



Department of Public Safety EMA Subrecipient Monitoring Audit

Audit Period: January through December 2015

Results Summary:

Objective	Conclusion*
Fiscal Compliance	Well-Controlled
Programmatic Compliance	Well-Controlled with Improvement Needed

*Please refer to Appendix A for classification of audit objective conclusions.



Executive Summary

Background

The primary mission of the Ohio Emergency Management Agency (EMA) is to coordinate activities to mitigate, prepare for, respond to and recover from disasters. This mission is carried out by closely interfacing with local, state and federal agencies in an effort to bring resources of recovery and support to Ohioans impacted by the disaster. In addition to disaster response and recovery, Ohio EMA activities include: education, training, planning and preparedness - strengthening Ohio's first responder capabilities and improving communication across the state.

EMA receives funding from the Federal Emergency Management Agency (FEMA) through the State Homeland Security Program to assist local governments in obtaining the resources required to support the National Preparedness Goal's associated mission areas and core capabilities. During the 2015 grant period, EMA issued approximately 100 Homeland Security grants, totaling approximately \$6.2 million, to local governments.

During the audit, OIA identified opportunities for the EMA to strengthen internal controls and improve business operations. This audit conforms to the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank EMA staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

Scope and Objectives

OIA staff was engaged to perform an assurance audit related to the controls over EMA's subrecipient monitoring processes for the Homeland Security Grant Program. This work was completed April through June 2016.

The following summarizes the objectives of the review:

- Evaluate the design and effectiveness of controls over subrecipient monitoring of Homeland Security grants for fiscal compliance.
- Evaluate the design and effectiveness of controls over subrecipient monitoring of Homeland Security grants for programmatic compliance.



Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. There were no high or moderate risk observations on this engagement. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.

During the review, OIA also identified opportunities for EMA to gain efficiency outside the scope of this review. These recommendations have been provided to management in a separate communication entitled 'Other Matters for Management's Attention'.

Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the observations and recommendations suggested above. However, these observations reflect our continuing desire to assist your department in achieving improvements in internal controls, compliance, and operational efficiencies.



Appendix A – Classification of Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Improvement Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Major Improvement Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

Classification of Audit Observations

Rating	Description of Factors	Reporting Level
Low	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
Moderate	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
High	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee