



# Department of Homeland Security Office of Inspector General

## Challenges Facing FEMA's Acquisition Workforce





Homeland  
Security

November 20, 2008

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports published as part of our oversight responsibilities to promote economy, effectiveness, and efficiency within the department.

This report presents the results of the audit of the Federal Emergency Management Agency's acquisition workforce. We contracted with the independent public accounting firm of Foxx & Company to perform the audit. The contract required that Foxx & Company perform its audit according to generally accepted government auditing standards. Foxx & Company identified three areas where the acquisition workforce could be improved. The report contains seven recommendations addressed to the Director, Office of Acquisition Management, Federal Emergency Management Agency.

Foxx & Company is responsible for the attached auditor's report dated October 24, 2008, and the conclusions expressed in the report.

The recommendations herein have been developed to the best knowledge available to our contractor, and have been discussed in draft with those responsible for implementation. It is our hope that this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner  
Inspector General



October 24, 2008

Mr. Matt Jadacki  
Deputy Inspector General for Office of Emergency Management Oversight  
Office of Inspector General  
Department of Homeland Security  
245 Murray Drive, SW, Building 410  
Washington, DC 20528

Dear Mr. Jadacki:

Foxx & Company performed an audit of the Federal Emergency Management Agency's acquisition workforce. The audit was performed in accordance with our Task Order No. TPD FIG BPA 070007, dated September 11, 2007.

This report presents the results of the audit and includes recommendations to help improve the acquisition workforce's effectiveness in responding to the requirements of a catastrophic disaster.

Our audit was conducted according to applicable *Government Auditing Standards*, July 2007 revision. The audit was a performance audit as defined by Chapter 1 of the *Standards*, and it included a review and report of program activities with a compliance element. We did not perform a financial audit, the purpose of which would be to render an opinion on the agency's financial statements.

We appreciate the opportunity to have conducted this audit. Should you have any questions, or if we can be of any further assistance, please call me at (513) 639-8843.

Sincerely,

Foxx & Company

Martin W. O'Neill  
Partner

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## Abbreviations

|      |                                       |
|------|---------------------------------------|
| DAE  | Disaster Assistance Employee          |
| DHS  | Department of Homeland Security       |
| FAR  | Federal Acquisition Regulation        |
| FEMA | Federal Emergency Management Agency   |
| FY   | Fiscal Year                           |
| GAO  | Government Accountability Office      |
| OAM  | FEMA Office of Acquisition Management |
| OIG  | Office of Inspector General           |
| SOP  | Standard Operating Procedures         |
| VAO  | Virtual Acquisition Office™           |

# OIG

*Department of Homeland Security  
Office of Inspector General*

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## **Executive Summary**

Foxx & Company audited the Federal Emergency Management Agency's (FEMA's) disaster acquisition workforce to assess its preparedness for catastrophic disasters. The audit objectives were to determine whether FEMA has an acquisition workforce strategic plan and effective policies for responding to such disasters. Additionally, the audit assessed the progress FEMA has made in preparing its acquisition workforce. The audit was conducted between January and May 2008. See Appendix A for additional details on objectives, scope, and methodology.

FEMA has concentrated its efforts on building an effective acquisition organization. However, FEMA also needs to focus on preparing the acquisition workforce to respond to a catastrophic disaster. FEMA has improved the capability of its acquisition workforce in a number of ways. For example, the acquisition organization has been reorganized and management and oversight improved, the number of acquisition staff has been greatly increased, and FEMA has increased training for its acquisition staff. While this is a good first step, FEMA does not have the necessary plans and policies, or the well-prepared acquisition workforce, that it needs to respond to disasters that result in extraordinary levels of casualties, damage, or disruptions.

We recommend that the Director of FEMA's Office of Acquisition Management develop and implement a strategic acquisition workforce plan; coordinate with the other FEMA components and other federal acquisition organizations that have responsibilities to prepare for and respond to such disasters; develop and implement detailed acquisition workforce policies and procedures; complete a staffing analysis to determine the appropriate size of the Disaster Assistance Employee contracting cadre; develop a succession plan for FEMA's Office of Acquisition Management acquisition staff; initiate a formal mentoring program; design a rotation program for headquarters and regional office acquisition personnel to obtain disaster contracting experience; and provide training and guidance to the field office staff in conjunction with reassignment of contract administration responsibilities. FEMA's response is summarized and evaluated in the body of this report and included, in its entirety, as Appendix B.

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## Background

In responding to emergencies, whether natural or man-made, current doctrine dictates that government agencies and organizations local to the situation act as first responders. When state and local governments become overwhelmed by the size or scope of the disaster, state officials may request assistance from the federal government; so federal agencies must always be prepared to provide support when needed. President Carter issued an executive order in 1979 merging many of the separate disaster-related federal functions and creating the Federal Emergency Management Agency (FEMA). Following the terrorist attacks of September 11, 2001, the *Homeland Security Act of 2002* (P.L. 107-296) (*Homeland Security Act*) realigned FEMA and made it part of the newly formed Department of Homeland Security (DHS).

FEMA's statutory authority comes from the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended (P.L. 100-707) (*Stafford Act*), which was signed into law in 1988 and amended the *Disaster Relief Act of 1974* (P.L. 93-288). To access federal assistance under the *Stafford Act*, states must make an emergency or major disaster declaration request that is reviewed by FEMA for presidential approval. The *Stafford Act* also permits FEMA to anticipate declarations and pre-stage federal personnel and resources when a disaster threatening human health and safety is imminent, but not yet declared.

Reports issued by Congress, the White House, federal Offices of Inspector General, and the Government Accountability Office (GAO), among others, identified issues including questionable leadership decisions and capabilities, organizational failures, overwhelmed response and communications systems, and inadequate statutory authorities, as contributors to the poor response to the 2005 Gulf Coast Hurricanes. In the wake of these disasters, it became clear that FEMA's efforts to support state and local emergency management and to prepare for federal response and recovery in natural disasters were insufficient for an incident of such catastrophic magnitude.

FEMA has more than 2,600 full-time employees to carry out its vital mission, and about 150 of these employees comprise the acquisition workforce in FEMA's Office of Acquisition Management (OAM).<sup>1</sup>

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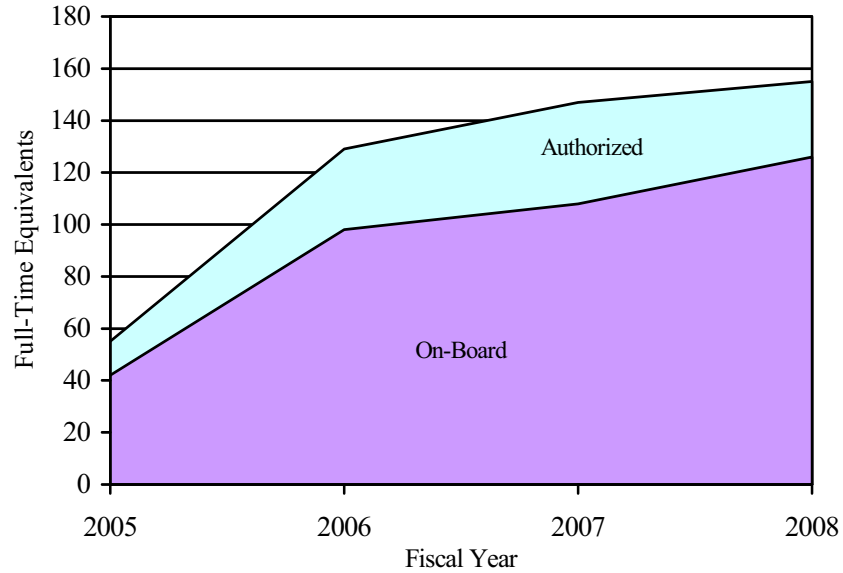
<sup>1</sup> FEMA was unable to provide a detailed listing of on-board personnel by position classification (e.g., General Schedule series).

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As depicted in Figure 1, OAM added a significant number of personnel since the 2005 Gulf Coast Hurricanes, increasing the acquisition workforce from 55 to the current 155 authorized positions. These OAM employees work at FEMA headquarters in Washington, DC and at regional and area offices across the country.

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**Figure 1: FEMA Office of Acquisition Management Staff, Authorized and On-Board**



Source: FEMA Office of Acquisition Management.

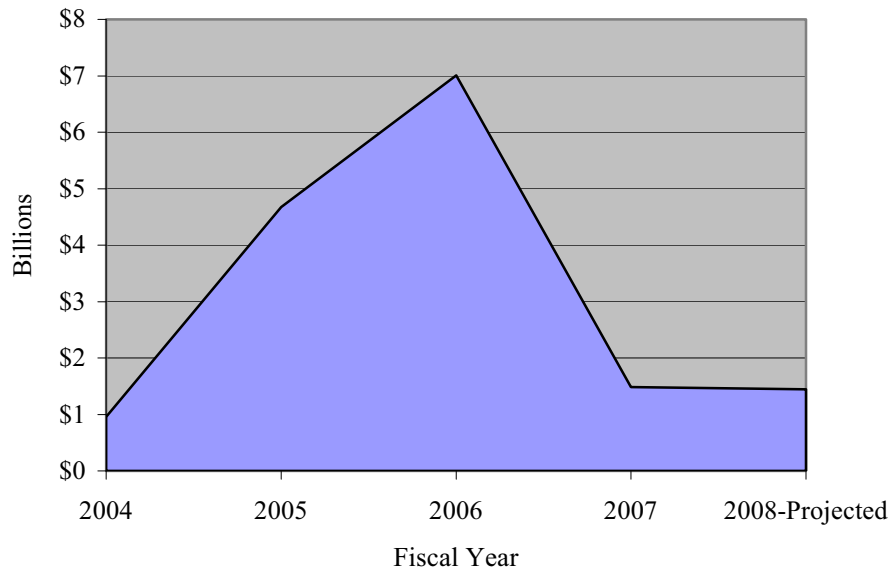
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FEMA also has nearly 4,000 standby disaster assistance employees who are available for deployment after disasters, and 16 of these are acquisition workforce personnel. In addition, FEMA works in partnership with other organizations that are part of the Nation's emergency management system. These partners include state and local emergency management agencies, federal agencies, the American Red Cross, and other voluntary organizations.

In Fiscal Year (FY) 2004, FEMA spent almost \$1 billion for goods and services. This rose to a little less than \$5 billion in FY 2005 and to over \$7 billion in FY 2006. Most of the increase in these 2 years was attributable to the response to and recovery from the 2005 Gulf Coast Hurricanes. By FY 2007, FEMA's overall spending had fallen to about \$1.5 billion (see Figure 2).

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**Figure 2: FEMA’s FY 2004-2008 Acquisition Spending**



Source: Federal Procurement Data System – Next Generation Data.

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The 2005 Gulf Coast Hurricanes severely tested disaster management at the federal, state, and local levels and revealed weaknesses in the basic elements of preparing for, responding to, and recovering from a catastrophic disaster. The *Post-Katrina Emergency Management Reform Act of 2006* (P.L. 109-295, Title VI – National Emergency Management, of the *Department of Homeland Security Appropriations Act of 2007*) (*Post-Katrina Act*) defined a catastrophic disaster as “any natural disaster, act of terrorism, or other man-made disaster that results in extraordinary levels of casualties or damage or disruption severely affecting the population (including mass evacuations), infrastructure, environment, economy, national morale, or government functions in an area.” Effective disaster preparedness and response require defining what needs to be done, where and by whom, how it needs to be done, and how well it should be done. In the aftermath of the 2005 Gulf Coast Hurricanes, FEMA was not prepared to provide the acquisition support needed for this catastrophic disaster.

Audits by the Department of Homeland Security’s (DHS) Office of Inspector General (OIG) and the GAO have identified deficiencies in the acquisition process. Past work has shown that to ensure successful acquisition outcomes, certain critical success factors must be in place, including sound acquisition planning, good business arrangements, and effective contract monitoring and oversight.



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However, these audits identified deficiencies under these critical success factors. In addition, a recent DHS OIG report identified opportunities for improvements in acquisition staff and policies and procedures.<sup>2</sup>

## **Results of Audit**

The OIG contracted with Foxx & Company to evaluate the effectiveness of FEMA's acquisition workforce in preparing for and responding to the acquisition requirements of a catastrophic disaster. The audit objectives included determining if FEMA had:

- A disaster acquisition workforce strategy that is adequate;
- Up-to-date disaster acquisition workforce policies to ensure compliance with procurement, contract monitoring, and contract management requirements; and
- An appropriately sized, qualified, trained, and geographically dispersed disaster acquisition workforce.

FEMA needs to be better prepared for responding to disasters of extraordinary consequence. Although FEMA has made progress, opportunities for improvement remain. FEMA, and the OAM in particular, need to develop an acquisition workforce strategy, detailed policies and procedures, and an acquisition workforce that will be ready for a catastrophic disaster response.

## **Strategic Plan for Responding to Catastrophic Disasters**

OAM has made changes that will improve its response to catastrophic disasters, but more needs to be done. OAM reorganized to facilitate disaster response, and it has taken considerable actions to improve its management and oversight of acquisitions. As part of an organizational realignment in June 2007, it established the Acquisition Program and Planning Branch whose mission is to improve the development and quality of the contracts requirements packages. It also established the Acquisition Policy and Legislation Branch that has issued acquisition guidance, policies, and reference materials.

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<sup>2</sup> *FEMA's Preparedness for the Next Catastrophic Disaster* (OIG-08-34, March 2008).

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However, these actions have not included the development of an effective acquisition workforce strategic plan for responding to a catastrophic disaster. A strategic plan would provide members of the acquisition organization the guidance they need, in as much detail as possible, to understand what their responsibilities will be in responding to a catastrophic disaster. Without a clearly defined strategy, measurable goals and benchmarks, and systematic monitoring for catastrophic disasters, FEMA will not be in a position to properly respond or to measure the success and effectiveness of its actions taken to improve the acquisition operations in a catastrophic disaster.

### **Ensuring an Effective Response**

FEMA has issued a new 5-year strategic plan (for FY 2008-13) that includes a goal of providing an integrated approach to strengthen the Nation's ability to address disasters, emergencies, and terrorist events. It includes workforce goals, but they are broad and do not include a strategy for meeting the special acquisition workforce requirements of a catastrophic disaster. It is up to OAM to take the next step and prepare a strategic plan for catastrophic disaster response. Such a plan is necessary so that an effective acquisition workforce response can be implemented and to ensure that the staff knows what is expected of them.

OAM's emphasis has been on building an organization at FEMA headquarters that will enable effective day-to-day acquisitions. However, OAM officials said they have not developed plans for a catastrophic disaster response. They have developed a strategic scorecard that they consider a strategic plan. It addresses many acquisition programs and functions, including human capital, efficiency and productivity, policies and procedures, program management and systems, and financial accountability. The OAM scorecard has performance outcomes, measures, targets, and initiatives, and is useful in helping OAM track its improvement efforts. However, it does not meet the need to have a strategic plan for responding to a catastrophic disaster.

OAM needs to develop a strategic plan that identifies what needs to be done, by whom, and how well it should be done in the event of a catastrophic disaster. An OAM strategic plan should address:

- An acquisition workforce deployment strategy for headquarters and the regions;

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- A clear chain of command delineating lines of authority and responsibility along which orders are passed in the event of a catastrophic disaster;
  - Individual responsibilities of acquisition workforce personnel;
  - Lines of communication to enable OAM and field office personnel to exchange information and respond effectively;
  - Training and experience requirements;
  - A methodology for measuring progress in achieving the goals of the strategic plan;
  - Scalability of the acquisition workforce to address disasters of differing sizes; and
  - Compatibility with the National Incident Management System.

Finally, OAM could benefit from coordinating with three organizations that are focusing on catastrophic disaster planning. The Catastrophic Planning Division, in FEMA's Disaster Operations Directorate, is planning responses for two catastrophic disaster scenarios. The Supplemental Disaster Contracting Cadre Office, a part of the Office of Management and Budget's Office of Federal Procurement Policy, is organizing volunteers from contracting organizations within the federal government to deploy to catastrophic disasters. The Disaster Reserve Workforce Division is a new organization in FEMA's Office of Management that will manage maintaining and deploying the reserve employee workforce for response to disasters. Although OAM was in the process of beginning coordination efforts at the conclusion of our fieldwork, it needs to ensure that full coordination with the three groups occurs.

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## **Recommendation:**

We recommend that the Director, Office of Acquisition Management:

**Recommendation #1:** Develop a strategic acquisition workforce plan for responding to catastrophic disasters.

- a. Develop this plan in coordination with the three other organizations that are focused on responding to catastrophic disasters—the Catastrophic Planning Division, the Supplemental Disaster Contracting Cadre Office, and the Disaster Reserve Workforce Division; and
- b. Develop this plan in coordination with other federal acquisition organizations that have responsibilities for disaster acquisition activities.

## **Management Comments and OIG Analysis**

FEMA concurred with recommendation 1. FEMA said OAM will develop a strategic acquisition workforce plan for responding to catastrophic disasters.

We consider FEMA’s planned action responsive to the recommendation. The recommendation is resolved and open pending FEMA’s issuance and DHS OIG review of the catastrophic disaster acquisition workforce plan. However, agency officials should provide target completion dates for implementing their planned actions.

## **OAM Policies and Procedures**

Once a strategic plan is developed, policies and procedures are needed to carry it out. OAM has implemented new policies and requirements for its acquisition workforce such as improved advanced planning, accurate documentation, workforce training, and contract monitoring. It has also implemented the Virtual Acquisition Office™ (VAO), an online service designed to provide the acquisition workforce with the federal acquisition information, insight, and analysis needed for performing acquisition functions.

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However, some OAM staff said the acquisition workforce needed more detailed policies and standard operating procedures (SOPs) for disaster-related acquisitions. Without clearly defined and documented policies and procedures, OAM's acquisition workforce will not be in a position to properly respond to a catastrophic disaster.

### **Detailed Policies and Procedures Needed for the Acquisition Workforce**

OAM implemented a number of improvements, including some policies and procedures, to better prepare for responding to emergency situations, including issuing the *Emergency Acquisition Field Guide* and the *Disaster Contracting Desk Guide*, and developing the VAO website. It also developed Contract Administration Plans, which are designed to facilitate efficient and effective administration planning and outline required levels of surveillance, contract terms and conditions for contract administration, performance milestones, and reporting requirements. However, these actions do not adequately address how acquisition professionals should respond to a catastrophic disaster.

OAM policies and procedures need to address specific actions to be taken in the event of a catastrophic disaster. Specific SOPs need to be written for catastrophic disasters and effectively communicated to field office acquisition workforce personnel. Uniform SOPs are sets of instructions and clearly written descriptions of how particular tasks are to be performed. SOPs ensure that acquisition operations can be executed consistently and effectively and that federal regulations are uniformly applied. Acquisition staff from one field office told us that they were independently developing SOPs that would provide the level of detail needed to better guide the acquisition workforce to effectively and consistently respond to disaster declarations. However, such SOPs should be developed and implemented by OAM on a FEMA-wide basis. For example, FEMA did not have adequate policies and procedures addressing:

- Who would deploy from OAM during catastrophic disasters;
- What the role of OAM headquarters acquisition staff would be;

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- What would be the SOPs for acquisition staff at headquarters, the regional offices, and the joint field office(s); and
  - What steps would be taken to coordinate with FEMA's Finance and Logistics staff.

OAM uses the VAO website to provide the acquisition workforce with policies, procedures, checklists, samples, access to information, knowledge, and insights on acquisition-related topics. It provides a wide range of documents and guidance, all related to federal acquisition, including: the Federal Acquisition Regulation (FAR) and agency implementing regulations, government-wide policies and guidance, agency policies and guidance, and acquisition checklists and samples.

Although it does not currently provide information on specific actions to be taken to respond to catastrophic disasters, it would be a useful tool for disseminating policies and procedures for responding to a catastrophic disaster once they are developed.

OAM's emphasis has been on developing the policies and procedures that will improve its acquisition operations. OAM has not taken the next steps to develop detailed SOPs, or set up lines of communication and knowledge sharing to better guide the acquisition workforce in responding to a catastrophic disaster.

### **Recommendation:**

We recommend that the Director, Office of Acquisition Management, in coordination with acquisition staff at FEMA headquarters and regional offices:

**Recommendation #2:** Develop detailed acquisition workforce policies and procedures, consistent with the acquisition workforce strategic plan, that provide the guidance needed to respond to catastrophic disasters.

### **Management Comments and OIG Analysis**

FEMA concurred with recommendation 2. OAM will develop detailed acquisition workforce policies and procedures, as considered necessary, to implement OAM's strategic acquisition workforce plan identified in recommendation 1.

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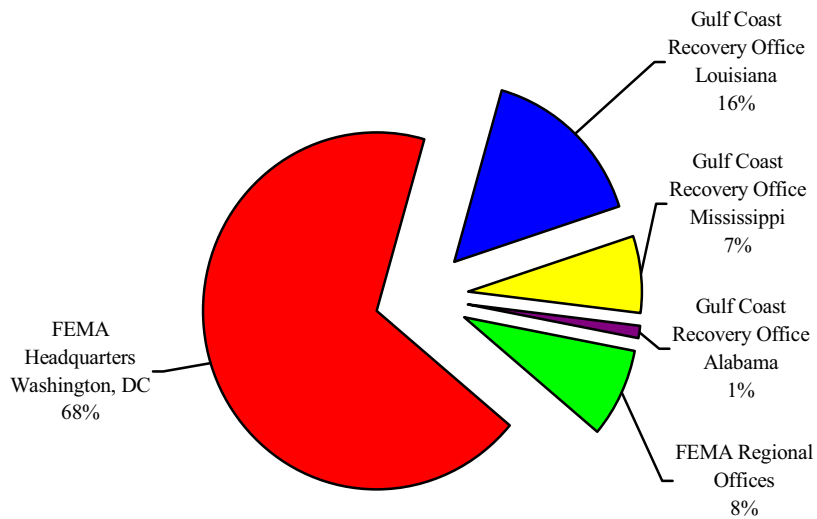
We consider FEMA’s planned action responsive to the recommendation. The recommendation is resolved and open pending FEMA’s issuance and DHS OIG review of detailed acquisition workforce policies and procedures for catastrophic disasters. However, agency officials should provide target completion dates for implementing their planned actions.

### Acquisition Workforce Preparedness

OAM has increased the size of its acquisition workforce from the 55 staff members who were in place when the 2005 Gulf Coast Hurricanes struck to a current level of 155 authorized positions. The location of the current OAM workforce is shown in Figure 3.

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**Figure 3: FEMA Office of Acquisition Management Workforce by Location**



Source: FEMA Office of Acquisition Management.

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OAM has also increased its emphasis on the training and development of the workforce. It developed a Disaster Training Course to guide contracting professionals on how to award contracts during a disaster and issued acquisition field and desk guides. However, opportunities for improved management that would better prepare the workforce for catastrophic disaster response remain.

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## **FEMA's Efforts to Improve Workforce Management**

In the aftermath of the 2005 Gulf Coast Hurricanes, FEMA's acquisition workforce was criticized for failure to respond in a timely manner and to respond with an adequate number of experienced contracting personnel qualified to handle the demands of the catastrophic damage. In response, OAM has added contracting personnel, reorganized OAM, awarded a number of pre-disaster response and recovery contracts, issued contracting guidance, and issued policies to improve the purchase card program. It also increased the number of and training for Contracting Officer Technical Representatives, a move that will help solve the problems of monitoring contracts in the next catastrophic disaster.

OAM officials said that efforts have been hampered by employee turnover and its current workforce's need for hands-on experience with active disasters. OAM could not provide turnover or attrition information nor did it track hands-on experience with disasters. In addition, OAM has not realigned its new workforce to strategically place personnel where they are most needed, such as the field locations where catastrophic disasters are likely to occur. Furthermore, staff in the field offices visited said they were overworked and that headquarters was transferring contract monitoring and management responsibilities to the field offices without increased staffing or guidance. OAM has made acquisition workforce improvements, but further actions are needed to develop a nationwide workforce that will be ready for a catastrophic disaster response. Specific areas of opportunity include:

### **Disaster Assistance Employees**

OAM officials said that the Disaster Assistance Employee (DAE) contracting cadre was not sufficient in number. The primary contracting specialists deployed to disasters are members of this cadre. At the time of our review, the cadre consisted of 16 contracting specialists. An OAM official estimated that 30 to 60 contracting specialist DAEs were needed to have an effective contracting cadre.



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### Succession Planning

OAM officials said that a high attrition rate has resulted in its workforce consisting of many new contracting staff with less experience than the staff being replaced. Although requested, FEMA could not provide documentation on OAM's attrition rate. In addition, many of the acquisition workforce staff will be eligible for retirement in the near future. Nevertheless, FEMA had not developed a succession plan for potential retirees and losses of acquisition workforce personnel to other federal agencies or private industry.

### Mentoring Program

OAM did not have a structured mentoring program for employees to ensure that FEMA contracting experience and guidance on operating in a disaster-contracting environment could be passed on to employees with less experience. With the large ramp up in acquisition workforce staff, many of the new employees are new to contracting or coming from other agencies and have various contracting backgrounds. A mentoring program to provide technical contracting direction would aid OAM in guiding less experienced staff in a disaster environment.

### Mandatory Rotation Program

OAM did not have a mandatory rotation program to ensure that the contracting personnel in headquarters and regional offices received experience in disaster environments. With the majority of the acquisition workforce assigned to headquarters, it is likely that in a catastrophic disaster headquarters personnel will be assigned to the disaster. Because the conditions at a disaster site are different from a headquarters or regional office, the contracting personnel deployed to disasters from those offices might not have the disaster-related experience needed to ensure that contracting is done correctly.

### Workload Distribution

OAM officials have begun to delegate administrative and management responsibilities for large multiyear disaster contracts that were originally awarded by OAM headquarters to field office acquisition workforce officials. According to field office personnel, the management and monitoring of these contracts are added responsibilities. The field officials said that without

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additional guidance from OAM, they were not comfortable with their knowledge, skills, and abilities to manage and administer these large multiyear contracts awarded by FEMA headquarters.

Without appropriate workforce management, OAM's acquisition staff will not be in a position to properly carry out its responsibilities in the event of a catastrophic disaster. Although OAM has taken a number of actions and implemented training initiatives to provide contracting staff with the necessary skills for their positions, more needs to be done to better prepare the workforce for catastrophic disasters.

### **Recommendations:**

We recommend that the Director, Office of Acquisition Management:

**Recommendation #3:** Complete a staffing analysis to determine the number of DAEs needed for the contracting cadre and increase the cadre size consistent with the results of the analysis.

**Recommendation #4:** Develop a succession plan for its acquisition staff that will provide the appropriate number of well-trained and experienced staff for the OAM workforce.

**Recommendation #5:** Initiate a formal mentoring program to better guide and assist new employees.

**Recommendation #6:** Design a rotation program for headquarters and regional office personnel to obtain disaster contracting experience and the skills needed when deployed to a catastrophic disaster.

**Recommendation #7:** Provide training and guidance to the field office staff in conjunction with the reassignment of contract administration responsibilities.

### **Management Comments and OIG Analysis**

FEMA concurred with recommendation 3. FEMA stated that OAM would undertake a staffing analysis, if appropriate to implement recommendation 1, to determine the appropriate number of DAEs needed to support OAM in responding to catastrophic disasters. However, given the acquisition support

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provided by FEMA's DAEs, headquarters staff, regional contracting offices, and Gulf Coast Recovery staff and the acquisition support available from Department of Homeland Security components, the General Services Administration, and other Federal agencies, an increase in the number of DAEs may not be warranted.

We consider FEMA's planned action responsive to the recommendation. The recommendation is resolved and open pending FEMA's completion of the staffing analysis and DHS OIG review of the final decision on the DAE contracting cadre. However, agency officials should provide target completion dates for implementing their planned actions.

FEMA concurred with recommendation 4. OAM will develop a succession plan, consistent with its workforce needs.

We consider FEMA's planned action responsive to the recommendation. The recommendation is resolved and open pending FEMA's issuance and DHS OIG review of the succession plan. However, agency officials should provide target completion dates for implementing their planned actions.

FEMA concurred with recommendation 5. OAM now has a formal mentoring program and a new employee orientation program.<sup>3</sup>

We consider the recommendation resolved and closed. OAM's mentoring program established in June 2008, if appropriately implemented, is responsive to the recommendation.

FEMA concurred with recommendation 6. FEMA said that OAM intends to develop a rotation program; however, the availability of personnel, the associated costs, and the extent to which a rotation is the most effective use of FEMA resources must be considered.

We consider FEMA's planned action responsive to the recommendation. The recommendation is resolved and open pending FEMA's development and DHS OIG review of the rotation program. However, agency officials should provide target completion dates for implementing their planned actions.

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<sup>3</sup> FEMA provided copies of the policies and procedures for its formal mentoring program and the updated OAM employee handbook. Due to their size, these documents were not included in Appendix B.

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FEMA concurred with recommendation 7. FEMA stated that OAM would review existing contract administration policies and procedures with a view to strengthening them, if warranted.

We consider FEMA's planned action responsive to the recommendation. The recommendation is resolved and open pending FEMA's issuance and DHS OIG review of revised contract administration policies and procedures. However, agency officials should provide target completion dates for implementing their planned actions.

## Appendix A

### Purpose, Scope, and Methodology

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The purpose of the audit was to assess the preparedness of FEMA's acquisition workforce to respond to a catastrophic disaster. The FEMA acquisition function was severely challenged in responding to the 2005 Gulf Coast Hurricanes, the Nation's most costly natural disasters, which killed more than 1,800 persons, destroyed more than 300,000 Gulf Coast homes, and displaced about 1 million people.

The goal of the audit was to determine what improvements have been made in the acquisition process that will enable FEMA to more properly respond to another catastrophic disaster. The specific objectives of the audit were to determine whether OAM had:

- A disaster acquisition workforce strategy that is adequate for satisfying the requirements of a catastrophic disaster;
- Developed up-to-date disaster acquisition workforce policy and guidance to ensure compliance with procurement, contract monitoring, and contract management requirements; and
- A disaster acquisition workforce that was appropriately sized, qualified, trained, and geographically dispersed.

The audit focused on FEMA's disaster acquisition workforce and included an analysis of: strategic and operational planning, existing staffing structures and capabilities, employee turnover, and training. FEMA is required to adhere to acquisition-related policies and procedures that are promulgated in the FAR.<sup>4</sup> FEMA is also required to adhere to the Homeland Security Acquisition Regulation and the *Homeland Security Acquisition Manual*, Office of Federal Procurement Policy guidance, and the *Stafford Act*.

The audit methodology included work at FEMA headquarters in Washington, DC, and at four field locations: two Joint Field Offices (Baton Rouge, Louisiana, and Biloxi, Mississippi) and two FEMA Regional Offices (Atlanta, Georgia, and Denton, Texas).

FEMA could not provide turnover or attrition data nor did it track the level of disaster experience of staff who were deployed to

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<sup>4</sup> The FAR is codified in *Title 48* of the United States Code of Federal Regulations. It is issued pursuant to the *Office of Federal Procurement Policy Act of 1974* (Public Law 93-400) and *Title 41* of the United States Code, Chapter 7.

## **Appendix A**

### **Purpose, Scope, and Methodology**

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disasters. FEMA also was unable to provide a detailed listing of on-board personnel by position classification (i.e., General Schedule series).

We conducted this performance audit according to generally accepted government auditing standards (Government Auditing Standards, July 2007 revision). 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.

Our work at FEMA headquarters was designed primarily to gain an understanding of how OAM is currently structured and to determine whether improvements have been made since the 2005 Gulf Coast Hurricanes. The purpose of our field office visits was to obtain an understanding of what operational changes have been made at these locations.

Our audit considered FEMA and OAM policies and procedures implemented since the 2005 Gulf Coast Hurricanes, as well as other applicable federal acquisition requirements. At all of the locations visited, including FEMA headquarters, we interviewed responsible officials and obtained documentation to verify changes or corrective actions taken. The headquarters and field office work was conducted from January 2008 through May 2008.

## Appendix B Management Comments to the Draft Report

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U.S. Department of Homeland Security  
Washington, DC 20472



OCT 10 2008

MEMORANDUM FOR: Richard L. Skinner  
Inspector General

FROM: Marko Bourne *SA/MB*  
Office of Policy & Program Analysis

SUBJECT: FEMA's response to Office of the Inspector General (OIG) Draft Report,  
*Challenges Facing FEMA's Acquisition Workforce*

This memorandum provides FEMA's response to the OIG Draft, *Challenges Facing FEMA's Acquisition Workforce*.

We sincerely appreciate the opportunity to provide updated status in our effort to respond to the OIG's recommendations in this report. As FEMA works toward refining its programs, the Office of the Inspector General's independent analysis of program performance greatly benefits our ability to continuously improve our activities.

We look forward to continuing this partnership in the future. Questions concerning the attached document should be addressed to Brad Shefka, Chief, FEMA GAO/OIG Audit Liaison Office, 202-646-1308.

Attachment:  
FEMA Response  
New Employee Welcome Guide  
Acquisition Mentoring Program memorandum

[www.fema.gov](http://www.fema.gov)

## Appendix B

### Management Comments to the Draft Report

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#### FEMA Response to Office of the Inspector General's Report, "Challenges Facing FEMA's Acquisition Workforce"

**Recommendation #1:** Develop a strategic acquisition workforce plan for responding to catastrophic disasters.

a. Develop this plan in coordination with the three other organizations that are focused on responding to catastrophic disasters—the Catastrophic Planning Division, the Supplemental Disaster Contracting Cadre Office, and the Disaster Reserve Workforce Division; and

b. Develop this plan in coordination with other federal acquisition organizations that have responsibilities for disaster acquisition activities.

**FEMA concurs with the recommendation.** OAM will develop a strategic acquisition workforce plan for responding to catastrophic disasters, as identified above.

**Recommendation #2:** Develop detailed acquisition workforce policies and procedures, consistent with the acquisition workforce strategic plan, that provide the guidance needed to respond to catastrophic disasters.

**FEMA concurs with the recommendation.** OAM will develop detailed acquisition workforce policies and procedures, as considered necessary, to implement OAM's strategic acquisition workforce plan identified in #1 above.

**Recommendation #3:** Complete a staffing analysis to determine the number of DAEs needed for the contracting cadre and increase the cadre size consistent with the results of the analysis.

**FEMA concurs with the recommendation.** OAM will undertake a staffing analysis, if appropriate to implement Recommendation #1 above, to determine the appropriate number of DAEs needed to support OAM in responding to catastrophic disasters. However, given the acquisition support provided by FEMA's DAEs, headquarters staff, regional contracting offices, and Gulf Coast Recovery staff and the acquisition support available from Department of Homeland Security components, the General Services Administration, and other Federal agencies, an increase in the number of DAEs may not be warranted.

**Recommendation #4:** Develop a succession plan for its acquisition staff that will provide the appropriate number of well-trained and experienced staff for the OAM workforce.

**FEMA concurs with the recommendation.** OAM will develop a succession plan, consistent with its workforce needs.



## Appendix B

### Management Comments to the Draft Report

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**Recommendation #5:** Initiate a formal mentoring program to better guide and assist new employees.

**FEMA concurs with the recommendation.** OAM has a formal mentoring program. See Attachment (1). FEMA also has a new employee orientation program. See Attachment (2).

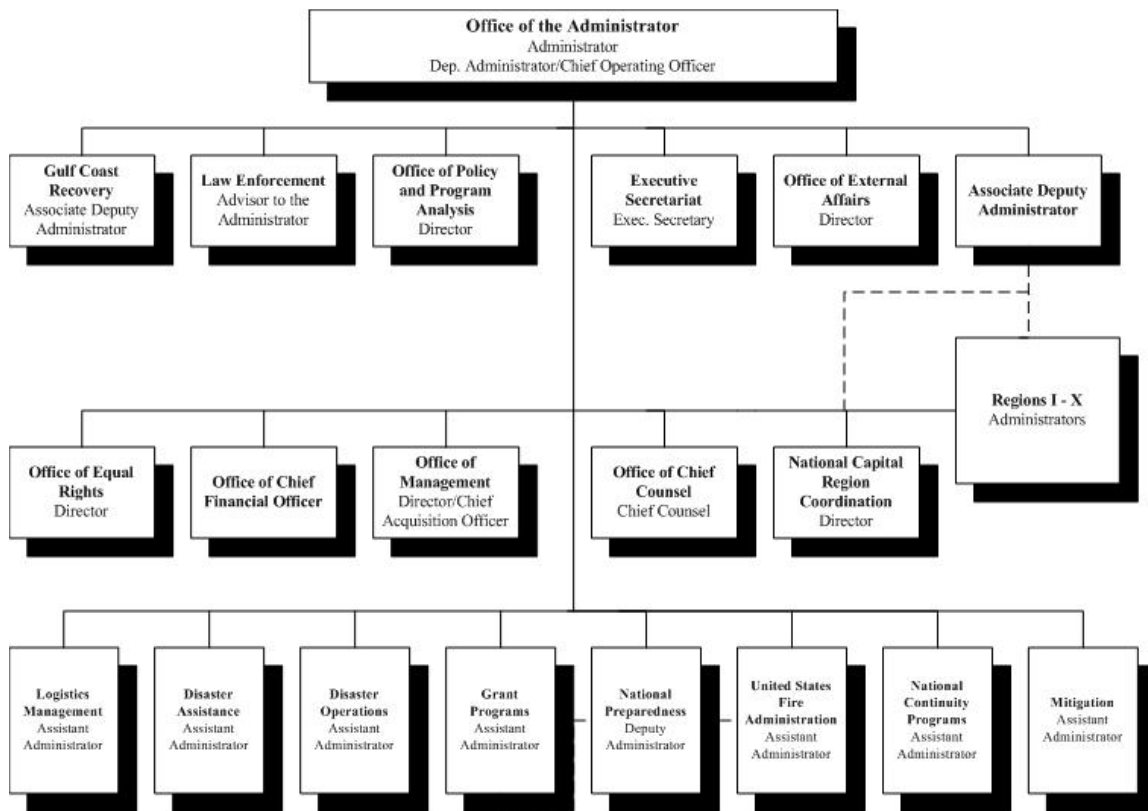
**Recommendation #6:** Design a rotation program for headquarters and regional office personnel to obtain disaster contracting experience and the skills needed when deployed to a catastrophic disaster.

**FEMA concurs with the recommendation.** OAM intends to develop a rotation program; however, the availability of personnel, the associated costs, and the extent to which a rotation is the most effective use of FEMA resources must be considered.

**Recommendation #7:** Provide training and guidance to the field office staff in conjunction with the reassignment of contract administration responsibilities.

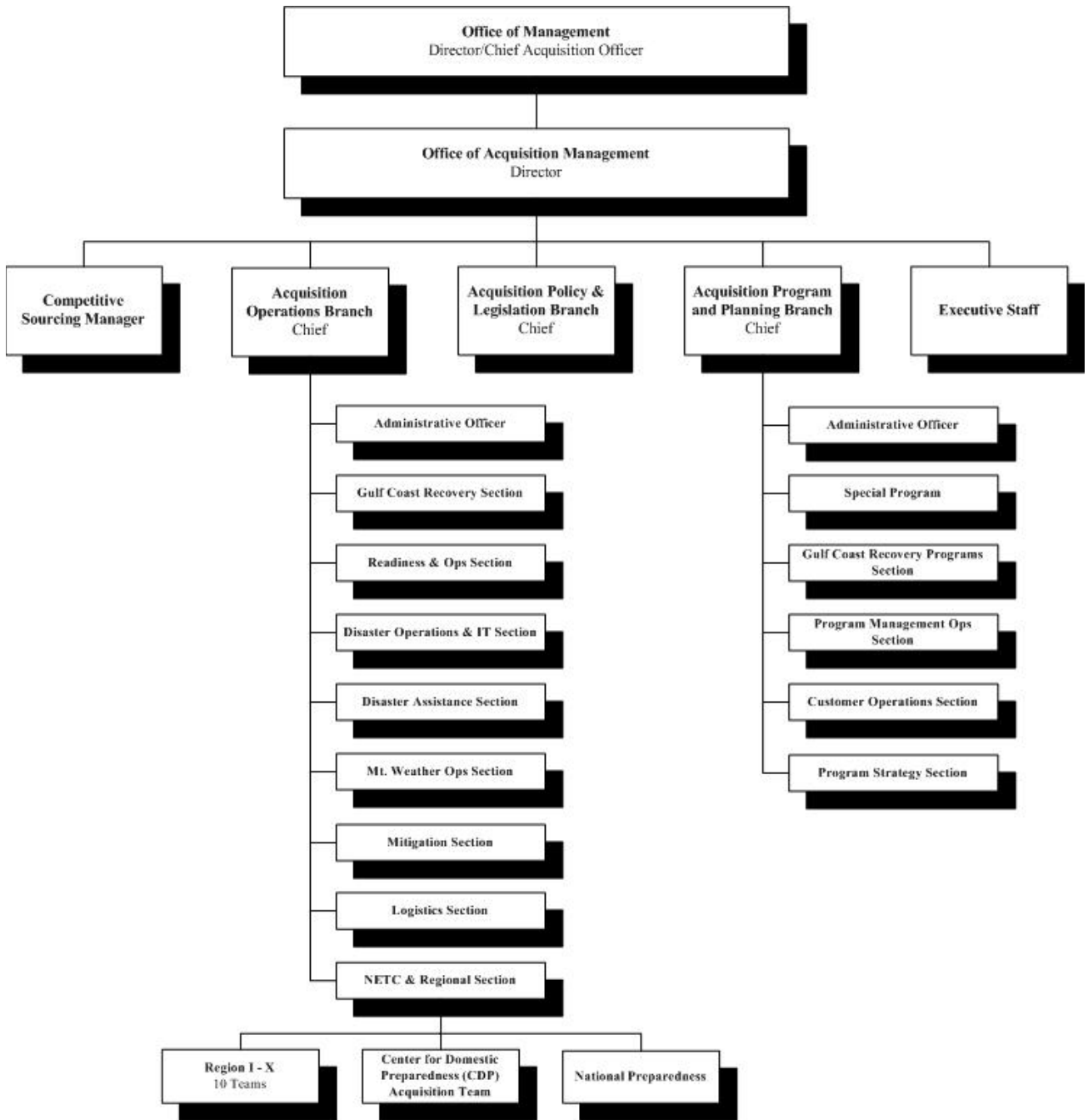
**FEMA concurs with the recommendation.** OAM will review existing contract administration policies and procedures with a view to strengthening them, if warranted.

# Appendix C FEMA Organization Chart



Source: FEMA. Dotted lines are coordination. Solid lines are command and control.

**Appendix D**  
**FEMA Office of Acquisition Management Organization Chart**



Source: FEMA.

**Appendix E**  
**Report Distribution**

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Deputy Secretary  
Chief of Staff  
Deputy Chief of Staff  
General Counsel  
Executive Secretary  
Director, GAO/OIG Liaison Office  
Assistant Secretary for Office of Policy  
Under Secretary, Management  
Assistant Secretary for Office of Public Affairs  
Assistant Secretary for Office of Legislative Affairs

**Federal Emergency Management Agency**

Administrator  
Acting Chief Financial Officer  
Director, Office of Management  
FEMA Audit Liaison (Project Code DC7A03)

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Chief, Homeland Security Branch  
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