted that state agencies are responsible for monitoring the designated recipients that receive funding through them. Specifically:

- FEMA plans to search the Department of the Treasury’s Do Not Pay working system to ensure that the state agencies and tribal governments designated to receive funds are not included.
- State administrative agencies and tribal governments that receive the funds will be required to submit quarterly financial reports on their expenditures to FEMA using Standard Form 425 (the standard federal financial report for grant recipients).
- FEMA regional offices with monitoring responsibilities for the funds plan to conduct reviews of the information contained in the Standard Form 425s on a quarterly or semiannual basis, depending on the requirements for specific funds.
- FEMA plans to create monitoring schedules for conducting in-person site reviews and remote desk reviews of the state administrative agencies and tribal government recipients. FEMA also plans to conduct a risk assessment of each recipient to determine whether to conduct site reviews or desk reviews. According to officials, this risk assessment will examine factors such as the timeliness and completeness of the recipient’s quarterly reporting and whether the recipient is a first-time recipient of FEMA funding. In both types of review, FEMA generally examines financial and programmatic documents, relevant correspondence, policies and procedures, internal controls, and other items as necessary to assess compliance and implementation of the funding awards. Site reviews can include a physical inspection of goods and services purchased with award funding.
- FEMA officials told us state administrative agencies are responsible for properly monitoring the designated recipients that receive funding through them. In particular:
 - State agencies must ensure that designated recipients are not listed in Treasury’s Do Not Pay working system.
 - State agencies—as “pass-through entities”—must adhere to monitoring requirements outlined in various federal sources, including the Office of Management and Budget’s Uniform Guidance. For example, the Uniform Guidance requires that state agencies monitor the designated recipients by reviewing financial and performance reports and ensuring that the recipients take timely and appropriate action on any relevant deficiencies detected through audits or on-site reviews.
 - Depending on state agencies’ assessments of risks posed by the designated recipients, the Uniform Guidance includes several possible monitoring tools to ensure proper accountability, such as providing the designated recipients with training and technical assistance on program-related matters and performing on-site reviews of the designated recipients’ program operations.
- DHS’s Office of Inspector General may also review these funds as part of its oversight responsibilities.

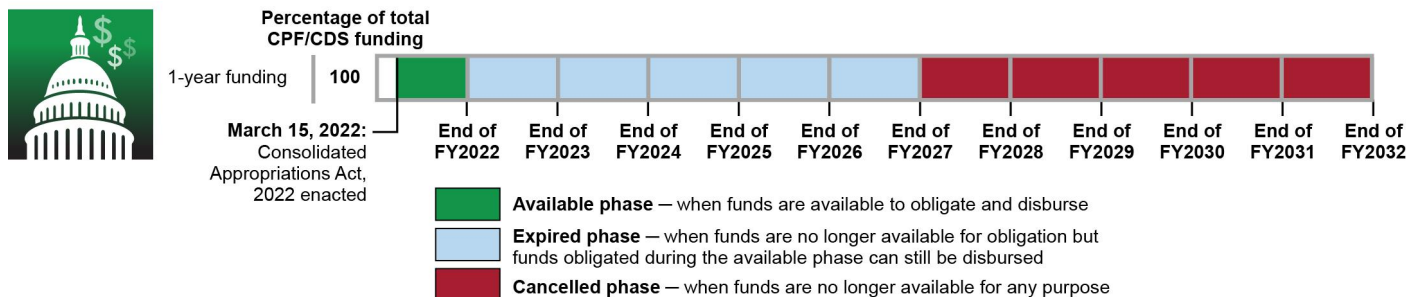
When does the agency expect recipients will have access to these funds, and when might the funds be spent?

According to agency officials, these funds are 1-year funding, meaning they must be obligated to state administrative agencies and tribal governments by September 30, 2022. The amount of time the state agencies will have to distribute these funds to designated recipients will vary by grant program, based on that program’s existing rules. Specifically, according to FEMA officials:

- Funds for projects in the Nonprofit Security grant program are required to pass through to the designated recipients within 45 days of the award.
- There is not a mandated time frame for state administrative agencies to pass through the funds to the designated recipients for projects in the Emergency Operations Center grant program. However, FEMA recommends that state agencies pass through the funds within 45 days of the award.
- There is no mandated time frame for the funds to pass through for projects in the Pre-Disaster Mitigation grant program.

- FEMA has until the end of fiscal year 2027 to fully disburse the funds (see figure below). FEMA plans to set a 3-year period of performance for these awards beginning on October 1, 2022. As a result, designated recipients are to spend the funds by the end of fiscal year 2025. FEMA chose to make the period of performance 3 years rather than 5 years because it wants the designated recipients to complete the projects before the funds are cancelled at the end of fiscal year 2027. However, FEMA may extend this period of performance to the end of fiscal year 2027, if needed. For more information on the time availability of these funds, see [GAO-22-105467](#).

Department of Homeland Security: Appropriations Life Cycle for Fiscal Year (FY) 2022 Community Project Funding/Congressionally Directed Spending (CPF/CDS) Provisions



Source: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; 31 U.S.C. § 1552; and information provided by the Department of Homeland Security. | GAO-22-105899

Note: While the phases depicted in this figure serve as general limitations for the Department of Homeland Security’s use of funds, officials said they plan to enter into obligations for all projects by September 30, 2022. For more information about the obligation and expenditure of these funds, see [GAO-22-105467](#).

What risks and challenges may the agency face distributing and monitoring these funds?

FEMA officials said that the September 30, 2027, deadline for fully disbursing these funds may pose a challenge for some projects because several of them must first undergo environmental and historic preservation reviews. According to FEMA officials, FEMA will not allow the award recipients to access funds for these projects until the reviews are completed, which may take many months. We reported in February 2021 that delays in completing these reviews have inhibited FEMA’s ability to distribute project funding in a timely manner; see [GAO-21-140](#) and [GAO-21-91](#). FEMA officials added that because these required reviews often shorten these projects’ period of performance—and because some of these projects are complex—it may be challenging to complete these projects by the end of September 2027.

Although FEMA plans to use its standard grant monitoring mechanisms to monitor the state administrative agencies, FEMA officials stated that state agencies may face challenges in securing funds to cover the administrative costs associated with distributing and monitoring the designated funds. The FEMA officials noted that state administrative agencies are not permitted to use any of the designated funds received under the Nonprofit Security and Emergency Operations Center grant programs to cover the costs associated with administering projects under those programs. Also, according to FEMA officials, although there is typically an appropriation for state agency management and administration costs under the Pre-Disaster Mitigation grant program, the Consolidated Appropriations Act, 2022 did not provide such funding. As a result, FEMA officials stated that if state agencies want to use Pre-Disaster Mitigation funds to cover administrative costs, they would need to reduce the amount of project funding provided to the designated recipients.

Why GAO did this study

The joint explanatory statement accompanying the Consolidated Appropriations Act, 2022 includes a provision for us to review agencies’ implementation of Community Project Funding/Congressionally Directed Spending. In addition to issuing this and other reports in this series, we will follow and review agencies’ efforts to distribute, monitor, and audit these funds by sampling agencies and recipients and examining whether funds were spent as intended.

Agency comments

We provided a draft of this product to DHS for review and comment. DHS told us that they had no comments on the draft product.

GAO Contact

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We conducted this performance audit from March 2022 to September 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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