



Department of Homeland Security Office of Inspector General

FEMA's Sourcing for Disaster Response Goods & Services





Homeland
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Preface

The Department of Homeland Security Office of Inspector General 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 prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report addresses the strengths and weaknesses of the Federal Emergency Management Agency's disaster sourcing process. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. We trust 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

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Abbreviations

ARF	Action Request Form
DHS	Department of Homeland Security
DLA	Defense Logistics Agency
EMAC	Emergency Management Assistance Compact
ESF	Emergency Support Function
FAR	Federal Acquisition Regulation
FEMA	Federal Emergency Management Agency
GAO	Government Accountability Office
GSA	General Services Administration
IAA	Interagency Agreement
ICS	Incident Command System
IFMIS	Integrated Financial Management Information System
IT	Information Technology
JFO	Joint Field Office
LIMS	Logistics Information Management System III
MA	Mission Assignment
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
NRCC	National Response Coordination Center
NRF	National Response Framework
NIMS	National Incident Management System
OIG	Office of Inspector General
PSMA	Pre-Scripted Mission Assignments
RRCC	Regional Response Coordination Center
USACE	U.S. Army Corps of Engineers
USDA	U.S. Department of Agriculture

Executive Summary

When disaster strikes, the Federal Emergency Management Agency (FEMA) must be prepared to quickly provide goods and services to help state and local governments respond to the disaster. These resources can range from water and meals to tarps and blankets. Goods and services can be provided directly by FEMA, by another federal agency under direction from FEMA, or by the private sector through a contract with FEMA or another federal agency.

FEMA has four primary sourcing mechanisms available to use in responding to a disaster: (1) warehoused goods; (2) mission assignments; (3) interagency agreements; and (4) contracts. FEMA needs to develop a clear, overarching strategy that guides decision making on which of these sourcing mechanisms to use to meet a particular need.

FEMA's disaster sourcing decisions are process driven and not compliant with the National Incident Management System. Decision making follows a linear process that is stove-piped within the Joint Field Office and among various levels of FEMA. This approach does not allow FEMA to centralize disaster sourcing decision making and limits its ability to:

- Implement an overarching sourcing strategy;
- Minimize unnecessary duplication;
- Take advantage of resource ordering efficiencies; and
- Create transparency and maintain visibility over the entire resource ordering process.

Operational procedures that guide FEMA's disaster response call for a single-point ordering concept to provide goods and services efficiently and effectively, while minimizing the risk of duplication and waste. However, implementation of this concept has been limited owing to existing stovepipes, overreliance on the existing sourcing process, and poor integration of information technology systems.

We recommend that FEMA adopt the single-point ordering concept and invest in the necessary information technology systems to make sourcing and supply movement transparent.

Background

The Federal Emergency Management Agency's (FEMA) primary mission is to reduce the loss of life and property and protect the Nation from all hazards, including natural disasters, acts of terrorism, and other manmade disasters, by leading and supporting the Nation in a risk-based, comprehensive emergency management system of preparedness, protection, response, recovery, and mitigation.

When an emergency or disaster occurs, current doctrine dictates that government agencies and organizations most 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.



A member of the Texas Forest Service moves a batch of meals ready to eat (MRE) in a warehouse in Tyler, TX. *Photo by Patsy Lynch/FEMA.*

In large emergencies or disasters, FEMA can provide goods and services, such as food, water, ice, tarps, generators, search and rescue teams, sheltering, and evacuation assistance.

When Hurricane Gustav, and later Hurricane Ike, threatened the Gulf Coast, FEMA prepared to assist the affected states and to provide goods and services necessary to alleviate the impacts of these hurricanes. Table 1 illustrates some of the assets that were deployed to Texas in anticipation of Hurricane Gustav.

Table 1. Examples of Assets Deployed for Hurricane Gustav

Asset	Quantity
Emergency Meals	855,760
Comfort / Hygiene Kits	100,000
Blankets	41,000
Cots	16,600
Liters of Water	17,000
Medical Care Beds Staffed by 12 Teams	3,360
Specialty Medical Response Teams	10
Urban Search and Rescue Teams	9

Source: OIG, based on information provided by FEMA

We performed an audit of FEMA’s sourcing for disaster goods and services in response to hurricanes Gustav and Ike, which struck the Gulf Coast in September 2008. We focused on six common goods and services: water, ice, emergency meals, tarps, generators, and pet/animal services. We limited our audit to goods and services provided to assist Texas in responding to hurricanes Gustav and Ike. We examined FEMA’s use of its primary sourcing mechanisms,¹ discussed below, each of which has different associated procedures, costs, and risks. Our objective was to assess FEMA’s decisionmaking strategy for choosing which sourcing mechanism to use for different goods and services. (See Appendix A.)

Multiple Mechanisms Available for Sourcing

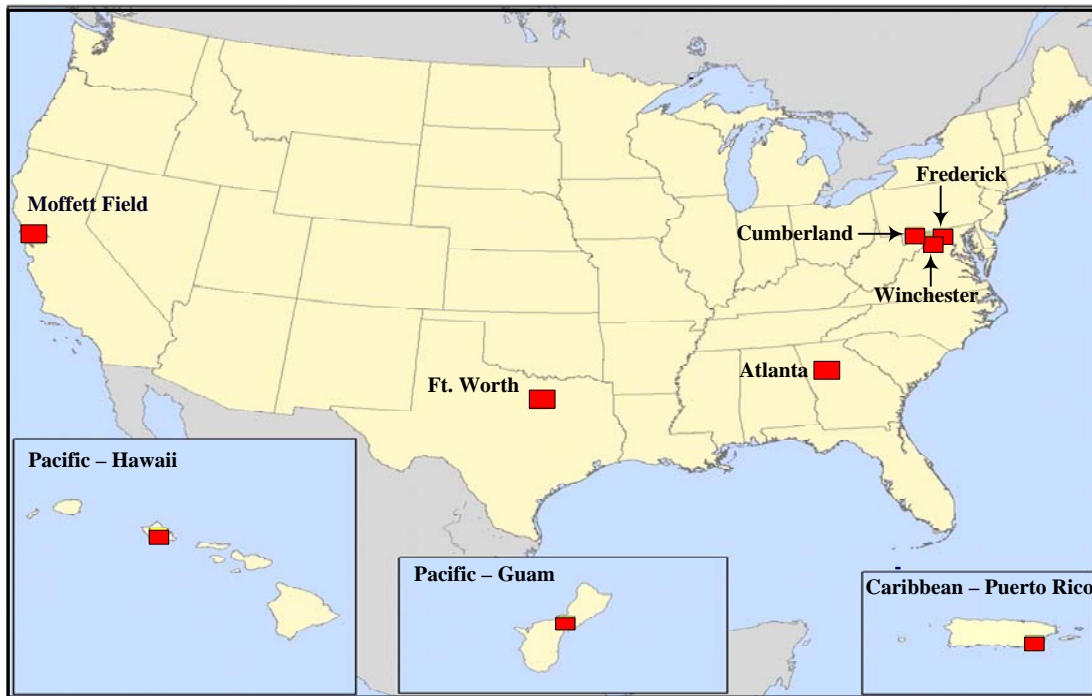
FEMA has four primary sourcing mechanisms available for providing disaster response goods and services: (1) warehoused goods; (2) mission assignments; (3) interagency agreements; and (4) contracts.

Warehoused Goods

FEMA maintains an inventory of goods that might be needed in a disaster. These goods are currently warehoused at nine distribution centers: six in the continental United States and an additional three in Guam, Hawaii and Puerto Rico. (See Figure 1.)

¹ FEMA also uses government purchase cards for individual purchases. We did not examine purchase cards as a sourcing mechanism because they are generally designed for small individual purchases that do not exceed the simplified acquisition threshold of \$250,000. We are conducting a separate audit of FEMA’s use of purchase cards and plan to issue a report in 2010.

Figure 1. FEMA Distribution Centers



Source: OIG, based on information provided by FEMA

Most of the distribution centers store commonly needed disaster resources such as cots, blankets, emergency meals, bottled water, emergency generators, hygiene kits, plastic sheeting (roofing), and tarps. An inventory list dated July 7, 2008, contained thousands of items, including many commodities typically needed in the wake of a disaster, from those listed above to filing cabinets, desk lamps, pry bars, and jumper cables. Table 2 shows additional examples of goods that FEMA had on hand during the 2008 hurricane season

Table 2. Examples of FEMA’s Warehoused Goods in Place During the 2008 Hurricane Season

Disposable diapers	Ladders
Earthquake supply kits	Lanterns
First aid kits	Pet carriers
Flashlights	Plastic sheeting
Folding cots	Portable commodes
Gas cans	Tents
Emergency meals	Wheelchairs

Source: OIG, based on information provided by FEMA

In anticipation of a disaster, FEMA may begin moving disaster commodities from distribution centers to pre-positioning sites, referred to as Incident Support Bases or staging areas, near the potentially impacted area. By pre-positioning goods for anticipated needs, FEMA can rapidly move resources into an affected area post-disaster. Generally, FEMA will pre-position enough resources to last for approximately 3 days, thereby providing time to assess actual needs and bring in additional resources from the distribution centers or by using other sourcing mechanisms.

Mission Assignments

A mission assignment is a work order issued by FEMA to another federal agency that directs the completion of a specific task to meet urgent, immediate, and short-term needs. The assigned federal agency must complete the mission assignment within 60 days after the declaration, unless FEMA extends the authorized performance period.

To expedite the delivery of federal assistance, FEMA developed 236 Pre-Scripted Mission Assignments (PSMA) with 29 federal agencies prior to the 2008 hurricane season. These PSMA include statements of work and cost estimates that are prepared prior to a disaster and can be modified and placed in the FEMA mission assignment form to meet event-specific needs.

Although FEMA had developed some PSMA prior to Hurricane Katrina, Section 653 of the *Post-Katrina Emergency Management Reform Act of 2006*² (*Post-Katrina Reform Act*) required the FEMA Administrator, in coordination with federal agencies with responsibilities under the National Response Plan,³ to develop PSMA to address logistics, communications, mass care, health services, and public safety activities, in order to expedite the delivery of federal disaster assistance. Table 3 provides examples of PSMA that were developed by the time hurricanes Gustav and Ike struck.

² Public Law 109-295, *Department of Homeland Security Appropriations Act of 2007*, Title VI – National Emergency Management.

³ The National Response Plan was replaced by the National Response Framework, effective March 22, 2008.

Table 3. Examples of PSMA in Place During the 2008 Hurricane Season

Agency	Description of Work
Environmental Protection Agency	Conduct oil and hazardous materials field operations
Federal Protective Service	Contract security officers
National Geospatial Intelligence Agency	Support FEMA urban search and rescue operations
National Park Service	Support FEMA search and rescue disaster removal operations
U.S. Army Corps of Engineers	Oversight of state and/or local entities' debris operations
U.S. Army Corps of Engineers	Planning and preparation for temporary roofing
U.S. Coast Guard	Mobile communication teams
U.S. Department of Agriculture	Personnel to control the spread of animal disease agents
U.S. Department of Defense	Aircraft and personnel to support medical patient evacuation
U.S. Department of Health and Human Services	Medical evacuation of patients
U.S. Forest Service	Emergency road clearing

Source: OIG, based on information provided by FEMA

Interagency Agreements

An interagency agreement (IAA) is another mechanism FEMA uses to obtain supplies or services from another federal agency.⁴ These agreements can be used for both emergency response and long-term needs. Pre-disaster IAAs are developed before an actual event and then activated as needed.

FEMA also uses IAAs to access contracts held by other federal agencies. For example, FEMA has IAAs in place with the Defense Logistics Agency (DLA) and the General Services Administration (GSA) for a number of items, including water and emergency meals. These agreements allow FEMA to request certain goods or services from these agencies; then the agencies use their own sourcing mechanisms, including contracts they have in place, to provide the requested resources. Table 4 provides

⁴ IAAs include Memorandums of Understanding (MOU) and Memorandums of Agreement (MOA). An IAA within the same department is known as an intra-agency agreement. For example, FEMA's agreement with the U.S. Coast Guard, another DHS component, to patrol waterways is an intra-agency agreement.

examples of IAAs that FEMA had in place during the 2008 hurricane season.

Table 4. Examples of IAAs in Place During the 2008 Hurricane Season

Agency	Good/Service
Defense Logistics Agency	Emergency meals
Federal Bureau of Investigation	Fingerprint processing
Federal Protective Service	Guard services
General Services Administration	Contract support for information systems operations
General Services Administration	Water
Immigration and Customs Enforcement	Transportation of the FEMA Administrator
U.S. Coast Guard	Oversight of debris removal from navigable waterways
U.S. Department of Housing and Urban Development	Disaster Housing Assistance Program

Source: OIG, based on information provided by FEMA

Contracts

A contract is another means available to FEMA for obtaining goods and services. FEMA’s contracting is regulated by the Federal Acquisition Regulation (FAR), which permits certain exceptions in emergency situations, as outlined in FAR Part 18-Emergency Acquisitions.

The DHS OIG, the President’s Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency,⁵ and the Government Accountability Office (GAO) all reported in the wake of Hurricane Katrina that FEMA’s contracting suffered from poor pre-disaster planning and preparation.⁶

In response to this shortcoming, Section 691 of the *Post-Katrina Reform Act* required FEMA to identify “recurring disaster response requirements,

⁵ The *Inspector General Reform Act of 2008* (Public Law 110-409) combined these two councils into the Council of the Inspectors General on Integrity and Efficiency.

⁶ See, for example, Department of Homeland Security Office of Inspector General, *Hurricane Katrina Temporary Housing Technical Assistance Contracts* (OIG-08-88), August 2008; President’s Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency, *PCIE ECIE Oversight of Gulf Coast Hurricane Recovery: A Semiannual Report to Congress*, October 2006; Government Accountability Office, *Hurricane Katrina: Improving Federal Contracting Practices in Disaster Recovery Operations* (GAO-06-714T), May 4, 2006.

including specific goods and services, for which the Agency is capable of contracting for in advance of a natural disaster or act of terrorism or other man-made disaster in a cost effective manner” and “a contracting strategy that maximizes the use of advance contracts to the extent practical and cost-effective.”

As of July 10, 2008, FEMA reported having 44 advance contracts in place for disaster response. FEMA assessed suitability for advanced contracting using such factors as inventory carrying costs; length of shelf life; storage and handling considerations; and availability of pre-positioned material, as well as contracts held by federal partners. Table 5 contains examples of services for which FEMA had developed advance contracts prior to the 2008 hurricane season.

Table 5. Examples of Advance Contracts in Place During the 2008 Hurricane Season

Type of Service
Ambulance services
Base camp support
Disaster legal services
Evacuation planning and operational support
Generator maintenance
Hotel authorization (intake management) for disaster victims
Housing inspection services
Maintenance of disaster housing
Temporary housing support

Source: OIG, based on information provided by FEMA

FEMA stated in its report to Congress that it had identified 13 categories of goods and 9 categories of services that would be appropriate for pre-disaster contracting.⁷ While pre-disaster contracts were in place for the services listed above, no contracts were in place for goods as of July 10, 2008.

Advantages and Disadvantages of Each Sourcing Mechanism

Each sourcing mechanism has advantages and disadvantages. For example, a primary advantage of maintaining goods in warehouses is that these goods are immediately available to FEMA. The disadvantage is that most stocked goods have a shelf life and, in quiet disaster seasons, goods may expire. FEMA tries to counterbalance this problem by having a centralized warehouse disbursement system, so that goods with a limited shelf life are sent out to the next disaster, with less regard for physical

⁷ This report was required in Section 691 of the *Post-Katrina Reform Act*.

storage location. FEMA also performs a feasibility review of goods that are within 6 months of their expiration date. If no immediate need is determined, goods might be disposed of through GSA or donated to a federal, state, or local partner, or to charity.

Mission Assignments

Mission assignments allow FEMA to quickly task federal partners to provide critical resources, services or expertise. This allows FEMA to focus on its own mission without having to develop expertise in a number of fields already available from other federal agencies. However, FEMA must ensure that disaster relief funds are used appropriately and are not used by another federal agency to augment its regular appropriations. Some FEMA officials told us that mission assigned activities are not always closely monitored by FEMA. As a result, mission assigned agencies might inappropriately bill FEMA for activities outside the scope of the mission assignment.

Interagency Agreements

IAs offer important benefits, including access to pre-qualified sources, the ability to leverage resources, and access to a broad range of goods and services using streamlined procedures that permit rapid response. Because the task becomes the responsibility of another federal agency, however, there is some loss of visibility on FEMA's part. Additionally, when FEMA uses IAs to access contracts let by another agency, that agency generally charges FEMA a fee. FEMA acquisition officials said that in some cases, they believe it would be more cost effective to use FEMA contracts.

Contracts

Contracts in place before a disaster might speed the delivery of assistance and result in a better negotiated price than would be possible in the midst of disaster response. A disadvantage is that advance contracts for services often require a guaranteed minimum amount, or standby fee, that must be paid to the vendor whether or not the contract is ever used. FEMA officials said they find it difficult to obtain funds for standby fees, and they are sometimes criticized for wasting funds when an advance contract is never activated because of a quiet disaster season.

Results of Audit

FEMA's Sourcing Process

FEMA does not have an overarching, agency-wide strategy or policy for disaster sourcing. However, as discussed below, each directorate/section involved in sourcing does have processes in place.

Emergency management doctrine calls for response to begin at the local level. Therefore, local jurisdictions usually attempt to fulfill needs themselves, from existing resources, mutual aid agreements,⁸ or by contracting with the private sector. If the disaster is beyond its capabilities, a local jurisdiction may request assistance from the county or state government. When the state receives a request for assistance from a local government, it attempts to address the request using existing or commercial resources, or through the Emergency Management Assistance Compact (EMAC)⁹ or other mutual aid agreement. If the state cannot fulfill the need, the state's governor can request federal assistance.

Federal assistance is authorized by the *Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act)*. *Stafford Act* assistance is available from FEMA if the President determines that an event is of sufficient severity and magnitude to warrant an emergency or major disaster declaration under this Act and that supplementary federal assistance is warranted to alleviate the damages or hardship. When federal assistance is approved, FEMA uses its sourcing mechanisms to provide requested goods and services.

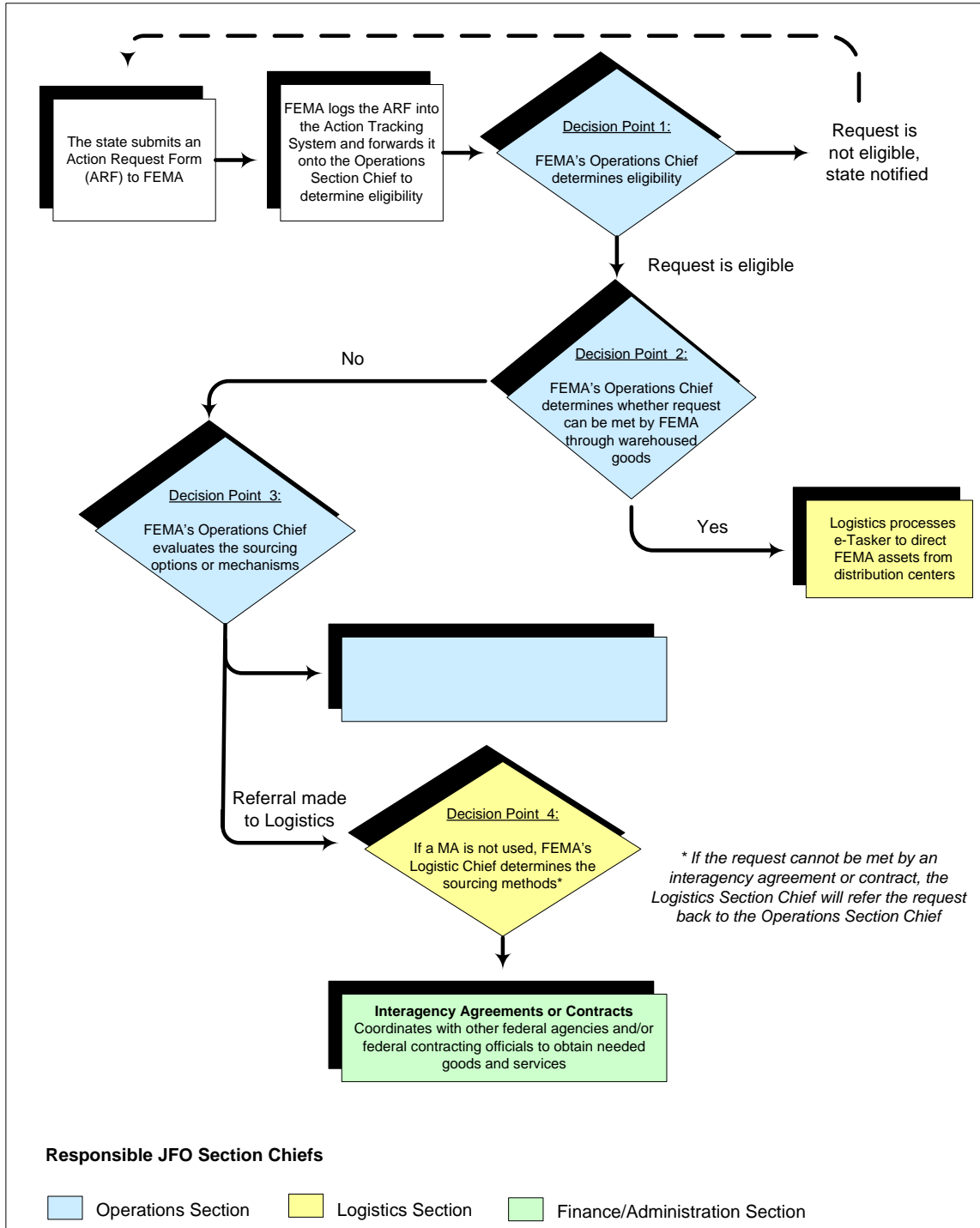
During disaster response, sourcing decision makers do not always follow the same script. Under FEMA's current approach, the Operations Section Chief is the initial primary decision maker. Because of the importance of the mission and exigency of operations, Operations Section Chiefs often use the sourcing mechanisms with which they are most comfortable and that they perceive as having been most successful in their past experience. Figure 2 illustrates the general process FEMA uses to decide the sourcing mechanism to be used to meet a particular need. This figure represents sourcing as it takes place once a Joint Field Office (JFO) has been established.¹⁰

⁸ Mutual aid can be provided locality to locality, such as when one county's fire department helps another county respond to a large fire, or state to state, such as when one state's National Guard troops assist in another state.

⁹ Mutual aid responses are usually facilitated through the EMAC. EMAC provides the legal foundation for one state providing assistance to another through a mutual aid agreement and addresses issues such as cost reimbursement, workers' compensation, and liability coverage for responders.

¹⁰ For a no-notice event, such as an earthquake, the National Response Coordination Center (NRCC), located at FEMA Headquarters, would be the first line in sourcing decisions.

Figure 2. FEMA's Sourcing Process



Source: OIG, based on information provided by FEMA

The sourcing process begins when a state submits a resource request to FEMA via an Action Request Form (ARF).¹¹ This can occur at multiple FEMA coordination response locations, but commonly the Regional Response Coordination Center (RRCC) handles requests from the state until a JFO is operational.

FEMA enters the ARF information into the Action Tracking System, which is intended to track the request to disposition.¹²

Decision Point 1: Once the resource request is entered into the Action Tracking System, the Operations Section Chief reviews the request to determine if the requirement is (1) clearly stated, (2) eligible for federal assistance, (3) beyond state and local capability, and (4) not the statutory authority of another federal agency. If these criteria are not met, the Operations Section Chief will return the ARF to the state.¹³ If these criteria are met, the request will be evaluated to determine if the requirement can be filled through FEMA's warehoused goods.

Decision Point 2: If the request can be met with warehoused goods, the FEMA Logistics Section will direct FEMA assets from the distribution centers to a location closer to the disaster. Based on distribution center inventory information, FEMA can determine whether adequate warehoused resources are available. FEMA officials stated that requests for commodities such as water and meals are automatically forwarded to the Logistics Section to be supplied by FEMA's distribution centers.

If the need cannot be met through FEMA warehoused goods, then FEMA uses other mechanisms to address the request. The Operations Section Chief meets with FEMA's federal partners to ascertain whether the good or service would be available by mission assignment.

Decision Point 3: The Operations Section Chief may decide to address the requirement by mission assignment and coordinates with the appropriate Emergency Support Function (ESF) or other federal agency to develop a scope of work and cost estimate.¹⁴ FEMA officials cite three primary reasons for using mission assignments:

1. The requirement is time-sensitive and normally involves health and safety issues.

¹¹ Other federal agencies can also make requests to FEMA using the ARF. For illustration purposes we limit our discussion to disaster requests from states.

¹² See Appendix C for descriptions of information technology systems used in the sourcing process.

¹³ The Operations Section Chief may also return the ARF to the state if the requested resource or service can be addressed more effectively by the state and included in the state's claim for reimbursement under FEMA's Public Assistance (PA) Program, if that assistance is available to the state as designated in disaster declaration.

¹⁴ See Appendix D for a description of the Emergency Support Functions.

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2. FEMA has a history of using mission assignments to address certain requirements.
 3. Senior leaders specifically direct the use of a mission assignment.

Decision Point 4: If the Operations Section Chief decides to refer the requirement to the Logistics Section instead of addressing the requirement by mission assignment, the Logistics Section Chief will determine if the request can be met by an IAA with another federal agency such as GSA or DLA. If the request cannot be met by an IAA, the Logistics Section Chief may submit a request for contract services or refer the request back to the Operations Section Chief for further mission assignment consideration.

If the Logistics Section Chief decides to contract for the required service or resource, a contract service request will be forwarded to the Finance/Administration Section Chief. If the contract service request is approved, the Finance/Administration Section will work with the appropriate FEMA program management and acquisition personnel to solicit, evaluate, and negotiate the contract award.

Figure 2 shows the various decision making points within the JFO's unified command structure. This approach:

- Does not comply with the National Incident Management System (NIMS);
- Does not allow FEMA to centralize disaster sourcing decision making; and
- Limits FEMA's ability to apply an overarching sourcing strategy, minimize unnecessary duplication, take advantage of resource ordering efficiencies, and maintain visibility over the entire resource ordering process.

Sourcing options which may be more efficient or cost effective are not always explored. Additionally, the current sourcing process places a significant amount of resource ordering responsibility in the Operations Section, which is not consistent with NIMS. According to NIMS, the Logistics Section is responsible for ordering, receiving, processing, storing, inventorying, and distributing all incident-related resources and supplies.

Multiple Mechanisms Used to Source Selected Goods and Services

We focused on six goods and services that FEMA commonly provides during a disaster. Table 6 presents sourcing mechanisms that FEMA used to provide the selected goods and services in response to hurricanes Gustav and Ike in Texas. The table shows that FEMA sometimes uses multiple mechanisms to source a particular good or service. For example, FEMA used all four mechanisms to provide water. FEMA also:

- Had a supply of water, emergency meals, generators, and tarps in its warehouses and used these resources during the response.
- Used an IAA with the General Services Administration (GSA) for water and one with the Defense Logistics Agency (DLA) for emergency meals.
- Used PSMA's with the U.S. Army Corps of Engineers (USACE) for water, ice, and generator installation.
- Used IAAs with GSA and the U.S. Department of Agriculture (USDA), as well as a PSMA with USDA for pet and animal services.
- Used private sector contracts for water, emergency meals and tarps.¹⁵

Table 6. Sourcing Mechanisms FEMA Used in Responding to Hurricanes Gustav and Ike in Texas

	Warehoused Goods	Interagency Agreements	Mission Assignments	Contracts
Water	FEMA	GSA	USACE	Private Sector
Ice			USACE	
Emergency Meals	FEMA	DLA		Private Sector
Generators and Generator Installation¹⁶	FEMA		USACE	
Tarps	FEMA			Private Sector
Pet/Animal Services		GSA, USDA	USDA	

Source: OIG, based on information provided by FEMA

¹⁵ FEMA did not have contracts for water, emergency meals, or tarps in place prior to the 2008 hurricane season and had to award contracts post-disaster for these goods.

¹⁶ FEMA provided generators from its warehoused goods and used mission assignments with USACE for generator installation.

Multiple sourcing mechanisms increase FEMA’s flexibility to meet needs in a timely manner. However, while FEMA does have some sourcing mechanisms in place before a disaster, it does not always take advantage of this flexibility once a disaster occurs. FEMA officials said that when deciding what source to use to fulfill a state’s request for assistance, they often rely on what they believe has worked best in the past. The choice is based on an individual’s own experiences, which may have been influenced by lessons learned from previous disasters, best practices and training, but this demonstrates that FEMA does not follow one strategy for sourcing. Relying on previous experience may not account for better sourcing alternatives.

Single-Point Ordering

FEMA needs an overarching disaster sourcing *strategy*. FEMA’s current disaster sourcing *process* is linear, resulting in fragmented decision making. NIMS prescribes single-point ordering under the Incident Command System (ICS).

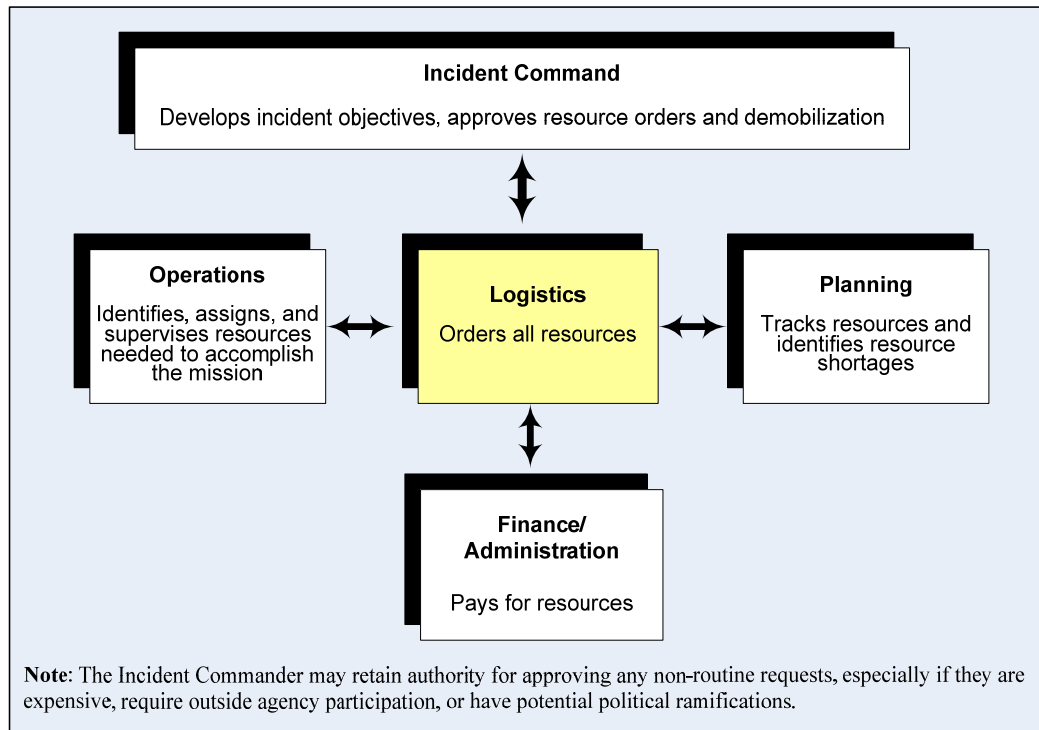
National Incident Management System

Homeland Security Presidential Directive-5, Management of Domestic Incidents, directs the Secretary of Homeland Security to develop and administer NIMS. This system is intended to provide a comprehensive and consistent approach for federal, state, and local governments to work together effectively and efficiently to prepare for, respond to, and recover from domestic incidents.

NIMS includes a core set of concepts, principles, terminology, and technologies covering, among others, the ICS, which is a standardized management tool that represents “best practices” in emergency management across the country. All federal agencies are directed to use NIMS in their domestic incident management and emergency prevention, preparedness, response, recovery, and mitigation activities. NIMS creates a proactive system to assist those responding to incidents or planned events and is built on existing emergency management structures.

According to NIMS, a unified command works best when, among other elements, the participating members co-locate and establish a single system for ordering/sourcing resources. This co-location usually takes place at a JFO. Figure 3 illustrates resource ordering roles and responsibilities under the ICS structure. Under this configuration, the Logistics Section, specifically the Supply Unit, is responsible for ordering, receiving, processing, storing, inventorying, and distributing all incident-related resources and supplies.

Figure 3. Resource Ordering Roles and Responsibilities Under ICS



Source: OIG, based on information provided by FEMA

According to DHS' JFO Activation and Operations Interagency Integrated Standard Operating Procedure (Interim Approval, April 2006), the JFO Logistics Section Chief can fill operational requirements:

- From resources at the JFO logistics base, including private-sector resources available to the JFO (warehoused goods);
- By direct mission assignment or memorandum of agreement to another agency (mission assignment or interagency/intra-agency agreement); or
- By preparing a requisition and recommending commercial sources for goods and services to the JFO Finance/Administration Section (contract or interagency agreement).

According to this document, for resources that are still not readily available through the options above, the JFO Logistics Section Chief can pass the requirement to FEMA's RRCC or the NRCC for action. This approach is further supported by FEMA job aids¹⁷ issued in April 2008 for

¹⁷ FEMA job aids, or *Disaster Workforce Task Books*, are written to clarify and review the tasks that make up particular positions at a JFO.

various positions within the Operations and Logistics sections. These job aids indicate that:

- The Operations Section Chief's responsibilities include identifying requirements and forwarding requests for supplies, services, equipment, or other support to the Logistics Section.
- The Logistics Section Chief's responsibilities include monitoring financial activities for logistics operations, supplies, and equipment resources through the single-point ordering process.
 - The ordering unit leader's responsibilities include establishing a single-point ordering system for all resources.
 - The ordering manager or specialist's responsibilities include providing resource ordering and tracking functions.

The National Response Framework (NRF), the federal government's plan for integrating domestic prevention, preparedness, response, and recovery plans into one all-discipline, all-hazards plan, also supports the single-point ordering concept. ESF 7 – Logistics Management and Resource Support Annex (ESF-7) to the NRF states that the logistics management structure is responsible for establishing and executing IAAs, MOAs/MOUs with other federal agencies and nongovernmental organizations, as well as standby logistics contracts with private sources. ESF-7 also states that the logistics management structure at the regional/field/JFO level is responsible for implementing a single-point ordering process.

Obstacles to FEMA's Implementation of Single-Point Ordering

There are obstacles that must be overcome in order to fully implement the single-point ordering approach called for in operational procedures that guide FEMA's disaster response. One senior FEMA official outlined two major obstacles. He stated that the current sourcing process is stove-piped between the Operations and Logistics sections, and it will be difficult to break down those barriers. Additionally, he said that there is a level of comfort in the way disaster sourcing is currently performed. This is consistent with what other FEMA officials told us, in that they tend to use the sourcing mechanism that has been successful for them in the past.

We were also told that FEMA directorates (at the headquarters level) and divisions (at the regional level) operate independently instead of collaboratively. During the Gustav response, both FEMA Headquarters and the FEMA Region worked on acquiring pet supplies without realizing

that their efforts were duplicative. This lack of coordination led to an over-ordering of pet supplies. Operational stove-pipes have created a fragmented process for ordering resources such as personnel,¹⁸ supplies and commodities. A single-point ordering concept would help bring order to the disaster sourcing process and minimize duplication. This concept would also allow for a more methodical approach for responding to disaster requirements.

One FEMA logistics official stated that a single-point ordering and tracking system is needed because currently there are many disaster sourcing decision points, resulting in limited visibility over the ordering process. This concept would bring together those responsible for obtaining goods and services for a disaster under one system. Ordering and coordination between the operations, logistics and acquisition groups, and other federal ordering agencies such as GSA, USACE, and DLA, would occur at a single point. This official also stressed the need to track ordered resources from request to disposition, suggesting that the responsibility for tracking should be placed in the Logistics Section, consistent with FEMA job aids.

An additional obstacle is the multiple, non-integrated systems currently used in the ordering process. For example, the JFO Finance/Administration Section uses the Automated Deployment Database to request and track personnel. Active contracts are kept in ProTrac, the software used by contracting officers. The Operations and Logistics sections use the Enterprise Coordination and Approval Processing System (eCAPS) to process mission assignments and 40-1s (FEMA's Requisition and Commitment for Services and Supplies form), respectively. The Logistics Section uses e-Tasker to request commodities, the Logistics Information Management System III (LIMS) for property inventory, and information technology (IT) equipment is requested through yet a separate system. FEMA's various IT systems do not interface, which creates problems in tracking requests and accounting for property. FEMA officials stressed that to perform single-point ordering effectively, FEMA needs a system, preferably web-based, that will integrate these independent systems.

Single-point ordering can contribute to FEMA's ability to balance effectiveness, agility, reliability, speed, visibility, and cost in sourcing. Single-point ordering is discussed at FEMA, but it has not yet been implemented and will work well only if it is supported by integrated IT systems.

¹⁸ While this report focuses on goods and services, another resource that would fall under the single point ordering system is disaster personnel, who are currently deployed through the Finance/Administration Section.

On April 16, 2009, shortly after our fieldwork ended, FEMA's Acting Administrator issued a memorandum directing all regional administrators to immediately implement the newly developed operations and logistics integration guidance. This guidance is the product of a task force established to develop guidance for and to ensure complete transparency through communications and coordination between Operations and Logistics at all levels during preparedness, response and recovery operations. The task force developed guidance documentation that places responsibility for establishing single-point ordering in the Logistics Section. The single-point ordering process described in the guidance appears to be very similar to what we describe above and recommend FEMA implement.

We discussed this new guidance with FEMA officials involved in its creation, who estimated that single-point ordering is 5 years from full implementation. Roles must be better defined, and buy-in from key players is critical. Further challenges include obtaining necessary funding, training all of the staff in this concept, and developing IT systems that integrate effectively.

Internal and External Pressure Impacts Sourcing Decisions

Some sourcing decisions are made in response to pressure from internal and external officials and are not necessarily based on actual need or a request from the affected state. While FEMA's job aids, the NRF and other disaster response manuals provide guidance on the sourcing process, this guidance is sometimes short-circuited by officials, often political appointees or elected representatives of the disaster area, who use their influence to ensure that goods and services are provided. While often well-meaning, this pressure can result in waste when the goods or services are not needed and can be disruptive to the sourcing process. For example, during hurricanes Gustav and Ike, FEMA Headquarters pushed \$30 million of water and ice to Texas even though the state did not request this assistance because Texas had its own water and ice contracts in place. When power was restored to the hurricane region earlier than had been expected, FEMA determined that the prudent decision was to allow the unused ice to melt. FEMA would not have ordered the ice if FEMA's appointed leadership had not applied pressure on logistics decision makers.



A resident of Galveston Island gets ice, food and water at a distribution site.
Photo by Patsy Lynch/FEMA.

FEMA will always face a certain level of political pressure. Single-point ordering will not stop this type of pressure, but if it is supported by IT systems that provide increased visibility and transparency,¹⁹ it will provide a focal point for such input and increase the availability of information on what goods and services have been requested, ordered, and delivered.²⁰

Conclusion

FEMA is called upon to provide essential goods and services to help state and local governments respond to disasters. While FEMA is generally successful in delivering these goods and services, duplication and waste does occur. This is the result of a linear, stove-piped process and a lack of integrated systems.

The National Incident Management System, based on “best practices” in emergency management, prescribes single-point ordering, under which the Logistics Section is responsible for ordering all incident-related resources and supplies. Coupled with an integrated IT system, implementing this

¹⁹ FEMA is in the process of developing Total Asset Visibility (TAV) that will provide better visibility and tracking of FEMA assets, but this system is not yet fully operational.

²⁰ The impact of political pressure on FEMA’s disaster response activities is further examined in the Management Advisory Report, *FEMA’s Response to Hurricane Ike* (OIG-09-78), issued in June 2009.

concept will allow greater transparency over disaster sourcing and delivery, and will increase FEMA's effectiveness in disaster response.

Recommendations

We recommend that the Administrator, Federal Emergency Management Agency:

Recommendation 1: Implement the single-point ordering concept prescribed by the National Incident Management System, coordinating all sourcing through the Logistics Section.

FEMA officials have indicated that full implementation of the single-point ordering concept could take up to 5 years. Therefore, we recommend that, as an incremental step, the Administrator develop a timeline and interim steps for co-locating the appropriate personnel from the Finance/Administration Section and the Operations Section with the Ordering Unit in the Logistics Section, as discussed in the "FEMA Integrated Operations and Logistics Guidance" dated April 6, 2009.

Recommendation 2: Invest in the necessary information technology systems to ensure full integration of existing FEMA systems to support single-point ordering and enhance visibility over the sourcing process.

Management Comments and OIG Analysis

FEMA concurs with our recommendations and will provide us with a detailed corrective action plan, with timeframes, in 90 days. We consider the two recommendations resolved but open, pending receipt and review of FEMA's corrective action plan.

Appendix A

Purpose, Scope, and Methodology

Our objective was to review (1) FEMA's plans and strategies for sourcing goods and services in response to disasters, and (2) FEMA's ability to manage and implement its plans and strategies for sourcing. We reviewed relevant laws, federal regulations, and DHS and FEMA policies and guidance. We also reviewed congressional testimony and prior Office of Inspector General and Government Accountability Office audit reports.

We conducted our audit from July 2008 to March 2009, analyzing FEMA's plans and strategies for sourcing disaster goods in response to hurricanes Gustav and Ike in Texas. Specifically, we reviewed the following four sourcing mechanisms: (1) warehoused goods; (2) mission assignments; (3) interagency agreements; and (4) contracts, and the decision-making processes for deciding which sourcing mechanism to use.

We met with FEMA officials at headquarters and in the field, and with the State Coordinator for Resources & Logistics in the Texas Emergency Management Division. During September, October and November 2008, we were onsite at the Austin JFO, which was coordinating FEMA's response to the hurricanes in Texas.

We selected and examined six resources FEMA provided in the wake of hurricanes Gustav and Ike in Texas: water, ice, emergency meals, tarps, generators and their installation, and pet/animal services, to determine whether FEMA has a strategy for choosing a sourcing mechanism to use for each of these resources.

We conducted this audit under the authority of the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards.

Appendix B Management Comments to the Draft Report

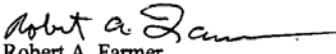
U.S. Department of Homeland Security
Washington, DC 20472



FEMA

JUL 31 2009

MEMORANDUM FOR: Matt Jadacki
Deputy Inspector General
Office of Emergency Management Oversight
Office of Inspector General

FROM: 
Robert A. Farmer
Acting Director
Office of Policy and Program Analysis

SUBJECT: Comments on OIG Draft Report, *FEMA's Sourcing for Disaster Response Goods and Services*

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG's) subject draft audit report. Technical comments have been provided under separate cover. As the Federal Emergency Management Agency (FEMA) works toward refining its programs, the OIG's independent analysis of program performance greatly benefits our ability to continuously improve our activities.

FEMA concurs with the draft report's two recommendations and has been diligently working to correct the issues identified in your audit. While we will provide a detailed corrective action plan with timeframes in our 90-day response, we submit the following information relative to the two recommendations:

Recommendation 1: Implement the single-point ordering concept prescribed by the National Incident Management System, coordinating all sourcing through the Logistics Section.

Response: The FEMA Logistics Management Directorate (LMD) is currently leading a collaborative Single-Point Ordering (SPO) Working Group to develop the necessary business processes to make single-point ordering successful. Participants in the working group include all major program areas in both FEMA Headquarters and Regions such as: Disaster Operations Directorate/Mission Assignments; Disaster Assistance Directorate/Mass Care (ESF#6); Office of Acquisition Management; Office of the Chief Financial Officer; Region Logistics Chiefs and Contracting Officers; Joint Field Office (JFO) Finance and Administration Chiefs, JFO Logistics Section Chiefs/Ordering Unit Leaders; Emergency Support Functions; and, Office of the Chief Information Officer. This group has drafted a SPO Directive to delineate the responsibilities of the major functions in the Joint Field Office and describe the respective business processes. Next steps

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are to coordinate and publish the directive by the end of fiscal year 2009 and draft a Single-Point Ordering Field Operations Guide and/or annex to the JFO Standard Operating Procedure specific to the SPO interim process.

Recommendation 2: Invest in the necessary information technology systems to ensure full integration of existing FEMA systems to support single-point ordering and enhance visibility over the sourcing process.

Response: FEMA Logistics Management Directorate is currently engaged in discussions with the Single-Point Ordering Working Group to identify specific Single-Point Ordering system requirements. These requirements will be integrated into the second phase of production development for the Logistics Supply Chain Management System (LSCMS), previously referred to as Total Asset Visibility or TAV. The LSCMS will include integration of the resource request process into the eRequester system that will be fielded as funding is made available for system upgrades in fiscal years 2010-2014.

The development of new system capabilities such as Single-Point Ordering require the approval of the FEMA and Department of Homeland Security (DHS) Chief Financial Officers, Chief Information Officers, and the FEMA and DHS Acquisition offices. Funding for the next phase of LSCMS development has been approved by the Office of Management and Budget. The Single-Point Ordering system will be part of the upgrades to this new Logistics Supply Chain Management System. Award of this new contract for development is expected by early fiscal year 2010. Additionally, FEMA has briefed DHS Science and Technology Office staff on the Single-Point Ordering Information Technology support requirements and has enlisted their assistance for a technology solution.

Thank you again for the opportunity to comment on this draft report and we look forward to working with you on other issues as we both strive to improve FEMA.

Appendix C

Selected Information Technology Systems Used in the Sourcing Process

Action Tracking System is a computerized tracking database used by the Action Tracker to maintain status and disposition of all incoming action requests.

Automated Deployment Database (ADD) is used to identify and deploy personnel to disaster sites.

eCAPS is used to provide electronic coordination and approval of the Requisition and Commitment for Services and Supplies (FEMA Form 40-1) and Mission Assignments (MA). This is a web-based service and will support all 40-1s and MAs processed in FEMA that are disaster related.

eTasker is a web-based system designed to provide FEMA Logistics Management Coordinators with an automated, standardized system to record all activities associated with fulfilling requests for goods or resources submitted.

Integrated Financial Management Information System (IFMIS) is FEMA's official accounting system that maintains and processes all financial data. IFMIS is the source of all FEMA financial data for both internal and external reporting.

Logistics Information Management System III (LIMS) is the system of record for personal property accountability requirements. Personal property includes items such as computers, cell phones, generators, and office furniture.

ProTrac is the contract management and tracking software used by the Acquisition Management Division.

Appendix D
NRF Emergency Support Functions

The Emergency Support Function (ESF) structure is used to coordinate federal interagency support for incident response. Various federal agencies are assigned as ESF coordinators, primary agencies, or support agencies. These roles are further defined in the ESFs Annexes to the National Response Framework (NRF).

This table identifies the ESFs and the basic responsibilities of each.

ESF	Scope
1 – Transportation	Aviation/airspace management and control Transportation safety Restoration/recovery of transportation infrastructure Movement restrictions Damage and impact assessment
2 – Communications	Coordination with telecommunications and IT industries Restoration and repair of telecommunications infrastructure Protection, restoration, and sustainment of national cyber and IT resources Oversight of communications within the federal incident management and response structures
3 – Public Works and Engineering	Infrastructure protection and emergency repair Infrastructure restoration Engineering services and construction management Emergency contracting support for life-saving and live-sustaining services
4 - Firefighting	Coordination of federal firefighting activities Support to wildland, rural, and urban firefighting operations
5 – Emergency Management	Coordination of incident management and response efforts Issuance of mission assignments Resource and human capital Incident action planning Financial management
6 – Mass Care, Emergency Assistance, Housing, and Human Services	Mass care Emergency assistance Disaster housing Human services
7 – Logistics Management and Resource Support	Comprehensive, national incident logistics planning, management, and sustainment capability Resource support (facility space, office equipment and supplies, contracting services, etc.)

ESF	Scope
8 – Public Health and Medical Services	Public health Medical Mental health services Mass fatality management
9 – Search and Rescue	Life-saving assistance Search and rescue operations
10 – Oil and Hazardous Materials Response	Oil and hazardous materials (chemical, biological, radiological, etc.) response Environmental and short- and long-term cleanup
11 – Agriculture and Natural Resources	Nutrition assistance Animal and plant disease and pest response Food safety and security Natural and cultural resources and historic properties protection Safety and well-being of household pets
12 – Energy	Energy infrastructure assessment, repair, and restoration Energy industry utilities coordination Energy forecast
13 – Public Safety and Security	Facility and resource security Security planning and technical resource assistance Public safety and security support Support to access, traffic, and crowd control
14 – Long-Term Community Recovery	Social and economic community impact assessment Long-term community recovery assistance to states, local governments, and the private sector Analysis and review of mitigation program implementation
15 – External Affairs	Emergency public information and protective action guidance Media and community relations Congressional and international affairs Tribal and insular affairs

For further information regarding ESFs and the National Response Framework, please see www.fema.gov/emergency/nrf/.

Appendix E

List of Related Reports

U.S. Coast Guard's Management of 2005 Gulf Coast Hurricanes Mission Assignment Funding (OIG-09-34), March 2009, www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-34_Mar09.pdf

FEMA's Implementation of Best Practices in the Acquisition Process (OIG-09-31), February 2009, www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-31_Feb09.pdf

Internal Controls in the FEMA Disaster Acquisition Process (OIG-09-32), February 2009, www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-32_Feb09.pdf

National Communications System's Management of 2005 Gulf Coast Hurricanes Mission Assignment Funding (OIG-09-23), February 2009, www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-23_Feb09.pdf

U.S. Immigration and Customs Enforcement's Management of 2005 Gulf Coast Hurricanes Mission Assignment Funding (OIG-09-22), February 2009, www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-22_Feb09.pdf

Challenges Facing FEMA's Acquisition Workforce (OIG-09-11), November 2008, www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-11_Nov08.pdf

Hurricane Katrina Multitier Contracts (OIG-08-81), July 2008, www.dhs.gov/xoig/assets/mgmttrpts/OIG_08-81_Jul08.pdf

U.S. Customs and Border Protection's Management of 2005 Gulf Coast Hurricanes Mission Assignment Funding (OIG-08-80), July 2008, www.dhs.gov/xoig/assets/mgmttrpts/OIG_08-80_Jul08.pdf

Logistics Information Systems Need to Be Strengthened at the Federal Emergency Management Agency (OIG-08-60), May 2008, www.dhs.gov/xoig/assets/mgmttrpts/OIG_08-60_May08.pdf

FEMA's Preparedness for the Next Catastrophic Disaster (OIG-08-34), March 2008, www.dhs.gov/xoig/assets/mgmttrpts/OIG_08-34_Mar08.pdf

Appendix F
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