



COUNCIL OF THE INSPECTORS GENERAL  
ON INTEGRITY AND EFFICIENCY

# Management Challenges of Federal Agencies in Preparing for and Responding to Natural Disasters



OFFICE *of*  
**INSPECTOR GENERAL**  
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UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT

**Office of Audit**  
**Ft. Worth, TX**

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# Acknowledgement of Participating Agencies

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In acknowledgement of the Council of the Inspectors General on Integrity and Efficiency and the seven Offices of Inspector General (OIG) that contributed to this report: U.S. Departments of Defense, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, and Transportation and the U.S. Small Business Administration. The seven OIGs created and provided reports, attended essential meetings, and provided insightful information to report the most serious management and performance challenges experienced by Federal agencies and their grantees in responding to destructive natural disasters.





OFFICE of  
**INSPECTOR GENERAL**  
UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT

**To:** Allison C. Lerner, Chair,  
Council of the Inspectors General on Integrity and Efficiency

*Rae Oliver Davis*

**From:** Rae Oliver Davis, Inspector General  
U.S. Department of Housing and Urban Development

**Subject:** Management Challenges of Federal Agencies in Preparing for and Responding to  
Natural Disasters

Attached are the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of the Council of the Inspectors General on Integrity and Efficiency cross-cutting initiative concerning Federal agencies' preparedness for responding to upcoming natural disasters and related management challenges.

I want to take this opportunity to commend each of the participating OIGs for the collaborative and cooperative joint effort of this cross-cutting initiative. The results of this review will no doubt contribute to a broader view and effort in our overall attempt to improve our responses to natural disasters and properly administer and oversee disaster funding.

This report will be posted at <https://www.hudoig.gov> and <https://www.Oversight.gov>.

If you have any questions or comments about this report, please do not hesitate to call Danita Y. Wade, Audit Director, at (817) 978-9309.

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## Highlights

### What We Audited and Why

As part of a Council of the Inspectors General on Integrity and Efficiency (CIGIE) Disaster Assistance Working Group cross-cutting initiative, we summarized the conclusions, findings, and recommendations of 28 reports related to the Federal Government's natural disaster preparedness and response issued by 7 Offices of Inspector General (OIGs). The seven participating OIGs included U.S. Departments of Defense, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, and Transportation and the U.S. Small Business Administration. Many of these reports focused on the Federal Government's preparedness to respond to the devastating 2017 hurricanes.

Our review objective was to inform Federal agencies and the OIG community of the reported conclusions, findings, and recommendations regarding preparing for and responding to natural disasters to assist them in avoiding potential program challenges.

## Management Challenges of Federal Agencies in Preparing for and Responding to Natural Disasters

### What We Found

Inspectors general conduct investigations, audits, and evaluations to assist management and those charged with governance and oversight to improve their ability to provide disaster assistance in a timely manner, reduce costs, and spend disaster funds as required by Federal regulations, among other responsibilities. The seven OIGs that participated in this initiative reported many common disaster-related findings that their agencies experienced during prior disasters and provided conclusions or recommendations to help their agencies prepare for and respond to future natural disasters. Since many of the challenges the OIGs identified were consistent with CIGIE's Top Management and Performance Challenges Facing Multiple Federal Agencies (TMCs), this report categorizes and presents the 28 OIG reports according to the CIGIE TMCs. These challenges were performance management and accountability, human capital management, financial management, procurement management, grant management, homeland security and disaster preparedness, and information technology security and management. When addressing government-wide problems affecting their disaster response programs, agencies can learn from the challenges reported and the recommendations made by the seven participating OIGs to mitigate those challenges.

### What the OIGs Recommend

The 28 OIG reports, issued between June 2015 and November 2021, made 89 recommendations to the Federal agencies and grant recipients, including recapturing questioned costs, strengthening internal controls, maintaining adequate oversight of contractors and grants, and complying with Federal regulations. Agencies should learn from the results of these reports and implement controls and systems to limit future obstacles to spending disaster funds efficiently and effectively.

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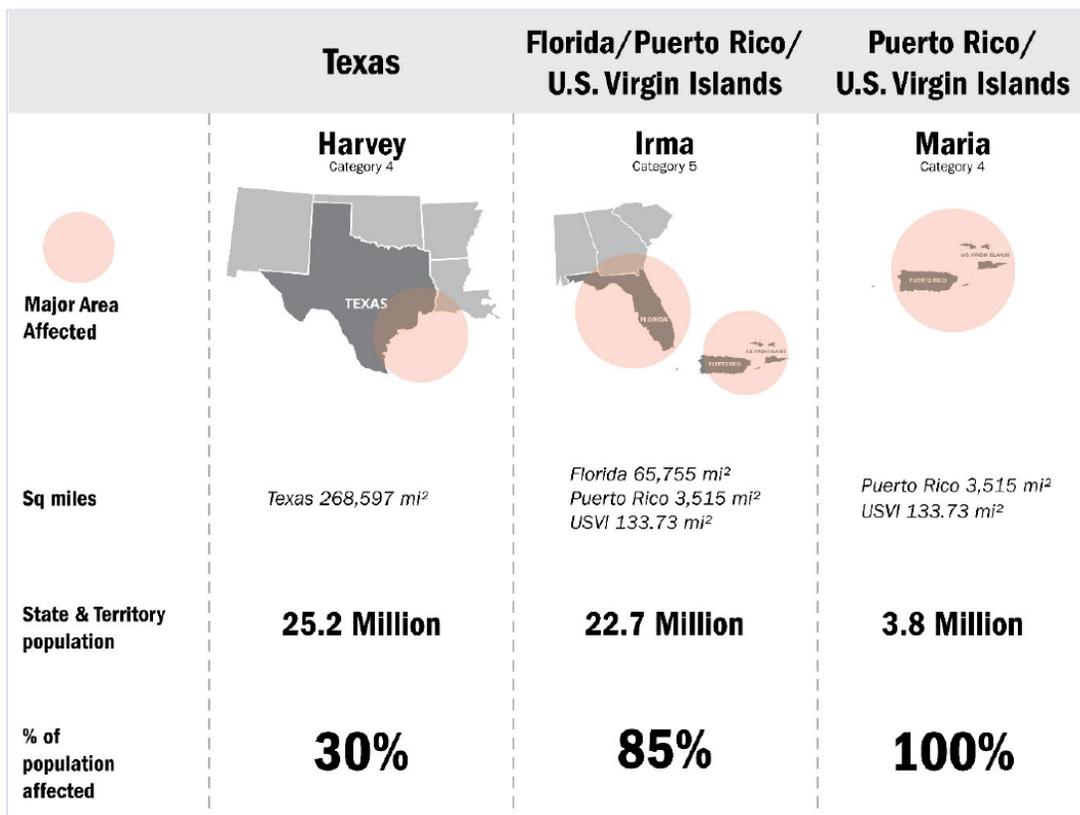
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# Background and Objective

From 1980 through 2021, the United States weathered more than 300 separate billion-dollar natural disasters that caused more than 15,000 deaths and totaled more than \$2 trillion in damage.<sup>1</sup> Two significant storms were Hurricane Katrina, which displaced a million people in 2005 and caused more than 1,800 deaths, \$81 billion in damage, and an economic impact of \$160 billion, and Hurricane Sandy with winds blasting 1,000 miles of the eastern United States, which led to the deaths of 233 people and caused \$69 billion in damage. More recently, the disasters in 2017 caused more people to register for assistance than in the previous 10 years combined. Hurricanes Harvey, Irma, and Maria caused a combined \$265 billion in damage. Figure 1<sup>2</sup> highlights the widespread devastation of the 2017 hurricanes.

**Figure 1: Hurricanes Harvey, Irma, and Maria affected more than 28 million people**  
 Source: Federal Emergency Management Agency (FEMA), [2017 Hurricane Season FEMA After-Action Report](#)



<sup>1</sup> National Oceanic and Atmospheric Administration, National Centers for Environmental Information, Billion-Dollar Weather and Climate Disasters; [2021 U.S. Billion-Dollar Weather and Climate Disasters](#)

<sup>2</sup> [2017 Hurricane Season FEMA After-Action Report](#), July 12, 2018

There are 29 Federal agencies with a disaster relief role under the National Disaster Recovery Framework, which establishes a common platform and forum for how the whole community builds, sustains, and coordinates delivery of recovery capabilities. As of January 20, 2022, Congress had appropriated \$147 billion for disaster recovery between 2015 and 2020 as shown in figure 2.<sup>3</sup>

**Figure 2: Disaster relief appropriations (in billions)<sup>4</sup>**



Consisting of 74 inspectors general (IGs) and other oversight officials, the Council of the Inspectors General on Integrity and Efficiency (CIGIE) was established in 2008 to address integrity, economy, and effectiveness issues that transcend individual Government agencies. As part of that mandate, the CIGIE Disaster Assistance Working Group helps coordinate the Federal IG community’s oversight efforts regarding disaster-related funds.

CIGIE also assists cross-agency oversight through its consolidated report outlining the top management and performance challenges faced by the agencies overseen by its member IGs. The Reports Consolidation Act of 2000<sup>5</sup> requires IGs to issue annual reports that summarize what they consider to be the most serious management and performance challenges facing Federal agencies that they oversee, generally ‘top management and performance challenges.’

<sup>3</sup> Disaster relief appropriations continue to pay the costs of disaster recovery years after they occur. For example, in fiscal year 2020, the Federal Emergency Management Agency (FEMA) obligated \$24 billion for ongoing recovery from past catastrophic disasters, including more than \$16 billion for the 2017 disasters.

<sup>4</sup> Congressional Research Service, [The Disaster Relief Fund, Overview and Issues](#), updated January 20, 2022

<sup>5</sup> Public Law 106-531, dated November 22, 2000

CIGIE has twice issued a report that consolidated the top challenges faced by Federal agencies as identified by the IGs of those agencies.<sup>6</sup>

For its first report, CIGIE identified and analyzed the many Offices of Inspectors General (OIG) reports and reported its findings in Top Management and Performance Challenges Facing Multiple Federal Agencies (TMCs).<sup>7</sup> CIGIE found that Federal agencies most frequently reported experiencing challenges in information technology security and management, performance management and accountability, human capital management, financial management, procurement management, facilities management, and grant management. In its February 2021 report,<sup>8</sup> CIGIE replaced the facilities management challenge with one pertaining to homeland security, disaster preparedness, and COVID-19.

In March 2018, seven Federal agencies' OIGs under CIGIE's Disaster Assistance Working Group began a collaboration to inform Federal agencies and the OIG community of the reported conclusions, findings, and recommendations regarding preparing for and responding to natural disasters to assist them in avoiding potential program challenges. The 7 OIGs provided 28 OIG disaster-focused reports<sup>9</sup> for inclusion in this project. The following OIGs issued those reports: the U.S. Departments of Defense (DoD), Health and Human Services (HHS), Homeland Security (DHS), Housing and Urban Development (HUD), Interior (DOI), and Transportation (DOT) and the U.S. Small Business Administration (SBA). We listed their websites in appendix A. As shown in table 1, we used CIGIE's TMCs<sup>10</sup> to classify and organize the findings, conclusions, and recommendations in the 28 disaster oversight reports.<sup>11</sup>

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<sup>6</sup> CIGIE's TMCs apply to the agencies as a whole and are not specific to disaster funding.

<sup>7</sup> [Top Management and Performance Challenges Facing Multiple Federal Agencies](#), April 2018

<sup>8</sup> [Top Management and Performance Challenges Facing Multiple Federal Agencies](#), February 2021

<sup>9</sup> The 28 reports issued by these OIGs and used in this report are listed in appendix B. Of the 28 reports, 20 were results of audits conducted in accordance with government auditing standards. We identified the eight reports conducted with standards other than government auditing standards in appendix C.

<sup>10</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>11</sup> In this report, we also included select information from U.S. Government Accountability Office reports that specifically addressed government-wide disaster issues. See the Scope and Methodology section of this report for more information on how we used GAO reports.

**Table 1: Top Management and Performance Challenges Facing Federal Agencies**

Challenge <sup>12</sup>	DHS	DoD	DOI	DOT	HHS	HUD	SBA	Total
Performance management and accountability	X	X	X	X	X	X	X	
Human capital management	X	X	X		X	X	X	
Financial management	X	X	X	X		X		
Procurement management	X	X	X	X		X		
Grant management	X		X	X	X	X		
Homeland security and disaster preparedness	X	X	X		X			
Information technology security and management	X				X	X		
<b>Total number of reports analyzed for this audit<sup>13</sup></b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>28</b>

While this report focuses on challenges agencies face in responding to natural disasters, and not the challenges that agencies face in responding to COVID-19, many of the findings from the OIG reports are applicable to what CIGIE considered to be the “significant strain on Federal agencies” as they carry out their programs and operations to address current and future natural disasters and pandemics.

Our objective was to inform Federal agencies and the OIG community of the reported conclusions, findings, and recommendations regarding preparing for and responding to natural disasters to assist them in avoiding potential program challenges.

<sup>12</sup> We included only challenges that the OIGs considered as findings in the reports. An OIG may have issued multiple reports addressing the same challenge. See appendix B for the reports by agency and the CIGIE challenges identified by each OIG.

<sup>13</sup> The 28 reports may contain conclusions on multiple challenges. In addition to the 28 reports analyzed for this audit, the 7 OIGs issued many other reports that were related to disaster response and preparedness. Please see the Scope and Methodology section of this report for details and Appendix A for the individual OIG websites for the additional reports.

# Results of Audit

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## Challenge: Performance Management and Accountability

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The performance management and accountability challenge includes challenges related to managing agency programs and operations efficiently and effectively to accomplish mission-related goals. Although Federal agencies vary greatly in size and mission, they face some common challenges in improving performance in agency programs and operations. Key areas of concern include enterprise risk management, operational leadership and management challenges, internal control deficiencies, working with external stakeholders, and collecting and using performance-based metrics.<sup>14</sup> All seven participating OIGs reported this challenge for their agencies' disaster funding. (See appendix B.)

### Enterprise Risk Management

An effective enterprise risk management approach is necessary for Federal managers to identify, prioritize, and mitigate the impact of uncertainty on an agency's overall strategic goals and objectives.<sup>15</sup> Of the 28 disaster related OIG reports, 27 (96 percent) contained findings, recommendations, or suggestions related to enterprise risk management for all 7 Federal agencies and their grant recipients.<sup>16</sup>

For instance, SBA offers loans for quick relief to small businesses and others that have suffered substantial economic injury in declared disaster areas. However, these loan programs suffer increased vulnerability to fraud and unnecessary losses when loan transactions are expedited,

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**SBA provided loans to ineligible applicants**

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according to SBA OIG. In its summary of several reports, SBA OIG called for ensuring program integrity by providing loans to applicants that meet all eligibility requirements and having available experienced or well-trained personnel to provide appropriate assistance and to handle the increased loan volume and expedited processing timeframes.<sup>17</sup>

In accordance with the terms of its Hurricane Maria disaster relief funds, HHS OIG performed a review to determine the effectiveness of the Puerto Rico Department of Health's implementation of its emergency preparedness and response activities before and after Hurricane Maria.<sup>18</sup> HHS OIG reported that the Puerto Rico Department of Health's implementation of its emergency plan was not effective. Overall, deficiencies occurred because the Puerto Rico Department of

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<sup>14</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>15</sup> Ibid.

<sup>16</sup> SBA OIG report number 19-11 did not contain suggestions for this challenge.

<sup>17</sup> SBA OIG report number 20-12, White Paper: Risk Awareness and Lessons Learned from Audits and Inspections of Economic Injury Disaster Loans and Other Disaster Lending, April 3, 2020 (See appendix C.)

<sup>18</sup> HHS OIG report number A-02-18-02002, The Puerto Rico Department of Health's Implementation of Its Emergency Preparedness and Response Activities Before and After Hurricane Maria Was Not Effective, July 7, 2021

Health's planning efforts prior to the hurricane did not prepare it to meet actual needs. Examples cited were that annual drills did not include at-risk populations and the Puerto Rico Department of Health did not identify the resources and shelters needed for its at-risk populations.

Additionally, procedures were not effective for expediting procurement of emergency equipment and for addressing surges of death. The nearly 3,000 fatalities from Hurricane Maria exceeded the plan's procedures for processing potentially 200 human remains. Further, specialists in the health care coalitions – multiagency coordinating groups that assist with preparedness, response, recovery, and mitigation activities related to health care organization disaster operations – had conflicting responsibilities because they were also Puerto Rico Department of Health employees. Specifically, their position descriptions did not clearly address the coordination of their different responsibilities during an emergency. As a result, the Puerto Rico Department of Health placed the health and safety of residents at risk.

In the U.S. Government Accountability Office's (GAO) review of SBA's disaster planning, it found that SBA's guidance did not discuss how to conduct a risk analysis or describe operational risks that may prevent SBA from successfully executing its programs.<sup>19</sup> GAO determined that this deficiency occurred because SBA's major disaster planning documentation lacked an in-depth discussion of risks that SBA could face when responding to disasters. The challenges SBA faced in executing its response to Hurricane Maria, according to GAO, represented risks that could compromise its ability to execute its programs. These challenges included loss of electricity and communications, which hindered establishing SBA operations, and infrastructure damage that restricted mobility and prevented flights into and out of Puerto Rico and the U.S. Virgin Islands. GAO added that without identifying risk elements associated with its disaster response and documenting how it plans to mitigate these risks, SBA may not be adequately prepared to respond to challenges that arise during its disaster response efforts.

### **Operational Leadership and Management Challenges**

Mitigating operational leadership and management challenges is critical to ensuring that an agency can successfully focus on its mission objectives.<sup>20</sup> Both DHS OIG and GAO reported challenges with FEMA's, an agency within DHS, leadership and management of disaster funding.

- DHS OIG found that FEMA<sup>21</sup> did not oversee and manage its transitional sheltering assistance program to ensure it operated efficiently and effectively. DHS OIG determined that this deficiency was due to insufficient oversight. For example, a single headquarters official was assigned to the program as a secondary duty during the 2017 disasters. DHS OIG recommended establishing a dedicated office to oversee the program's implementation and management.

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<sup>19</sup> GAO report number GAO-20-168, [Small Business Administration: Disaster Loan Processing Was Timelier, but Planning Improvements and Pilot Program Evaluation Needed](#), February 2020

<sup>20</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>21</sup> DHS OIG report number OIG-21-20, Better Oversight and Planning are Needed to Improve FEMA's Transitional Sheltering Assistance Program, February 11, 2021

- In its 2020 review,<sup>22</sup> GAO found that the FEMA program call center staff had difficulty with the volume and frequent changes to guidance. As a result, disaster survivors encountered inconsistent award determination casework, low quality call center customer interactions, and potentially not receiving eligible assistance when applying for the FEMA program or getting information about other disaster assistance programs. GAO determined that this challenge was due to the way changes to standard operating procedures were communicated and recommended that the FEMA administrator identify ways to improve FEMA’s accessibility and usability.

### **Internal Control Deficiencies**<sup>23</sup>

A strong internal control system provides stakeholders with reasonable assurance that operations are effective and efficient and that an agency uses reliable information for decision-making and is compliant with applicable laws and regulations.<sup>24</sup> Of the 28 disaster related OIG reports, 24 contained findings, recommendations, or suggestions related to internal control deficiencies.<sup>25</sup>

In its February 2021 review of FEMA’s transitional sheltering assistance program discussed above,<sup>26</sup> DHS OIG found that due to a lack of standard operating procedures FEMA

- paid more than \$55.8 million in unverified taxes,
- disbursed indeterminate amounts for unoccupied rooms, and
- left more than 146,000 disaster survivors to remain in hotels for more than the recommended 30 days.

Although FEMA was uncertain of the magnitude of payments, it identified five instances in which disaster survivors departed the program accommodation without notifying FEMA or hotel personnel and the hotels continued to bill FEMA for 41 unoccupied nights, totaling about \$4,700. FEMA concurred with OIG’s recommendation and established a dedicated transitional sheltering assistance unit to oversee its implementation and management, and develop resources, tools, and procedures to support a more effective program.

Due to the significant damage that Hurricanes Irma and Maria caused to historic sites, the Puerto Rico State Historic Preservation Office received nearly 10 times its accustomed funding amount.<sup>27</sup> DOI requested that its OIG conduct a financial audit of the Puerto Rico State Historic Preservation Office’s accounting system to ensure that it could properly account for the increased funding. DOI OIG found that since most records did not include an employee identification number, labor hours were charged to whatever project the employee was assigned

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<sup>22</sup> GAO report number GAO-20-503, [Disaster Assistance: Additional Actions Needed to Strengthen FEMA’s Individuals and Households Program](#), September 2020

<sup>23</sup> Other sections of this report also discuss issues caused by internal control weaknesses.

<sup>24</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>25</sup> HHS reports A-04-18-2015, A-04-18-02013, and A-04-18-02014 and SBA OIG report number 19-11 did not directly address this challenge.

<sup>26</sup> DHS OIG report number OIG-21-20, Better Oversight and Planning are Needed to Improve FEMA’s Transitional Sheltering Assistance Program, February 11, 2021

<sup>27</sup> In fiscal year 2019, it received \$12.7 million in funding versus \$1.3 million for fiscal years 2017 and 2018 combined.

to regardless of what the employee actually worked on. This was a problem because the Puerto Rico State Historic Preservation Office received funding from other Federal agencies besides DOI.<sup>28</sup> The applicable Federal regulations stated that an entity must have an effective internal control system<sup>29</sup> to properly allocate cost among programs. Because labor is one of the most significant expenditures incurred using Federal funds, appropriate internal controls become crucial because errors could otherwise go unnoticed.

In its compilation report of its prior audits and inspections,<sup>30</sup> SBA OIG called for a reevaluation of the effectiveness of internal controls to ensure that the goals and objectives of SBA's Economic Injury Disaster Loan program are met. Internal controls such as full evaluation of a borrower's credit and financial situation provide reasonable assurance that the borrower can repay the loan and lower the risk of default. For example, in its 2016 review of loans made following Hurricane Sandy,<sup>31</sup> SBA OIG found that SBA's supervisory loan officers approved loans that SBA's automated assessment system recommended declining due to unsatisfactory credit. The early default rate for these loans was seven times greater than for the loans that the automated system did not recommend for declination and three times higher<sup>32</sup> than the early default rate for all Hurricane Sandy loans. In its 2015 report on Economic Injury Disaster Loans to business loan applicants,<sup>33</sup> SBA OIG recommended that SBA establish and implement clear, written policies and procedures for analyzing the repayment ability of disaster loan applicants.

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**SBA did not have guidance for performing financial analyses of loan applicants**

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In its 12 audit reports examining Hurricane Sandy relief efforts, DOI OIG audited \$70.9 million in claimed costs and identified \$14 million in questioned costs (19.75 percent of the total).<sup>34</sup> DOI OIG wrote that financial awards for disaster response are riskier than normal, for several reasons. They are typically awarded quickly, right after a disaster; they add unplanned workload to awarding officials and staff; and they are often awarded without competitive bidding. DOI OIG observed that the pre-award practices used in the aftermath of Hurricane Sandy resulted in contracting staff's failing to prevent or detect numerous internal control problems. These pre-award practices included inadequate background research, inadequate competition, and deficient contractor selection. These findings were due in part to the absence of an emergency acquisition policy and DOI's failure to implement available Office of Management and Budget guidance.

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<sup>28</sup> DOI OIG report number 2019-FIN-014, The Puerto Rico State Historic Preservation Office Needs to Improve Its Accounting System, May 11, 2021

<sup>29</sup> 2 C.F.R. 200.303

<sup>30</sup> SBA OIG report number 20-12, White Paper: Risk Awareness and Lessons Learned from Audits and Inspections of Economic Injury Disaster Loans and Other Disaster Lending, April 3, 2020 (See appendix C.)

<sup>31</sup> SBA OIG report number 16-18, Early-Defaulted Hurricane Sandy Disaster Loans, August 15, 2016

<sup>32</sup> Overturned loans defaulted at a rate of 8.1 percent versus 2.6 percent for all Hurricane Sandy loans.

<sup>33</sup> SBA OIG report number 15-05, SBA's Evaluation of Principal's Repayment Ability for Hurricane Sandy Business Loans, February 24, 2015

<sup>34</sup> DOI OIG report number 2017-FIN-057, Summary of Hurricane Sandy Audit and Inspection Reports and Management Advisories, April 23, 2018 (See appendix C.)

The report cited the following examples of contracting deficiencies.

- DOI agreed to pay “alarming” and unreasonable markups for the rental of heavy equipment the contractor itself rented at a lower monthly rate because DOI did not perform background research to identify fair-market heavy equipment rates.
- DOI awarded a sole-sourced contract that was required to be competed while numerous other nonprofits did similar work in the same area.
- DOI selected a contractor that lacked appropriate expertise. Instead, the contractor subcontracted the work, resulting in an unnecessary payment of \$767,707.

As a result of these deficiencies, the Government paid extreme markups on rented equipment, used problematic contractors, and failed to prevent or detect numerous financial and internal control deficiencies.

In another example, HUD OIG determined whether five important HUD program offices can improve their preparedness to respond to upcoming natural disasters. Each program office within HUD had identified mission-essential functions that support HUD’s ability to provide vital services, exercise civil authority, maintain the safety of the public, and sustain the industrial and economic base during an emergency and that must be continued throughout or resumed rapidly after a disruption of normal activities. In its review, HUD OIG found that HUD did not have key processes in place to ensure that its policies, procedures, or supervisory controls for disaster response were effective or implemented for its Offices of Multifamily Housing Program, Single Family Housing, Community Planning and Development, Native American Programs, and Public Housing.<sup>35</sup> At the time of the report, HUD OIG stated that HUD may be unable to ensure that it takes the appropriate steps following a disaster and that disaster-damaged properties are completely repaired and are decent, safe, and sanitary. For example, HUD personnel did not assess the 47 multifamily properties in the Nebraska disaster area that suffered wind damage in April 2018. Therefore, they did not know that at least nine of the properties had severe wind damage and remained unaware of whether seven other properties had disaster damage. In addition, HUD did not know of potential disaster damages for a HUD real estate owned property in Nebraska, which had a foundation bowing inward and evidence of flooding. (See picture 1.) HUD OIG made recommendations for these program offices to improve its internal controls.

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**Five major HUD program offices did not have key processes in place to ensure that they effectively implemented their disaster response**

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<sup>35</sup> HUD OIG report number 2021-KC-0003, U.S. Department of Housing and Urban Development, Washington, DC, Disaster Preparedness, July 26, 2021

**Picture 1: Storm damage to property the Office of Single Family Housing said had no damage**

Source: HUD OIG, [2021-KC-0003](#)



Photo showing inspector's note that the foundation is bowing inward.

Photo showing inspector's note that there is evidence of flooding damage and that drywall has been removed 4 feet from the floor.

Additionally, the Office of Community Planning and Development did not always reach out or offer assistance to grantees after the disasters. At the time of the report, HUD OIG concluded that the Office of Community Planning and Development may not have been aware of the extent of damages to grantees following future disasters and offered required technical assistance on the use of community planning and development funds for disaster recovery. Further, the Office of Native American Programs took nearly a year after an April 2018 disaster to contact two tribes in HUD OIG's sample and was unaware of the storm's impact on the tribes. In addition, the Office of Public Housing did not have a formal method for tracking its outreach to public housing agencies following a disaster. As a result, HUD OIG concluded in its report that the Office of Public Housing may not contact all disaster-affected agencies in the future.

### **Working With External Stakeholders**

Efforts to coordinate aid and development with external stakeholders and quickly respond to changing priorities, particularly when decisions extend beyond an agency's immediate control and authority, are also constant challenges.<sup>36</sup> A disaster report that addressed this challenge included HHS OIG's audit of the Puerto Rico Department of Health.<sup>37</sup>

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<sup>36</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>37</sup> HHS OIG report number A-02-18-02002, The Puerto Rico Department of Health's Implementation of Its Emergency Preparedness and Response Activities Before and After Hurricane Maria Was Not Effective, July 7, 2021

As part of its oversight activities required by the Disaster Relief Act,<sup>38</sup> HHS OIG reviewed the effectiveness of its emergency preparedness implementation and determined that the Puerto Rico Department of Health did not effectively implement emergency preparedness activities before and after Hurricane Maria. The report noted that while required as part of its functions related to health care system emergency preparedness and disaster response, it did not obtain public comment and input on its Emergency Operations Plan.

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**The Puerto Rico Department of Health did not effectively implement emergency preparedness activities**

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Another deficiency in the report<sup>39</sup> stated that the Puerto Rico Department of Health's plan did not prepare it to meet actual needs after Hurricane Maria because it lacked procedures for contacting health professionals and expediting the procurement of equipment; did not include at-risk populations as required; and among other things, did not prepare for mass fatalities. More than 2,975 deaths<sup>40</sup> were reported after Hurricane Maria, which created a 2-year-long backlog in casualty processing. The lack of input from stakeholders may have limited its hurricane preparedness, response, and recovery efforts.

### **Collecting and Using Performance-Based Metrics**

OIGs reported that while agencies collected some performance-based metrics, not all collected enough or used the information optimally to ensure mission success. For example, DoD OIG found that DoD used contract procedures that did not incentivize the contractor to complete the contract efficiently or effectively. Without incentives to meet the contract requirements, the contractor had performance challenges during the first year of the recovery and DoD incorrectly paid the contractor additional profit.<sup>41</sup>

In another example, DHS OIG recommended that FEMA develop a comprehensive strategy and implementation plans for improving asset tracking and in-transit visibility across all modes of transportation in order to improve the agency's commodity distribution challenges in managing the end-to-end distribution process, ensure the accuracy of underlying data, and strengthen and integrate distribution policies and the governance structure.<sup>42</sup> The strategy and implementation plans should address key performance metrics for timeliness and delivery based on severity of a disaster.

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<sup>38</sup> On February 9, 2018, the President signed into law the Bipartisan Budget Act of 2018 (Public Law 115-123), which included division B, subdivision 1, entitled the Further Additional Supplemental Appropriations for Disaster Relief Requirement Act, 2018, (Disaster Relief Act), and provided disaster relief funding totaling \$89.3 billion.

<sup>39</sup> HHS OIG report number A-02-18-02002, The Puerto Rico Department of Health's Implementation of Its Emergency Preparedness and Response Activities Before and After Hurricane Maria Was Not Effective, July 7, 2021

<sup>40</sup> According to the Milken Institute School of Public Health, the George Washington University project report, Ascertainment of the Estimated Excess Mortality from Hurricane Maria in Puerto Rico, issued August 28, 2018

<sup>41</sup> DoD OIG report number DODIG-2020-060, Audit of Contract Costs for Hurricane Recovery Efforts at Navy Installations, February 12, 2020

<sup>42</sup> DHS OIG report number OIG-20-76, FEMA Mismanaged the Commodity Distribution Process in Response to Hurricanes Irma and Maria, September 25, 2020

In addition, HUD OIG reported that the Office of Native American Programs' policy did not clearly require staff to contact impacted tribes within established timeframes.<sup>43</sup> The policy did not provide specific information on the timeliness of contact and did not describe the metrics used to verify program success.

GAO was asked to review SBA's response to the 2017 hurricanes.<sup>44</sup> During site visits to areas most affected, stakeholders told GAO they were generally satisfied with SBA's outreach efforts. However, GAO determined that SBA did not have metrics for how well its outreach efforts informed disaster survivors about its Disaster Loan Program. Without metrics evaluating its disaster outreach efforts, according to GAO, SBA will not be able to determine how well and to what extent its outreach efforts informed disaster survivors about its Disaster Loan Program.

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<sup>43</sup> HUD OIG report number 2021-KC-0003, U.S. Department of Housing and Urban Development, Washington, DC, Disaster Preparedness, July 26, 2021

<sup>44</sup> GAO report number GAO-20-168, Small Business Administration: Disaster Loan Processing Was Timelier, but Planning Improvements and Pilot Program Evaluation Needed, February 2020

## Challenge: Human Capital Management

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Human capital management remains a significant challenge that affects the ability of Federal agencies to meet their performance goals and execute their missions efficiently. GAO first identified strategic human capital management within the Federal Government as a high-risk area in 2001. Key areas of concern related to human capital management include recruiting and retaining highly skilled staff and providing adequate training.<sup>45</sup> At least 19 of the 28 OIG reports (68 percent) discussed challenges with human capital management, which included 6 of the 7 Federal agencies. (See appendix B.) We summarized pertinent information from 6 of the 19 OIG disaster reports concerning the need for agencies to effectively manage their human capital.

### Recruiting and Retaining Highly Skilled Staff

Federal agencies can increase their ability to meet their missions by attracting specialized, highly skilled staff in mission-critical areas of information technology, acquisition, healthcare, national security, and intelligence.<sup>46</sup> However, OIGs reported that some agencies did not have sufficient experienced staff to conduct emergency assistance. At least 10 of the 28 disaster reports<sup>47</sup> (36 percent) contained findings, recommendations, or suggestions related to the need to recruit and retain highly skilled staff to manage and administer disaster funding.

DHS OIG summarized more than 2 dozen reports resulting in 115 recommendations to improve Federal disaster response regarding weaknesses exposed because of the 2017 hurricanes.<sup>48</sup> DHS OIG found that FEMA reduced its ability to detect fraud and protect survivors' personally identifiable information. DHS OIG attributed this condition to FEMA's experiencing significantly increasing caseloads, staffing shortages, and inadequately trained staff,<sup>49</sup> as well as insufficient privacy safeguards. As a result, DHS OIG reported that FEMA could not ensure that it took steps to detect fraud and protect survivors' personally identifiable information. In one incident, FEMA unnecessarily released survivors' sensitive data to its contractor and "placed 2.3 million disaster survivors at an increased risk of identity theft and fraud." Similarly, GAO reported that FEMA's Disaster Recovery Center staff lacked the skills needed to assist survivors because roughly 90 percent of the staff were newly hired or trainees.<sup>50</sup> GAO recommended that FEMA implement strategies to help ensure that Disaster Recovery Center staff have the necessary skills to assist survivors.

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**FEMA did not adequately manage its disaster assistance funds**

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<sup>45</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>46</sup> Ibid.

<sup>47</sup> DHS OIG reports OIG-21-25 and OIG-21-20; DoD OIG report DODIG-2020-085; DOI OIG reports 2018-FIN-052 and 2017-FIN-057; HHS OIG reports A-04-18-02015 and A-04-18-02014; and SBA OIG reports 21-05, 20-12, and 19-11

<sup>48</sup> DHS OIG report number OIG-21-25, Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities, March 3, 2021 (See appendix C.)

<sup>49</sup> DHS OIG found that 93 percent of FEMA's staff did not complete the required fraud prevention and awareness training.

<sup>50</sup> GAO report number GAO-20-503, Disaster Assistance: Additional Actions Needed to Strengthen FEMA's Individuals and Households Program, September 2020

SBA OIG summarized three inspection reports that assessed SBA’s initial disaster assistance response to the devastating 2017 Hurricanes Harvey, Irma, and Maria.<sup>51</sup> SBA OIG found that, despite the enormous volume of loan applications, SBA exceeded its processing goals for completed applications for all three hurricanes. The processing goals did not include incomplete applications, applications in backlog, or applications received but awaiting preprocessing. By October 30, 2017, SBA had processed 67,232 of the 88,803 disaster loan applications it received after Hurricane Harvey, leaving a 24 percent backlog of 21,571 loan applications. Its Office of Disaster Assistance did not answer 14 to 37 percent of the calls and 21 to 97 percent of the emails. (See table 2.)

**Table 2: Customer service center staffing, email volume, and percent emails unanswered**

Source: SBA OIG, 21-05

Week Number	Date Week Ended	Average Number Agents Assigned <sup>a</sup>	Emails Received	Emails Answered	Backlog of Unanswered Emails	Emails Received but Not Answered (% Weekly)
1	9/2/2017	1	1,006	205	820	81.51
2	9/9/2017	4	2,341	2,234	1,339	57.20
3	9/16/2017	8	3,099	3,795	643	20.75
4	9/23/2017	5	4,494	2,782	2,355	52.40
5	9/30/2017	5	5,121	3,869	3,611	70.51
6	10/7/2017	7	4,666	3,741	4,536	97.21
7	10/14/2017	10	4,506	6,053	3,045	67.58
8	10/21/2017	22	4,710	5,472	2,766	58.73
9	10/28/2017	22	4,555	5,807	1,514	33.24

Source: Buffalo Customer Service Center Daily Activity Summary

<sup>a</sup> Each day of the week, a different number of agents were assigned to work. We have rounded up to the nearest whole number to identify the average number of agents assigned during the week.

These conditions occurred because SBA did not have the processes and procedures to ensure that temporary employees for the customer service center could answer the survivors’ questions about the disaster loan program or the loan applications. In addition, SBA faced challenges in quickly hiring and getting staff onboard immediately following these hurricanes. When assistance was not available, disaster survivors who called for assistance could not leave their telephone number and the phone system did not give survivors the approximate amount of wait time or the number of callers that were ahead in line waiting.

Further, SBA OIG found that SBA could not handle the high volume of non-English-speaking disaster survivors. Fifteen days before Hurricane Maria hit Puerto Rico, SBA awarded a new contract for language translation services. However, the call volume was too high for the contractor to handle because SBA did not plan for or fully anticipate the need for Spanish translators when it awarded the contract. Some disaster survivors who called for assistance often waited at least 45 minutes or experienced dropped calls.

<sup>51</sup> SBA OIG report number 21-05, Consolidated Results of SBA’s Initial Disaster Assistance Response to Hurricanes, Harvey, Irma, and Maria, December 22, 2020 (See appendix C.)

GAO's 2020 report<sup>52</sup> stated that SBA's onboarding processes for its loan guarantee program were manual, heavily paper-based, and inefficient, which caused delays in processing new staff. SBA processed resumes manually, without the ability to effectively match resumes with required skillsets; and did not have time to provide the required significant training for new staff. In addition, SBA lacked a national recruiting strategy and vehicle for advertising vacant positions for its disaster loan program. Further, SBA had to hire Puerto Rican attorneys to sign secured loans as notaries in Puerto Rico must be lawyers.

According to GAO, SBA had taken steps to increase its ability to respond to natural disasters. It initiated or planned actions to address the challenges it faced in responding to Hurricanes Harvey, Irma, and Maria. GAO reported that SBA's after-action report for the 2017 hurricanes and its 2018 Staffing Strategy made recommendations to improve its hiring processes. GAO concluded that SBA's corrective actions should enhance its initial response to future large-scale disasters. SBA OIG reported that SBA began using USA Staffing to automate its recruitment, hiring, and onboarding of new staff, implemented new program specific training requirements for temporary employees hired during large-scale disasters, and took steps to increase the availability of more experienced staff to support new hires.<sup>53</sup> Further, SBA addressed its language translation challenge by awarding a blanket purchase agreement to three vendors for translation services, which will increase the number of available translators and reduce associated wait times.

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### SBA began using USA Staffing to automate staffing needs

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Following its inspection and assessment of SBA's initial disaster response to Hurricane Florence, the first major hurricane of the 2018 Atlantic hurricane season,<sup>54</sup> SBA OIG reported that SBA responded to numerous calls and emails and conducted damage loss verifications in a timely manner. SBA reacted effectively by providing adequate staffing, which consisted of previously trained and experienced personnel who were onboard to assist Hurricane Maria survivors or assisted with Hurricanes Harvey and Irma. In addition, the loan application volume was lower than expected. These conditions enabled SBA to surpass its goals for establishing a field presence, opening business recovery centers, and processing loan applications.

### Providing Adequate Training

Federal agencies must ensure that they adequately train their staff in administering disaster assistance.<sup>55</sup> OIGs notified their agencies that they needed to ensure that staff obtained proper training to effectively award and administer contracts,<sup>56</sup> build and sustain housing assistance

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<sup>52</sup> GAO report number GAO-20-168, Small Business Administration: Disaster Loan Processing Was Timelier, but Planning Improvements and Pilot Program Evaluation Needed, February 2020

<sup>53</sup> SBA OIG report number 21-05, Consolidated Results of SBA's Initial Disaster Assistance Response to Hurricanes, Harvey, Irma, and Maria, December 22, 2020 (See appendix C.)

<sup>54</sup> SBA OIG report number 19-11, Inspection of SBA's Initial Disaster Assistance Response to Hurricane Florence, April 17, 2019 (See appendix C.)

<sup>55</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>56</sup> DoD OIG report number DODIG-2020-085, Special Report on Best Practices and Lessons Learned for DoD Contracting Officials in the Pandemic Environment, June 2, 2020 (See appendix C.)

capabilities,<sup>57</sup> and effectively process loans.<sup>58</sup> Of the 28 reports, 15<sup>59</sup> (54 percent) contained findings, recommendations, or suggestions related to the need to provide adequate training.

DHS OIG audited FEMA to determine the extent to which its direct housing service agreement with the Texas General Land Office had processes and controls to ensure compliance with applicable laws and regulations and met program objectives.<sup>60</sup> DHS OIG found that FEMA did not have initial guidance and training to help build State capabilities to administer direct housing assistance even though its grantee, Texas General Land Office and local jurisdictions did not have direct housing assistance experience. This condition occurred because FEMA did not develop guidance and training needed to help build local and State temporary housing capabilities. As a result, FEMA personnel had to prepare guidance, training, and toolkits needed while responding to Hurricane Harvey. DHS OIG recommended that, in advance of disasters, FEMA ensure that the necessary guidance and training resources are readily available for its stakeholders to build and sustain direct housing assistance capabilities.

An April 2020 SBA OIG report<sup>61</sup> contained a compilation of and lessons learned from some of its significant findings and relevant risks from prior reports issued from 2014 to 2018. Although SBA addressed the recommendations from the reports, actions SBA has taken may have since been revised due to program changes over time. SBA OIG noted in the 2020 report that SBA must evaluate the current effectiveness of its internal controls used to address the risks to avoid recurrence of these issues and to mitigate the risk of financial loss for SBA's COVID-19 economic injury disaster loans.

The report stated that 2018 audits found that SBA experienced challenges with having experienced or well-trained staff to provide the appropriate and accurate assistance needed to respond to large-scale disasters. Disaster victims needed accurate counseling and assistance in filing applications and providing the required supporting documentation to facilitate timely and accurate disbursement of loans.

Additionally, SBA OIG reported that SBA's Office of Disaster Assistance did not comply with SBA or Federal requirements when approving at least an estimated 361 of 501 early-defaulted loans, totaling \$4.3 million, disbursed prior to November 2013. SBA approved loans to borrowers with unsatisfactory credit. As a result, borrower creditworthiness was the most prevalent area of concern for these early-defaulted loans.

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<sup>57</sup> DHS OIG report number OIG-21-42, FEMA Initiated the Hurricane Harvey Direct Housing Assistance Agreement without Necessary Processes and Controls, July 6, 2021

<sup>58</sup> SBA OIG report number 15-13, [Hurricane Sandy Expedited Loan Processes](#), July 13, 2015

<sup>59</sup> DHS OIG reports OIG-21-42, OIG-21-26, and OIG-21-25; DoD OIG reports DODIG-2020-085, DODIG-2020-060, DODIG-2019-128, DODIG-2019-086, and DODIG-2019-043; DOI OIG reports 2020-FIN-002, 2018-FIN-052 and 2017-FIN-057; HUD OIG reports 2022-FW-0801 and 2021-KC-0003; and SBA OIG reports 21-05 and 20-12

<sup>60</sup> DHS OIG report number OIG-21-42, FEMA Initiated the Hurricane Harvey Direct Housing Assistance Agreement without Necessary Processes and Controls, July 6, 2021

<sup>61</sup> SBA OIG report number 20-12, White Paper: Risk Awareness and Lessons Learned from Audits and Inspections of Economic Injury Disaster Loans and Other Disaster Lending, April 3, 2020 (See appendix C.)

Further, SBA’s Office of Disaster Assistance approved Hurricane Sandy disaster loans between October 2012 and June 2014 to businesses that did not suffer an economic loss or to businesses outside the timeframe of the disaster. SBA OIG attributed the condition to SBA’s not providing sufficient training for its loan officers.<sup>62</sup> The 2020 report concluded that SBA must ensure that loans are timely provided to eligible applicants, that borrowers meet all eligibility requirements, and that SBA has experienced or well-trained personnel to provide appropriate assistance and handle the increased loan volume and expedited processing timeframes.

In a 2021 memorandum, HUD OIG reported that nine grantees had issues and weaknesses because they lacked adequate staff or the capacity to administer the Community Development Block Grant-Disaster Recovery (CDBG-DR) program. For example, one or more grantees did not have adequate staff to perform monitoring of their subrecipient administering the program, lacked experience in monitoring CDBG business programs and did not ensure that their program had the capacity to repair or build homes in a timely manner.<sup>63</sup> Further, GAO reported<sup>64</sup> that grantees have experienced difficulties establishing the necessary capacity to manage large CDBG-DR grants. It also cited testimony that noted levels of expertise and program management as a repeated source of challenges, citing limitations on the availability of skilled staff.

Several other sections of this report also address human capital-related issues. For example, the Procurement section also discusses the need to train procurement personnel. The Performance and Accountability section notes the need to provide available experienced or well-trained personnel to administer appropriate assistance and to handle the increased loan volume and expedited processing timeframes. The Grant Management section includes information that Federal agencies should train their recipients on their roles and responsibilities and how to provide technical assistance to subrecipients to include requiring recipients to conduct training of its subrecipients. Finally, the Homeland Security and Disaster Preparedness section reports the need to incorporate training requirements using various methods.

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<sup>62</sup> SBA OIG report number 15-13, [Hurricane Sandy Expedited Loan Processes](#), July 13, 2015

<sup>63</sup> HUD OIG memorandum number 2022-FW-0801, [Lessons Learned and Key Considerations From Prior Audits and Evaluations of the CDBG Disaster Recovery Program](#), November 2, 2021 (See Appendix C.)

<sup>64</sup> GAO report number GAO-19-232, [Better Monitoring of Block Grant Funds Is Needed](#), March 2019

## Challenge: Financial Management

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The financial management challenge includes challenges related to a broad range of functions, from program planning, budgeting, and execution to accounting, audit, and evaluation. Weaknesses in any of these functional areas limit an agency's ability to ensure that taxpayer funds and agency revenues are being used efficiently and effectively and constitute a significant risk to Federal programs and operations. Key areas of concern related to financial management include financial reporting and the risk of improper payments.<sup>65</sup> At least 14 of the 28 OIG reports (50 percent), as listed in appendix B, discussed challenges with financial management for DHS, DoD, DOI, DOT, and HUD.

### Financial Reporting

According to CIGIE, many OIGs reported improvements in their agencies financial reporting.<sup>66</sup> For example, according to DoD OIG, the U.S. Northern Command began monitoring DoD resources used to support natural disasters through FEMA mission assignments in fiscal year 2018. The U.S. Northern Command developed a spreadsheet to track the reimbursable funds that DoD spent responding to mission assignments.<sup>67</sup> In another example,<sup>68</sup> DOI OIG noted that DOI properly allocated most of its fiscal year 2019 disaster relief funds when using Government charge cards. In that report, DOI OIG found that DOI had missing or insufficient documentation for only 43 of 1,299 (3 percent) transactions totaling more than \$51,000.

### Risk of Improper Payments

Many Federal agencies face challenges in preventing and reducing improper payments; namely, payments that should not have been made or were made in an incorrect amount. Improper payments constitute a significant risk of financial loss to the government.<sup>69</sup> Of the 28 reports, 14 (50 percent), as shown in appendix B, contained findings, recommendations, or suggestions related to either the risk of improper payments or actual improper payments.

HUD OIG reported that, in fiscal year 2021, HUD missed opportunities to identify improper and unknown payments<sup>70</sup> in its estimates for the Office of Community Planning and Development's Disaster Recovery Assistance – Hurricanes Harvey, Irma, and Maria program.<sup>71</sup> OMB guidance under the Payment Integrity Information Act of 2019 required that payments included the full

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<sup>65</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>66</sup> Ibid.

<sup>67</sup> DoD OIG report number DODIG-2019-086, Audit of the DoD's Preparation for Natural Disasters, May 16, 2019

<sup>68</sup> DOI OIG report number 2020-FIN-002, The U.S. Department of the Interior Needs To Strengthen Charge Card Internal Controls When Using Disaster Relief Funds, March 30, 2021

<sup>69</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>70</sup> According to OMB Circular A-123, appendix C (M-21-19), an unknown payment was a payment that could have been either proper or improper; however, the agency could not discern whether the payment was proper or improper because either documentation was insufficient or there was no documentation.

<sup>71</sup> HUD OIG report number 2022-FO-0005, [U.S. Department of Housing and Urban Development, Washington, DC, Compliance With the Payment Integrity Information Act of 2019](#), June 27, 2022

payment cycle, which began at the Federal entity and ended with the final recipient.<sup>72</sup> However, HUD’s estimation testing procedures did not consider the risks throughout the entire payment cycle. Although HUD performed testing on a statistical sample of disbursements to determine an annual improper and unknown payment estimate for the Office of Community Planning and Development’s Disaster Recovery Assistance – Hurricanes Harvey, Irma, and Maria program, the testing did not consider the risks associated with grantee and subgrantee administration. Specifically, HUD did not review the amounts charged by the subrecipients to ensure that they billed the grantee correctly, the costs were reasonable and allowable, final beneficiaries were eligible and paid the correct amount, and the goods and services were received. In taking this approach, in HUD’s fiscal year 2021 reporting of improper payments, it reported an improper and unknown payment estimate for the program of \$534. HUD OIG concluded that this estimate was not realistic for a program that spent more than \$826 million in disaster funding in fiscal year 2020, was deemed high risk by Congress, involved the transfer of Federal funds through multiple non-Federal entities, and depended on non-Federal entities to make eligibility determinations. By not taking advantage of opportunities to identify improper and unknown payments through its estimation procedures, HUD was at risk of missing opportunities to detect, prevent, and recover improper payments.

DHS OIG reported that FEMA did not manage its Hurricane Harvey disaster assistance funds to ensure financial accountability and safeguarding of the funds when it overestimated the number of manufactured housing units it needed by nearly 2,600, which led to increased costs to purchase, transport, and store the units.<sup>73</sup> For its transportation assistance funding, FEMA did not adequately document applicants’ eligibility for the assistance and did not verify that applicants spent disaster assistance funds properly. FEMA could have put an estimated \$182 million to better use had it properly managed its manufactured housing unit program funds. In addition, FEMA potentially overpaid applicants for damaged vehicles and risked improperly spending more than \$64 million. DHS OIG wrote that FEMA should share the report with its public assistance grant recipients and subrecipients to promote their awareness and improvement in the systemic areas identified.

DOI OIG questioned payments from DOI and its bureaus when they used disaster relief funds for unrelated purchases not associated with disasters.<sup>74</sup> The U.S. Fish and Wildlife Service, National Park Service, and U.S. Geological Survey made 73 of 1,299 transactions totaling more than \$32,100 using disaster relief funds for items that were not associated with specified permissible

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<sup>72</sup> OMB Memorandum M-21-19, Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement states, “Any transfer of Federal funds...to any non-Federal person or entity or a Federal employee, that is made by a Federal agency, a Federal contractor, a Federal grantee, or a Governmental or other organization administering a Federal program or activity.”

<sup>73</sup> DHS OIG report number OIG-21-25, Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities, March 3, 2021 (See appendix C.)

<sup>74</sup> DOI OIG report number 2020-FIN-002, The U.S. Department of the Interior Needs To Strengthen Charge Card Internal Controls When Using Disaster Relief Funds, March 30, 2021

purposes, such as paper, ink cartridges, animal vaccinations, monthly bills, and replacement information technology equipment.

In addition, DOI OIG reported that National Park Service employees did not adhere to DOI's charge card policy when they used their government charge cards to pay expenses for employees who were forced to evacuate their homes because of Typhoon Yutu. Two of the three evacuated employees did not have Government charge cards, and none were in travel status, which was a DOI policy requirement for using the charge cards. At the time, DOI did not have established contingency plans or a policy for disaster relief evacuations. Without procedures for these emergency situations in place, DOI OIG observed that bureaus may place undue burdens on their cardholders by essentially asking them to violate charge card regulations to assist others or to address immediate needs, which could potentially make cardholders responsible for charges or lead to removal of their charge card authority. DOI OIG recommended that DOI and its bureaus establish policies and procedures providing guidance on how to pay for allowable evacuation costs when employees do not have a Government charge card.

In 2015, DOT OIG reported that the Federal Transit Administration (FTA) did not clearly document its internal control activities in its policies to prevent duplicate reimbursements to grantees.<sup>75</sup> FTA and FEMA signed a

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**FTA did not clearly document its internal control activities**

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memorandum of agreement for tracking emergency funding requests without having established specific control activities. While FTA had informally coordinated with FEMA to identify instances of duplicate funding, it had not formalized this process, which would be necessary to ensure effective coordination in the event of future emergencies. It reduced assurance that its process would help prevent duplicate funding. In response, FTA established formal controls for accounting for insurance proceeds received by grantees to reduce the risk of duplicate reimbursements. However, it will require years of sustained management attention to monitor and determine the final amount of Hurricane Sandy funds that its grantees can receive, along with mitigating future risks of grantees' receiving duplicate payments.

In 2021, HUD OIG analyzed 132 reports issued from May 2002 to March 2020 to provide lessons learned and key considerations from prior audits and evaluations of the CDBG-DR program.<sup>76</sup> HUD OIG reported that 32 (44 percent) of HUD's 72 grantees reviewed did not follow program requirements, resulting in more than \$1.7 billion in questioned costs. Generally, grantees

- did not follow general program and administrative requirements, including duplication of benefits requirements, Federal cost principles, and procurement requirements,
- could not support the eligibility of applicant awards,
- did not adequately monitor their program, and

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<sup>75</sup> DOT OIG report number ST-2015-046, FTA Has Not Fully Implemented Key Internal Controls for Hurricane Sandy Oversight and Future Emergency Relief Efforts, June 12, 2015

<sup>76</sup> HUD OIG memorandum number 2022-FW-0801, Lessons Learned and Key Considerations From Prior Audits and Evaluations of the CDBG Disaster Recovery Program, November 2, 2021 (See Appendix C.)

- did not follow grant requirements or did not ensure that subrecipients or contractors followed agreements or requirements.

These conditions occurred because the grantees

- lacked controls or were unfamiliar with the program requirements,
- had weak policies or did not implement controls,
- relied on or did not monitor their subrecipients or contractors, and
- lacked adequate staff or capacity to administer the program.

With respect to duplication of benefits, HUD OIG has long reported on the increased risk agencies confront when responding to natural disasters. For example, in a 2016 cross-cutting CIGIE initiative involving eight OIGs focusing on the Disaster Relief Appropriations Act, 2013, HUD OIG reported that Federal agencies had a significant risk of duplicate assistance because other funding sources existed, such as private insurance, nonprofits, and local government.<sup>77</sup> Several Federal agencies provided the same services. (See table 3.)

**Table 3: General services funded by eight Federal agencies through the Disaster Relief Appropriations Act, 2013**

Source: HUD OIG, [2016-FW-1007](#)

Services funded	Agency							
	HUD	DOT	FEMA	USACE	DOI	SBA	HHS	EPA
Debris removal and demolition	X	X	X	X	X	X	X	X
Public facilities and parks, infrastructure, and transportation systems	X	X	X	X	X		X	X
Emergency response services for health care, shelter, food, and water	X		X	X			X	
Childcare providers and family health services	X		X			X	X	
Restoration of services, electricity, communication, water, sewer, and public transit	X	X	X					X
Housing assistance and loans	X		X			X		
Hospitals and medical and research facilities	X		X				X	
Business assistance and economic development	X					X		

The 2021 HUD OIG lessons learned memorandum noted several examples of duplication of benefit issues experienced by HUD’s grantees including

- applicants receiving duplicate benefits from two States,

<sup>77</sup> HUD OIG report number 2016-FW-1007, [Disaster Relief Appropriations Act, 2013](#), September 12, 2016

- assistance to the same address for two different applicants,
- duplicate Social Security numbers with different applicant names,
- duplicate funding for projects from the CDBG-DR, FEMA, the SBA, State agencies, or insurance providers, and
- duplicate funding or cost reimbursements in excess of a homeowner’s unmet need.<sup>78</sup>

To address the significant risk of duplication of benefits, HUD OIG stated in its 2021 memorandum that the Office of Community Planning and Development should assure that grantees are aware of the requirement to prevent duplication of benefits issues related to other agencies and entities providing relief to the same applicants.

Further, in 2019 GAO reported<sup>79</sup> on improper payments as an ongoing challenge for HUD and CDBG-DR grantees. GAO cited several of its prior reports and HUD OIG reports on the issue.

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<sup>78</sup> HUD OIG memorandum number 2022-FW-0801, Lessons Learned and Key Considerations From Prior Audits and Evaluations of the CDBG Disaster Recovery Program, November 2, 2021 (See Appendix C.)

<sup>79</sup> GAO report number GAO-19-232, Better Monitoring of Block Grant Funds Is Needed, March 2019

## Challenge: Procurement Management

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The procurement management challenge encompasses the entire procurement process, including contract award and post-award contract administration.<sup>80</sup> Given that the Federal Government awards billions of dollars in contracts, the challenges that agencies face in procurement management put billions of taxpayer dollars at increased risk of fraud, waste, abuse, and mismanagement. Moreover, because many Federal agencies rely strongly on contractors to perform their missions, the failure of an agency to properly manage its procurement functions could also impede the agency's ability to execute its mission. Key areas of concern related to procurement management include weaknesses with the contract award process, managing and overseeing contractor performance, reviewing invoices and payments, and training and retaining procurement personnel.<sup>81</sup> At least 14 of the 28 OIG reports (50 percent), as listed in appendix B, discussed challenges with procurement management. These were reports issued by DHS OIG, DoD OIG, DOI OIG, DOT OIG, and HUD OIG.

### Contract Award Process

These OIGs identified challenges related to the contract award process associated with disaster funds. Specifically, DHS OIG reported that when awarding contracts, FEMA is required to comply with the Federal Acquisition Regulation (FAR),<sup>82</sup> which stipulates that contracts should be awarded to only "responsible contractors" and no award should be made until the contracting officer affirmatively determines responsibility.<sup>83</sup> However, FEMA did not have guidance for its contracting personnel about making affirmative responsibility determinations.

In addition, DHS OIG highlighted that FEMA wasted personnel resources, time, and taxpayer money by issuing, canceling, and reissuing contracts for critical supplies, such as roof tarps (see picture 2) and plastic sheeting needed to protect survivors' homes and "prevent further damage."<sup>84</sup>

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<sup>80</sup> Although some Federal agencies define the term "procurement" narrowly as the act of buying goods and services for the government and use the term "acquisitions" to refer to the broader concept of the initiation, design, development, test, contracting, production, and deployment of systems, supplies, or services to satisfy Government needs, CIGIE uses the terms interchangeably for the purposes of its report on top management challenges.

<sup>81</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>82</sup> DHS OIG report number OIG 21-44, FEMA Must Strengthen Its Responsibility Determination Process, July 7, 2021

<sup>83</sup> FAR 9.103 - 104 requires that contracting officers make a responsibility determination review of prospective contractors to ensure that they can comply with the required delivery or performance schedule and can obtain needed resources to complete the contract work.

<sup>84</sup> DHS OIG report number OIG-21-25, Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities, March 3, 2021 (See appendix C.)

**Picture 2: Blue roof tarps provided for temporary roof repairs after Hurricane Maria's destruction in Puerto Rico**

Source: DHS OIG, [OIG-19-38](#)



DHS OIG attributed this condition to FEMA not maximizing the use of advance contracts and relying on poor contracting practices. As a result, FEMA impeded Puerto Rican residents' efforts to protect their homes and prevent further damage. In addition, FEMA potentially risked not acquiring critical supplies promptly for disaster survivors in the future.

In another instance, DoD OIG reported DoD's challenges in awarding disaster-related contracts.<sup>85</sup> Specifically, contracting officials did not

- include detailed, specific contract requirements in the task order;
- request, obtain, or analyze a cost proposal from the prime contractor;
- document their determination of fair and reasonable prices; or
- limit the task order to the initial recovery efforts.

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<sup>85</sup> DoD OIG report number DODIG-2020-060, Audit of Contract Costs for Hurricane Recovery Efforts at Navy Installations, February 12, 2020

According to the report, this condition occurred because Naval Facilities Engineering Command assigned three task orders for hurricane recovery to the same contracting officer within 2 weeks, even though the contracting officer was already responsible for other contracts. In addition, the contracting officials chose not to implement applicable contracting procedures when planning, awarding, and administering the task order for the initial recovery work. The contracting officials developed their own procedures in an attempt to convert the cost-plus-award fee task order to firm-fixed-price; however, they did not formally modify the contract to convert any of the terms or conditions from cost-plus-award fee to firm-fixed-price in accordance with the FAR.

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**Contracting officials did not provide supporting documentation to verify fair and reasonable prices**

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Without a cost proposal or documentation of contracting officials' determination of fair and reasonable prices for the initial \$9.3 million of the \$35.9 million (26 percent) hurricane recovery, DoD OIG could not verify that the contracting officials obtained fair and reasonable prices. Furthermore, the procedures that they used may have created an illegal cost-plus-percentage-of-cost contracting system as defined by Federal laws and the FAR. Specifically, contracting officials directly tied a percentage of profit to the cost of completing the contract that did not incentivize the contractor to complete the contract efficiently or effectively.

In addition, the contracting officials and the Camp Lejeune Public Works Department implemented several best practices when developing, awarding, and overseeing the initial contract task order issued to recover Camp Lejeune and Cherry Point after Hurricane Florence. For example, the contracting officials developed detailed disaster recovery plans, prepositioned contractors, provided extensive oversight, and limited the task order to the initial recovery efforts.<sup>86</sup> However, the contracting officials did not control costs when evaluating the prime contractor's proposal and negotiating the task order modifications. Specifically, the contracting officer did not effectively assess the prime contractor's cost and pricing proposals or verify that the proposals were complete and accurate in accordance with acquisition regulations. This condition occurred because the contracting officials conducted an expedited proposal analysis themselves, without requesting expert assistance. As a result, the contracting officials paid excessive prices, including an excess profit paid to the prime contractor.

DoD OIG issued a report that contained lessons learned from 36 audits conducted from 2006 through 2020, which were related to contracting for disaster relief response.<sup>87</sup> Specifically, DoD OIG identified lessons learned related to consistency in contracting processes. Its report stated that consistency in contracting processes is a key factor to allow a rapid response while meeting Federal contracting requirements and avoiding fraud, waste, and abuse. It stated that lessons learned when awarding contracts include

- ensuring that contracts and task orders are accurate and complete when awarded to the contractor,

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<sup>86</sup> Ibid.

<sup>87</sup> DoD OIG report number DODIG-2020-085, Special Report on Best Practices and Lessons Learned for DoD Contracting Officials in the Pandemic Environment, June 2, 2020 (See appendix C.)

- ensuring that the agency contracting personnel awarding contracts clearly define contract requirements in solicitations to avoid inconsistencies in the interpretations of the requirements,
- ensuring that contractor quality control plans meet the minimum level of detail required by agency policy, and
- instructing the contracting personnel to comply with the FAR.

DOI OIG also reported that DOI could continue to improve its preparedness for responding to and recovering from the next natural disaster.<sup>88</sup> Specifically, it found that two DOI bureaus, the National Park Service and the U.S. Fish and Wildlife Service, did not ensure the timely obligation and expenditure of disaster funds.

According to the report, DOI OIG asked National Park Service procurement officials if they used any contracting flexibilities, such as letter contracts, sole source, or oral requests for proposals, that were available to them to accelerate the contracting processes. The National Park Service stated that it increased the micropurchase thresholds and received guidance on contracting flexibilities for emergency situations; however, DOI OIG did not identify any specific strategies that were actually employed. The National Park Service maintained that it had more than 138 widely dispersed, complex, environmentally challenged projects (see picture 3) that required a long lead time. Further, the National Park Service’s lack of milestones for its projects impacted the rate at which funds were obligated. Without deadlines, the National Park Service proceeded without a sense of urgency and told DOI OIG that it did not prioritize projects. The following pictures show an example of a National Park Service project for employee housing, which had no progress 1 year after the hurricanes due to the National Park Service’s lack of action.

**Picture 3: Photos of housing 1 year after the hurricanes**

Source: DOI OIG, [2018-FIN-052](#)



While the U.S. Fish and Wildlife Service was satisfied with the progress of the projects and did not have any difficulties in obligating the funds, it did acknowledge problems that could create potential delays. For example, it had made changes to buildings and their footprints; debris

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<sup>88</sup> DOI OIG report number 2018-FIN-052, The U.S. Department of the Interior Has Opportunities to Improve Disaster Preparedness and Response, November 6, 2020 (See appendix C.)

cleanup was more complicated in remote areas; U.S. Fish and Wildlife Service employees were conducting most of the work; and project costs had to be revised because bids were higher than expected. The slow pace of obligations and expenditures leaves Government infrastructure and lands more vulnerable to subsequent disasters. The DOI OIG observed that if the National Park Service and the U.S. Fish and Wildlife Service do not complete supplemental projects quickly, their resources may not be able to withstand another natural disaster in these areas and habitats may suffer additional environmental impacts. Furthermore, employees may work in substandard conditions and endure long commutes to duty stations while they await the repairs.

### **Contract Oversight**

Federal agencies faced challenges in maintaining robust oversight of contract portfolios and contract execution and performance.<sup>89</sup> For instance, DHS OIG found that FEMA paid for facilities that may not have met contract requirements to shelter disaster survivors.<sup>90</sup> DHS OIG stated that FEMA permitted a local property (see picture 4) that “did not meet the minimum requirements of a lodging property” to participate in its transitional sheltering assistance program. This condition occurred because FEMA’s procedures did not include adequate contractor oversight. Until it takes corrective action to address this systemic issue, FEMA will risk not obtaining acceptable sheltering options for disaster survivors in the future.

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<sup>89</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>90</sup> DHS OIG report number OIG-21-25, Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities, March 3, 2021 (See appendix C.)

**Picture 4: Available “rooms” at hotel included in the transitional sheltering assistance program**

Source: DHS OIG, [OIG-20-58](#)



DHS OIG reported that, in response to Hurricanes Irma and Maria in Puerto Rico, FEMA mismanaged the distribution of commodities, such as meals, water, blankets, cots, tarps, and sheeting.<sup>91</sup> FEMA did not track its commodities from initial order to final distribution. As a result, it lost visibility of 4,462 (about 38 percent) of its life-sustaining commodity shipments to Puerto Rico, worth an estimated \$257 million (see table 4). About 98 percent (4,354) of these commodity shipments consisted of meals and water. Further, FEMA diverted a significant number of commodities to other locations. Commodities successfully delivered to Puerto Rico took an average of 69 days to reach their final destinations.

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**FEMA did not track life-sustaining commodity shipments consisting mostly of meals and water**

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<sup>91</sup> DHS OIG report number OIG-20-76, FEMA Mismanaged the Commodity Distribution Process in Response to Hurricanes Irma and Maria, September 25, 2020

**Table 4: Estimated costs of lost visibility commodities**

Source: DHS OIG, [OIG-20-76](#), DHS OIG analysis of estimated commodity costs

Commodity	Total Product	Cost Per Unit	Estimated Costs
Meals	43,788,042	\$5.16	\$225,946,297
Water	40,033,770	\$0.55	\$22,018,574
Blankets	32,025	\$12.95	\$414,724
Cots	36,972	\$39.00	\$1,441,908
Tarps	33,520	\$40.00	\$1,340,800
Sheeting	26,738	\$212.40	\$5,679,151
<b>Totals</b>			<b>\$256,841,454</b>

These conditions occurred because FEMA did not have adequate contractor oversight. It did not track commodity shipments using its Global Positioning System transponders, did not ensure documented proof of commodity deliveries, and allowed the contractor to break inventory seals. Consequently, FEMA cannot provide reasonable assurance it provided sufficient life-sustaining commodities to Puerto Rico disaster survivors in a timely manner.

According to DHS OIG, FEMA did not develop an acquisition plan that adequately addressed commodity distribution requirements for transoceanic shipments at various surge levels and corresponding cost estimates.<sup>92</sup> Consequently, poor planning placed the agency in a reactive mode to ensure the continuity of services during the disaster response. As a result, FEMA made unauthorized contract changes and did not have proof that the contractor provided the services as the contract costs grew. FEMA’s mismanagement included multiple contracting violations and policy contraventions that ultimately led to contract overruns of about \$179 million and at least \$50 million in questioned costs. Better acquisition planning would have helped ensure timely, successful commodity shipments and lessened the negative impact of the catastrophic disaster on Puerto Rico.

In DoD OIG’s report, which contained lessons learned related to contracting for disaster relief response,<sup>93</sup> it identified lessons learned related to communication and coordination. It reported that contracting officials can improve communications and coordination by implementing the following lessons learned.

- Maintain communication between contracting personnel and contractors for the purpose of negotiations, acquire accurate cost estimates, and evaluate proposed contract prices.
- Communicate with FEMA officials to ensure that FEMA’s requirements are being met and that FEMA officials are aware of DoD’s ongoing response efforts.
- Communicate and coordinate throughout all stages of the process, from initial purchase request through delivery of the product or service.

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<sup>92</sup> Ibid.

<sup>93</sup> DoD OIG report number DODIG-2020-085, Special Report on Best Practices and Lessons Learned for DoD Contracting Officials in the Pandemic Environment, June 2, 2020 (See appendix C.)

DOI OIG found that DOI established a resource ordering system so that incident commanders could seek and obtain help from other bureaus if needed.<sup>94</sup> The system was designed to record, track, and report on participants' qualifications. However, there was confusion about the system in populating and updating data, staff responsibility, and paying for resources. Three of six incident commanders whom DOI OIG interviewed did not find the system useful because

- bureaus and offices did not upload qualified employees to the system to be mobilized during emergencies,
- the system did not include a mechanism to pay for employees accessed, and
- the system did not clearly describe the services the employees could provide.

This problematic situation could be attributed to several factors, including the fact that DOI did not have sufficient staff to maintain the system; few account managers had regional access; and system users did not understand staff responsibility, populating and updating data, and paying for resources. Further, DOI updated the system only when a storm threatened. DOI could diminish its disaster capacity and negatively impact its response and recovery efforts if it does not appropriately populate the resource ordering system, keep it up to date, and ensure that the data users know how to pay for those resources. DOI OIG reported that DOI needed to ensure that the system was current, accurate, and complete.

As cited in GAO's 2019 report,<sup>95</sup> HUD OIG has reported extensively on procurement findings related to HUD grantees. Specifically, GAO discussed a 2017 HUD OIG report that found that HUD did not provide sufficient guidance and oversight to ensure that state disaster grantees followed proficient procurement processes. HUD OIG focused on whether HUD staff had ensured that the grantee had adopted Federal procurement standards or had a procurement process that was equivalent to those standards. It made four recommendations to help ensure that products and services are purchased competitively at fair and reasonable prices in future disaster allocations. As of April 12, 2022, all four recommendations remained open.

### **Invoice and Payment Review**

OIGs have continued to report instances where agencies fail to appropriately review invoices and track associated payments to ensure that the Government received the goods and services for which it had contracted and paid. OIGs reported challenges within several areas of the invoice and payment review process including a lack of thorough invoice review, inadequate documentation to support payments, and a failure to track expenditures in detail.<sup>96</sup>

For example, after Hurricane Maria, FEMA assigned the U.S. Army Corps of Engineers (USACE) to assist the Puerto Rico Electric Power Authority with emergency repairs across Puerto Rico. (See picture 5.) However, USACE's contracting officials did not adequately

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<sup>94</sup> DOI OIG report number 2018-FIN-052, The U.S. Department of the Interior Has Opportunities to Improve Disaster Preparedness and Response, November 6, 2020 (See appendix C.)

<sup>95</sup> GAO report number GAO-19-232, Better Monitoring of Block Grant Funds Is Needed, March 2019

<sup>96</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

monitor contractor labor hours worked or accurately review contractor invoices before payment.<sup>97</sup> Specifically, contracting officials did not

- provide appropriate surveillance of contractor performance to verify that labor hours billed were accurate,
- obtain adequate supporting documentation for labor hours billed by the contractor before approving invoices for payment,
- review labor rates from contractor invoiced labor hours,
- verify whether contractor employees met qualifications for labor categories included in the contracts before approving invoices for payment, or
- verify whether contractor employees exceeded the weekly labor hours allowed by USACE’s policy before approving invoices for payment.

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Contracting officials did not adequately inspect contractor performance before paying invoices

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**Picture 5: Geographic challenges faced during grid restoration – USACE provided the pictures to support oversight for contractors in this dynamic environment**

Source: DOD OIG, [DODIG-2019-128](#)



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<sup>97</sup> DoD OIG report number DODIG-2019-128, Audit of U.S. Army Corps of Engineers Oversight of Contracts for Repair and Restoration of the Electric Power Grid in Puerto Rico, September 30, 2019

These conditions occurred because USACE contracting officials did not have quality assurance procedures or written invoice review procedures that ensured adequate oversight of contractor labor hours worked and adequate documentation from the contractor to support labor hours billed before payment. In addition, USACE contracting officials did not incorporate required elements for time-and-materials contracts such as labor qualifications and hourly rates. As a result, contracting officials did not know whether contractor labor paid on 18 invoices, valued at more than \$320 million, was allowable in accordance with Federal regulations or terms of the contracts. Based on its testing of labor costs, DoD OIG identified more than \$50 million paid that was unsupported and potentially unallowable.

Similar to DoD OIG's findings, DHS OIG reported that FEMA improperly validated and approved payment on contractor invoices.<sup>98</sup> FEMA did not perform a sufficient review to validate and substantiate charges in contractor invoices prior to invoice payment or contract ratification. This condition occurred because FEMA did not have sufficient internal controls for contract oversight officials to adequately review invoices, including verifying costs, to the extent possible, based on source documentation to ensure billed costs were supported and allowed. As a result, it could not provide detailed supporting documentation for 45 line-items totaling approximately \$50 million and potentially paid for services not provided.

Further, DHS OIG found that the contracting officer's representative files contained no proof of delivery of commodity shipments or support for leased and rented equipment.<sup>99</sup> This condition occurred because the contracting officer's representative relied on verbal statements and emails from FEMA personnel in Puerto Rico to determine whether the contractor performed the required services. As a result, DHS OIG could not trace and verify \$72 million of line-item expenses to the summary documentation provided with the invoices and FEMA potentially paid for services not rendered.

### **Training and Retaining Procurement Personnel**

The effectiveness of the procurement process depends on retaining and developing a competent workforce that can handle complex acquisitions.<sup>100</sup> At least 7 of 28 reports<sup>101</sup> (25 percent) contained findings, recommendations, or suggestions related to training and retaining procurement personnel for disaster preparedness and response.

In one report,<sup>102</sup> DoD OIG stated that USACE worked to provide emergency power for disaster recovery in response to Hurricanes Harvey and Irma, which involved overseeing temporary generator installations. However, for three service contracts for these installations, USACE oversight personnel did not properly monitor and assess contractor performance according to Federal and DoD acquisition requirements. Although the contracting officer's representative

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<sup>98</sup> DHS OIG report number OIG-20-76, FEMA Mismanaged the Commodity Distribution Process in Response to Hurricanes Irma and Maria, September 25, 2020

<sup>99</sup> Ibid.

<sup>100</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>101</sup> DHS OIG reports OIG-21-44 and OIG-20-76; DoD OIG reports DODIG-2020-085, DODIG-2020-060, and DODIG-2019-043; DOI OIG report 2018-FIN-052; and HUD OIG report 2022-FW-0801

<sup>102</sup> DoD OIG report number DODIG-2019-043, U.S. Army Corps of Engineers Oversight of Temporary Emergency Power Contract Awarded for Hurricanes Harvey and Irma, January 3, 2019

focused more on accomplishing the temporary emergency power mission, he did not verify that the contractors provided services according to contract requirements. USACE Emergency Power Planning and Response Teams personnel did not validate that the contractors met the standards specified in the contract performance work statements and did not use a surveillance plan. As a result, “USACE oversight personnel did not know whether the contractors complied with contract requirements and whether the Government received the services it paid \$19 million...to support temporary emergency power.” The “Government may have paid for a level of service that it did not receive.” According to the report, the USACE Commanding General responded to the recommendations for this finding by training the contracting officer’s representative and the personnel performing the quality assurance duties related to their responsibilities for the temporary emergency power missions. USACE also hired a technical expert for the advanced contracting initiative contracts for relief efforts and updated the quality assurance surveillance plan.

In another example, DOI OIG reported that the National Park Service, U.S. Fish and Wildlife Service, and U.S. Geological Survey did not provide emergency contracting training to their contracting officers.<sup>103</sup> The National Park Service

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**DOI did not provide emergency contracting training**

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Bureau Procurement Chief told DOI OIG that, although the training was not required, he recommended emergency contracting courses to contracting officers. The U.S. Fish and Wildlife Service Bureau Procurement Chief was unaware of the guidance recommending training and told DOI OIG that the individual contracting officers determine the required training. The U.S. Geological Survey Bureau Procurement Chief told DOI OIG that emergency contracting training was not necessary because the emergency contracting process was like the normal procurement process and that DOI mostly used credit cards during emergencies, which did not require a procurement process. DOI OIG did not agree that contracting for emergencies was similar to normal contracting. Their report stated that emergency acquisitions allow for greater contracting flexibilities to obtain goods and services, including the construction of structures. DOI OIG noted that contracting officers must be trained how to handle funding constraints, post-award monitoring, available flexibilities, and other potentially unique circumstances that may arise during and after a disaster. Personnel not trained in emergency contracting procedures would impede the Federal Government’s responsiveness during and after an emergency. If gaps in capacity are not addressed during training and before disasters, agencies will take up valuable time needed to respond to disasters to address these gaps. In response to a recommendation for training, DOI acknowledged that it would provide emergency contract training to acquisition staff using courses from the Federal Acquisition Institute.

DOI OIG had previously recommended that DOI implement a formal process to access and mobilize qualified personnel to respond to natural disasters and listed this as a high priority. However, DOI had not resolved this issue within 6 months, the estimated timeline for completion.<sup>104</sup> DOI was developing a new interactive system to enable tracking of

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<sup>103</sup> DOI OIG report number 2018-FIN-052, The U.S. Department of the Interior Has Opportunities to Improve Disaster Preparedness and Response, November 6, 2020 (See appendix C.)

<sup>104</sup> Ibid.

recommendations and addressing some of the deficiencies experienced when implementing its policy bulletin. However, the system's data fields did not address all the categories required by the policy bulletin. DOI OIG recognized that DOI could hinder its ability to respond to natural disasters if it did not address the recommendation. In addition, DOI OIG observed that DOI may compromise human safety, the provision of critical needs, and DOI's ability to monitor emergency events and the status of critical infrastructure. The report concluded that DOI needed to revise its Master Improvement Plan to include all information required by the policy bulletin and update the milestone for the recommendation based on current estimates for completion.

In its report on best practices and lessons learned,<sup>105</sup> DoD OIG identified lessons learned related to staffing and training. It reported that DoD components have multiple teams of trained and readily available personnel to both award and administer emergency contracts at multiple geographical locations. During an emergency, these teams can provide supplemental staffing to offices providing relief support. By using multiple teams, DoD can increase the readiness and continuity of emergency response efforts.

DoD OIG also reported that contracting personnel can further mitigate potential issues and lessen the risk of fraud, waste, and abuse of disaster funds when DoD officials ensure that DoD has proper staffing levels and adequately trained personnel. It stated that DoD officials can improve in the staffing and training areas by

- ensuring the use of long-term Government employees for program management and key technical positions that exercise oversight over contract employees;
- ensuring that sufficient staff are available and trained on the requirements in the contract, the documentation required to support payment of contractor invoices, and the performance of quality assurance activities; and
- establishing and ensuring, to the maximum extent possible, proper segregation of duties in the purchase request and invoice payment processes.

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<sup>105</sup> DoD OIG report number DODIG-2020-085, Special Report on Best Practices and Lessons Learned for DoD Contracting Officials in the Pandemic Environment, June 2, 2020 (See appendix C.)

## Challenge: Grant Management

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The grant management challenge encompasses the entire grant-making process and includes agencies' oversight of awards as well as recipients' internal controls and reporting. Key areas of concern related to grant management include ensuring funds are awarded properly, overseeing the use of grant funds, and ensuring grant investments achieve intended results.<sup>106</sup> At least 9 of the 28 OIG reports<sup>107</sup> (32 percent) discussed challenges with grant management. The following describes grant management challenges experienced by DOT, DHS, and HUD.<sup>108</sup>

### Ensuring Funds Are Awarded Properly

According to CIGIE's TMCs, the agencies are challenged with ensuring that agency staff complies with the relevant laws and regulations for awarding grant funds. Effective grant award policies and procedures can prevent funds from being awarded to improper recipients or for unintended purposes. These practices can enable agencies to demonstrate that they are awarding grants to further program goals.<sup>109</sup>

For example, DOT OIG audited FTA to

- determine if it had fully implemented the established processes to award and oversee projects receiving disaster funds, and
- identify issues that may impact the timely obligation and expenditure of disaster funds.<sup>110</sup>

DOT OIG reported that FTA did not consistently implement or adequately document its Hurricane Sandy grant application and award review processes. These actions were contrary to GAO's Standards for Internal Control in the Federal Government guidance.<sup>111</sup> DOT OIG attributed this condition to FTA's not ensuring that its staff consistently used the checklists in its Emergency Relief Program<sup>112</sup> toolkit to implement its grant review and award processes. As a result, it could not support that its staff properly followed those processes and had less assurance that grant applications were complete.

In addition, DOT OIG found that, although FTA had allocated almost all of the disaster funds, several factors had impacted the pace of fund awards and grantee expenditures. This condition occurred because its decision to establish a time-intensive process for its competitive resilience program impacted the pace of awards. Additionally, staff stated that the rigorous aspects of the grant review process resulted in long lead times between grant applications and approval.

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<sup>106</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>107</sup> DHS OIG report OIG-21-25; DOI OIG reports 2019-FIN-014 and 2017-FIN-057; DOT OIG reports ZA-2016-077 and ST-2015-046; HUD OIG reports 2021-KC-0003 and 2022-FW-0801; and HHS OIG reports A-04-18-02014 and A-04-20-02026

<sup>108</sup> In addition, HHS OIG and DOI OIG reported on this challenge.

<sup>109</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>110</sup> DOT OIG report number ST-2015-046, FTA Has Not Fully Implemented Key Internal Controls for Hurricane Sandy Oversight and Future Emergency Relief Efforts, June 12, 2015

<sup>111</sup> Ibid.

<sup>112</sup> DOT established the Emergency Relief Program to provide funds to protect, repair, or replace assets damaged in emergencies, such as natural disasters.

Provisions within the Disaster Relief Appropriations Act legislation impacted the pace of grant awards by limiting the amount of funds FTA could make available until 60 days after its enactment and by requiring FTA to enter into the memorandum of agreement with FEMA. Further, the Disaster Relief Appropriations Act did not mandate a deadline for FTA to award the Hurricane Sandy funds. DOT OIG recommended that FTA implement enhanced review processes for grant applications and award approvals and require documentation according to Federal internal control standards guidance.

According to a subsequent DOT OIG report,<sup>113</sup> through December 31, 2020, FTA allocated and obligated approximately \$10 billion, most of its Hurricane Sandy appropriation, but only disbursed about \$4.3 billion. The pace was influenced by a number of factors, including but not limited to project construction planning and execution and the complexity of competitive resilience projects. As a result, more than 8 years after the storm, more than half of the funds remained to be spent.

The HUD OIG 2021 memorandum reported that HUD had issues with grantees who did not monitor their subrecipients that operate their CDBG-DR programs and activities.<sup>114</sup> As a result, HUD could not ensure that contract benchmarks were met for completed homes in a timely manner.

In another review,<sup>115</sup> DOT OIG found that FTA staff did not adequately document or consistently apply its risk-based oversight process used to measure each grantee's management and technical capacity and assess the grantee's project management readiness. DOT's internal control plan for Hurricane Sandy funds required FTA to tailor its oversight activities to the appropriate risk level based on its assessment and projection of the grantee's risk. FTA performed project risk assessments to evaluate the riskiness of a grantee's particular Hurricane Sandy project. The internal control plan required FTA to link the grantee's risk assessment to the project risk assessment before assigning a project risk rating. However, its staff did not consistently link these two assessments. This condition occurred because FTA did not develop objective criteria for assigning risk levels. As a result, it lacked transparency in how it performed its risk analyses and could not provide greater assurance that it conducted thorough risk assessments and its proposed oversight strategies were sufficient to mitigate risks on Hurricane Sandy projects.

The preceding performance management and accountability section of this report discusses SBA's and HHS' challenges with risk management.

### **Overseeing the Use of Grant Funds**

Federal agencies have challenges in developing and maintaining robust grant management systems that can provide the level of oversight needed to ensure that grantees use funds solely for authorized purposes. Recipients of grant awards must use grant funds only for specific purposes

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<sup>113</sup> DOT OIG report number ST2021032, [FTA Made Progress in Providing Hurricane Sandy Funds but Weaknesses in Tracking and Reporting Reduce Transparency Into Their Use](#), July 21, 2021

<sup>114</sup> HUD OIG memorandum number 2022-FW-0801, Lessons Learned and Key Considerations From Prior Audits and Evaluations of the CDBG Disaster Recovery Program, November 2, 2021 (See Appendix C.)

<sup>115</sup> DOT OIG report number ST-2015-046, FTA Has Not Fully Implemented Key Internal Controls for Hurricane Sandy Oversight and Future Emergency Relief Efforts, June 12, 2015

in compliance with applicable laws and regulations. Further, many agencies are challenged to maintain adequate documentation.<sup>116</sup>

In its summary of more than two dozen reports,<sup>117</sup> DHS OIG indicated that multiple hurricanes in 2017 exposed weaknesses in Federal, State, and local governments' capabilities to respond to concurrent disasters. It reported that FEMA had systemic internal control vulnerabilities that hindered its ability to effectively manage its disaster

assistance program and oversee its public assistance grant recipients and subrecipients. FEMA did not always provide consistent and clear guidance to its recipients and subrecipients and ensure that they had policies and procedures to spend grant funds as required by Federal regulations and FEMA guidance. Further, FEMA did not review project expenses according to its policies. As a result, FEMA risked using grant funds for unsupported and unallowable activities.

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FEMA did not always ensure that its recipients had effective internal controls

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In its 2021 summary report,<sup>118</sup> DHS OIG stated that FEMA must hold recipients accountable for proper grant management and must implement effective controls to overcome disaster response and recovery problems with managing and monitoring funds. To correct these deficiencies, DHS OIG made 81 recommendations to FEMA in the following four categories.

- Review costs or require recipients to review costs and disallow and recover ineligible activities.
- Provide technical assistance or require recipients to provide technical assistance to ensure subrecipients have adequate internal controls.
- Develop and implement clear public assistance guidance and FEMA or its recipients provide technical assistance to ensure subrecipients develop and implement policies in compliance with Federal regulations and FEMA guidance.
- Train its recipients on their roles and responsibilities and how to provide technical assistance to subrecipients to include requiring recipients to conduct training of its subrecipients on requirements of the public assistance program including the use of FEMA's Grants Portal tool.<sup>119</sup>

In its 2021 memorandum,<sup>120</sup> HUD OIG reported that HUD grantees had common weaknesses and risks in the administration of their disaster programs that resulted in improper payments, as discussed in the Financial Management section of this report. Among the challenges reported, HUD's grantees made errors or miscalculations in their grant processes or grant files and

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<sup>116</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>117</sup> DHS OIG report number OIG-21-25, Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities, March 3, 2021 (See appendix C.)

<sup>118</sup> DHS OIG report number OIG-21-25, Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities, March 3, 2021 (See appendix C.)

<sup>119</sup> This is a web-based project tracking system for recipients and subrecipients to develop project worksheets.

<sup>120</sup> HUD OIG memorandum number 2022-FW-0801, Lessons Learned and Key Considerations From Prior Audits and Evaluations of the CDBG Disaster Recovery Program, November 2, 2021 (See Appendix C.)

awarded ineligible or unsupported grants because they lacked pertinent information or documents to determine applicant or property eligibility. HUD OIG's report noted that HUD's Office of Community Planning and Development should take steps to ensure that grantees become familiar with program requirements and are prepared to respond effectively to disasters and provide training or other technical assistance to its grantees to help familiarize them with program requirements.

Other Federal agencies had similar spending challenges.<sup>121</sup> In 2014 and 2015, DOT OIG audited FTA to determine whether it fully implemented the processes it established to oversee projects<sup>122</sup> and provided effective oversight of grantees' contracting practices using Disaster Relief Appropriations Act funds for Hurricane Sandy relief.<sup>123</sup> DOT OIG concluded that FTA did not clearly explain the specific type of documentation required in its notice of funding availability. Additionally, New York City Transit drew down \$17.7 million in Disaster Relief Appropriations Act funds for ineligible procurement actions. Further, New York City Transit did not comply with FTA's change order policy for 154 change orders valued at \$25 million. These conditions occurred because FTA did not

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### FTA did not fully implement key internal controls for emergency relief efforts

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- comply with GAO's internal control standards guidance to prevent invalid transactions and other events,
- have sufficient controls to verify that New York City Transit used disaster funds only for eligible costs,
- have procedures for following up on potential risk items, and
- follow its policy of verifying that an authorized official approved change orders.

As a result, FTA accepted inadequate support and awarded funds to three of five grantees that did not meet the timeframe requirements<sup>124</sup> and risked improper payments with the remaining Hurricane Sandy relief funds.<sup>125</sup> DOT OIG recommended that FTA enhance its internal control processes for force account funding by establishing clear funding criteria for emergency relief efforts, which include the specific types of applicant documentation required to receive this funding, and recover ineligible funds and implement oversight procedures to follow up on identified risks, such as expenditures denied for inclusion in a grant.

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<sup>121</sup> The financial management section of this report includes additional information on questionable costs identified in the OIG reports.

<sup>122</sup> DOT OIG report number ST-2015-046, FTA Has Not Fully Implemented Key Internal Controls for Hurricane Sandy Oversight and Future Emergency Relief Efforts, June 12, 2015

<sup>123</sup> DOT OIG report number ZA-2016-077, FTA Can Improve Its Oversight of Hurricane Sandy Relief Funds, July 21, 2016

<sup>124</sup> DOT OIG report number ST-2015-046, FTA Has Not Fully Implemented Key Internal Controls for Hurricane Sandy Oversight and Future Emergency Relief Efforts, June 12, 2015

<sup>125</sup> DOT OIG report number ZA-2016-077, FTA Can Improve Its Oversight of Hurricane Sandy Relief Funds, July 21, 2016

## Challenge: Homeland Security and Disaster Preparedness

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The homeland security, disaster preparedness, and COVID-19 challenge was first listed by CIGIE as a separate top challenge in its February 2021 report. CIGIE reported that the challenge relates to protecting against natural hazards and disasters and responding to and recovering from incidents that occur. This new challenge reflects the evolving environment affecting the United States and Federal agencies charged with executing missions related to disaster preparedness and recovery. While this report focuses on challenges agencies face in responding to natural disasters, and not the challenges that agencies face in responding to the COVID-19 pandemic, many of the findings and lessons learned from the OIG reports are applicable to what CIGIE considered to be the “significant strain on Federal agencies” when addressing the COVID-19 pandemic. Key areas of concern that are within our scope relate to disaster preparedness,<sup>126</sup> as faced by HHS, FEMA, DOI, and DoD.

### Preparing for and Responding to Disasters

Changing climate patterns, extreme weather events, and global pandemics have long-term impacts on agencies’ personnel and their ability to execute their missions, and the economy.<sup>127</sup>

The Disaster Relief Act<sup>128</sup> required HHS OIG to perform oversight of activities related to disaster relief. In its 2018 report,<sup>129</sup> HHS OIG reported that HHS’ Health Resources and Services Administration did not have specific, ongoing authority for natural disaster preparedness and response. Specifically, it had no authority to require health centers to respond to natural disasters.

According to the report, health centers are community-based health care providers that receive funds from the Health Resources and Services Administration to provide primary care services in underserved areas. However, the Health Resources and Services Administration had no authority or responsibility to test the health centers’ emergency

preparedness and response procedures. HHS OIG reported that after the 2017 hurricanes hit Alabama, Florida, Georgia, Louisiana, South Carolina, Texas, Puerto Rico, and the Virgin Islands, all health centers experienced similar initial problems but in areas with more robust infrastructure, recovery was quicker. However, in Puerto Rico, the Federal emergency response plan focused on hospitals rather than health centers. Nevertheless, hundreds of patients across the island sought care and services at health centers because they could not travel to hospital emergency rooms. These health centers could not provide the required services because there was a loss of electricity and lack of generators and fuel to maintain operations and not enough medication and medical supplies. The Health Resources and Services Administration advocated for the health centers by increasing outreach and awareness to other Federal partners, such as the

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**Healthcare centers did not have sufficient supplies and generators to provide care to patients**

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<sup>126</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>127</sup> Ibid.

<sup>128</sup> The Bipartisan Budget Act of 2018 (Public Law 115-123) provided HHS \$5.97 billion.

<sup>129</sup> HHS OIG report number A-04-18-02015, The Health Resources and Services Administration Has Controls and Strategies To Mitigate Hurricane Preparedness and Response Risk, December 18, 2018

Centers for Disease Control and Prevention and FEMA, regarding the role that health centers can play in responding to and recovering from disasters.

DHS OIG found that FEMA did not have guidelines or identify specific roles and responsibilities that the Texas General Land Office needed.<sup>130</sup> This occurred because FEMA did not engage stakeholders in preparedness planning and coordination prior to the disaster. As a result, disaster response was delayed while FEMA and the State signed an intergovernmental service agreement and developed and finalized implementation guidelines. DHS OIG recommended that FEMA strengthen its preparedness planning and operational coordination to ensure that the processes and controls that States need to administer direct housing assistance on FEMA's behalf are in place in advance of disasters.

DOI OIG noted that the National Park Service and the U.S. Fish and Wildlife Service encountered problems with communications when responding to Hurricanes Harvey, Irma, and Maria.<sup>131</sup> Both Federal agencies experienced communication challenges when attempting to use satellite phones, in part because there was a limited supply of satellite phones and a lack of phone service. Additionally, trees and debris obstructed the satellite phone signals, emergency situations required certain conditions to use the phone, and some phones did not have access to text messaging. According to the National Park Service, the disaster response could have been more effective if incident commanders and employees had been able to send and confirm receipt of text messages. Further, employees could not always charge their phones because generators were on for only a short time each day, causing employees to turn off the phones to preserve battery life. DOI responded to DOI OIG's recommendation to resolve this finding by planning to use an existing General Services Administration contract to procure better satellite phones.

Another issue identified by DOI OIG was that National Park Service and U.S. Fish and Wildlife Service personnel did not have cash to purchase emergency goods and services so that they could immediately respond to the aftermath of Hurricanes Harvey, Irma, and Maria. For example, personnel needed cash on hand to obtain emergency supplies, including fuel for post-disaster cleanup and food for endangered parrots in the U.S. Fish and Wildlife sanctuaries. While some stores or gas stations were open for business, National Park Service and U.S. Fish and Wildlife Service personnel could not purchase the supplies they needed quickly because they only had purchase cards, but businesses were accepting only cash. Neither the National Park Service nor the U.S. Fish and Wildlife Service addressed the need to obtain cash in their hurricane response plans. Moreover, the U.S. Fish and Wildlife Service did not have cash on hand, which limited its employees' ability to purchase food and supplies for the endangered parrots in captivity. In one of the sanctuaries, seven birds died of heat exposure. At another facility, Hurricane Maria's impact resulted in approximately 56 birds escaping into the wild. While several birds returned to the sanctuary, only one survived. If the U.S. Fish and Wildlife

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### The U.S. Fish and Wildlife Service did not have cash on hand to obtain emergency supplies

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<sup>130</sup> DHS OIG report number OIG-21-42, FEMA Initiated the Hurricane Harvey Direct Housing Assistance Agreement without Necessary Processes and Controls, July 6, 2021

<sup>131</sup> DOI OIG report number 2018-FIN-052, The U.S. Department of the Interior Has Opportunities to Improve Disaster Preparedness and Response, November 6, 2020 (See appendix C.)

Service employees had cash to purchase supplies and fuel for their vehicles to return to the sanctuaries, some of the birds might have been saved.

DoD OIG determined that DoD's support and resources are critical to supplement response efforts.<sup>132</sup> As a result, DoD developed a framework for natural disaster preparedness, which included

- developing exercises to support plans and enhance disaster preparedness,
- developing policies and after-action reports to incorporate lessons learned into future operations,
- incorporating training requirements using various methods,
- awarding 54 advance contracts in preparation for natural disasters, and
- entering into 29 agreements for various natural disaster preparedness activities.

The focus of the DoD OIG audit was on DoD's preparation for natural disasters; therefore, the report did not address whether DoD's preparedness measures would enhance its disaster response.

HHS OIG reported that HHS's Administration for Children and Families used lessons learned from past responses and provided technical assistance to assist grantees in mitigating disaster response challenges.<sup>133</sup> According to HHS OIG, the 2017 hurricanes affected or severely damaged more than 1,000 Head Start facilities in Puerto Rico. HHS' Administration for Children and Families used lessons learned to reach out to the Department of Education about the availability of still standing but empty schools, which provided a safer environment for Head Start grantees.

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<sup>132</sup> DoD OIG report number DODIG-2019-086, Audit of the DoD's Preparation for Natural Disasters, May 16, 2019

<sup>133</sup> HHS OIG report number A-04-18-02013, The Administration for Children and Families Has Controls and Strategies To Mitigate Hurricane Preparedness and Response Risk, December 18, 2018

## **Challenge: Information Technology Security and Management**

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The information technology security and management challenge includes top challenges related to the protection of Federal information technology systems from intrusion or compromise by external or internal entities and the planning and acquisition of replacing or upgrading information technology infrastructure. Key areas of concern related to information technology security and management include safeguarding sensitive data and information systems, networks, and assets against cyber-attacks and insider threats; modernizing and managing Federal information technology systems; ensuring continuity of operations; and recruiting and retaining a highly skilled cybersecurity workforce.<sup>134</sup>

### **Modernizing and Managing Federal IT Systems**

Outdated or obsolete information technology systems can impede budgeting for long-term information technology enhancements, lead to overspending, cause unnecessary information technology support efforts, potentially reduce system reliability, and affect an agency's ability to fulfill its mission. Many OIGs reported that their respective agencies were using legacy information technology systems to perform core functions and responsibilities. Critical updates to fix vulnerabilities are often no longer available because vendors do not support these aging systems. As a result, these systems are at risk of failure and exploitation.<sup>135</sup>

In its audit of FEMA related to its direct housing service agreement with the Texas General Land Office,<sup>136</sup> DHS OIG found that the system that FEMA used to implement its direct housing program and assign and track housing solutions for applicants did not have the flexibility to support all the required housing options. Further, the Texas

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**FEMA did not engage stakeholders in preparedness planning and coordination**

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General Land Office had challenges in obtaining access to FEMA's system. This condition occurred because FEMA did not engage stakeholders in preparedness planning and coordination prior to the disaster, prepare guidance and training to build local and state temporary housing capacities, or ensure that its information system could support all housing options or state-administered direct housing assistance. As a result, the Texas General Land Office had to set up its own system, which did not communicate well with FEMA's system, and manually enter more than 7,000 applicant records from FEMA's system to its own system. In addition, FEMA had to manually transfer the housing assistance outcomes from one system to another. These workarounds created missing or incorrect data and delays in reporting the status of the Hurricane Harvey direct housing assistance program. DHS OIG recommended that FEMA strengthen its preparedness planning and operational coordination to ensure that the processes and controls that governments need to administer direct housing assistance on FEMA's behalf are in place in advance of disasters.

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<sup>134</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>135</sup> Ibid.

<sup>136</sup> DHS OIG report number OIG-21-42, FEMA Initiated the Hurricane Harvey Direct Housing Assistance Agreement without Necessary Processes and Controls, July 6, 2021

Further, DHS OIG recommended that FEMA ensure that its direct housing information system provides flexibility in implementing alternative direct housing options; provides support to States, territories, and tribal governments administering direct housing assistance; and facilitates data exchange and sharing with non-FEMA information systems.

In its 2021 memorandum,<sup>137</sup> HUD OIG stated that HUD's grantees highest risk problem area was not following program and administrative requirements. As a result, HUD OIG reported 53 instances of program and administrative issues in 68 reports, involving 19 grantees that had issues with general program and administrative requirements. These conditions occurred partly because the grantees' computer and accounting systems did not prevent improper disbursements or did not properly track repayments.

### **Ensuring Continuity of Operations**

In the event that a disaster compromises an information technology system, it is imperative that vital information technology systems are available in a timely fashion to support the continuity of operations of Federal agencies. As such, it is critical that agencies prepare for the worst by having a developed-and-tested information technology contingency plan in place to ensure that an emergency or crisis will not unduly impact agency programs or operations. However, some OIGs have noted deficiencies with agency information technology contingency planning as it relates to disasters.<sup>138</sup>

In its summary of previous reports,<sup>139</sup> DHS OIG found that FEMA used ineffective, outdated information technology systems and did not have wireless network access to conduct disaster response and recovery activities following Hurricane Harvey. These conditions occurred because FEMA did not implement federally mandated information technology practices. FEMA used a decentralized approach of allocating information technology funding directly to its program offices rather than to its support entities. In addition, it did not have an approved system in place for wireless network access. The decentralized approach of allocating information technology funding directly to its program offices slowed down its budgeting and caused inefficient information technology spending. First responders and emergency management personnel did not have the necessary capability to conduct disaster response and recovery activities and had to rely on personal devices and time-consuming workarounds, which could have caused data errors, security risk exposure, and delayed or duplicate disaster assistance and grants payments. Further, FEMA's mobilization centers responsible for information technology equipment did not have adequate guidance to establish network and systems access for non-DHS personnel, which delayed the volunteer onboarding process. According to another report,<sup>140</sup> OIGs had common concerns regarding the significant risk of duplicate assistance.

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<sup>137</sup> HUD OIG memorandum number 2022-FW-0801, Lessons Learned and Key Considerations From Prior Audits and Evaluations of the CDBG Disaster Recovery Program, November 2, 2021 (See Appendix C.)

<sup>138</sup> Top Management and Performance Challenges Facing Multiple Federal Agencies, February 2021

<sup>139</sup> DHS OIG report number OIG-21-25, Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities, March 3, 2021 (See appendix C.)

<sup>140</sup> HUD OIG report number 2016-FW-1007, [Disaster Relief Appropriations Act, 2013](#), September 12, 2016

## Conclusion

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The seven participating OIGs identified challenges that their agencies experienced and provided conclusions or recommendations to help their agencies prepare for and respond to future natural disasters. The challenges identified were consistent with those that CIGIE identified in its 2021 Top Management and Performance Challenges Facing Multiple Federal Agencies report: performance management and accountability, human capital management, financial management, procurement management, grant management, homeland security and disaster preparedness, and information technology security and management.<sup>141</sup> To mitigate risks posed by these challenges to how agencies respond to disasters, it is essential that Federal agencies have disaster plans that include information needed to manage personnel, equipment, and resources that play a direct role in their responses.

In many instances, the Federal agencies involved did not fully plan for the disasters because they did not foresee the extent of the damages and assistance that would be needed. In the 28 reports used in this report, OIGs found that their agencies needed to update their processes to effectively

- manage disaster programs,
- spend disaster funds on fully documented expenditures related to disasters,
- review grant applications and award grants,
- evaluate the risks of grantees and projects,
- oversee grant recipients and subrecipients,
- award and oversee contracts,
- evaluate borrowers' ability to repay loans, and
- maintain adequate and well-trained staff.

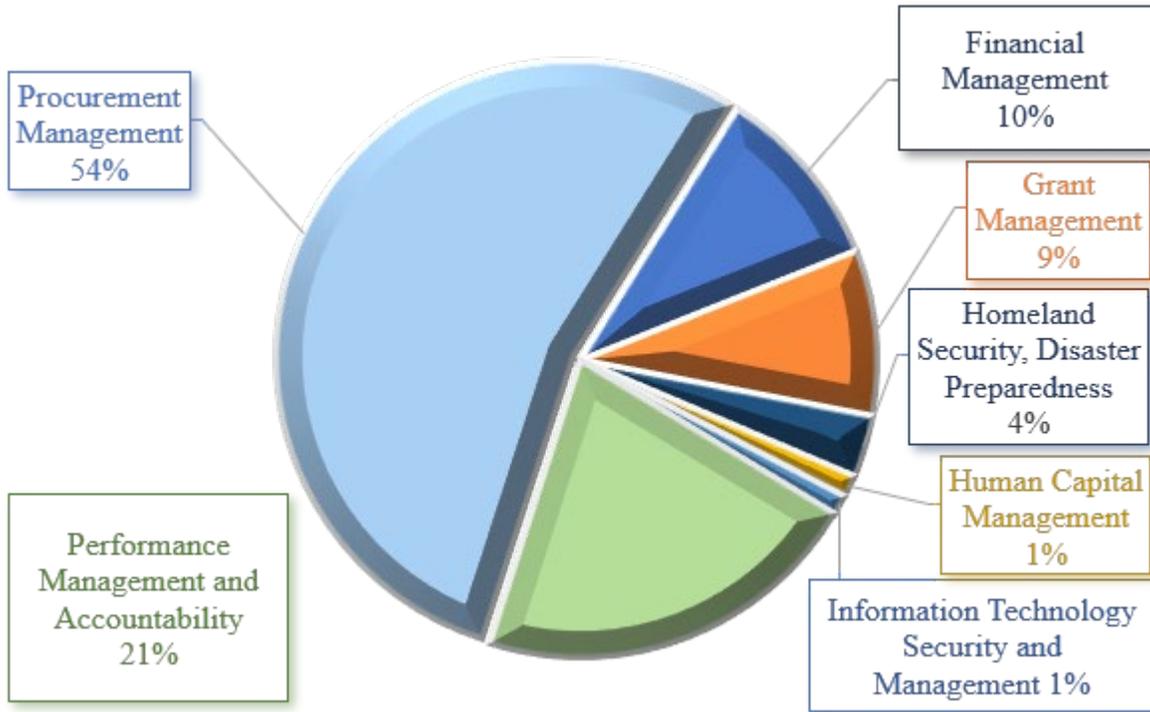
In the 28 reports, the 7 OIGs made 89 recommendations to improve the Nation's capabilities to respond to natural disasters.<sup>142</sup> (See chart 1)

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<sup>141</sup> The table in the background section shows the CIGIE TMCs experienced by each Federal agency. Appendix B lists the major challenges identified in the 28 OIG reports.

<sup>142</sup> Generally, all recommendations could be classified under the Homeland Security and Disaster Preparedness TMC; however, for purposes of Chart 1, each recommendation was classified as the TMC that it was most directly related.

**Chart 1: Recommendations per top management challenge**



Federal agencies need to recognize and avoid repeating these types of deficiencies to ensure that they effectively and efficiently prepare for natural disasters and use disaster funds to help the intended beneficiaries and communities.

# Scope and Methodology

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We performed our audit from February 2021 to July 2022 in the Albuquerque, NM, Fort Worth, TX, Greensboro, NC, Oklahoma City, OK, and Washington, DC, offices.

We began planning for this project in December 2017. The planning initially focused on natural environmental disasters, such as hurricanes and fires. In February 2021, CIGIE added the COVID-19 pandemic as a focus in one of its challenges facing Federal agencies. Rather than revising our objective, we excluded the COVID-19 aspect from the homeland security and disaster preparedness challenge for this report.

For this working group, the OIGs of 7 of the 10 Federal agencies that received the most disaster relief appropriations for the 2017 disasters participated. The OIGs issued their 28 reports used in this audit between June 12, 2015, and November 2, 2021, while the scope of these reports was generally 2006 through mid-2020. In addition to the 28 reports analyzed for this audit, the 7 OIGs issued other reports that were related to disaster response and preparedness.<sup>143</sup>

Each participating OIG performed a risk assessment on its agency. We categorized and ranked the risk assessments and discussed the results with the OIGs. The group chose to report on disaster planning and response and agreed upon the review objective. Each OIG chose to identify its own reports about its agency for us to include in this CIGIE report. Of the 28 reports, 20 (71 percent) were audits conducted in accordance with generally accepted government auditing standards. The remaining 8 (29 percent) reports were reviews or inspections conducted in accordance with standards other than government auditing standards as shown in appendix C.

To accomplish our objective, we reviewed and analyzed the conclusions, findings, and recommendations of the participating OIGs' reports. Specifically, we organized and evaluated the conclusions, findings, and recommendations of the reports by the CIGIE TMCs. Many of the findings could apply to multiple CIGIE TMCs, and we made professional judgements on the classification within one TMC or multiple TMCs. We included relevant government-wide disaster issues reported by GAO; however, we did not summarize any of its reports or include GAO as a participating agency.

We provided the draft report to each of the seven OIGs for review in June 2022 before report issuance to determine whether they agreed with our summary of their results.

We conducted the audit in accordance with generally accepted government auditing standards. 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 objective. We determined that the OIGs had the required external peer reviews conducted in accordance with CIGIE's Guide for Conducting Peer Reviews of Audit Organizations of Federal

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<sup>143</sup> See Appendix A for the individual OIG websites for additional reports.

Offices of Inspector General. As a result, we depended upon the OIGs' assessments of the relevant internal controls, including applicable systems controls, over compliance with laws and regulations, validity and reliability of data, and safeguarding resources of their audited entities. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

# Appendixes

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## Appendix A

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### Participating Agencies' Websites

OIG agency	Agency website
U.S. Department of Homeland Security	<a href="http://www.oig.dhs.gov/">www.oig.dhs.gov/</a>
U.S. Department of Defense – DoD OIG has oversight responsibility for USACE.	<a href="http://www.dodig.mil/">www.dodig.mil/</a>
U.S. Department of the Interior	<a href="http://www.doioig.gov/">www.doioig.gov/</a>
U.S. Department of Transportation	<a href="http://www.oig.dot.gov/">www.oig.dot.gov/</a>
U.S. Department of Health and Human Services	<a href="http://www.oig.hhs.gov/">www.oig.hhs.gov/</a>
U.S. Department of Housing and Urban Development	<a href="http://www.hudoig.gov/">www.hudoig.gov/</a>
U.S. Small Business Administration	<a href="http://www.sba.gov/office-inspector-general">www.sba.gov/office-inspector-general</a>

## Appendix B

### OIG Reports Analyzed (28) With Associated CIGIE Challenges

Report number	Report title and issue date	CIGIE challenge
<b>DHS OIG</b>		
<a href="#">OIG-21-44</a>	FEMA Must Strengthen Its Responsibility Determination Process Issued July 7, 2021	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Procurement management</li> </ul>
<a href="#">OIG-21-42</a>	FEMA Initiated the Hurricane Harvey Direct Housing Assistance Agreement without Necessary Processes and Controls Issued July 6, 2021	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Homeland security and disaster preparedness</li> <li>➤ Information technology security and management</li> </ul>
<a href="#">OIG-21-26</a>	FEMA's Procurement and Cost Reimbursement Review Process Needs Improvement Issued March 4, 2021	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Financial management</li> <li>➤ Procurement management</li> </ul>
<a href="#">OIG-21-25</a> <sup>144</sup>	Success of Future Disaster Response and Recovery Efforts Depends on FEMA Addressing Current Vulnerabilities Issued March 3, 2021	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Financial management</li> <li>➤ Procurement management</li> <li>➤ Grant management</li> <li>➤ Information technology security and management</li> </ul>
<a href="#">OIG-21-20</a>	Better Oversight and Planning are Needed to Improve FEMA's Transitional Sheltering Assistance Program Issued February 11, 2021	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Financial management</li> <li>➤ Procurement management</li> </ul>

<sup>144</sup> DHS OIG report number OIG-21-25 included an analysis and summary of 32 DHS OIG reports.

Report number	Report title and issue date	CIGIE challenge
<a href="#">OIG-20-76</a>	FEMA Mismatched the Commodity Distribution Process in Response to Hurricanes Irma and Maria  Issued September 25, 2020	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Financial management</li> <li>➤ Procurement management</li> <li>➤ Homeland security and disaster preparedness</li> </ul>
<b>DoD OIG</b>		
<a href="#">DODIG-2020-085</a> <sup>145</sup>	Special Report on Best Practices and Lessons Learned for DoD Contracting Officials in the Pandemic Environment  Issued June 2, 2020	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Procurement management</li> </ul>
<a href="#">DODIG-2020-060</a>	Audit of Contract Costs for Hurricane Recovery Efforts at Navy Installations  Issued February 12, 2020	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Financial management</li> <li>➤ Procurement management</li> </ul>
<a href="#">DODIG-2019-128</a>	Audit of U.S. Army Corps of Engineers Oversight of Contracts for Repair and Restoration of the Electric Power Grid in Puerto Rico  Issued September 30, 2019	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Financial management</li> <li>➤ Procurement management</li> </ul>
<a href="#">DODIG-2019-086</a>	Audit of the DoD's Preparation for Natural Disasters  Issued May 16, 2019	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Homeland security and disaster preparedness</li> </ul>
<a href="#">DODIG-2019-043</a>	U.S. Army Corps of Engineers Oversight of Temporary Emergency Power Contracts Awarded for Hurricanes Harvey and Irma  Issued January 3, 2019	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Financial management</li> <li>➤ Procurement management</li> </ul>

<sup>145</sup> DoD OIG report number DODIG-2020-085 included an analysis of 36 DoD OIG audit reports as a compilation.

Report number	Report title and issue date	CIGIE challenge
<b>DOI OIG</b>		
<a href="#">2019-FIN-014</a>	The Puerto Rico State Historic Preservation Office Needs to Improve Its Accounting System  Issued May 11, 2021	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Financial management</li> <li>➤ Grant management</li> </ul>
<a href="#">2020-FIN-002</a>	The U.S. Department of the Interior Needs To Strengthen Charge Card Internal Controls When Using Disaster Relief Funds  Issued March 30, 2021	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Financial management</li> </ul>
<a href="#">2018-FIN-052</a>	The U.S. Department of the Interior Has Opportunities to Improve Disaster Preparedness and Response  Issued November 6, 2020	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Procurement management</li> <li>➤ Homeland security and disaster preparedness</li> </ul>
<a href="#">2018-FIN-051</a>	The U.S. Geological Survey and Quantum Spatial, Incorporated, Did Not Always Comply With Federal Regulations, Policies, and Award Terms for Task Order No. 140G0218F0251 and Contract No. G16PC00016  Issued August 25, 2020	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Financial management</li> <li>➤ Procurement management</li> </ul>
<a href="#">2017-FIN-057</a>	Summary of Hurricane Sandy Audit and Inspection Reports and Management Advisories  Issued April 23, 2018	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Financial management</li> <li>➤ Procurement management</li> <li>➤ Grant management</li> <li>➤ Homeland security and disaster preparedness</li> </ul>
<b>DOT OIG</b>		
<a href="#">ZA-2016-077</a>	FTA Can Improve Its Oversight of Hurricane Sandy Relief Funds  Issued July 21, 2016	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Financial management</li> <li>➤ Procurement management</li> </ul>

Report number	Report title and issue date	CIGIE challenge
		➤ Grant management
<a href="#">ST-2015-046</a>	FTA Has Not Fully Implemented Key Internal Controls for Hurricane Sandy Oversight and Future Emergency Relief Efforts  Issued June 12, 2015	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Financial management</li> <li>➤ Grant management</li> </ul>
<b>HHS OIG</b>		
<a href="#">A-02-18-02002</a>	The Puerto Rico Department of Health's Implementation of Its Emergency Preparedness and Response Activities Before and After Hurricane Maria Was Not Effective  Issued July 7, 2021	➤ Performance management and accountability
<a href="#">A-04-20-02026</a>	The Substance Abuse and Mental Health Services Administration Generally Had Controls and Strategies for Mitigating Disaster Preparedness and Response Risks  Issued May 5, 2021	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Grant management</li> </ul>
<a href="#">A-04-18-02015</a>	The Health Resources and Services Administration Has Controls and Strategies To Mitigate Hurricane Preparedness and Response Risk  Issued December 18, 2018	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Homeland security and disaster preparedness</li> </ul>
<a href="#">A-04-18-02013</a>	The Administration for Children and Families Has Controls and Strategies To Mitigate Hurricane Preparedness and Response Risk  Issued December 18, 2018	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Homeland security and disaster preparedness</li> </ul>
<a href="#">A-04-18-02014</a>	The Centers for Disease Control and Prevention Has Controls and	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> </ul>

Report number	Report title and issue date	CIGIE challenge
	Strategies To Mitigate Hurricane Preparedness and Response Risk Issued November 7, 2018	<ul style="list-style-type: none"> <li>➤ Grant management</li> <li>➤ Homeland security and disaster preparedness</li> <li>➤ Information technology security and management</li> </ul>
<b>HUD OIG</b>		
<a href="#">2022-FW-0801</a> <sup>146</sup>	Lessons Learned and Key Considerations From Prior Audits and Evaluations of the CDBG Disaster Recovery Program Issued November 2, 2021	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Financial management</li> <li>➤ Procurement management</li> <li>➤ Grant management</li> <li>➤ Information technology security and management</li> </ul>
<a href="#">2021-KC-0003</a>	U.S. Department of Housing and Urban Development, Washington, DC: Disaster Preparedness Issued July 26, 2021	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> <li>➤ Grant management</li> </ul>
<b>SBA OIG</b>		
<a href="#">21-05</a>	Consolidated Results of SBA's Initial Disaster Assistance Response to Hurricanes Harvey, Irma, and Maria Issued December 22, 2020	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> </ul>
<a href="#">20-12</a>	White Paper: Risk Awareness and Lessons Learned from Audits and Inspections of Economic Injury Disaster Loans and Other Disaster Lending Issued April 3, 2020	<ul style="list-style-type: none"> <li>➤ Performance management and accountability</li> <li>➤ Human capital management</li> </ul>
<a href="#">19-11</a>	Inspection of SBA's Initial Disaster Assistance Response to Hurricane Florence Issued April 17, 2019	<ul style="list-style-type: none"> <li>➤ Human capital management</li> </ul>

<sup>146</sup> HUD OIG memorandum number 2022-FW-0801 included a summary of 132 agency reports as a compilation.

## Appendix C

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### Reviews Conducted in Accordance With Standards Other Than Government Auditing Standards

Report number	OIG agency	Report type	Reporting standard
<a href="#">OIG-21-25</a>	DHS	Review	Inspector General Act of 1978, as amended, section 2(2)
<a href="#">DODIG-2020-085</a>	DoD	Special report	No standards noted. Best practices and lessons learned identified in 36 audit reports focused on oversight of contracting related to disaster response activities.
<a href="#">2018-FIN-052</a>	DOI	Inspection	CIGIE Quality Standards for Inspection and Evaluation
<a href="#">2017-FIN-057</a>	DOI	Inspection	CIGIE Quality Standards for Inspection and Evaluation
<a href="#">2022-FW-0801</a>	HUD	Memorandum	Summary of 132 CDBG-DR program-related audit and evaluation reports from May 2002 to March 2020
<a href="#">21-05</a>	SBA	Inspection	CIGIE Quality Standards for Inspection and Evaluation
<a href="#">20-12</a>	SBA	White paper	Summary of issues noted in four prior audits conducted in accordance with government auditing standards and two prior inspections conducted in accordance with CIGIE Quality Standards for Inspection and Evaluation. This was not an audit performed under government auditing standards and not an inspection, evaluation, or review performed under the CIGIE Quality Standards for Inspection and Evaluation.
<a href="#">19-11</a>	SBA	Inspection	CIGIE Quality Standards for Inspection and Evaluation