



Department of Homeland Security Office of Inspector General

National Communications System's Management of 2005 Gulf Coast Hurricanes Mission Assignment Funding





Homeland Security

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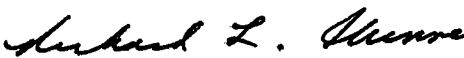
Preface

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

This report addresses the strengths and weaknesses of the National Communications System's (NCS') management of mission assignment funding from the Federal Emergency Management Agency (FEMA). It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

We contracted with the independent public accounting firm of Regis & Associates, PC, to perform the review. The contract required that Regis & Associates, PC, perform its review according to guidance from the Office of Management and Budget and the Government Accountability Office. Regis & Associates, PC, identified five areas where NCS' management of the mission assignments and funds could be improved. Specifically, NCS needs to: (1) improve its preparedness for future responses; (2) improve its disaster response procurement and contract monitoring processes; (3) improve oversight for property accountability; (4) improve its retention of documentation supporting reimbursable expenditures; and (5) improve its mission assignment reimbursement billing processes. Regis & Associates, PC, is responsible for the attached independent accountants' report and the conclusions expressed therein.

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


Richard L. Skinner
Inspector General

Independent Accountants' Report on Applying Agreed Upon Procedures

Office of Inspector General
U.S. Department of Homeland Security
Washington, D.C.

We have performed certain agreed-upon procedures (the Procedures), as summarized in the Objectives, Scope, and Methodology section of this report, related to mission assignment funding to the National Communications System (NCS). These funds were allocated to NCS by the Federal Emergency Management Agency (FEMA) for the 2005 Gulf Coast Hurricanes. This engagement consisted of reviewing selected management activities for the 23 mission assignments to NCS for Hurricanes Katrina (August 2005), Rita (September 2005), and Wilma (October 2005) issued through March 31, 2006.

The Procedures, which were agreed to by the Department of Homeland Security Office of Inspector General, Office of Emergency Management Oversight, were performed to examine the expenditures made in executing the mission assignments, and to evaluate the management of the mission assignment process from origination to closeout.

This agreed-upon procedures engagement was performed according to standards established by the American Institute of Certified Public Accountants, and guidance from the Office of Management and Budget and the Government Accountability Office. The sufficiency of the Procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the Procedures, either for the purpose for which this report has been requested, or for any other purpose. Our test procedures revealed internal control weaknesses in five areas. These findings and the associated recommendations are presented in the Results of Review section of this report.

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Department of Homeland Security Office of Inspector General, Office of Emergency Management Oversight, and should not be used by those who have not agreed to the Procedures and taken responsibility for the sufficiency of the Procedures for their purposes.

Regis & Associates, PC

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Abbreviations

DHS	U.S. Department of Homeland Security
FCC	Federal Communications Commission
FEMA	Federal Emergency Management Agency
GSA	General Services Administration
NCS	National Communications System

Executive Summary

Regis & Associates, PC, under contract with the U.S. Department of Homeland Security, Office of Inspector General, reviewed the National Communications System's management processes and internal controls for implementing Federal Emergency Management Agency (FEMA)-issued mission assignments related to the 2005 Gulf Coast Hurricanes disaster relief efforts. FEMA is authorized to task other federal agencies, including components within U.S. Department of Homeland Security, with needed expertise to carry out specific disaster relief activities. Our objective was to determine whether the National Communications System had properly designed and implemented management processes and internal controls over the funds it received for the specific mission assignments.

The National Communications System reacted quickly to restore emergency telecommunications services to the affected areas. However, it did not initially have a full understanding of its procurement and financial management responsibilities under the mission assignments. It leveraged ongoing business arrangements with the Federal Communications Commission, the U.S. General Services Administration, and the U.S. Department of Defense for certain tasks, but experienced significant delays in getting key support contracts executed. The delayed execution of support contracts, in turn, delayed contractor billings and some of the National Communications System's billings for reimbursement from FEMA. As of March 2007, the National Communications System had not yet provided adequate supporting documentation to FEMA. Due to those delays, FEMA had reclaimed all of its earlier \$4 million reimbursement to the National Communications System. Also, the National Communications System had not yet accounted for some equipment items.

The National Communications System entered into interagency agreements with the Department of Defense's Defense Information Technology Contracting Organization to establish contracts with eligible vendors. Those agreements did not require the Defense Information Technology Contracting Organization to provide supporting documentation for its payments to vendors carrying out mission assignment roles. We requested that the National Communications System obtain and provide us with this information. The documentation provided was sufficient to support payments to vendors for almost all of the \$4 million that the Defense Information Technology Contracting Organization billed to the National Communications System for reimbursement, but key approvals from the National Communications System for the Defense Information Technology Contracting Organization to pay vendors were missing. The National Communications System billed FEMA soon after being billed by the Defense Information Technology Contracting Organization during the spring and summer of 2006, but neither had generated the additional analytical data required by FEMA to support reimbursement of incurred mission assignment cost. After repeated unsuccessful requests to the National Communications System and its administrative support entities for documentation, FEMA reclaimed its reimbursement.

The National Communications System did not have effective procedures for controlling all assets with a high-dollar value, or assets of a sensitive nature. These items should have been turned over to FEMA prior to billing for reimbursement, but, as of May 2007, the National Communications System was not able to account for 16 portable satellite telephones and a mobile telecommunications

system that had been used to restore emergency telephone services. Although much of the contractual cost was incurred for personal services, it was not readily obvious whether additional equipment items had been purchased, because generic budget coding masked the composition of expenditures. Neither the Department of Defense nor the National Communications System had analyzed the supporting documentation and vendor contracts to determine whether additional equipment items purchased should have been submitted to FEMA.

We are proposing 21 recommendations to the National Communications System for improving its preparedness for procurement actions, upgrading controls concerning accountable property, and improving its capacity to generate documentation for supporting costs billed to FEMA under mission assignments.

Background

The *Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act)*, signed into law on November 23, 1988, is the statutory authority for most federal disaster response activities, especially as they pertain to the Federal Emergency Management Agency (FEMA) and FEMA programs. To make federal assistance under the *Stafford Act* available, states must initiate a request for an emergency or major disaster declaration that is reviewed by FEMA for approval of the President. The *Stafford Act* permits FEMA to anticipate declarations, and pre-stage federal personnel and resources when a disaster that threatens human health and safety is imminent, but not yet declared. FEMA cannot provide federal assistance until an emergency or major disaster declaration is made.

The *Homeland Security Act of 2002 (Homeland Security Act)* created the United States Department of Homeland Security (DHS) and realigned FEMA, previously an independent agency, as part of DHS within the Emergency Preparedness and Response Directorate. In addition, the *Homeland Security Act* and other Presidential directives established a new, unified, all-hazards framework and plan for future responses to terrorism, natural disasters, special events, and emergencies. This plan, referred to as the *National Response Plan*, which was revised and renamed the National Response Framework in January 2008, establishes a comprehensive all-hazards approach to enhance the ability of the United States to manage domestic incidents. The *National Response Plan* incorporates best practices and procedures from incident management disciplines such as emergency management, law enforcement, firefighting, public works, public health, responder and recovery worker health and safety, and emergency medical assistance, and integrates them into a unified structure. It forms the basis of how the federal government coordinates with state, local, and tribal governments and the private sector during incidents, and establishes lead agencies for many different aspects of possible disaster response.

The National Communications System (NCS) plays an important role in assisting the federal executive branch in managing telecommunications functions and responsibilities, and in coordinating the planning and provision for national security and emergency preparedness communications. NCS was established during the 1960s to link, improve, and extend communications facilities and components of various federal agencies. With the inception of DHS in 2003, NCS was transferred from the Department of Defense to DHS' Information Analysis and Infrastructure Protection Directorate, and in 2005, was internally shifted to the Directorate for Preparedness. In 2007, portions of the Directorate for Preparedness were consolidated into the new National Protection and Programs Directorate (National Protection and Programs). NCS is a program activity within this DHS directorate and receives various administrative support and other functions from other DHS offices. Typically, the Chief Financial Officer's office within National Protection and Programs either performs or coordinates the budgetary, financial management, and procurement activities on behalf of NCS.

NCS receives annual appropriations for carrying out its baseline mission. It may also receive mission assignment funding from FEMA to carry out incident response initiatives under the *National Response Plan*.

Aside from its ongoing roles described above, NCS also has an important role under the *National Response Plan*. NCS' responsibilities under the *National Response Plan* are an extension of its ongoing mission. One of the 15 primary response activities under the *National Response Plan* is restoring vital communications functions after an incident of national significance. Emergency Support Function #2 of the *National Response Plan* calls for NCS to coordinate federal actions to provide the required temporary national security and emergency preparedness telecommunications and the restoration of the telecommunications infrastructure. It also is to support federal departments and agencies in the procurement and coordination of telecommunications services from the telecommunications and information technology industry during incident response.

On August 29, 2005, Hurricane Katrina devastated the Gulf Coast states of Alabama, Florida, Louisiana, and Mississippi with Category Three winds and torrential rains. By September 9, 2005, Congress passed legislation that provided over \$63 billion to DHS for disaster relief. In the aftermath of the Gulf Coast Hurricanes, FEMA issued NCS 23 mission assignments with authority to incur costs up to \$13.2 million as of March 31, 2006.

NCS used several supporting agencies in carrying out its role. Pursuant to the *National Response Plan*, which governs the relationship among these entities, NCS requested assistance from the U.S. General Services Administration (GSA), the Federal Communications Commission (FCC), and the U.S. Department of Defense. Of the \$13.2 million, NCS authorized GSA and FCC \$8.8 million for 18 mission assignments and tasked the Defense Information Technology Contracting Organization with procurement responsibilities for \$4.4 million for the other 5 mission assignments.

Results of Review

This section presents the results of our assessment of NCS' internal control environment used to administer mission assigned tasks and funding, and our tests to evaluate mission assignment procurements, expenditures, and supporting documentation for reimbursement billings.

Our results are presented sequentially, as NCS would have progressed in its planning and administration of the 23 mission assignments, starting with organizing the effort and ending with steps for obtaining reimbursement for costs incurred on FEMA's behalf. In addition to interviewing cognizant NCS management staff and National Protection and Programs managers, including the Chief Financial Officer, we conducted extensive testing of transactions to assess initial preparedness to implement the mission assignments; procurement, budgetary control, and financial management system support available and used; conformity of outlays with the mission assignment; controls over receipt, acceptance, and payments for goods and services procured; asset accountability; and validity and support for reimbursement claims to FEMA.

The primary focus of our work was the five mission assignments for which NCS billed FEMA directly. These five mission assignments composed over 90% of the billed expenditures under the 23 NCS mission assignments. In June 2006, when we initially requested a detailed list of all mission assignment obligation, expenditure, and reimbursement billing transaction activity, NCS had not received all the billings from the Department of Defense's Defense Information Technology Contracting Organization. Subsequently, in January 2007, NCS provided us with procurement documentation and bills submitted to FEMA for reimbursement. In May 2007, NCS provided supporting documentation for all amounts that the Defense Information Technology Contracting Organization had billed to NCS through September 2006. We examined all supporting documentation provided for the dual purpose of determining whether the payments made to vendors were valid, as well as whether the documentation met FEMA's criteria for reimbursing NCS for its costs incurred under the five mission assignments identified above.

We determined that no costs were incurred under 15 of the 18 remaining mission assignments. Billings by the FCC and GSA to FEMA, related to the other three mission assignments, amounted to less than \$400,000. The following table details amounts provided to NCS under the 23 mission assignments, amounts expended and billed to FEMA, planned amounts to be deobligated, and amounts for which final decisions were pending as of May 2007.

Table 1 Billed and Unbilled Amounts, 2005 Gulf Coast Hurricanes Expenditures Through March 31, 2006

Mission Assignment Disposition	# Issued	Total Obligation Amount per FEMA	Billed Expenditures Activity Through 3/31/2006	Unbilled Amounts
Fulfilled through the Defense Information Technology Contracting Organization	5	\$ 4,350,000	\$ 4,034,908	\$ 315,092
Executed through subtasked agencies (GSA & FCC)	3	1,640,000	348,801	1,291,199
No activity (to be de-obligated), initially subtasked to GSA & FCC	15	7,230,685	---	7,230,685
TOTALS	23	\$ 13,220,685	\$ 4,383,709	\$ 8,836,976

A. Planning and Procedures for Procurement, Property Accountability, and Financial Management

We determined that NCS and its supporting DHS entities had not adequately prepared for the various administrative tasks associated with mission assignments from FEMA. As discussed in more detail in the following section dealing with procurement, NCS had ongoing business relationships with GSA, the FCC, and the Defense Information Technology Contracting Organization on which it relied for carrying out the mission assignment work associated with the 2005 Gulf Coast Hurricanes. However, NCS was not fully prepared for unexpected types of procurements, perhaps partially because it incorrectly assumed that mission assignments conveyed their own authority to order goods and services.

NCS also did not have procedures for identifying assets that would need to be explicitly accounted for and turned in to FEMA prior to billing for the associated costs. This matter is discussed in more detail in Section C of this report concerning accountable assets.

NCS was not prepared to develop the additional supporting documentation for reimbursement that FEMA requires from agencies receiving mission assignment funds. These requirements, which call for more global assessments of what was spent, are explained in detail in Section E of this report. The former Chief Financial Officer of National Protection and Programs and NCS managers said they were unaware of the documentation requirements established by FEMA as a condition of reimbursement. In addition, NCS did not require the supporting agencies on its mission assignments to provide the type of supporting documentation that FEMA required from NCS for reimbursement.

During 2006, NCS prepared an Emergency Support Function #2 operations manual. While the manual focuses primarily on the coordination and operational aspects of restoring communications, it does mention in broad terms its responsibility for having contracts in place and accountability for

equipment items. Additional details and specificity regarding its responsibility for the matters discussed in this report are needed to avoid recurring problems.

RECOMMENDATIONS

We recommend that NCS:

- **Recommendation #1:** Develop detailed procedures for administering the procurement, property accountability, and financial management responsibilities associated with receiving mission assignments from FEMA.
- **Recommendation #2:** Provide training to key NCS managers and staff on the unique requirements of FEMA's mission assignment funding.

B. Disaster Response Procurement and Contract Monitoring Processes

NCS experienced substantial delays in finalizing five new vendor contracts related to two mission assignments. Although we did not identify any delays in satisfying mission assignment objectives, these five contracts accounted for 72% of the \$4.1 million in goods and services procured through the Defense Information Technology Contracting Organization for the 2005 Gulf Coast Hurricanes mission assignment activity. These contracts, arranged through DHS' Office of Procurement Operations, formalized agreements with telecommunications and service providers after NCS had orally committed the government to purchase goods and services. Interagency agreements between the Defense Information Technology Contracting Organization and DHS, on behalf of NCS, identified periods of performance that extended beyond the dates stated in FEMA's authorized mission assignments.

1. Finalizing Vendor Contracts

The five new contracts were entered into for equipment and support service to restore emergency communications in the disaster area. While they were all signed in late April 2006, we determined that vendor activity on some of these contracts had been completed as early as September 2005. None of the expenditures incurred under the new vendor contracts were billed to the government until May 2006. In progress reports to FEMA and in response to FEMA's inquiries as to whether these mission assignments could be closed out, the Federal Emergency Communications Coordinator at the Joint Field Office said that several mission assignments could not be closed out because no billings had been received from the vendors.

RECOMMENDATION

We recommend that NCS:

- **Recommendation #3:** Monitor procurement activities of subtasked agencies to ensure that contracts are completed expeditiously.

2. Procurements of Goods and Services

NCS' initial field assessment of hurricane- and flood-related communications damage determined that it would be necessary to acquire equipment and industry support services to restore critical communications capabilities. The Logistics Annex of the *National Response Plan* requires agencies to check FEMA's Telecommunications Information Management and Control System to determine whether an asset is in FEMA's inventory before the decision is made to buy on the open market. Although there was no documentation confirming that this was done, NCS management officials told us that they first consulted with FEMA on the availability of the required equipment. Upon determination that the item was not in FEMA's inventory, FEMA used the mission assignment process to satisfy the requirement.

NCS management officials informed us that they were under the impression that FEMA's mission assignments conveyed separate procurement authority, which may have exceeded their procurement capabilities. Proceeding with that understanding and considering the immediate need, NCS contacted vendors and ordered the equipment, installation and setup services, and associated support services. After determining that they did not have the requisite procurement authority, NCS turned to DHS' Office of Procurement Operations, which, under *The Economy Act of 1932* (31 U.S.C. § 1535), entered into interagency agreements with the Defense Information Technology Contracting Organization to formalize the agreements with vendors. We are not making a recommendation for this condition because it has been previously addressed in Section A of this report.

3. Procurement Periods and Mission Assignment Terms

Interagency agreements between the Defense Information Technology Contracting Organization and DHS, executed on behalf of NCS, had periods of performance that extended beyond the dates stated in FEMA's authorized mission assignments. We identified some orders and expenditures that exceeded the period of performance for two of the five mission assignments. While these expenditures were for items and services that could have been anticipated to be bought under these mission assignments, they were ordered after the cutoff date of the mission assignment. Therefore, we consider the amounts associated with these events to be questionable costs.

We analyzed the period of performance for the eight¹ mission assignments and identified two that had been extended by FEMA. NCS officials indicated to us that for several mission assignments, it was not possible to completely execute the tasks within the scheduled timeframes because its staff was barred from the affected areas due to flooding and associated health issues. We noted that the circumstances surrounding the mission assignments for which costs were incurred beyond the performance period were essentially the same as those for another mission assignment that had been extended.

While this issue may represent a technical noncompliance, the Financial Management Support Annex of the *National Response Plan* refers to the general requirement that agencies implement effective internal controls and financial practices in administering mission assignment funds. Inherent in these guidelines would be a key budgetary requirement that funds are available for use only during the specified timeframe.

One additional observation is that the five interagency agreements between DHS' Office of Procurement Operations on behalf of NCS and the Defense Information Technology Contracting Organization called for a minimum 12-month period of performance. They did not specifically refer to the stipulated performance periods in the two underlying mission assignments, which estimated completion no later than June 2006 (including mission assignment extensions).

RECOMMENDATIONS

We recommend that NCS:

- **Recommendation #4:** Ensure that performance periods in procurement vehicles are consistent with those in the underlying mission assignments.
- **Recommendation #5:** Request extensions for all mission assignments immediately upon notice of circumstances warranting such.

C. Disaster Field Command Location Policies and Procedures

NCS did not provide documentation to verify that all property acquired and used during the 2005 Gulf Coast Hurricanes had been properly accounted for and turned over to FEMA. We identified at least \$824,600 (\$11,200 for satellite telephones and \$813,400 estimated cost for emergency 911 vehicles and antenna) that NCS acquired and billed to FEMA that should have been returned to FEMA. The estimated portion of this cost was based on our analysis of the related procurement, which identified ordered items and associated cost. Accountability for property was weakened by inadequate management controls.

¹ This number includes the five mission assignments for which NCS billed FEMA and the other three mission assignments for which costs were incurred, but which GSA and FCC billed FEMA directly.

1. **Budget Object Class Coding**

NCS and National Protection and Programs financial managers said they decided to obligate all of the mission assignment funds subtasked to the Defense Information Technology Contracting Organization under budget object code 2500 series (Other Contractual Services). Therefore, purchases of equipment, set-up and installation, and wireless and satellite/telephone services were all billed under that budget object code. The recording of these items as contractual services inhibits FEMA's ability to identify equipment purchases. For example, approximately \$1.7 million expended under one mission assignment included a significant amount of telecommunications equipment with a designated purpose of supporting emergency 911 calls that should have been segregated and coded to the budget object code 3100 series (Equipment).

Budget guidelines establish the codes to be charged for different uses of funds, and FEMA's "Mission Assignment Billing and Reimbursement Checklist"² specifically notifies agencies that additional reporting requirements are established for equipment purchases considered accountable property over \$1,000. FEMA's "Mission Assignment Billing and Reimbursement Checklist" also instructs agencies that prior to billing for equipment purchases, the equipment must be turned over to FEMA.

When NCS billed FEMA for reimbursement of costs, it used the same budget object code used when obligating the mission assignment funds. One way that FEMA is able to gather the data on equipment purchases is its review of bills, detailed by budget object code, as submitted to FEMA for reimbursement. Thus, use of the correct budget object code is an important internal control from FEMA's perspective. Correct budget object codes allow FEMA to examine agencies' billings to identify accountable equipment for which reimbursement is being requested and to confirm that the billing agency has delivered the property to FEMA. Although FEMA's regional staff, who may have first-hand knowledge of equipment purchases, review these billings, correct coding is an important first step. With regard to the equipment purchases identified above, NCS billed for, but did not turn over, all equipment items to FEMA.

RECOMMENDATIONS

We recommend that NCS:

- **Recommendation #6:** Ensure correct budget object codes are used when obligating, recording expenditures, and billing for mission assignment funds.

² Requirements established by FEMA for supporting documentation and reimbursement transactions on their website (<http://www.fema.gov/government/billinst.shtm>) as referred to in the Financial Management Support Annex of the *National Response Plan* (page FIN-5).

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- **Recommendation #7:** Use budget object code coding from agencies' budgetary and financial management records, procurement instruments, and other pertinent data to identify and track accountable property purchased with mission assignment funding.
 - **Recommendation #8:** Reduce the amounts billed to FEMA by the cost of property not turned over to FEMA for future use.

2. **Control Over Accountable Items**

In May 2007, we were informed by NCS that the Emergency 911 equipment was stored in a government facility in Louisiana. We were also informed that the vendor retained title to this asset although FEMA was billed for the equipment. This occurred because the vendor previously attempted to convey the title to FEMA, but was unable to do so because they could not identify and establish contact with an appropriate, authorized FEMA representative. Since NCS was ultimately responsible for the equipment, it should have communicated with the vendor to obtain the title and, thus, be in a position to properly convey title prior to, or concurrent with, billing FEMA for reimbursement for this asset. As of April 2007, FEMA represented that the equipment was still being used in Baton Rouge. However, since FEMA did not have title to this asset, it was unable to take possession or physical custody of this equipment.

NCS could not locate or determine the status of 16 of the 100 portable satellite telephones purchased for use during Hurricane Rita. Also, NCS could not provide us with any data such as receiving reports, property transfer documents, or any other data necessary for tracking the location of the telephones. NCS officials said they verified the existence of the remaining 84 portable satellite telephones that were in FEMA's possession. We were able to successfully confirm the inclusion of these remaining telephones in FEMA's property management system, on a test basis, by comparing the serial numbers and barcodes listed on the vendor invoice. Because the aggregate cost of these telephones is considered to be material, it would be reasonable and necessary for NCS to adopt the relevant physical control procedures described in FEMA's "Personal Property Management Program" manual.³

RECOMMENDATIONS

We recommend that NCS:

- **Recommendation #9:** Obtain the legal title(s) for the Emergency 911 telecommunications equipment and convey ownership to FEMA.

³ FEMA Manual 6150.1, "Personal Property Management Program."

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- **Recommendation #10:** Determine whether there is a continuing need for the Emergency 911 telecommunications equipment at its current location and, if the immediate need for the asset has been satisfied, retrieve and physically transfer it to a FEMA-designated location.
 - **Recommendation #11:** Prepare a lost or stolen property report for the 16 missing satellite telephones and submit it to FEMA in lieu of returning the property.
 - **Recommendation #12:** Improve physical controls over the issuance of accountable property to ensure accountability for losses.

D. The Retention of Documentation Supporting Expenditures

NCS did not have sufficient supporting documentation for approximately \$965,614 of the \$4.4 million it had expended on the eight mission assignments as of September 30, 2006. We identified these unsupported costs by testing ten billed expenditure transactions totaling \$4.1 million. These ten transactions represented approximately 90% of total outlays under the mission assignments issued to NCS. FCC and GSA billed the remaining 10 % of total outlays directly to FEMA. We requested the underlying contracts, purchase orders, invoices, and acceptance and receipt documentation for the ten transactions and conducted various test procedures that were designed to establish the propriety of the expenditures. The results of this testwork revealed that four of the ten transactions, totaling approximately \$965,614, were not fully supported as discussed below.

We noted that NCS' approval document (the Task Order Invoice Review/Approval Form) was not provided for \$952,934 of expenditures incurred by one of the two vendors that were tasked under existing contracts. These expenditures were made pursuant to interagency agreements between the Defense Information Technology Contracting Organization and NCS. Under the established payment process, pursuant to these interagency agreements, before an invoice can be processed for payment, the primary or alternate NCS task monitor must verify that the goods or services indicated on the invoice were received and conform to the prescribed terms and conditions. This approval must be evidenced by NCS' submission of a completed Task Order Invoice Review/Approval Form to the Defense Information Technology Contracting Organization's Financial Management Services Division. The submission of this fully executed form by NCS to the Defense Information Technology Contracting Organization, indicating NCS' approval, constitutes acceptance of the service as satisfactory and authorizes the Defense Information Technology Contracting Organization to pay the vendor's invoice. We requested but did not receive any of the approving forms from NCS. Current policies require that such supporting documentation be retained for 6 years and 3 months.

Our testwork identified a second expenditure representing an administrative fee that was charged to NCS by the Defense Information Technology Contracting Organization for initiating and overseeing one of the support contracts. We noted that the amount charged exceeded the amount allowed under the interagency agreement by \$12,680. This amount has been categorized as a questioned cost.

NCS did not bill FEMA for any expenditures coded under the budget object codes of Personnel Compensation (11), Personnel Benefits (12), and Travel and Transportation (21). These expenditures were billed directly to FEMA by the support agencies (GSA and FCC) without NCS being part of the expenditure authorization and approval process, although NCS has ultimate responsibility for the underlying mission assignments. FEMA accepted the documentation and these agencies were reimbursed.

RECOMMENDATIONS

We recommend that NCS:

- **Recommendation #13:** Implement procedures to retain documentation to support its approval of invoices for payment.
- **Recommendation #14:** Establish policies and procedures to ensure that service fees paid to other federal agencies are appropriate and conform to the terms and conditions of the interagency agreements.

E. The Mission Assignment Reimbursement Billing Process

We noted that NCS did not provide FEMA with the required supporting documentation for the \$4.1 million of expenses that it billed and received reimbursement from FEMA under the existing mission assignments. These billings were submitted to FEMA between February 2006 and September 2006. It was also noted that FEMA submitted several unsuccessful requests to NCS for the required supporting data, and in April 2007, retracted the reimbursements previously paid to NCS.

As the steward of the Disaster Relief Fund, FEMA has the authority to specify the supporting documentation requirements for all federal agencies providing support and requesting reimbursement from the Fund.⁴ Under the standard “Intragovernmental Business Rules,”⁵ the ordering and performing agencies agree to the form and content of the performing agency’s documented evidence of performance to be provided in support of Intra-Governmental Payment and Collection System⁶ transactions. Generally, the agreed-upon form and content includes the information necessary to identify the transaction, its associated interagency agreement, and the

⁴ *National Response Plan*, Financial Management Support Annex, page FIN-5.

⁵ OMB Memorandum M-03-01, “Business Rules for Intragovernmental Transactions;” *Treasury Financial Manual*, Volume I, Bulletin No. 2007-03, “Intragovernmental Business Rules;” and *Treasury Financial Manual*, Volume 1, Part 6, Chapter 4000, “Intra-Governmental Payment and Collection System.”

⁶ The Intra-Governmental Payment and Collection System’s primary purpose is to provide a standardized interagency fund transfer mechanism for Federal Program Agencies. It facilitates the intragovernmental transfer of funds, with descriptive data from one agency to another.

charges by budget subobject class. Due to the debilitating impact of disaster response activities on normal agency internal controls, FEMA augmented its supporting documentation requirements to address the increased risk of internal control weaknesses that often occur during the life-saving and life-sustaining rescue and support operations involved with disaster responses. In addition to information necessary to identify a transaction and the associated mission assignment, FEMA requires the following:

- Description of the goods received or services provided;
- Breakdown of hours incurred in support of personnel services;
- For indirect costs, the percentage applied and a description of the costs included in the cost pool;
- For contract services, the contract number, vendor name, total contract cost, and a description of its purpose;
- For property acquisitions:
 - A description of the item, vendor name, and unit cost for all non-expendable or sensitive items greater than or equal to \$1,000, and
 - The return of all items described above or an agreement to waive this requirement;
- For property leased, a description of the item, vendor name, and unit cost;
- Identification of motor vehicle costs;
- Identification of costs subtasked to another agency; and
- All “Other Costs” defined.

1. Documentation to Support Billings

We observed that NCS had not developed an adequate understanding of its internal business process requirements necessary to develop and compile the documentation needed to support expenditures incurred under 5 of the 23 mission assignments. NCS and National Protection and Programs Business Office, which provides administrative support to the operative entities within National Protection and Programs, and the financial management division of the U.S. Immigration and Customs Enforcement, which handles National Protection and Programs’ Intra-Governmental Payment and Collection System transactions, had not coordinated with each other in identifying or defining the business processes necessary for generating the supporting documentation for billings. This includes establishing the person responsible for preparing the additional supporting documentation.

The former Chief Financial Officer of the National Protection and Programs and NCS managers said that they were not aware of and, therefore, had not discussed matters related to obtaining and packaging the additional supporting documentation FEMA required as a condition of reimbursement.

FEMA highlights these requirements on the standard transmittal letters for mission assignments. These letters cite the page on FEMA's website⁷ that contains the detailed requirements and instructions regarding how the documentation requirements may be satisfied. In addition, the Financial Management Support Annex of the *National Response Plan* discusses these documentation requirements and directs the reader to the website as well. It should be noted that the heads of all major federal departments and agencies sign the *National Response Plan*, thereby agreeing to provide such documentation, whether they are in a primary or supporting role for mission assignments.

NCS' initial reimbursement billings of approximately \$4.1 million, submitted to FEMA between February 2006 and September 2006, contained the supporting documentation typically required with Intra-Governmental Payment and Collection System transactions. Because FEMA's requirements are more extensive, we determined that the supporting documentation accompanying the initial NCS billings would need to be augmented. We were informed that during December 2006, FEMA met with NCS management to discuss the information needed and received a commitment that such information would be provided. FEMA's records indicate that it also communicated with Immigration and Customs Enforcement personnel and informed them that the additional information supporting billings was still needed, in the absence of which FEMA would charge back the amounts previously obtained through the Intra-Governmental Payment and Collection System.

Despite FEMA extending the deadlines for submission of the required data, NCS did not provide the supporting documentation to FEMA. During March 2007, FEMA decided that the only remaining option was to charge back the reimbursement, and in early April 2007 it charged back the amount of approximately \$4.1 million.

We determined that NCS has most of the information that is needed to satisfy FEMA's reimbursement billing supporting documentation requirements. During May 2007, NCS provided us with supporting documentation that the Defense Information Technology Contracting Organization would have used as a basis for paying vendor invoices under contracts issued against the five mission assignments. We had requested this type of supporting information on numerous occasions beginning in June 2006. While we understand that NCS obtained this information to satisfy our data requests, NCS should have requested and received information from the Defense Information Technology Contracting Organization prior to or shortly after being billed by the Defense Information Technology Contracting Organization, in order to meet FEMA's reimbursement billing supporting documentation requirements.

⁷ "Mission Assignment Billing and Reimbursement Checklist" (<http://www.fema.gov/government/billinst.shtm>).

RECOMMENDATIONS

We recommend that NCS:

- **Recommendation #15:** Develop and communicate standard operating procedures for reimbursement billings, including specifying the extent of supporting documentation required.
- **Recommendation #16:** Train NCS staff and collaborate with National Protection and Programs Business Office to adequately prepare for effective administration of the financial aspects of future mission assignments.
- **Recommendation #17:** Designate an individual or position who will have the primary responsibility for compiling applicable supporting documentation for each mission assignment and who will serve as the point of contact with FEMA for billing and reimbursement purposes.
- **Recommendation #18:** Provide FEMA with supporting documentation that meets its reimbursement billing requirements.

2. **Subtasked Agencies Billed FEMA Directly**

NCS subtasked FCC and GSA to provide assistance on the other 18 mission assignments. These entities incurred costs amounting to approximately \$349,000 on three mission assignments. Although mission assignment guidance⁸ requires subtasked agencies to obtain approvals from the requesting agency on reimbursement requests, we noted that the FCC and GSA billed FEMA directly, without review by NCS, and were reimbursed.

RECOMMENDATION

We recommend that NCS:

- **Recommendation #19:** Ensure that any supporting agency tasked with mission assignment work on behalf of NCS provide billing and supporting documentation to NCS for approval prior to submission to FEMA.

⁸ The Financial Management Support Annex of the *National Response Plan* (page FIN-5) directs the primary agency to which the mission assignment has been issued to review and approve all expenditures incurred and supporting documentation for reimbursement requests from agencies that provided supporting services in executing that mission assignment.

3. Funding Status for Mission Assignments Issued to NCS

FEMA authorized NCS to spend up to \$13.2 million on 23 mission assignments. As of May 2007, approximately \$4.4 million related to 8 of the 23 mission assignments had been billed to FEMA.

NCS provided us with letters addressed to FEMA certifying that there would be no further requests for payments submitted against 16 of the 23 mission assignments. The remaining \$1.6 million, which was unbilled (which includes \$13.2 million authorized, minus \$4.4 million billed and \$7.2 million available to be closed and deobligated), was associated with a mission assignment subtasked to GSA and the Defense Information Technology Contracting Organization for which a final determination had not been made.

RECOMMENDATIONS

We recommend that NCS:

- **Recommendation #20:** Assess the current status of the unbilled amount of \$1.6 million and submit all additional billings to FEMA expeditiously and certify any amounts to be deobligated.
- **Recommendation #21:** Submit to FEMA the letters certifying that no further requests for payment will be submitted against the 16 mission assignments.

Management Response and OIG Analysis

The National Protection and Programs Directorate concurred with all the recommendations we offered to improve the National Communications System's management of mission assignment funding from the Federal Emergency Management Agency. During the audit and after our fieldwork, the National Communications System worked to improve its operations involving mission assignments. All recommendations except recommendation 16 have been resolved and closed because they have been implemented. We consider recommendation 16 resolved because steps have been taken to implement it; however, this recommendation will remain open until it has been fully implemented. The National Protection and Programs Directorate anticipates this recommendation will be fully implemented in the first quarter of calendar year 2009. We will close this recommendation when the National Protection and Programs Directorate provides evidence it has been implemented.

Appendix A

Objectives, Scope, and Methodology

DHS Office of Inspector General (OIG) contracted with Regis and Associates, PC, to assess NCS' mission assignment management and financial management controls and offer recommendations for any needed improvements. This effort is part of the overall objective of the DHS OIG to ensure accountability in the management and expenditure of funds for relief and recovery efforts relative to disasters.

The scope of this review includes the 23 mission assignments issued to NCS by FEMA for disaster response assistance in the Gulf Coast region resulting from Hurricanes Katrina, Rita and, Wilma (2005 Gulf Coast Hurricanes); the management processes and financial management controls applicable to these mission assignments; and the related contracts, expenditures, and reimbursement billings for the period August 29, 2005 through March 31, 2006. Our review objectives were to assess whether the management processes and financial management controls were properly designed and implemented, and to determine whether the contracts used, expenditures incurred, and reimbursements requested were authorized, valid, and appropriately supported.

The agreed-upon procedures were performed in accordance with standards established by the American Institute of Certified Public Accountants and guidance from the Office of Management and Budget and GAO.

We reviewed selected previous DHS OIG and GAO reports concerning NCS' 2005 Gulf Coast Hurricanes mission assignment management to familiarize ourselves with prior recommendations, regulations, and guidance applicable to NCS' processes and controls. The results of these reviews were incorporated into our risk assessment for this engagement and our reported results.

The management processes and financial management controls assessment included information gathering through interviews with appropriate personnel, as well as evaluating the management controls and process design. These evaluations were done through review of current policies and procedures, and those that existed during the 2005 Gulf Coast Hurricanes.

The determination as to whether the contracts used, expenditures incurred, and reimbursements requested were authorized, valid, and appropriately supported included our review of supporting documentation made available by NCS in each of these areas. We obtained a list from NCS of all procurement, expenditure, and reimbursement billing transactions from its financial management system for the period August 29, 2005 through March 31, 2006. These transactions were stratified among procurements, expenditures, and reimbursement billing categories for the performance of test procedures specific to each transaction category.

For our tests of procurements, we determined that these activities were all outsourced to the Defense Information Technology Contracting Organization and used a high-dollar criterion to select eight procurement requests that were included with the interagency agreement with the Defense Information Technology Contracting Organization, which represented \$4.1 million or 93% of the \$4.4 million gross obligation total actively managed by NCS.

Appendix A

Objectives, Scope, and Methodology

For our tests of expenditures, we stratified expenditure transactions by budget object code into categories with similar processes and controls. These categories are as follow:

- Other contractual services and rent, communications, and utilities;
- Personnel compensation and benefits;
- Equipment;
- Supplies and materials; and
- Travel and transportation of persons.

We selected all transactions associated with a billing to FEMA with incurred expenditure activity through March 31, 2006, and related reimbursement billings through September 30, 2006. The majority of the transactions were categorized by NCS as Other Contractual Services.

When summarized transactions were selected using the high-dollar value criterion, we made additional judgmental selections and performed detailed tests on individual personnel and travel expenditures within the summary transaction total.

For our tests of reimbursement billings, we selected all eight billings representing \$4.1 million of the total \$4.4 million of reimbursements requested through March 31, 2006.

Our fieldwork was conducted from April 26, 2006 through June 1, 2007, and included visits to NCS headquarters in Arlington, Virginia, and its business offices at the National Protection and Programs Directorate in Washington, DC.

Appendix B Recommendations

Recommendation #1: Develop detailed procedures for administering the procurement, property accountability, and financial management responsibilities associated with receiving mission assignments from FEMA.

Recommendation #2: Provide training to key NCS managers and staff on the unique requirements of FEMA's mission assignment funding.

Recommendation #3: Monitor procurement activities of subtasked agencies to ensure that contracts are completed expeditiously.

Recommendation #4: Ensure that performance periods in procurement vehicles are consistent with those in the underlying mission assignments.

Recommendation #5: Request extensions for all mission assignments immediately upon notice of circumstances warranting such.

Recommendation #6: Ensure correct budget object codes are used when obligating, recording expenditures, and billing for mission assignment funds.

Recommendation #7: Use budget object code coding from agencies' budgetary and financial management records, procurement instruments, and other pertinent data to identify and track accountable property purchased with mission assignment funding.

Recommendation #8: Reduce the amounts billed to FEMA by the cost of property not turned over to FEMA for future use.

Recommendation #9: Obtain the legal title(s) for the Emergency 911 telecommunications equipment and convey ownership to FEMA.

Recommendation #10: Determine whether there is a continuing need for the Emergency 911 telecommunications equipment at its current location and, if the immediate need for the asset has been satisfied, retrieve and physically transfer it to a FEMA-designated location.

Recommendation #11: Prepare a lost or stolen property report for the 16 missing satellite telephones and submit it to FEMA in lieu of returning the property.

Recommendation #12: Improve physical controls over the issuance of accountable property to ensure accountability for losses.

Recommendation #13: Implement procedures to retain documentation to support its approval of invoices for payment.

Appendix B Recommendations

Recommendation #14: Establish policies and procedures to ensure that service fees paid to other federal agencies are appropriate and conform to the terms and conditions of the interagency agreements.

Recommendation #15: Develop and communicate standard operating procedures for reimbursement billings, including specifying the extent of supporting documentation required.

Recommendation #16: Train NCS staff and collaborate with National Protection and Programs Business Office to adequately prepare for effective administration of the financial aspects of future mission assignments.

Recommendation #17: Designate an individual or position who will have the primary responsibility for compiling applicable supporting documentation for each mission assignment and who will serve as the point of contact with FEMA for billing and reimbursement purposes.

Recommendation #18: Provide FEMA with supporting documentation that meets its reimbursement billing requirements.

Recommendation #19: Ensure that any supporting agency tasked with mission assignment work on behalf of NCS provide billing and supporting documentation to NCS for approval prior to submission to FEMA.

Recommendation #20: Assess the current status of the unbilled amount of \$1.6 million and submit all additional billings to FEMA expeditiously and certify any amounts to be deobligated.

Recommendation #21: Submit to FEMA the letters certifying that no further requests for payment will be submitted against the 16 mission assignments.

Appendix C
Schedule of Questioned Costs

During our review, we observed the conditions listed below, which are discussed in detail in the Results of Review section of this report. The following questioned costs were identified:

Condition	Description	Amount
C	Accountable property not returned to FEMA	\$ 824,600
D	Unsupported other contractual services	965,614
D	Overbilling of contractual administrative fees	12,680
TOTAL QUESTIONED COSTS		\$ 1,802,894

Note: "Condition" refers to the lettered section of the report in which the questioned costs are described.

Appendix D
Management Comments to the Draft Report


Office of the Under Secretary
National Protection and Programs Directorate
U.S. Department of Homeland Security
Washington, DC 20528

DEC 01 2008



**Homeland
Security**

MEMORANDUM FOR: Richard L. Skinner
Inspector General

FROM: Robert D. Jamison 
Under Secretary

SUBJECT: National Protection and Programs Directorate Draft Report
Comments for the DHS/OIG *Draft Report: National
Communications System's Management of 2005 Gulf Coast
Hurricanes Mission Assignment Funding*

This responds to your September 26, 2008, memorandum requesting written comments on the Office of the Inspector General (OIG) *Draft Report: National Communications System's Management of 2005 Gulf Coast Hurricanes Mission Assignment Funding*. Thank you for allowing the National Protection and Programs Directorate (NPPD) an opportunity to respond. As the coordinating agency for Emergency Support Function (ESF) #2, Communications, under the National Response Framework, the National Communications System continues to refine and enhance the procedures and planning documentation for emergency communications response and recovery. We have made significant progress since Katrina working with our ESF #2 partner agencies and the communications industry.

We concur with all the recommendations and have provided responses and attachments supporting our continuing efforts to improve our overall capability in support of Federal Emergency Management Agency (FEMA) activities during an Incident or Incident of National Significance. We are prepared to follow guidance provided to FEMA by the Mission Assignment Working Group as detailed in the Department of Homeland Security OIG report (OIG-08-34), FEMA's Preparedness for the Next Catastrophic Disaster.

Please do not hesitate to contact me if you have questions.

Attachments

cc: Greg Garcia, Assistant Secretary for Cybersecurity and Communications
Jim Madon, Director, National Communications System

Appendix D Management Comments to the Draft Report

National Protection and Programs Directorate
Draft Report Comments for the DHS/OIG
*Draft Report: National Communications System's Management of 2005 Gulf Coast Hurricane
Mission Assignment Funding*

Recommendation #1: Develop detailed procedures for administering the procurement, property accountability, and financial management responsibilities associated with receiving mission assignments from the Federal Emergency Management Agency (FEMA).

Response: The FEMA Mission Assignment (MA) Standard Operating Procedures (SOP) (Draft 9344.1-PR of June 12, 2006 Attachment One) is the primary document directing administration, accountability and management responsibilities for mission assignments.

The National Communications System (NCS) developed and provided training for Action Officer (Attachment 1a), Support Specialist (Attachment 1b), and Communication Restoration Group Supervisor Attachment (Attachment 1c), referencing the responsibilities to be executed as outlined in the FEMA MA SOP. These NCS documents have been re-written to provide further granularity in execution of responsibilities. Each now includes the following statements:

“Mission assignment processing must follow the FEMA Mission Assignment Standard Operating Procedures (SOP). The Joint Field Office (JFO) Operations Section normal staffing also includes FEMA personnel dedicated to handling mission assignments with specifically assigned roles as Mission Assignment Managers, Mission Assignment Specialists, and Action Trackers who are the subject matter experts on mission assignment processes and the SOP.

Disaster Emergency Communications (DEC) Branch Action Officers, Support Specialists, and the Communications Restoration Group Supervisor must follow the FEMA Mission Assignment SOP and verify with the FEMA Mission Assignment Specialist that they meet FEMA's requirements for mission assignment execution, amendments, sub-tasking, billing, reimbursement, and closure.”

Recommendation #2: Provide training to key NCS managers and staff on the unique requirements of FEMA's mission assignment funding.

Response: Training on mission assignment management was provided to all ESF #2 stakeholders during yearly training events including ESF #2 Training Conferences: Homestead, FL, (May 2006), Oakton, VA, (December 2006), and New Orleans, LA, (June 2007), conducted by NCS since Hurricane Katrina.

Mission assignment training will continue to be a topic of discussion at future training sessions to ensure all personnel are aware of the procedures. Consistent with FEMA MA SOP (Section I. General Overview, B. General Policies, Subpara 15, Attachment Two), FEMA will train NCS and Support Agency management and staff on the mission assignment

Appendix D Management Comments to the Draft Report

process, policies, and procedures at the December 11, 2008, NCS Telecommunications Training Seminar.

Recommendation #3: Monitor procurement activities of sub-tasked agencies to ensure that contracts are completed expeditiously.

Response: The procedures the NCS follows for monitoring procurement activities of sub-tasked agencies are documented in the FEMA Mission Assignment SOP (Section II. Mission Assignment Operations and Procedures, Para G. Subtasking Other Agencies, Subpara 6, Attachment Three). It states the Action Officer for the lead agency is responsible for monitoring the status of work and ensuring that it's completed within the authorized funding and by the completion date.

The current relevant ESF #2 job aids outlining monitoring procurement activities of sub-tasked agencies to ensure contracts are completed expeditiously are Action Officer (Section 3.10.1, Attachment Four), Support Specialist (Section 2.4.1, Attachment Five), and Communications Restoration Group Supervisor (Section 4.3.10.1, Attachment Six).

Recommendation #4: Ensure that performance periods in procurement vehicles are consistent with those in the underlying mission assignments.

Response: The FEMA Emergency Management Specialist advised that the period of performance specified on the mission assignments represents a short-term estimated timeframe required to obtain the emergency assistance.

They can be amended to change the period of performance according to the FEMA Mission Assignment SOP (Section I. General Overview, Para B. General Policies, Subpara 8, Attachment Seven).

Directions for NCS Action Officer (Section 3.10.2, Attachment Eight), and Support Specialist (Section 2.4.2, Attachment Nine) detail the procedures to be followed.

Recommendation #5: Request extensions for all mission assignments immediately upon notice of circumstances warranting such.

Response: The ESF #2 Job Aids for deployed team members specifically state that extensions for mission assignments be forwarded in writing to the appropriate FEMA MA Manager/Specialist, FEMA MA SOP (Section II. Mission Assignment Operations and Procedures Para E, Mission Assignment Amendments, Attachment Ten).

The Job Aids supporting this recommendation include Action Officer (Section 3.7.1 Attachment 11), Support Specialist (Section 5.2.3.1 Attachment 12), and Communications Restoration Group Supervisor (Section 7.5.2 Attachment 13). These positions manage MAs in the field.

Appendix D Management Comments to the Draft Report

Recommendation #6: Ensure correct budget object codes are used when obligating, recording expenditures, and billing for mission assignment funds.

Response: Guidance from the DHS financial management chain of command was to use “other contracts” Object Class 25 on all outgoing Interagency Agreements. Since funding for the contracts supporting Hurricane Katrina was submitted via Interagency Agreement (IA) to Defense Information Technology Contracting Office (DITCO) Scott AFB, IL, for contract execution, Object Class 25 was used. The general Office of Management and Budget (OMB) description of Object Class 25.3 is for “Other purchases of goods and services from Government Accounts,” with the specific description “Interagency agreements for contractual services (including the Economy Act) for the purchase of goods and services.” Based on this specific IG finding, the NCS Plans and Resources Branch will, as documents process through for funding, use OMB Circular A-11, Section 83 Object Classification Guide (Attachment 14), to determine the appropriate code. For example, communications services requirements will cite Object Class 23 (Attachment 15); equipment purchases will cite Object Class 31 (Attachment 16), etc. The entire OMB Circular can be found at the following link: http://www.whitehouse.gov/omb/circulars/all/current_year/all_toc.html.

Recommendation #7: Use budget object code coding from agencies’ budgetary and financial management records, procurement instruments, and other pertinent data to identify and track accountable property purchased with mission assignment funding.

Response: As explained in answer #6, NCS Plans and Resources will ensure appropriate object classification codes are used on outgoing documentation, so it flows into the contract and to the items ordered in capital property records.

Recommendation #8: Reduce the amounts billed to FEMA by the cost of property not turned over to FEMA for future use.

Response: Based on MA 1603DRLANCS04 (Attachment 17), an Interagency Agreement was processed to the DITCO, and the contract was issued. The vendor delivered all 100 phones, issued invoices; the invoices were certified, and paid. Capital property accountability for the phones is being addressed by the NCS in conjunction with FEMA. DHS Form 200-2 Report of Survey (Attachment 18) for satellite phones has been submitted to FEMA for closeout.

Recommendation #9: Obtain the legal title(s) for the Emergency 911 telecommunications equipment and convey ownership to FEMA.

Response: FEMA Region VI sent the 911 mobile trailer title to the FEMA Program Management Division located at FEMA HQ, Washington, DC, for processing (Attachment 19).

Appendix D Management Comments to the Draft Report

Recommendation #10: Determine whether there is a continuing need for the Emergency 911 telecommunications equipment at its current location and, if the immediate need for the asset has been satisfied, retrieve and physically transfer it to a FEMA-designated location.

Response: FEMA stated they have possession of the 911 Trailer in FEMA Region VII. The FEMA logistics branch is Point of Contact (POC) for tracking the vehicle (Attachments 20 and 20a).

Recommendation #11: Prepare a lost or stolen property report for the 16 missing satellite telephones and submit it to FEMA in lieu of returning the property.

Response: The NCS prepared and submitted to FEMA a Report of Survey form (DHS Form 200-2 (Attachment 18, Recommendation 8) documenting the loss of 16 satellite phones not recovered from response operations.

Recommendation #12: Improve physical controls over the issuance of accountable property to ensure accountability for losses.

Response: In the future, normal procedures for contracting under emergency conditions will be followed and processed using the FEMA Telecommunications Information Management and Control Systems (FEMA TIMACS). All standard FEMA procedures are used, including the contracting process, contracting officer's technical representative, accounting process, delivery and receipt of goods or services, and property accountability. Property requirements outside TIMACS will be handled in accordance with FEMA Manual 6150.1, Chapter 2, Accountability of Personal Property, Paras 2-4, CO Duties, 2-5 Custodian Duties, 2-6 Types of Property, 2-8 Serialized Equipment, 2-9 Property Records and 2-11, Accountability Requirements (Attachment 21).

Recommendation #13: Implement procedures to retain documentation to support its approval of invoices for payment.

Response: Normal procedures for contracting under emergency conditions will be followed and processed using (FEMA TIMACS). All standard FEMA procedures are used, including the contracting process, contracting officer's technical representative, accounting process, delivery and receipt of goods or services, and property accountability. Property requirements outside TIMACS will be handled in accordance with FEMA Manual 6150.1, Chapter 2, Accountability of Personal Property, Para's 2-4, CO Duties, 2-5 Custodian Duties, 2-6 Types of Property, 2-8 Serialized Equipment, 2-9 Property Records and 2-11, Accountability Requirements.

Recommendation #14: Establish policies and procedures to ensure that service fees paid to other federal agencies are appropriate and conform to the terms and conditions of the interagency agreements.

Appendix D Management Comments to the Draft Report

Response: As described in the answers to #12 and #13, future purchases under MA as directed by FEMA will be made through the FEMA TIMACS system. If an interagency agreement is required for an event such as Katrina, ESF #2 Action Officers will work through the DHS Office of Procurement Operations (OPO). This will generate one document, known as an Independent Government Cost Estimate, prepared by the requester. Fees charged by the acquisition agency are part of the estimate and can be negotiated as appropriate.

Recommendation #15: Develop and communicate standard operating procedures for reimbursement billings, including specifying the extent of supporting documentation required.

Response: Standard operating procedures for reimbursement billings, including specifying the extent of supporting documentation required, were incorporated into the FEMA MA SOP (Section II. Mission Assignment Operations and Procedures, Para H Billing and Reimbursement Attachment 22). The requirement is also a part of initial and refresher Contracting Officer Representative (COR), Contracting Officer Technical Representative (COTR), and Task Manager (TM) training. Job Aids supporting this recommendation include the Action Officer (Section 3.9.2, Attachment 23), Support Specialist (Section 2.3.2, Attachment 24), and Communications Restoration Group Supervisor (Section 4.3.11, Attachment 25).

Recommendation #16: Train NCS staff and collaborate with National Protection and Programs Directorate (NPPD) Business Office to adequately prepare for effective administration of the financial aspects of future mission assignments.

Response: Mission assignment training in collaboration with the NPPD Business Office will be conducted the first quarter of Calendar Year 2009. This training builds on the foundation mission assignment training to be conducted at the December 11, 2008, NCS Telecommunications Training Seminar which will be attended by NCS and Support Agency management and staff (refer to recommendation #2).

Recommendation #17: Designate an individual or position who will have the primary responsibility for compiling applicable supporting documentation for each mission assignment and who will serve as the point of contact with FEMA for billing and reimbursement purposes.

Response: Responsibility for billing and reimbursement reconciliation resides with the NCS Plans and Resources Branch Chief. During an incident response, the Action Officer in the field or in the NCC is assigned the responsibility for compiling and tracking financial issues and works with NCS Plans and Resources Branch to ensure that appropriate processes and documents are completed.

Recommendation #18: Provide FEMA with supporting documentation that meets its reimbursement billing requirements.

Appendix D

Management Comments to the Draft Report

Response: As described in the answer to #17, the NCS Plans and Resources Branch is responsible for processing all documentation associated with MAs issued for an event. Documentation associated with the MA is to be gathered during the event and provided to FEMA. NCS is ready to assist in all aspects of document preparation, submission, and retention in keeping with DHS OIG-08-34 (Attachment 26) recommendations for improving accountability for and management of Federal property.

Regarding contract efforts accomplished from the Interagency Agreement issued to DITCO during Katrina, NPPD Business Operations obtained all supporting documentation from DITCO and the Defense Finance and Accounting Service (DFAS). All documentation was processed through the DHS Immigration and Customs Enforcement (ICE) Burlington Finance Center and FEMA.

Recommendation #19: Ensure that any supporting agency tasked with mission assignment work on behalf of NCS provide billing and supporting documentation to NCS for approval prior to submission to FEMA.

Response: The NCS Plans and Resources Branch is responsible for processing MAs in support of FEMA under ESF #2. Each MA provides details regarding the need to “sub-MA” other government departments or agencies. The branch established an SOP for issuing Sub-Taskings (Attachment 27) using the form directed for use by FEMA (MA SOP, Section II, Mission Assignment Operations and Procedures, Para G Subtasking Other Agencies, Subpara 2 Attachment 28) Through this process, MA requests are forwarded to other Departments and Agencies with completed documentation returned to FEMA upon mission closure.

Recommendation #20: Assess the current status of the unbilled amount of \$1.6 M and submit all additional billings to FEMA expeditiously and certify any amounts to be de-obligated.

Response: The NCS conducted an assessment of all mission assignments for Fiscal Year 2005 with the FEMA Emergency Management Specialist and concluded that all MAs have been fully executed with the exception of an obligated amount of \$100K on MA 1604DRMSNCS0900). Guidance provided by FEMA was to send an email to the Billing/Reimbursement Specialist stating there is no outstanding billing associated with MA 1604DRMSNCS0900 and direct closure. This was accomplished on October 16, 2008 (Attachment 29). The mission assignment (MA 1603DRLANCS0600) plus amendments, for \$1.6 M, sub-tasked to the General Services Agency, has been closed.

Recommendation #21: Submit to FEMA the letters certifying that no further requests for payment will be submitted against the 16 mission assignments.

Response: Of the 16 missions assignments 15 have been closed. As stated in response to recommendation #20, the NCS has directed closure of MA 1604DR MSNCS0900.

Appendix E

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