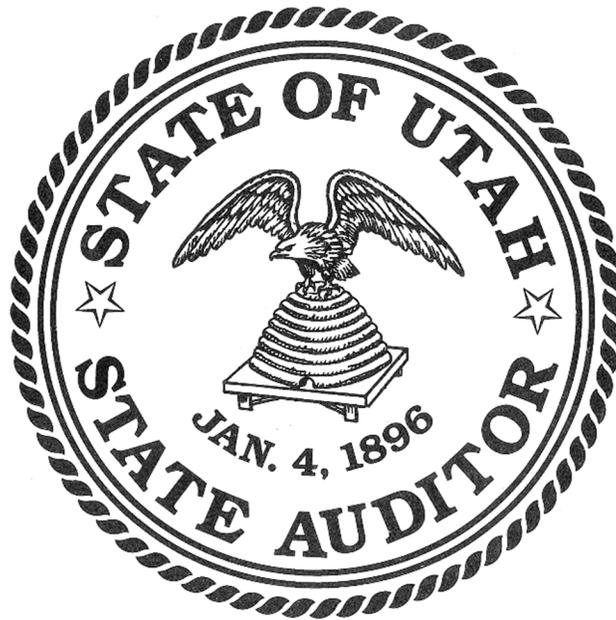


**Performance Audit No. 18-04**

**A Performance Audit of  
The Division of Emergency Management's  
Budget and Performance  
Management Practices**

January 16, 2019



**OFFICE OF THE  
STATE AUDITOR**

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# Background

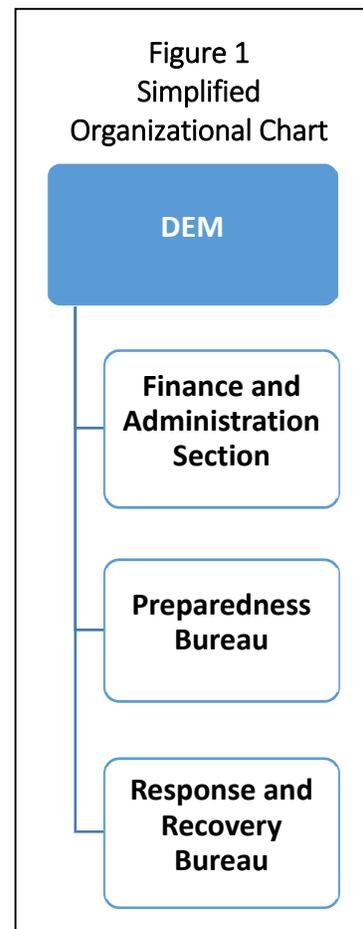
The Division of Emergency Management (DEM) is a division of the Department of Public Safety (DPS). Since the division's establishment in 1981<sup>1</sup> as the Division of Comprehensive Emergency Management, the division has gone through several name and structural changes.<sup>2</sup> The division received its current designation in 2011 as part of H.B. 80, which also clarified and increased DEM's emergency management responsibilities.<sup>3</sup>

State statute outlines a number of duties and responsibilities for DEM to carry out, including:

- responding to policies set by the Governor and Legislature;
- performing emergency management functions as directed by the Governor and DPS Commissioner;
- receiving and disbursing federal emergency resources;
- preparing and implementing programs related to emergency management;
- designating geographical regions used to coordinate emergency plans and responses; and
- administering disaster-related funds.<sup>4</sup>

Organizationally, DEM has two bureaus: (1) the Preparedness Bureau and (2) the Response and Recovery Bureau (see Figure 1).<sup>5</sup> The Preparedness Bureau promotes preparedness by conducting training, supporting local emergency managers, and implementing programs such as the Great Utah Shake Out, Be Ready Utah, Be Ready Business, and Be Ready Schools.

Examples of activities performed by the Response and Recovery Bureau include coordinating emergency exercises and responses, providing situational reports, supporting state and local emergency personnel as needed, tracking emergency resources, and coordinating the deployment of personnel and resources to emergencies in other states. DEM also has a Finance and Administration Section, which primarily administers federal grants.<sup>6</sup>



Source: DEM 2018 Organizational Chart

<sup>1</sup> Laws of Utah 1981, Ch. 254.

<sup>2</sup> Laws of Utah 1993, Ch. 234; Laws of Utah 2002, Ch. 14; and Laws of Utah 2007, Ch. 66.

<sup>3</sup> Laws of Utah 2011, Ch. 55.

<sup>4</sup> For a complete list of DEM's statutory responsibilities, see Utah Code Title 53, Chapter 2a, Emergency Management Act and Utah Administrative Code, Title R704.

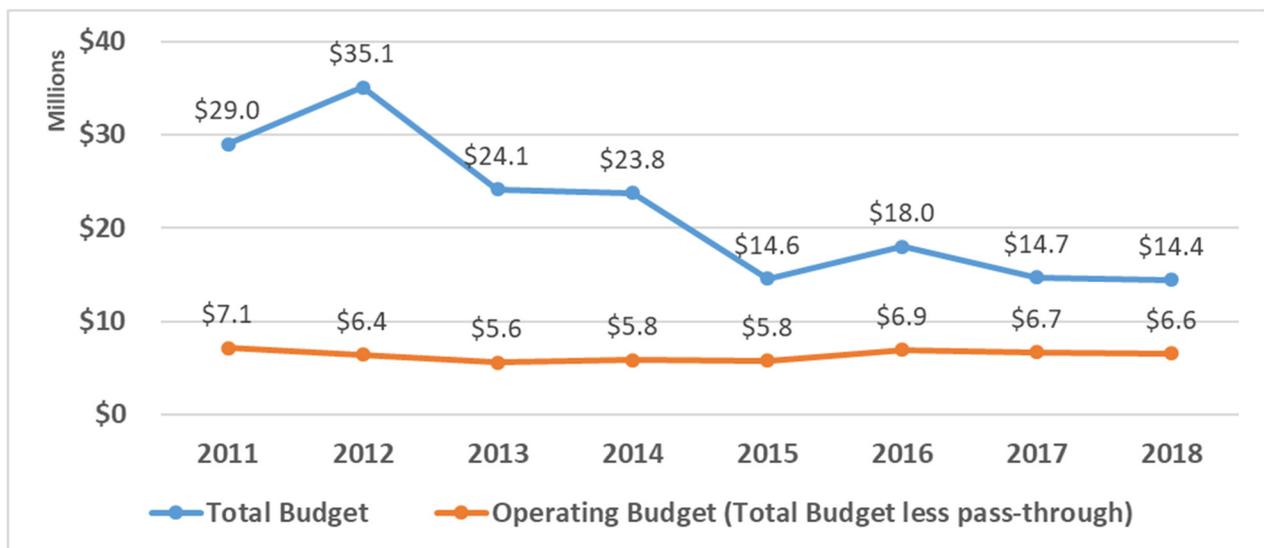
<sup>5</sup> Organizational Chart. Utah Department of Public Safety Division of Emergency Management. April 2018.

<sup>6</sup> Division of Emergency Management, 2017 Annual Report.

DEM is one of 35 Emergency Management Accreditation Program (EMAP) accredited states and one of nine states to receive accreditation three times. EMAP accreditation requires meeting a set of 64 standards and “...is a means of demonstrating, through self-assessment, documentation, and peer review, that a program meets national standards for emergency management programs.”<sup>7</sup>

Between state fiscal years (SFY) 2011 and 2018, DEM’s budget ranged from \$35.1 to \$14.4 million (see Figure 2) with more than 90 percent of funding coming from federal sources. It is important to note that DEM passed through about 70 percent of its total budget to other government agencies. DEM’s operating budget (total budget less pass-through) ranged from \$5.6 to \$7.1 million. Federal funding is, on average, 80 percent of DEM’s operating budget.

Figure 2 DEM Total Budget and Operating Budget



Source: Auditor generated based on data from the State Data Warehouse

<sup>7</sup> Retrieved on January 7, 2019 from <https://www.emap.org/index.php/what-is-emap/faqs>

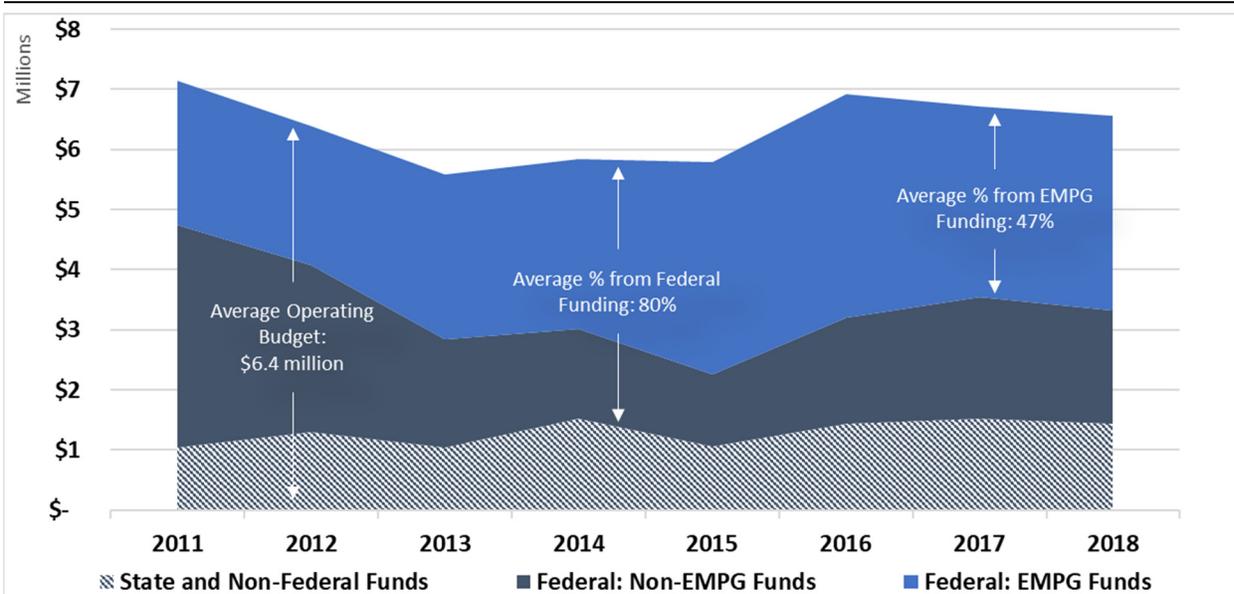
# Finding 1 DEM Risks Budget Deficit Due to Reliance on Untimely Federal Funds and Accelerated Spending

DEM’s annual budget relies heavily on federal funding sources, including a federal grant which is typically paid out in an untimely manner. The untimely grant funds occasionally arrive so late that DEM cannot spend the grant funds in the state fiscal year for which they were budgeted. During SFY 2018, DEM experienced a budget deficit. DPS loaned DEM \$3.2 million to cover expenditures due to the grant’s delay relative to the budgetary plan. In recent years, DEM has exacerbated its situation by accelerating the spending of this grant. DEM should decrease its reliance on federal funding and adjust budget practices to decrease the risk of a budget deficit due to untimely federal funds.

## DEM’s Operating Budget Relies Heavily on Untimely Federal Funding

From SFY 2011 to 2018, DEM relied on federal funding for 80 percent of its \$6.4 million operating budget (see Figure 3).<sup>8</sup> DEM’s largest single source of revenue is the Emergency Management Performance Grant (EMPG),<sup>9</sup> which accounted for 47 percent of the operating

Figure 3 DEM Operating Budget: State and Federal Funding



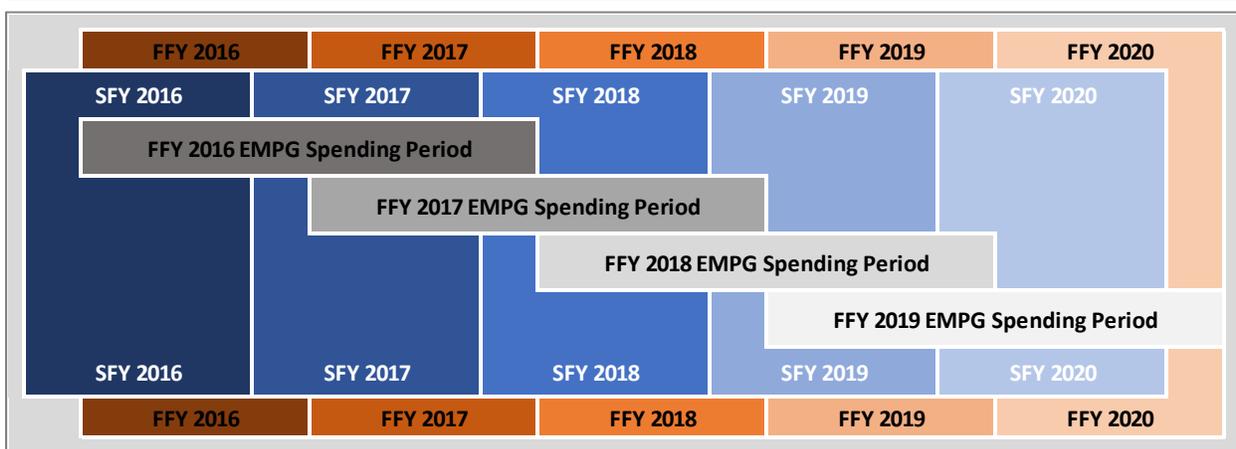
Source: Auditor generated based on data from the State Data Warehouse

<sup>8</sup> For purposes of this report, “operating budget” or “DEM’s revenue” includes funding (state, federal, or other) except funding DEM passes through to another entity. Funding is considered to be pass-through if the funding is designated as pass-through funding in Utah’s State Data Warehouse.

<sup>9</sup> The Federal Emergency Management Agency (FEMA) awards the EMPG to help establish a nationwide emergency preparedness system that will “prevent, protect against, mitigate, respond to, and recover from the threats and hazards that pose the greatest risk.” (*Emergency Management Performance Grant Program Multi-Year Programmatic Guidance*, FEMA, last updated: May 25, 2016)

budget and covered personnel costs for 60 percent of DEM’s 50 full-time employees. DEM receives the EMPG annually and must spend the grant on approved expenditures during a two-year period. The two-year spending period begins on October 1, which is the first day of a federal fiscal year (FFY). Figure 4 shows the timing of the EMPG spending period in relation to FFYs and SFYs. The spending period for a single EMPG spans portions of three SFYs and two complete FFYs. Typically, due to federal budget issues, DEM receives EMPG funds about nine months after the two-year spending period begins and near the end of an SFY.

Figure 4 Timing of EMPG Spending Period in Relation to FFYs and SFYs



Source: Auditor generated

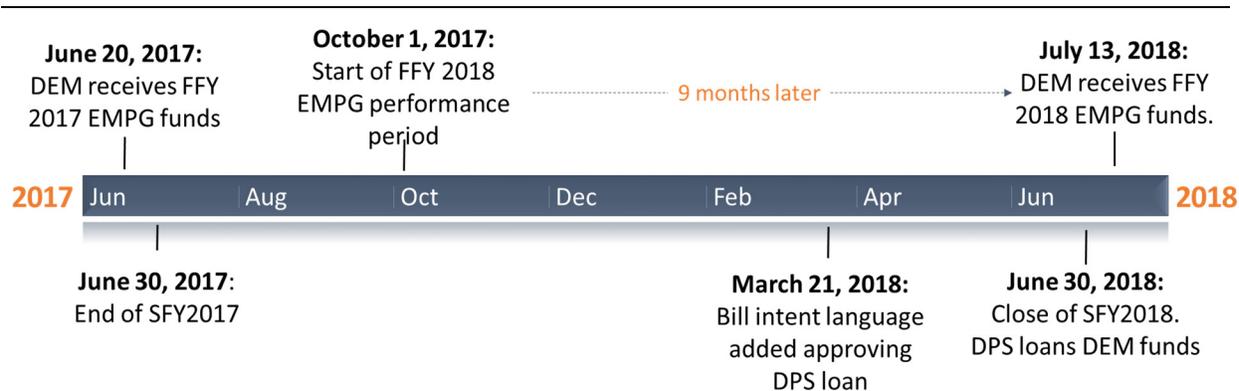
Delayed access to EMPG funds is problematic for DEM for at least two reasons. First, DEM budgets some EMPG funds for regular expenditures, such as personnel costs, that DEM must pay biweekly or monthly throughout an SFY. However, in some SFYs, DEM spends all available EMPG funds before receiving the next grant. In these cases, DEM continues paying for regular expenditures with state money hoping that the next grant will eventually cover these costs. Secondly, per State Division of Finance policy<sup>10</sup>, DEM cannot use EMPG funds to pay for expenditures unless the EMPG funds are accessible in the SFY to which DEM attributes the expenditures. For example, to spend the FFY 2019 EMPG in SFY 2019, DEM would need to receive the grant before SFY 2019 ends on June 30, 2019.

<sup>10</sup> This Division of Finance policy is based on Governmental Accounting Standards Board (GASB) Statement No. 33 which states that recipients should recognize revenues in the period “...when all applicable eligibility requirements are met *and* the resources are available” (*Summary of Statement No. 33*, GASB, December 1998).

## Dependence on Federal Funding Combined with Delayed EMPG Funding Increases Budget Uncertainty and Risks Budget Deficit

As shown in Figure 5, DEM received the FFY 2017 EMPG just in time to use the funds for SFY 2017 expenditures. Conversely, DEM could not use the FFY 2018 EMPG for SFY 2018 expenditures because DEM received the grant after the close of the SFY.

**Figure 5** Timing of Available EMPG Funding (June 2017 to July 2018)



Source: Auditor generated based on 2018 General Session S.B. 3 and FFY 2017 & 2018 EMPG Award Letters

As authorized by the Legislature,<sup>11</sup> DPS loaned DEM \$3.2 million to pay for SFY 2018 expenditures that DEM would have paid with the FFY 2018 grant. Absent the loan, DEM’s budget deficit would have garnered much more attention and likely been reported to the Board of Examiners for review.<sup>12</sup>

DEM should avoid relying on DPS loans going forward. DPS may have insufficient resources to provide DEM with bridge loans. Moreover, the fact that DEM does not know whether they need a loan until late in the SFY complicates matters further. Finally, the Legislature authorized the most recent DPS loan for SFY 2018 only. The Legislature may not authorize additional loans.

<sup>11</sup> The Legislature authorized the loan through intent language in 2018 General Session S.B. 3 (see Item 30), which states “...that should the Division of Emergency Management (DEM) not receive authority to draw down its FY 2018 Emergency Management Performance Grant by June 30, 2018, that funds may be transferred from the Public Safety Program and Operations line item to DEM in FY 2018.” As required by S.B. 3, DEM repaid the loan after receiving approval to drawdown FFY 2018 EMPG funds.

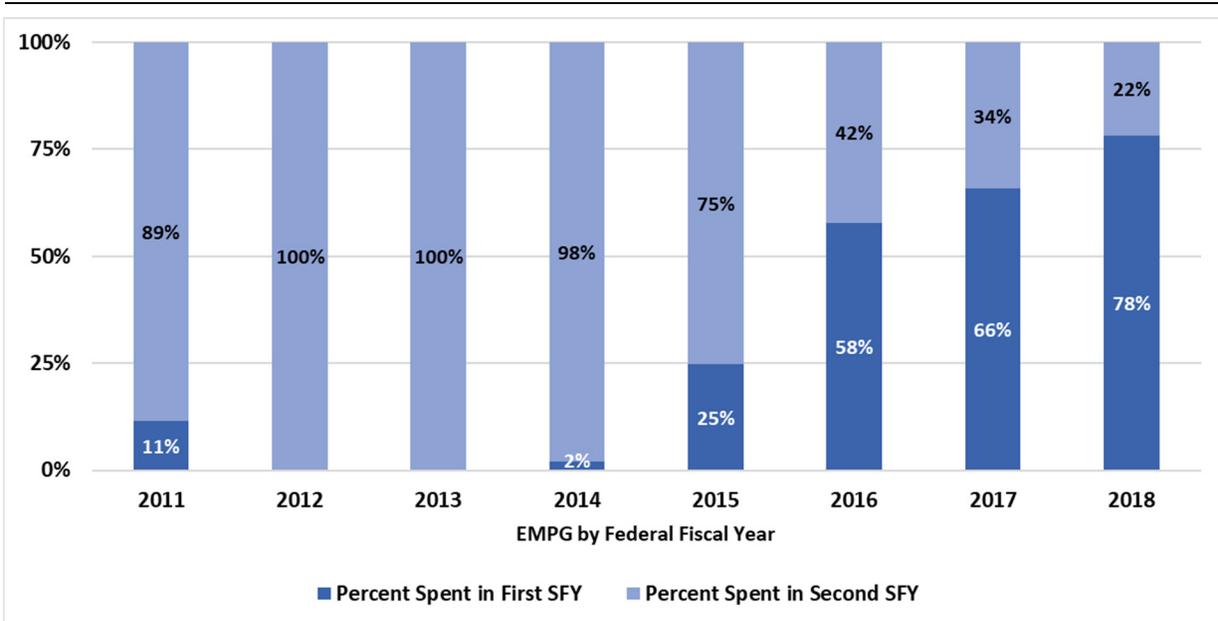
<sup>12</sup> Utah Code § 63J-1-217(2)

## Risk of Budget Deficit Exacerbated by DEM Spending Practices

### DEM increased dependence on timeliness of federal funds by accelerating spending of EMPG

As previously shown in Figure 4, the spending period of an EMPG is spread across three SFYs. Since SFY 2014, DEM has increased the amount of EMPG funds spent in the first SFY of the EMPG spending period. Figure 6 shows that DEM spent 100 percent of the FFY 2012 and FFY 2013 EMPG funds in the second SFY of the spending period.<sup>13</sup> Starting with the FFY 2014 EMPG, DEM began front-loading EMPG spending. Spending of EMPG funding in the first SFY peaked with the FFY 2018 EMPG as DEM spent nearly 80% of the grant in the first SFY.<sup>14</sup>

Figure 6 Share of EMPG Spending by State Fiscal Year



Source: Auditor generated based on data from the State Data Warehouse

By accelerating the spending of EMPGs, DEM has amplified its dependence on the timeliness of federal funding and exacerbated any delay in EMPG funds. If DEM had continued spending most EMPG funds in the second SFY, the delayed receipt of EMPG funds would be less of a concern. DEM management attributed the spending shift to a drop in federal funding<sup>15</sup> and the

<sup>13</sup> In other words, DEM spent all of the FFY 2012 EMPG in SFY 2013 and all of the FFY 2013 EMPG in SFY 2014.

<sup>14</sup> For the FFY 2018 EMPG, Figure 6 shows that DEM spent about 78% (\$2.6 million) of the grant in the first SFY (SFY 2018). DEM received the FFY 2018 EMPG too late to spend the grant in SFY 2018. However, as described earlier in the report, DPS loaned DEM money to cover SFY 2018 expenditures that DEM had planned to cover with the FFY 2018 EMPG. We included the \$2.6 million in the first SFY, rather than the second SFY, to acknowledge the fact that DEM used the \$2.6 million to pay off the loan that was used for SFY 2018 expenditures.

<sup>15</sup> Figure 3 shows a decrease in federal funding. The drop is due to the discontinuation of the Chemical Stockpile Emergency Preparedness Program (CSEPP) in Utah. In 1985, The US Congress passed a law that required the Army to dispose of aging chemical weapons, some of which were located in Utah. As part of CSEPP, in August of 1985,

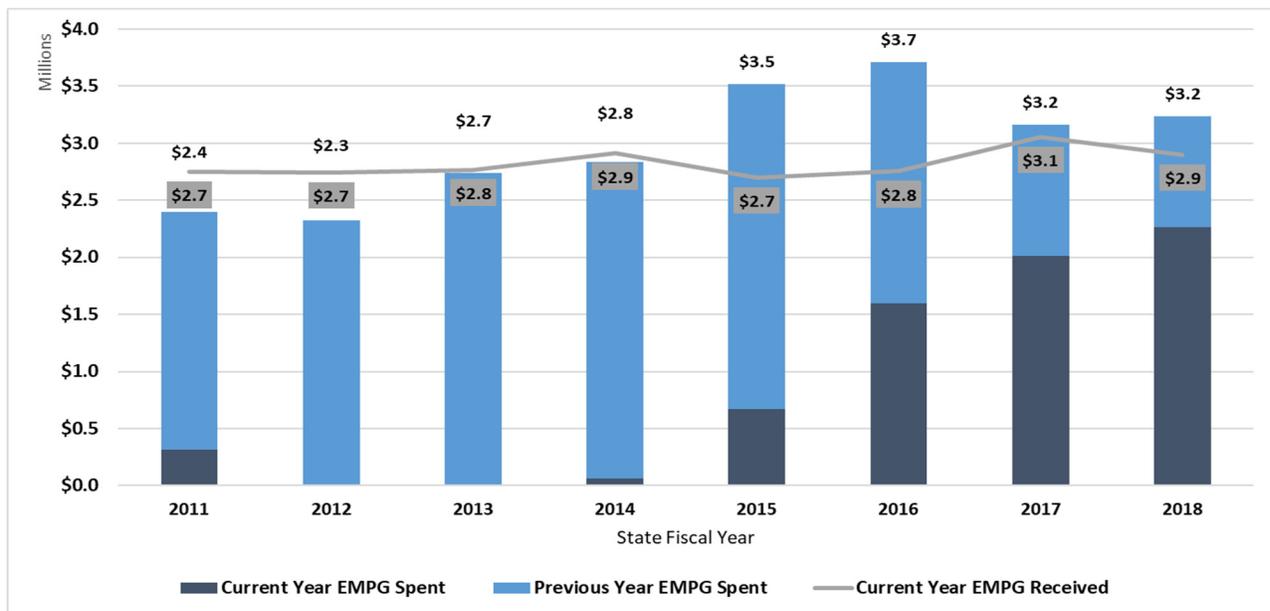
purchase of mission critical equipment. Despite the division’s efforts to reduce staff and expenditures, we believe DEM failed to adequately plan for the anticipated reduction in federal funds.

Emergency management agencies in three other states<sup>16</sup> told us that, although a reliance on federal funds is concerning, the timing of the EMPG did not affect their budgets. All three states credited this to budgeting EMPG funds for the second SFY of the EMPG spending period. One of these agencies recounted how, several years ago, it recognized the added risk of spending EMPG funds in the first SFY. Over a period of several years, the agency intentionally shifted away from this practice by delaying agency expenditures.

Accelerating EMPG spending has allowed DEM to spend at an unsustainable level

DEM’s current spending levels are unsustainable; as shown in Figure 7, DEM spends more EMPG funding than it receives. This spending practice is possible because the Federal Government awards the EMPG annually and permits a two-year spending period that spans multiple SFYs. These features allow DEM to use funding from two EMPGs in one SFY. DEM’s practice of spending in a single fiscal year more EMPG dollars than it receives can only continue

**Figure 7** EMPG Revenue and Expenditures



Note: The 2018 amount for Current Year EMPG Received is an estimate based on data for previous state fiscal years.

Source: Auditor generated based on data from the State Data Warehouse

FEMA began providing assistance to communities near these chemical stockpiles. Utah’s Deseret Chemical Depot closed in 2013. Source: FEMA, “Chemical Stockpile Emergency Preparedness Program Fact Sheet,” 2018.

<sup>16</sup> FEMA divides the US into ten geographical regions. FEMA Region VIII includes Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming. We contacted emergency management agencies in Region VIII states to understand how they cope with the late arrival of EMPG funds. Other than North Dakota, the emergency management agencies we contacted had a reliance on federal funds that is similar to that of Utah.

temporarily. Eventually grant funding will be insufficient to sustain current expenditures. Delaying and cutting expenditures could help DEM shift the spending of EMPG funds to the second SFY of the spending period and decrease the risk of a budget deficit.

From SFY 2014 to SFY 2018, growth in DEM expenditures<sup>17</sup> exceeded growth in DEM revenue<sup>18</sup> by 18 percent.<sup>19</sup> Furthermore, EMPG spending grew four times faster than EMPG funding over the same period.<sup>20</sup> Expenditures that grew fastest over this period include data processing and out-of-state travel, which exceeded appropriations by 24 percent and 22 percent, respectively. We also found that DEM was more liberal than other DPS divisions when it came to incentive awards. From SFY 2014 to SFY 2018, DEM's average incentive award per FTE was \$392, which exceeded the DPS's average incentive award by 45 percent.

## Recommendations

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We recommend DEM:

1. Spend EMPG funds in a more fiscally prudent manner, including only spending EMPG funds after they become available.
2. Implement budget and spending practices that will decrease the risk of a budget deficit due to untimely federal funds.
3. Ensure spending is in line with funding.
4. Pay attention to long-term spending trends and manage spending accordingly.
5. Decrease the division's reliance on federal funding.

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<sup>17</sup> Average annual growth in expenditures for this period was 3.6 percent.

<sup>18</sup> Average annual growth in revenue for this period was 3.0 percent.

<sup>19</sup> We used DEM's primary revenue sources for this calculation, which include EMPGs, 20 percent of the State Homeland Security Program grant, and General Fund appropriations.

<sup>20</sup> EMPG spending grew at an average annual rate of 4 percent while EMPG revenue grew by an average annual rate of 1 percent.

## Finding 2

# DEM Cannot Adequately Judge How Effectively it is Accomplishing its Mission

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Performance management improves government accountability by enhancing government's capacity to measure, improve, and convey results. DEM's performance management system lacks performance measures and strategic priorities. Accordingly, DEM is unable to adequately measure its ability to accomplish its mission. DEM should develop simple, trackable performance measures. Additionally, DEM's strategic plan and associated goals revolve around meeting federal grant requirements rather than strategic priorities. DEM should align its efforts with its strategic priorities to more effectively use its resources.

### **Performance Management Improves Government Accountability**

A primary purpose of performance management (PM) in a government setting is to help agencies use resources more effectively and produce results that provide a greater benefit to the public. Prominent components of PM include establishing an organizational mission, setting strategic priorities, implementing the mission and strategic priorities, collecting data to measure performance, and then, based on performance data, determining how to improve results and adjust priorities. PM is a continuous cycle of planning, implementing, and evaluating with the goal of improving strategic outcomes.<sup>21</sup>

In addition to informing an agency's decision-making, PM also helps agencies earn the confidence of elected officials and the public. The National Performance Management Advisory Commission stated that PM "improves accountability and supports confidence in government not only by enhancing governments' ability to communicate performance information but also by giving governments the right tools for improving results."<sup>22</sup> When an agency employs data to justify publicly the use of government resources, it facilitates transparency and accountability.

### **DEM Lacks Performance Measures**

DEM's mission statement is "to unite the emergency management community and to coordinate efforts necessary to mitigate, prepare for, respond to and recover from emergencies, disasters, and catastrophic events."<sup>23</sup> The mission statement is consistent with

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<sup>21</sup> Auditor analysis of the following: "A Performance Management Framework for State and Local Government." National Performance Management Advisory Commission. 2010; National State Auditors Association. "Best Practices in Performance Measurement, Part 1: Developing Performance Measures." 2004; "Best Practices for Good Management." Office of the Legislative Auditor General. 2009.

<sup>22</sup> A Performance Management Framework for State and Local Government. National Performance Management Advisory Commission. 2010. Page 5.

<sup>23</sup> DEM, 2017 Annual Report, retrieved from the following webpage on October 12, 2018: <https://dem.utah.gov/news-and-events/annual-reports/>

statutory responsibilities<sup>24</sup> the Legislature has outlined for DEM. When asked about metrics the division uses to evaluate overall performance, DEM said they do not have division-wide performance measures. Instead, they referenced their multi-year strategic plan, which articulates, among other things, goals, objectives, and over 200 milestones to achieve the objectives.<sup>25</sup>

DEM’s milestones are not sufficient measures of performance

Though objectives and milestones may be helpful in guiding day-to-day work and meeting grant requirements, they are not sufficient in measuring whether DEM is capable of accomplishing its mission. For example, Figure 8 shows two of DEM’s current goals and accompanying objectives and milestones. The milestones for these objectives are neither specific nor measurable. Column four in Figure 8 shows possible performance measures that could better track the outcome of each respective objective. Performance measures need not replace milestones, but each objective should be accompanied by at least one performance measure.

Figure 8 Possible Performance Measures for DEM’s Objectives

DEM Goal	DEM Objective	DEM Milestone	Possible Performance Measure
<b>Enhance Preparedness:</b> Increase Utah’s resiliency and ability to respond to and recover from incidents through preparedness efforts.	Enhance public outreach to better prepare the citizens of Utah.	Explore new outreach and marketing opportunities for Be Ready Utah and the program’s preparedness messaging.	Increase the number of citizens who own 72-hour kits to X percent through the Be Ready Utah program.
<b>Enhance Operational Capabilities:</b> Increase Utah’s operational capabilities for coordinating and obtaining resources to support incident response and maintain situational awareness during an emergency.	Develop capabilities in roles and responsibilities in the State Emergency Operations Center.	Build relationships with partners.	Establish agreements with temporary housing facilities (e.g. hotels, motels) sufficient to temporarily house X individuals in the event of a natural disaster.

Source: DEM’s “Multi-year Strategic Plan 2016-2021,” pgs. 19-21 and auditor analysis

<sup>24</sup> See Utah Code Section 53-2a-104.

<sup>25</sup> Utah Division of Emergency Management. “Multi-year Strategic Plan 2016-2021.”

### Completing activities and evaluating programs does not replace performance measures

When asked further about ways DEM measures its performance, management mentioned the following activities:

- Tracking social media followers and participation in DEM programs, including the Great ShakeOut<sup>26</sup> and Be Ready Utah.<sup>27</sup>
- Producing after-action reports following practice exercises. These reports detail what went well and what did not and include an Improvement Plan.
- Holding debriefing meetings following wildfire season and other real-life disasters. In these meetings, emergency managers identify strengths and deficiencies of recent responses and discuss how to make future emergency responses more effective.

Though these activities are important, they do not demonstrate that DEM is accomplishing its mission. For example, DEM knows how many people participated in the Great ShakeOut, but does not know how effective the program is in preparing participants for a disaster. Similarly, after-action reports and debriefing meetings are effective tools in identifying gaps and making plans to close them, but, without overall performance measures, these activities do not show how prepared DEM is to respond to disasters.

While DPS management works with each of its divisions to develop effective performance measures, DPS management recognizes that DEM lacks outcome-based performance measures that could better direct division resources and evaluate effectiveness.

### DEM's federal equivalent sets priorities and tracks performance measures

The Federal Emergency Management Agency (FEMA) performs similar work to DEM, but on a national level. FEMA recently published a new strategic plan with simplified goals and accompanying performance measures. The plan focuses on three strategic goals, associated objectives, and performance measures to measure progress towards those goals and objectives (see Figure 7). With appropriate performance measures, FEMA is better equipped to identify and communicate progress in reaching its stated purposes. DEM could obtain similar benefits by adopting performance measures in its own strategic plan.

We believe DEM's current performance measures are inadequate. Insufficient performance measures made it difficult to get a sense for how DEM would perform in the case of a catastrophic event. DEM should develop simple, trackable performance measures that

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<sup>26</sup> The Great ShakeOut is a drill scheduled yearly on a particular date and time where all participants "drop, cover, and hold on" as if there were an earthquake. The main goal of the program is to help Utahans be prepared for a major earthquake. [www.shakeout.org/utah/](http://www.shakeout.org/utah/).

<sup>27</sup> Be Ready Utah is the state's official emergency preparedness campaign managed by DEM. Its goal is to increase preparedness through a grassroots, individual-based approach. [www.utah.gov/beready/index.html](http://www.utah.gov/beready/index.html).

demonstrate the division’s progress in accomplishing its mission and that communicate DEM’s capabilities.

**Figure 7 Example Measures Used by FEMA to Track Performance**

<b>FEMA Strategic Goal 2: Ready the Nation for Catastrophic Disasters</b>	
<b>Objective 2.1 Organize the “BEST” (Build, Empower, Sustain, and Train) scalable and capable incident workforce</b>	
<b>Performance Measure:</b>	Designate 20,000 personnel as fully qualified by authorities having jurisdiction in the National Qualification System.
<b>Performance Measure:</b>	FEMA will improve the readiness of its incident workforce cadres from a D3 (60-74%) to a D2 (75-89%) rating of overall readiness.
<b>Performance Measure:</b>	Execute 100% of FEMA-led, presidentially-declared events through the seamless integration of non-FEMA personnel into FEMA incident workforce positions as a Unified National Incident Workforce.

*Source: FEMA’s “2018-2022 Strategic Plan, Appendix 1: Performance Measures,” pg. 3*

### **DEM Does Not Align Goals with Strategic Priorities**

In addition to performance measures, DEM’s 33-page strategic plan identifies 10 wide-ranging goals for the division, with 24 associated objectives. According to DEM management, much of the strategic plan and associated goals are geared toward complying with federal grant requirements. The plan focuses on a number of DEM’s tasks, but fails to set strategic priorities that will help DEM allocate its scarce resources and effectively accomplish its mission during an emergency.

When asked what they would identify as DEM’s top strategic priorities, management indicated operational readiness and preparedness. The organizational structure of the division also reflects these priorities, with DEM’s two bureaus being Response and Recovery (which includes logistics, operations, and mitigation) and Preparedness. Operational readiness and preparedness are included in DEM’s strategic plan. However, these priorities are lost in a myriad of goals and tasks designed to comply with federal grant requirements.

In contrast, FEMA’s new strategic plan lists three specific goals: 1) build a culture of preparedness, 2) ready the nation for catastrophic disasters, and 3) reduce the complexity of FEMA. While we recognize operational weaknesses within FEMA, these three goals help simplify FEMA’s processes and improve the execution of its mission. DEM has a mission, several goals, and a list of tasks, but the division does not articulate its highest priorities. DEM should align its strategic goals with its priorities to better focus resources in the most important areas.

## Recommendations

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We recommend DEM:

1. Develop simple, trackable performance measures that show the extent to which the division is accomplishing its mission.
2. Align its strategic priorities with its mission rather than with federal grant requirements.
3. Only utilize federal grants that enhance the division's operational effectiveness and avoid grants that detract from the division's strategic priorities.

## Appendix A

# Audit Scope, Objectives, Methodology, And Limitations

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*A Performance Audit of the Division of Emergency Management's Budget and Performance Management Practices* was initially conducted to perform a budget review and overall performance evaluation of the Division of Emergency Management (DEM). Our audit scope included a review of the following documents starting in July 2018:

- Applicable state statutes and administrative rules from Utah and other states
- Applicable Department of Public Safety (DPS) and DEM policies and procedures
- Applicable audits completed by the Office of the Legislative Auditor General (OLAG) and other states
- Performance management frameworks and best practices
- DEM annual reports and DEM's 2016-2021 Strategic Plan
- The Federal Emergency Management Program (FEMA) 2018-2022 Strategic Plan
- Federal grant requirements and applications for the FFY2012-2017 Emergency Management Performance Grants (EMPG)
- DEM's budgets for SFY2009-2018 as found in the Compendium of Budget Information (COBI) as well as DEM internal documents
- DEM revenues and expenditures, as recorded in the State Division of Finance's State Data Warehouse for SFY2009-2018
- Emergency Management Accreditation Program (EMAP) Assessment Report for 2011 and 2016
- DEM Statewide Flooding Status Reports
- Annual reports and budgets for emergency management agencies in other states

Based on our initial survey work, we chose to focus the audit on assessing DEM's spending practices of EMPG funds and performance measures. Fieldwork for the audit ran from July to November 2018 and included, but was not limited to, the following:

- Analysis of the timing and amount of DEM revenues and expenditures from FY2011-2018
- Analysis of EMPG expenditures during SFY2011-2018
- Analysis of DEM's performance measures and strategic goals
- Analysis of DEM's After-Action reports and Improvement Plans from 2012-2017
- Observing DEM's 2018 full-scale mock exercise
- Discussion with Region VIII states regarding their EMPG spending practices and performance measures

Appendix B

# Agency Response



State of Utah

GARY R. HERBERT  
*Governor*

SPENCER J. COX  
*Lieutenant Governor*

Department of Public Safety

JESS L. ANDERSON  
*Commissioner*

January 15, 2019

Mr. John Dougall  
Utah State Auditor  
East Office Building, Suite E310  
Utah State Capitol Complex  
Salt Lake City, Utah 84114

Dear Mr. Dougall,

RE: Performance Audit No. 18-04: A Performance Audit of The Division of Emergency Management's Budget and Performance Management Practices

The Utah Department of Public Safety's Division of Emergency Management (DEM) has reviewed the referenced performance audit and provides the following responses to the findings and recommendations:

Finding 1. DEM Risks Budget Deficit Due to Reliance on Untimely Federal Funds and Accelerated Spending.

In 2012 DEM had a reduction in federal funds of \$3.2 million annually from the Chemical Stockpile and Emergency Preparedness Program (CSEPP) and the Homeland Security Grant Program (HSGP). Since that time DEM has planned for the reduction in federal funds by reducing operating expenditures. The Division has been reduced from 3 bureaus to 2, has reduced its full time staff by 9 positions, reduced its inventory of computers and technology, and eliminated 50% of its land line telephones. Even with these reductions it has become necessary for DEM to increase its reliance on the Emergency Management Performance Grant (EMPG) and as a result has accelerated the spending of this grant.

DEM agrees that the reliance on federal funds and the federal government's inability to pass annual budgets in a consistent, timely manner puts the Division in a position to be at risk for a budget deficit. DEM will continue to look for opportunities to implement cost saving measures and work with the Legislature to decrease its reliance on federal funds.

DEM agrees that the average incentive award per FTE was \$392 from State Fiscal Year (SFY) 2014 to 2018. This incentive award average is 28% of the maximum total allowed by DPS Policy 182.7 which allows an employee to earn up to 40 hours of paid administrative leave that can be cashed out at \$35 an hour (\$1,400 SFY maximum) or used as paid time off within the SFY. It is important to note that in the methodology and data included in the incentive award report focused only on Object Code 5150 - Incentive Pay and did not take into account Object

Code 5110 - Leave Paid for those divisions where employees utilized paid time off more than cashing out administrative leave hours. Without researching Object Code 5110 it is not clear if DEM is more liberal in issuing administrative leave than the other divisions in DPS.

In summary, DEM agrees with Finding 1 and will continue to decrease its reliance on federal funding and continue to implement best practices in fiscal management.

Finding 2. DEM Cannot Adequately Judge How Effectively it is Accomplishing its Mission.

DEM agrees with this finding that it can improve its ability to prepare for, respond to, recover from, and mitigate emergencies and disasters by defining more specific, strategic performance measures. As DEM works with the Legislature to decrease its reliance on federal funding it will be able to continue to align its efforts with strategic priorities rather than federal grant requirements. Until that happens, DEM will continue to balance its efforts in strategic priorities and federal grant requirements to ensure federal funding continues to come to Utah not only to support DEM's operations but to support the 29 counties in Utah and their emergency management efforts.

In gauging effectiveness through preparedness drills and exercises, DEM has seen an increase in citizen preparedness from the Great Utah ShakeOut. The Great Utah ShakeOut can be measured through the statistical number of participants as it has maintained a high level of participation. These statistics can provide information that more people are aware of the importance of earthquake preparedness, local and state jurisdictions are participating, and school districts mandate it as one of their statutory drills to better prepare students for an earthquake. They are also required to register every year, so these are people who are choosing to continue participating rather than having some sort of automatic renewal. By registering, they are opting in to receiving regular preparedness related emails, increasing their knowledge and understanding of preparedness.

Participation for the past five years:

2018: 998,145 participants

2017: 1,012,117 participants

2016: 1,003,682 participants

2015: 962,305 participants

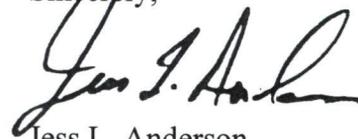
2014: 835,729 participants

DEM will continue to implement the strategies published in March of 2018 by our federal counterpart, the Federal Emergency Management Agency (FEMA). This document of three strategic goals is a great improvement from FEMA's previous strategic plan (2014-2018) that included 5 goals and 16 strategic outcomes and gives states a better understanding and vision of how FEMA will work with states and local jurisdictions.

In summary, DEM agrees with Finding 2 and will continue to define more specific, strategic performance measures.

We appreciate the opportunity to work with you and your staff. They have been courteous and professional and we thank them for their time and effort.

Sincerely,

A handwritten signature in black ink, appearing to read "Jess L. Anderson". The signature is fluid and cursive, with a large initial "J" and "A".

Jess L. Anderson  
Commissioner