

**CITY AUDITOR'S OFFICE**



**AUDIT OF THE METROPOLITAN MEDICAL  
RESPONSE SYSTEM GRANT PROGRAM**

**Report No. CAO 2010-1011-06**

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**CITY AUDITOR**

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**AUDIT OF THE METROPOLITAN MEDICAL RESPONSE  
SYSTEM GRANT PROGRAM  
CAO 2010 - 1011- 06**

**BACKGROUND**

The Metropolitan Medical Response System (MMRS) grant program is operated by the Department of Fire and Rescue and is part of the United States Department of Homeland Security Grant Program. The MMRS grant program provides a link between the local and Federal response to provide a coordinated public health and medical response to mass casualty events. The MMRS partners include local government Emergency Management Offices, Fire Departments, Law Enforcement Agencies, the Coroner, Public Health, and medical facilities.

The City of Las Vegas (City) is one of 124 jurisdictions awarded this grant funding on a formula basis. To date, the City has been awarded the following MMRS grant funding:

<b>Award Year</b>	<b>Las Vegas Allocation</b>
2004	\$400,000
2005	\$227,592
2006	\$232,330
2007	\$258,145
2008	\$321,221
2009	\$311,585*

\* The fiscal year 2009 grant award amount is net of the amount retained by the State of Nevada.

The MMRS grant program is a pass-through grant with the Nevada Department of Public Safety Division of Emergency Management (DEM). The DEM provides oversight and reimburses the City for expenditures associated with the grant.

**OBJECTIVE**

The audit objective was to ensure that the MMRS grant awards were administered in accordance with Federal and State guidelines.

**SCOPE AND METHODOLOGY**

The scope of this audit was limited to the fiscal year 2005 through 2009 grant awards. The last day of audit fieldwork was November 9, 2010. The scope of our work on internal controls was limited to the controls within the context of the audit objectives and the scope of the audit.

Our audit methodology included:

- Research of applicable guidelines,
- Interviews of City employees,
- Observations, and
- Analysis and detail testing of available data.

We conducted this performance audit in accordance with generally accepted government auditing standards except for the requirement for an external peer review every three years. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

## **CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

The following conclusions were noted relating to whether the MMRS grant awards were administered in accordance with Federal and State guidelines:

- Compliance with Federal guidelines for pharmaceutical and equipment purchases should be improved. (Finding #1)
- An inventory management control system for pharmaceuticals and equipment purchased with Federal grant funding should be implemented. (Finding #2)
- Compliance with Federal and State guidelines for exercises conducted by the MMRS grant program should be improved. (Finding #3)
- Documentation was not always retained to substantiate whether written requests or notifications were completed and whether written approvals were obtained for adjustments to MMRS grant awards. (Finding #4)
- Preapproval was not obtained for the cost to prepare proposals for subsequent MMRS grant award proposals. (Finding #5)
- Semi-annual certifications confirming that the MMRS coordinator worked solely on the MMRS grant program were not completed. (Finding #6)
- Quarterly progress reports were not always submitted within 30 to 45 days following the close of the quarter as required by State requirements. (Finding #7)
- Documentation was not always retained as required by Federal guidelines. (Finding #8)

The applicable Federal and State guidelines are included in the Criteria section of each Finding listed below:

## **1. Pharmaceutical and Equipment Management**

### **Criteria**

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

**(a) Title.** *Subject to the obligations and conditions set forth in this section, title to equipment acquired under a grant or subgrant will vest upon acquisition in the grantee or subgrantee respectively.*

**(d) Management requirements.** *Procedures for managing equipment (including replacement equipment, whether acquired in whole or in part with grant funds, until disposition takes place will, at a minimum, meet the following requirements:*

*(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.*

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

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

**(e) Disposition.** *When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:*

*(1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.*

*(2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from the sale by the awarding agency's share of the equipment.*

*(3) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions.*

#### ***Fiscal Year 2009 Homeland Security Grant Program***

#### ***Guidance and Application Kit - Administrative Requirements - 5.10 Equipment Marking***

*Applicants are advised that, when practicable, any equipment purchased with grant funding shall be prominently marked as follows: "Purchased with funds provided by the U.S. Department of Homeland Security."*

***Fiscal Year 2009 Homeland Security Grant Program  
Guidance and Application Kit - Additional Equipment Information***

*Prior to procuring pharmaceuticals and equipment with MMRS grant funds, grantees must have in place an inventory management plan.*

**Condition**

Discussions with the MMRS coordinator during audit fieldwork and a review of applicable documentation showed that pharmaceuticals and equipment were purchased with MMRS grant funding. Noncompliance with the following Federal guidelines was noted:

- The MMRS grant program purchases and distributes pharmaceuticals and equipment to local MMRS partners. Policy and procedures have not been established to determine who retains title to property purchased with MMRS grant funds.
- Property records have not been maintained that include all the categories listed in 44 Part 13.32 (d)(1). Missing categories include: who holds title; the percentage of Federal participation; the use and condition of the property; and ultimate disposition data.
- A physical inventory of property has not been completed in accordance with 44 CFR Part 13.32 (d)(2).
- A control system has not been developed in accordance with 44 CFR Part 13.32 (d)(3).
- Policies and procedures have not been established for the disposal of property purchased with MMRS grant funding in accordance with 44 CFR Part 13.32 (e).
- Policies and procedures have not been established for marking equipment as recommended by the Fiscal Year 2009 Guidance and Application Kit, Administrative Requirement 5.10.
- An inventory management plan has not been implemented in accordance with the Fiscal Year 2009 Guidance and Application Kit, Additional Equipment Information.

**Cause**

Lack of understanding of Federal grant compliance requirements.

**Effect**

***44 CFR Part 13.43 Enforcement***

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

Pharmaceuticals and equipment purchased with grant and contract funds could not always be accounted for as indicated in Finding #2.

### **Recommendation**

1.1 The MMRS coordinator should establish, document, and implement an inventory management plan. This plan should include:

- Compliance with 44 CFR Part 13.32 Equipment standards.
- Written policies and procedures to mark equipment purchased with Federal grant funds.
- Written policies and procedures to minimize large periodic variations in supplies due to coinciding purchases and expiration dates.

## **2. Reconciliation of Pharmaceutical and Equipment Purchases**

### **Criteria**

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

*(d) Management requirements. Procedures for managing equipment (including replacement equipment, whether acquired in whole or in part with grant funds, until disposition takes place will, at a minimum, meet the following requirements:*

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

Fundamental elements of management control ensure that:

- Receipted purchases are reconciled to invoices to confirm that the City received what was paid for.
- Grant reimbursements represent actual purchases.
- Inventory records represent actual purchases.

## Condition

Audit fieldwork procedures included reconciling pharmaceutical and equipment purchases to physical quantities and/or available documentation. Discrepancies were found with the following items:

- **Tamiflu:**
  - A review of grant invoices identified that 1,039 treatments of Tamiflu were purchased through the grant program. An additional 3,465 treatments were purchased outside the grant through a contract with the US Department of Health and Human Services. Therefore, a total of 4,504 treatments of Tamiflu were purchased. The MMRS coordinator indicated that no treatments had been used.
  - While the total purchases of Tamiflu treatments totaled 4,505, the MMRS coordinator's inventory records only showed that 3,465 treatments of Tamiflu should be in inventory. Physical counts of the Tamiflu treatments on November 3, 2010 revealed only 3,408 treatments were on-hand.
  - Upon further investigation into the differences, it was found that 1,039 treatments were distributed to North Las Vegas without being recorded in the MMRS coordinator's records. Therefore, we were unable to account for 57 treatments of Tamiflu purchased through the contract.
- **Ventilators:**
  - A review of invoices showed 165 ventilators were purchased through the grant program. However, supporting documentation shows 171 ventilators were distributed to MMRS partners.
  - The documentation indicated that 14 of the ventilators were distributed to Henderson Fire. The MMRS coordinator indicated that Henderson Fire had purchased their ventilators and requested that the grant reimburse them for the purchase. Subsequent follow-up showed that the grant did not reimburse Henderson for their ventilators.
  - Therefore, we were unable to account for eight ventilators purchased with MMRS grant funds.
- **Ciprofloxacin:**
  - A review of invoices showed that two shipments each with 864 treatments of Ciprofloxacin were purchased through the grant program. However, supporting documentation shows only one shipment of 864 treatments was received.

## Cause

An adequate inventory management control system has not been implemented.

## **Effect**

- Non-compliance with Federal guidelines.
- Unable to account for items purchased with Federal funding.

## **Recommendation**

2.1 The MMRS coordinator should establish, document, and implement an inventory management control system that includes the following procedures:

- Confirm the receipt of pharmaceuticals and equipment purchases to invoices and purchases orders.
- Add the purchases to physical inventory records that include the categories listed in 44 CFR Part 13.32 (d)(1).
- Review the quarterly financial reports to ensure that the grant reimbursements agree with the actual purchases. Follow-up on any discrepancies accordingly.
- Update the physical inventory records for any status changes.

## **3. Exercise Management**

### **Criteria**

#### ***Homeland Security Grant Program Guidance and Application Kit***

##### ***E.5 – Exercises: Exercise Evaluations***

*All exercises will be performance-based and evaluated. An After Action Report/Improvement Plan (AAR/IP) will be prepared and submitted to G&T following every exercise, regardless of type or scope. Some exercises, such as seminars and workshops may not require the same level of analysis as a tabletop, drill, functional or full-scale exercise, but they should still produce an AAR/IP. AAR/IP's must be provided to G&T within 60 days following completion of each exercise.*

#### ***Nevada Department of Public Safety Division of Emergency Management (DEM) Grant Financial and Program Assurances***

*3. d. Electronic submission of the AAR/IP to the DEM within 60 days of the conduct of the exercise utilizing the DHS-approved format and process.*

*1. One hard copy of the AAR/IP shall be submitted to the DEM Exercise Training Officer and one electronic copy of the AAR/IP shall be submitted via the DHS Secure Portal in the Nevada Folder with an email notifying the State of Nevada Exercise Training Officer of the submission.*

## **Condition**

A review of the quarterly financial and progress reports showed that the City was reimbursed for expenditures relating to two table top exercises: Operation Double Down and Operation Hitchcock. Although the MMRS coordinator completed AAR/IPs for these exercises, he represented that the AAR/IPs were not formally submitted to the DEM in accordance with Federal and State requirements.

Audit fieldwork procedures included forwarding copies of the AAR/IPs to the DEM. The DEM concluded that additional work would have been required for the DEM and the Department of Homeland Security to accept these reports.

## **Cause**

Lack of understanding of Federal and State grant compliance requirements.

## **Effect**

### ***44 CFR Part 13.43 Enforcement***

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

## **Recommendation**

3.1 The MMRS coordinator should establish, document, and implement written policies and procedures to ensure that:

- All exercises are pre-approved by Nevada Department of Public Safety Division of Emergency Management Exercise Officer (EO).
- All exercises are coordinated with the EO to ensure that the exercises are conducted in accordance with appropriate guidelines.
- After Action Report/Improvement Plans (AAR/IP) are submitted within 60 days to the EO with a copy provided to the Grants & Project Analyst.

## 4. Award Adjustments

### Criteria

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

(a) ***General.*** Grantees and subgrantees are permitted to rebudget within the approved direct cost budget to meet unanticipated requirements and may make limited program changes to the approved project. However, unless waived by the awarding agency, certain types of post-award changes in budgets and projects shall require the ***prior written approval*** of the awarding agency.

(c) ***Budget changes.***

(1) *Non construction projects.* Except as stated in other regulations or an award document, grantees or subgrantees shall obtain the prior approval of the awarding agency whenever any of the following changes is anticipated under a non construction award:

(ii) *Unless waived by the awarding agency, cumulative transfers among direct cost categories, or if applicable, among separately budgeted programs, projects, functions, or activities which exceed or are expected to exceed ten percent of the current total approved budget, whenever the awarding agency's share exceeds \$100,000.*

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

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

(2) *Need to extend the period of availability of funds.*

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

#### ***Financial Management Guide U.S. Department of Homeland Security***

#### ***Chapter 8 Adjustments to Awards - Modifications and Revisions (including Grant Adjustment Notices)***

*All requests for programmatic and/or administrative changes must be submitted in a timely manner by the recipient/subrecipient. All requests for changes to the approved award shall be carefully reviewed by the applicable authority for both consistency with this Guide and their contribution to the project goals and objectives.*

#### ***Notifications of Changes***

*All recipients must give notification in writing to G&T of events or proposed changes that may require an adjustment/notification.*

#### ***Types of Adjustments:***

- *Change of Address*
- *Changes in Award Period*
- *Changes in Scope*

- *Changes in project site*
- *Changes in approved budget categories in excess of 10 percent of the total award amount*
- *Change in or temporary absence of the project manager/director*

### **Condition**

Documentation was not always retained to substantiate whether written requests or notifications were completed and written approval obtained for the following adjustments to MMRS grant awards:

- Changes in the approved budget categories in excess of 10 percent of the total award amount.
- Change in the project manager.

### **Cause**

Lack of understanding of Federal grant compliance requirements.

### **Effect**

#### ***44 CFR Part 13.43 Enforcement***

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

### **Recommendation**

4.1 The MMRS coordinator should establish, document, and implement written policies and procedures to ensure that:

- Written requests or notifications are completed and retained to notify the Nevada Department of Public Safety Division of Emergency Management of all grant award adjustments.
- When received, written approvals for grant award adjustments are retained.

## 5. Costs Requiring Prior Approval

### Criteria

***2 CFR Part 225 Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87) Appendix B to Part 225 – Selected Items of Cost 33. Proposal costs.***

*Costs of preparing proposals for potential Federal Awards are allowable. Proposal costs should normally be treated as indirect costs and should be allocated to all activities of the governmental unit utilizing the cost allocations plan and indirect cost rate proposal. However, proposal costs may be charged directly to Federal awards with the prior approval of the Federal awarding agency.*

### ***Financial Management Guide***

***U.S Department of Homeland Security Preparedness Directorate - January 2006***

***Prior approval means documentation evidencing consent prior to incurring specific cost.***

*Written approval is required for those costs specified in OMB Circulars A-21, A-87, and A-122 as “Costs Allowable with Approval of Awarding Agency” for costs that contain special limitations.*

*Where prior approval is required, G&T will be the approval authority for all discretionary recipients and for the State when it is the direct recipient. Where prior approval authority for subrecipients is required, it will be vested in the State unless specified as being “RETAINED BY THE FEDERAL AWARDING AGENCY,” as identified below. Subrecipient requests for G&T approval should be submitted through the State for a formula award.*

*The intention of G&T is not to require approval of all changes within the listed cost categories, but only for those aspects or elements that specifically require prior approval.*

### ***Types of Costs Requiring Prior Approval***

***Proposal Costs*** – Unless specifically outlined in program guidance as allowable without prior approval, **costs to projects for preparing proposals for potential Federal awards require PRIOR APPROVAL** for: (1) the obligation or expenditure of funds; or (2) the performance or modification of an activity under an award/sub award project, where such approval is required.

*Requests must be in writing and justified with an explanation to permit review of the allowability. They may be submitted:*

- 1. Through inclusion in the budget or other components of an award or subaward application; or*
- 2. As a separate written request to the appropriate authority as described above.*

## **Condition**

The MMRS grant award reimburses the City for the salary and fringe benefit costs associated with the MMRS coordinator position. The MMRS coordinator job responsibilities include preparing proposals for subsequent MMRS grant awards and making modifications to existing awards. Federal guidelines indicate that these costs may be charged directly to Federal awards with the prior approval of the Federal awarding agency. Prior approval was not obtained.

## **Cause**

Lack of understanding Federal grant compliance requirements.

## **Effect**

### ***44 CFR Part 13.43 Enforcement***

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

## **Recommendation**

5.1 The MMRS coordinator should establish, document, and implement written policies and procedures to ensure that prior approval is obtained before the MMRS coordinator prepares subsequent MMRS grant proposals and modifies existing awards. For future grant proposals, consideration should be given to adding these job responsibilities to MMRS coordinator job description in the Investment Justification.

## **6. Employee Certification**

### **Criteria**

***2 CFR Part 225 Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87) Appendix B to Part 225 – Selected Items of Cost***

***8. Compensation for personal services. h. Support of salaries and wages.***

*These standards regarding time distribution are in addition to the standards for payroll documentation.*

*(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages **will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification.** These certifications will be prepared at least **semi-annually** and will be signed by the employee or supervisory official having firsthand knowledge for the work performed by the employee.*

### **Condition**

The MMRS coordinator indicated that his job responsibilities consist of working on the MMRS grant program. In addition, the job description for the MMRS coordinator as indicated in the Investment Justification states that “Funding identified for this category will ensure there is a **dedicated** MMRS coordinator position and that all programmatic goals and objectives are accomplished.” The semi-annual certifications confirming that the MMRS coordinator worked solely on the MMRS grant program were not completed or forwarded to the DEM.

### **Cause**

Lack of understanding of Federal grant compliance requirements.

### **Effect**

#### ***44 CFR Part 13.43 Enforcement***

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

### **Recommendation**

6.1 Fire and Rescue management should establish, document, and implement written policies and procedures to ensure compliance with 2 CFR Part 225. Periodic certifications should be submitted to the Nevada Department of Public Safety Division of Emergency Management that state the MMRS coordinator worked solely on the MMRS

grant. The certifications should be signed by an official who has firsthand knowledge of the work performed by the MMRS coordinator.

## 7. Quarterly Progress Reports

### Criteria

#### *Nevada Department of Public Safety Division of Emergency Management (DEM) Grant Financial and Program Assurances - V. Program Responsibility*

*1. Quarterly program reports with supporting documentation shall be submitted to the DEM within 30 days, but no later than 45 days following the close of each quarter of the grant period. The final Program Report must be submitted to the DEM no later than 60 days following the end of the grant period. Late reports, unless approved by the DEM, could delay reimbursement. Late reports, unless approved by the DEM, could result in non-payment of the claim.*

*As applicable for grant programs, reports consist of, but are not limited to:*

- a. Division of Emergency Management Quarterly Financial Reports*
- b. Quarterly Progress Summary*

### Condition

Fieldwork procedures included confirming that the quarterly progress reports were submitted to the DEM within 30 to 45 days following the close of each quarter of the grant periods. The MMRS coordinator did not maintain copies of the reports that were submitted to the DEM; therefore, we obtained copies directly from the DEM. Our procedures included determining whether the DEM receipt dates were within 45 days following the close of the applicable quarters. No exceptions were noted with the submittal of progress reports for the 2009 and 2008 grant awards. However, our procedures determined the following progress reports were submitted late:

<b>Award Year</b>	<b>Number of Progress Reports</b>	<b>Number Submitted Late</b>
2007	11	5
2006	10	6
2005	9	5

### Cause

Lack of understanding of State grant compliance requirements.

## **Effect**

### ***44 CFR Part 13.43 Enforcement***

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

## **Recommendation**

7.1 The MMRS coordinator should establish, document, and implement written policies and procedures to ensure:

- Timely submittal of quarterly reports.
- Documentation is maintained to confirm the timely submittal of the required reports.
- Continuity of the timely submittal of the quarterly progress reports when a change in the MMRS coordinator position occurs.

## **8. Record Retention Requirements**

### **Criteria**

***44 CFR Part 13 Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments Subpart C – Post-Award Requirements – Reports, Records Retention, and Enforcement***

***13.42 Retention and access requirements for records.***

#### ***(a) Applicability.***

- (1) *This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:*
  - (i) *Required to be maintained by the terms of this part, program regulations or the grant agreement, or*
  - (ii) *Otherwise reasonably considered as pertinent to program regulations or the grant agreement.*

#### ***(b) Length of retention period.***

- (1) *Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section.*

*(2) If any litigation, claim, negotiation, audit or other action involving the records has started before the expiration of the 3 year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3 year period, whichever is later.*

***(c) Starting date of retention period.***

*(1) General. When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or sub grantee submits to the awarding agency it's single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due.*

*(2) Real property and equipment records. The retention period for real property and equipment records starts from the date of disposition or replacement or transfer at the direction of the awarding agency.*

***Nevada Department of Public Safety Division of Emergency Management (DEM)  
Federal Certified Assurances Part 18***

*The Grantee (State) is hereby delegated the authority to approve the allocations, use and expenditure of the funds made available by this award for confidential expenditures as defined and set forth in the effective edition of the "CCA General Program Guidelines and 44 CFR part 13 and 14." The Grantee also agrees to be responsible for monitoring the submission of and **maintaining the official documents connected with this requirement**, and making them available to DEM upon request.*

**Condition**

The MMRS grant program has been used to pay the salary of the MMRS coordinator, purchase equipment and pharmaceuticals, and to pay for annual software fees, training, travel, and exercise expenditures. The grant guidelines require quarterly financial and progress reports be submitted to the DEM. The MMRS coordinator forwarded the quarterly reports to the DEM but did not always retain copies of the forwarded documents.

**Cause**

- Lack of understanding of Federal and State grant compliance requirements.
- Throughout the duration of the MMRS grant program, the coordinator position was assigned to different individuals. Steps were not taken to ensure documents were available to the newly assigned coordinator.

## **Effect**

### ***44 CFR Part 13.43 Enforcement***

Remedies for noncompliance. If a grantee or subgrantee materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency,
- Disallow all or part of the cost of the activity or action not in compliance,
- Wholly or partly suspend or terminate the current award,
- Withhold further awards for the program, or
- Take other remedies that may be legally available.

## **Recommendation**

8.1 The MMRS coordinator should:

- Determine what documents should be retained to support the MMRS grant program.
- Designate a centralized location to systematically store applicable documents related to the MMRS grant program.
- Implement a retention schedule for all applicable documents.
- Ensure continuity of documents when a change in the MMRS coordinator position occurs.
- Establish, document, and implement written policies and procedures for the retention of required documents.

## **MANAGEMENT RESPONSE**

### **1. Pharmaceutical and Equipment Management**

#### **Recommendation**

1.1 The MMRS coordinator should establish, document, and implement an inventory management plan. This plan should include:

- Compliance with 44 CFR Part 13.32 Equipment standards.
- Policies and procedures to mark equipment purchased with Federal grant funds.
- Policies and procedures to minimize large periodic variations in supplies due to coinciding purchases and expiration dates.

#### **Management Plan of Action**

Accept and implement recommendations.

#### **Estimated Date of Completion**

January 1, 2012

### **2. Reconciliation of Pharmaceutical and Equipment Purchases**

#### **Recommendation**

2.1 The MMRS coordinator should establish, document, and implement an inventory management control system that includes the following procedures:

- Confirm the receipt of pharmaceuticals and equipment purchases to invoices and purchases orders.
- Add the purchases to physical inventory records that include the categories listed in 44 CFR Part 13.32 (d)(1).
- Review the quarterly financial reports to ensure that the grant reimbursements agree with the actual purchases. Follow-up on any discrepancies accordingly.
- Update the physical inventory records for any status changes.

#### **Management Plan of Action**

Accept and implement recommendations.

### **Estimated Date of Completion**

January 1, 2012

## **3. Exercise Management**

### **Recommendation**

3.1 The MMRS coordinator should establish, document, and implement policies and procedures to ensure that:

- All exercises are pre-approved by Nevada Department of Public Safety Division of Emergency Management Exercise Officer (EO).
- All exercises are coordinated with the EO to ensure that the exercises are conducted in accordance with appropriate guidelines.
- After Action Report/Improvement Plans (AAR/IP) are submitted within 60 days to the EO with a copy provided to the Grants & Project Analyst.

### **Management Plan of Action**

Accept and implement recommendations.

### **Estimated Date of Completion**

January 1, 2012

## **4. Award Adjustments**

### **Recommendation**

4.1 The MMRS coordinator should establish, document, and implement policies and procedures to ensure that:

- Written requests or notifications are completed and retained to notify the Nevada Department of Public Safety Division of Emergency Management of grant award adjustments.
- When received, written approvals for grant award adjustments are retained.

### **Management Plan of Action**

Accept and implement recommendations.

### **Estimated Date of Completion**

January 1, 2012

## **5. Costs Requiring Prior Approval**

### **Recommendation**

5.1 The MMRS coordinator should establish, document, and implement policies and procedures to ensure that prior approval is obtained before the MMRS coordinator prepares subsequent MMRS grant proposals and modifies existing awards. For future grant proposals, consideration should be given to adding these job responsibilities to MMRS coordinator job description in the Investment Justification.

### **Management Plan of Action**

Accept and implement recommendations.

### **Estimated Date of Completion**

January 1, 2012

## **6. Employee Certification**

### **Recommendation**

6.1 Fire and Rescue management should establish, document, and implement policies and procedures to ensure compliance with 2 CFR Part 225. Periodic certifications should be submitted to the Nevada Department of Public Safety Division of Emergency Management that state the MMRS coordinator worked solely on the MMRS grant. The certifications should be signed by an official who has firsthand knowledge of the work performed by the MMRS coordinator.

### **Management Plan of Action**

Accept and implement recommendations.

### **Estimated Date of Completion**

January 1, 2012

## **7. Quarterly Progress Reports**

### **Recommendation**

7.1 The MMRS coordinator should establish, document, and implement standardized policies and procedures to ensure:

- Timely submittal of quarterly reports.
- Documentation is maintained to confirm the timely submittal of the required reports.
- Continuity of the timely submittal of the quarterly progress reports when a change in the MMRS coordinator position occurs.

### **Management Plan of Action**

Accept and implement recommendations.

### **Estimated Date of Completion**

January 1, 2012

## **8. Record Retention Requirements**

### **Recommendation**

8.1 The MMRS coordinator should:

- Determine what documents should be retained to support the MMRS grant program.
- Designate a centralized location to systematically store applicable documents related to the MMRS grant program.
- Implement a retention schedule for all applicable documents.
- Ensure continuity of documents when a change in the MMRS coordinator position occurs.
- Establish, document, and implement written policies and procedures for the retention of required documents.

### **Management Plan of Action**

Accept and implement recommendations.

### **Estimated Date of Completion**

January 1, 2012