

## DEPARTMENT OF HOMELAND SECURITY

### CFDA 97.008 URBAN AREAS SECURITY INITIATIVE

#### I. PROGRAM OBJECTIVES

The Urban Areas Security Initiative (UASI) is intended is to create a sustainable national model program to enhance security and overall preparedness to prevent, respond to, and recover from acts of terrorism. In general, the UASI provides financial assistance to States to address the unique equipment, training, planning, and exercise needs of large urban areas, and to assist them in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism. It also includes awards to (1) selected State and local governmental entities and commercial companies to develop plans and approaches to ensuring the safety and protection of the Nation's ports, and (2) selected State and local governmental entities to develop plans and approaches to ensuring the safety and protection of the Nation's transit systems.

#### II. PROGRAM PROCEDURES

UASI funding is provided to the States by the Office of Domestic Preparedness (ODP), Department of Homeland Security (DHS). ODP was transferred to DHS from the Department of Justice (DOJ) on March 1, 2003, but DOJ's Office of Justice Programs (OJP) continues to serve as the DHS agent for awarding and managing these grants.

During FY 2003, funding was provided to the States pursuant to different UASI funding opportunity announcements, each with separate program guidance. There were four announcements: Urban Area Security Initiative I, Urban Area Security Initiative II, Urban Area Security Initiative - Port Security, and Urban Area Security Initiative - Transit System Security. In general, the basic requirements of the program are the same among the individual program guidances for these initiatives but may vary based on the language in the applicable appropriation (e.g., the FY 03 supplemental appropriation). Funding under each initiative was accomplished by a separate grant award. Recipients may not use funds provided under an award pursuant to one funding opportunity announcement to support activities under an award for another of the announcements. In FY 2004, ODP issued a single funding opportunity announcement for this program.

The State Administering Agency (SAA), as the direct recipient of grant funds, is expected to pass through a specified percentage of funds to local jurisdictions, whether identified urban areas or mass transit authorities. See the program guidance, as referenced in the "Availability of Other Program Information" below, for a list of these urban areas and transit authorities.

#### Source of Governing Requirements

This program is authorized under section 430 of the Homeland Security Act of 2002; Section 1014 of USA PATRIOT Act of 2001 (Pub. L. 107-56, 42 USC 3714); Title I, Chapter 6, Wartime Supplemental Appropriations Act of 2003 (Pub. L. 108-11); Title III, FY 2004 Department of Homeland Security Appropriations Act, Pub. L. 108-90; and Title III, FY 2005 Department of Homeland Security Appropriations Act (Pub. L. 108-334) (see CFDA 97.067 for FY 2005).

## Availability of Other Program Information

Additional information, including the program guidance, is available from the ODP website at [http://www.ojp.usdoj.gov/odp/grants\\_programs.htm](http://www.ojp.usdoj.gov/odp/grants_programs.htm).

### III. COMPLIANCE REQUIREMENTS

**In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.**

#### A. Activities Allowed or Unallowed

1. Funds may be used for terrorism prevention activities (Title I, Chapter 6, Pub. L. 108-11; 117 Stat 583; Title III, Pub. L. 108-90).
2. Funds may be used for operational costs, including personnel overtime as needed (Title I, Chapter 6, Pub. L. 108-11, 117 Stat 583).
3. Funds may be used for operational costs, including personnel overtime and overtime associated with the Office for Domestic Preparedness certified training, as needed (Title III, Pub. L. 108-90).
4. Funds may be used for management and administration (42 USC 3714(c)(2); Title III, Pub. L. 108-90) (see section III.G.3.a for a limitation).
5. Funds may not be used for the construction or renovation of facilities (Title I, Chapter 6, Pub. L. 108-11, 117 Stat 583; Title III, Pub. L. 108-90).

#### G. Matching, Level of Effort, Earmarking

1. **Matching** - Not Applicable
2. **Level of Effort** – Not Applicable
3. **Earmarking**
  - a. Not more than three percent of the grant funds made available to a State may be used for costs of management and administration (42 USC 3714(c)(2)).
  - b. The SAA must obligate at least 80 percent of the funding to designated mass transit agency headquarters or urban areas (Title I, Chapter 6, Pub. L. 108-11, 117 Stat 583; Title III, Pub. L. 108-90).

**I. Procurement and Suspension and Debarment**

Funds must be used consistent with the applicable provisions of the Buy American Act (41 USC 10a *et seq.*) (Section 518, Pub. L. 108-90).

**L. Reporting****1. Financial Reporting**

- a. SF-269, *Financial Status Report* - Not Applicable
- b. SF-270, *Request for Advance or Reimbursement* - Applicable
- c. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* - Not Applicable
- d. SF-272, *Federal Cash Transactions Report* - Not Applicable

**2. Performance Reporting** - Not Applicable**3. Special Reporting** – Not Applicable**N. Special Tests****1. Subgrant Awards**

**Compliance Requirement** - States must obligate funding for subgrants to designated mass transit agency headquarters and urban areas within 60 days of their receipt of funds from ODP<sup>1</sup> (Title I, Chapter 6, Pub. L. 108-11, 117 Stat 583; Title III, Pub. L. 108-90) unless, based on written agreements with all affected urban areas in the State, the State retains the funding and makes purchase on behalf of the urban areas. Obligate” has the same meaning as in Federal appropriations law, i.e., there must be an action by the State to establish a firm commitment; the commitment must be unconditional on the part of the State; there must be documentary evidence of the commitment, and the award terms must be communicated to the subgrantee and, if applicable, accepted by the grantee.

**Audit Objectives** - To determine if (1) the State (other than a State operating under a written agreement to retain and spend funds on behalf of the affected urban areas in that State) complied with the requirement to obligate funds for subgrants within 60 days after the date of the grant award and (2) subgrantees were able to draw down funds immediately following State obligation of funds.

---

<sup>1</sup> For FY 03, the funds were required to be obligated by the State within 45 days of the Federal award (Title I, Chapter 6, Pub. L. 108-11).

### Suggested Audit Procedures

- a. Determine if the State has written procedures for making subgrant awards, including any standards for administrative lead-time for obligation of funds and issuance of awards.
- b. Review the State's written procedures, if any, for consistency with the compliance requirement.
- c. Determine if the subgrant amounts were obligated in a timely manner, consistent with UASI requirements and the State's own procedures.
- d. Select a sample of subgrant awards under this program and review the subrecipients' payment requests to determine if funds were disbursed by the State to the subgrantee consistent with the dates of their awards.

### IV. OTHER INFORMATION

When completing the Schedule of Expenditures of Federal Awards, recipients should record their expenditures using the CFDA number(s) shown on the notice of award for the period in which the funds were awarded. Expenditures under this program in the current audit period may be attributable to awards made in prior years under other CFDA numbers as indicated below and shown in the table.

Recipients' 2003 funding for UASI was awarded under CFDA 16.011; their 2004 UASI funding included supplemental funding under CFDA 16.011 as a result of Pub. L. 108-11 (Emergency Wartime Supplemental Appropriations Act, 2003) and funds awarded under CFDA 97.008. Recipients' 2005 funding for UASI is part of the consolidated Homeland Security Grant Program under CFDA 97.067 (see program supplement for CFDA 97.004/97.067) and should be audited with that program.

<i>Urban Areas Security Initiative</i>	
<i>Year of Grant Award</i>	<i>CFDA Number</i>
2003	16.011
2004	16.011 (supplemental award) 97.008
2005	97.067

**CFDA 97.004 STATE DOMESTIC PREPAREDNESS EQUIPMENT SUPPORT PROGRAM (State Homeland Security Grant Program)<sup>2</sup>****CFDA 97.067 HOMELAND SECURITY GRANT PROGRAM****I. PROGRAM OBJECTIVES**

The Homeland Security Grant Program (HSGP) is intended to improve and significantly enhance the ability of the Nation to prevent, deter, respond to and recover from, threats and incidents of terrorism and to enhance regional preparedness. The HSGP provides financial assistance to the States (and through the States to local governments) to support activities such as planning, equipment, training, and exercises to address critical resource gaps identified in the assessments and priorities outlined within each States' Homeland Security Strategy. States are encouraged to develop regional approaches to planning and preparedness and to adopt, as appropriate, regional response structures.

**II. PROGRAM PROCEDURES**

HSGP funding is provided to the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, U. S. Territories, and select urban areas, by the Department of Homeland Security (DHS)/Office for Domestic Preparedness (ODP). ODP was transferred to DHS from the Department of Justice (DOJ) on March 1, 2003; however DOJ's Office of Justice Programs (OJP) continues to serve as the DHS agent for awarding and managing these grants. The grants are awarded to a State Administering Agency (SAA), who must pass through a specific percentage of the funds to local governments.

**Multiple Funding Streams**

For awards made in FY 2004, funding for the existing State Homeland Security Grant Program (SHSGP) and Citizen Corps Program (CCP) and the new Law Enforcement Terrorism Prevention Program (LETPP) were combined under a single award under the HSGP. For awards made in FY 2005, the HSGP includes the SHSGP, Urban Areas Security Initiative (UASI), LETPP, CCP, the Emergency Management Performance Grant (EMPG), and the Metropolitan Medical Response System (MMRS). Although States were advised of their funding allocations using the legacy CFDA numbers, these awards (and reports based on them) carry only the single CFDA number of the consolidated programs—97.004 for FY 2004 and 97.067 for FY 2005, respectively.

The several funding streams and their objectives are as follows:

*State Homeland Security Grant Program* provides funds to enhance the capability of State and local jurisdictions to prepare for and respond to terrorist acts, including events of terrorism involving weapons of mass destruction and biological, nuclear, radiological, incendiary, chemical, and explosive devices.

---

<sup>2</sup> Note that, for FY 2005, CFDA 97.004 reverts to the State Domestic Preparedness Equipment Support program and is not part of this cluster.

*Citizens Corps Program* provides support to establish and operate Citizen Corps Councils to play a role in public outreach, education, and training to make States and local communities better prepared to respond in the event of an emergency.

*Law Enforcement Terrorism Prevention Program (LETPP)* provides funds to law enforcement communities to enhance their capabilities to detect, deter, disrupt, and prevent acts of terrorism.

*Urban Areas Security Initiative (UASI)* (see CFDA 97.008).

*Emergency Management Performance Grants (EMPG)* assist States and local jurisdictions in the development, maintenance, and improvement of State and local emergency management capabilities, which are key components of a comprehensive national emergency management system for disasters and emergencies that may result from natural disasters or accidental or man-caused events (FY04 CFDA 97.042; FY 05 CFDA 97.067).

*Metropolitan Medical Response Systems (MMRS)* funding is intended to help U.S. cities prepare for a rapid, coordinated medical response by emergency first responders, public health systems, and hospitals to large-scale public emergencies (FY04 CFDA 97.071; FY 05 CFDA 97.067).

See sections II and IV of this program supplement for additional information (including the CFDA numbers under which awards for the several funding streams were made in FY 2003).

### **Source of Governing Requirements**

These programs are authorized under Section 430 of the Homeland Security Act of 2002; Section 1014 of USA PATRIOT Act of 2001 (Pub. L. 107-56, 42 USC 3714); Title I, Chapter 6 of Pub. L. 108-11, the Wartime Supplemental Appropriations Act of 2003; Title III of the FY 2004 Department of Homeland Security Appropriations Act (Pub. L. 108-90); Title III of the FY 2005 Department of Homeland Security Appropriations Act ((Pub. L. 108-334); and the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (42 USC 5196 and 5196(b), 42 USC 5196 and 5196(b), and 42 USC 5121-5206). There are no program regulations. The applicable program guidance is incorporated by reference into awards and becomes part of the terms and conditions of award.

### **Availability of Other Program Information**

Additional information is available at [http://www.dhs.gov/dhspublic/interapp/editorial/editorial\\_0565.xml](http://www.dhs.gov/dhspublic/interapp/editorial/editorial_0565.xml) and [http://www.ojp.usdoj.gov/odp/grants\\_programs.htm](http://www.ojp.usdoj.gov/odp/grants_programs.htm).

## **III. COMPLIANCE REQUIREMENTS**

**In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.**

**A. Activities Allowed or Unallowed**1. *Activities Allowed - General.*

- a. Funds may be used to enhance the capability of State and local jurisdictions to prepare for and respond to terrorist acts including events of terrorism involving weapons of mass destruction and biological, nuclear, radiological, incendiary, chemical, and explosive devices. Allowable activities include purchase of needed equipment and provision of training and technical assistance to State and local first responders (42 USC 3714(b)).
- b. Funds may be used for management and administration (42 USC 3714(c)(2); Title III, Pub. L. 108-334) (see section III.G.3.a for a limitation).

2. *Activities Allowed - FY 2003*

Funds for critical infrastructure protection under the SHSGP are available for operational costs to include personnel overtime as needed (Title I, Chapter 6, Pub. L. 108-11, 117 Stat 583).

3. *Activities Allowed - FYs 2004 and 2005*

Funds for LETPP and UASI<sup>3</sup> may be used for operational costs, including personnel overtime and overtime associated with the Office of State and Local Government Coordination and Preparedness<sup>4</sup> certified training (Title III, Pub. L. 108-90; Title III, Pub. L. 108-334).

4. *Activities Unallowed - FYs 2003 and 2004*

SHSGP and LETPP funds may not be used for the construction or renovation of facilities (Title I, Chapter 6, Pub. L. 108-11, 117 Stat 583; Title III, Pub. L. 108-90).

5. *Activities Unallowed - FY 2005*

SHSGP, LETPP, and UASI funds may not be used for construction or renovation other than for a minor perimeter security project not to exceed \$1 million (Title III, Pub. L. 108-334).

---

<sup>3</sup> See CFDA 97.008 for UASI FY 03 and 04.

<sup>4</sup> This office was previously the Office for Domestic Preparedness.

## C. Cash Management

For FY 2005 awards under SHSGP and LETPP, when they draw down the funds, States are exempt from the provisions of 31 USC 6503(a) (Sec. 521, Pub. L. 108-334).

Consistent with guidance from the Department of the Treasury, grantees are permitted to draw down funds up to 120 days prior to expenditure/disbursement, but must place those funds in an interest-bearing account. All other requirements of OMB Circulars A-102 and A-110 (as implemented by DOJ at 28 CFR 66.23 and 28 CFR 70.22, respectively) or the Cash Management Improvement Act (31 USC 6503; 31 CFR Part 205), as applicable, related to the retention and payment of interest apply.

## G. Matching, Level of Effort, Earmarking

### 1. Matching – Not Applicable

### 2. Level of Effort - Not Applicable

### 3. Earmarking

- a. Not more than three percent of the grant funds made available to a State may be used for costs of management and administration (42 USC 3714(c)(2); Title III, Pub. L. 108-334). Any portion of the three percent retained by the State for this purpose must be included within the maximum 20 percent of total funds retained by the State for the SHSGP, LETPP, and UASI programs (Conference Report (108-774) to the FY 2005 Department of Homeland Security Appropriations Act (Pub. L. 108-334)).
- b. Each State shall obligate not less than 80 percent of grant funds under the SHSGP<sup>5</sup>, LETPP, and UASI<sup>6</sup> programs to local units of government (Title I, Chapter 6, Pub. L. 108-11, 117 Stat 583, April 16, 2003; Title III, Pub. L. 108-90; Title III, Pub. L. 108-334).

## I. Procurement and Suspension and Debarment

Funds must be used consistent with the applicable provisions of the Buy American Act (41 USC 10a *et seq.*) (Section 518, Pub. L. 108-90; Section 512, Pub. L. 108-334).

## L. Reporting

### 1. Financial Reporting

- a. *SF-269, Financial Status Report* - Applicable
- b. *SF-270, Request for Advance or Reimbursement* - Not Applicable

---

<sup>5</sup> For FY 03, this amount for the critical infrastructure portion of the SHSGP was 50 percent.

<sup>6</sup> See CFDA 97.008 for UASI FY 03 and 04.



c. *SF-271, Outlay Report and Request for Reimbursement for Construction Program - Not Applicable*

d. *SF-272, Federal Cash Transactions Report - Applicable*

**2. Performance Reporting – Not Applicable**

**3. Special Reporting – Not Applicable**

## **N. Special Tests and Provisions**

### **1. Subgrant Awards**

**Compliance Requirement** – Under the SHSGP, LETPP and UASI programs, States must obligate funds for subgrants within 60 days after the date of the grant award (Title III, Pub L. 108-90; Title III, Pub. L. 108-334). “Obligate” has the same meaning as in Federal appropriations law, i.e., there must be an action by the State to establish a firm commitment; the commitment must be unconditional on the part of the State; there must be documentary evidence of the commitment, and the award terms must be communicated to the subgrantee and, if applicable, accepted by the grantee.

**Audit Objectives** - To determine if (1) the State complied with the requirement to obligate funds for subgrants within 60 days after the date of the grant award and (2) subgrantees were able to draw down funds immediately following State obligation of funds.

### **Suggested Audit Procedures**

- a. Determine if the State has written procedures for making subgrant awards, including any standards for administrative lead-time for obligation of funds and issuance of awards.
- b. Review the State’s written procedures, if any, for consistency with the compliance requirement.
- c. Determine if subgrant amounts were obligated by the State in a timely manner, consistent with HSGP requirements and the State’s own procedures.
- d. Select a sample of subgrant awards under this program and review the subrecipients’ payment requests to determine if funds were disbursed by the State to the local government consistent with the dates of their awards.

## **IV. OTHER INFORMATION**

When completing the Schedule of Expenditures of Federal Awards, recipients should record their expenditures using the CFDA number(s) shown on the notice of award for the period in which the funds were awarded. Expenditures under the Homeland Security Grant Cluster in the current audit period may be attributable to awards made in prior years under other CFDA

numbers. The current and previous CFDA numbers are shown in the following table. Expenditures under the CDFA numbers shown in the table should be combined when determining Type A programs. If a program(s) was a major program under the CFDA number shown in the table in either of the previous two years, the provision in the risk-based approach for prior audits is considered to have been met.

The following exceptions should be noted:

1. Urban Areas Security Initiative grants, which are part of the Homeland Security Grant Cluster for 2005 awards, should be evaluated separately in making the major program determination for the previous 2 years (see program supplement for CFDA 97.008).
2. Although activities under CFDA 97.004, 97.005, and 97.006 were folded into the SHSGP and, subsequently, the HSGP, these CFDA numbers continue to be used in awards other than the SHSGP or HSGP. Expenditures under 2005 grant awards for CFDA 97.004, State Domestic Preparedness Equipment Support program, should not be included in the audit of this cluster. Expenditures under CFDA 97.005, State and Local Domestic Preparedness Training Program, and CFDA 97.006, State and Local Domestic Preparedness Exercise Support, unless received from a pass-through entity, should not be included in the audit of this cluster.
3. Expenditures under EMPG and CCP awards that predated assignment of DHS numbers for these programs should not be included in the audit of this cluster.

<i>Year of Grant</i>	<i>SHSGP</i>	<i>CCP</i>	<i>LETPP</i>	<i>EMPG</i>	<i>MMRS</i>
2003	16.007	97.053	N/A	97.042	N/A
2004	16.007 (supplemental award)* 97.004	97.004*	97.004	97.042	97.071
2005	97.067**	97.067	97.067***	97.067	97.067

\* Public Law 108-11 (Emergency Wartime Supplemental Appropriations Act, 2003) appropriated supplemental FY 2003 funds. The appropriations legislation made funds available until December 31, 2003 and awards from this supplemental were made under CFDA 16.007.

\*\* At the subgrantee level, this CFDA number may have been listed as 97.073 and should be included in this cluster.

\*\*\* At the subgrantee level, this CFDA number may have been listed as 97.074 and should be included in this cluster.