Department of Homeland Security
Office of Inspector General

FEMA's Acquisition of Two Warehouses to Support Hurricane Katrina Response Operations

OIG-09-77

June 2009

Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528

Homeland Security

June 5, 2009

Preface

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

This report addresses the Federal Emergency Management Agency's acquisition of two storage/maintenance buildings by the Emergency Housing Unit Program. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and analyses of applicable documents.

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

Richard L. Skinner
Inspector General

Table of Contents/Abbreviations

Appendices

Abbreviations

ADA	Anti-deficiency Act
DHS	Department of Homeland Security
EHU	Emergency Housing Unit
FAR	Federal Acquisition Regulation
FEMA	Federal Emergency Management Agency
GSA	General Services Administration
HSAM	Homeland Security Acquisition Manual
OIG	Office of Inspector General
OLC	Office of Legal Counsel (Department of Justice)
OMB	Office of Management and Budget
Stafford Act	Robert T. Stafford Disaster Relief and Emergency Assistance Act
U.S.C.	United States Code

Executive Summary

In the summer of 2006, the Federal Emergency Management Agency (FEMA) contracted to have two large warehouse-type structures built on leased properties in Selma, Alabama and Cumberland, Maryland. FEMA had no authority to construct these buildings and, therefore, violated federal laws, as described in this report. Contrary to procedures, FEMA spent disaster relief funds to pay for one building, and spent restricted-use sales proceeds to erect the other. The cost of the two buildings exceeded $7 million. Following an internal inquiry, FEMA attempted to take corrective steps in 2007 to use appropriate funding sources.

The predecessor program office of FEMA's Logistics Management Directorate took steps to acquire the buildings, apparently without notifying the Office of the Administrator, which has gone on record stating that senior agency leadership disallowed both project proposals. Documents indicate that the program office nevertheless moved forward with the projects and certified funding availability. Some senior FEMA managers were briefed on the proposed projects before construction began, and the Office of Acquisitions managed the contracts. By early 2007, FEMA imposed a stop-work order for a month while an internal review of the procedures that had been followed was conducted. Construction eventually resumed, and the projects were completed in 2007.

We conducted this review at the request of FEMA senior management, who asked us to examine several issues involving the Logistics Management Directorate and its Emergency Housing Unit program. This report is the second phase of our review. An earlier OIG report, *Review of FEMA's use of Proceeds from the Sales of Emergency Housing Units*, OIG-08-23, dated February 23, 2008, addressed the agency's use of proceeds from the sales of emergency housing units.

We are making six recommendations to the Administrator, Federal Emergency Management Agency. FEMA needs to: (1) determine whether

the acquisition of the two warehouses constituted a legal violation that requires reporting to Congress, in accordance with the law; (2) develop and implement a more robust management review process for major purchases; (3) return sale proceeds funds to the U.S. Treasury, as required by law; (4) develop and implement agency policy and standard operating procedures for the preparation, review, and approval of major purchases; (5) determine the appropriate disposition of the two subject buildings; and, (6) record the two buildings in agency financial reports.

Background

Following the 2004 and 2005 hurricane seasons, the Federal Emergency Management Agency (FEMA) established a dozen emergency housing unit (EHU) storage sites in seven states to accommodate the thousands of travel trailers and mobile homes that had been purchased to shelter displaced disaster victims. Once the hurricane victims vacated temporary housing, FEMA moved the used trailers and mobile homes to the EHU sites for cleaning, repair, and refurbishing. To support the repair and refurbishment effort, FEMA managers proposed erecting maintenance buildings at two of the sites. Initially, large tents were considered, but by April 2006, the decision was made to erect prefabricated buildings in lieu of the tents.

Of the dozen EHU locations, FEMA managers selected Selma, Alabama and Cumberland, Maryland as sites for the buildings. Those sites were on leased land, not owned by the government, where FEMA chose to construct "Butler-type buildings," which consist of a concrete foundation and a rigid girder frame covered with steel panels that are prefabricated in a factory and assembled on site to the customer's specifications.

Although some FEMA officials have said that senior agency leadership initially disallowed both project proposals, eventually the projects were approved and funded. Senior FEMA managers were briefed on the projects before construction began, and the Office of Acquisitions managed the contracts, which were awarded in August and September 2006.

Laws and Regulations

During Presidentially declared disasters that involve widespread dislocation, Section 408 of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act* (Stafford Act, 42 U.S.C. § 5121 et seq.) authorizes FEMA to use disaster relief funds to provide temporary housing units to shelter disaster victims. The Stafford Act does not specifically authorize construction of such buildings by FEMA. Authority to construct buildings and to improve leased land is specifically granted to the General Services Administration (GSA), in 40 U.S.C. § 581 and § 583. Agencies need specific statutory authority (41 U.S.C. § 12) to construct buildings or to construct them on leased property; however, FEMA did not have this authority.

Federal statute (31 U.S.C. § 1301(a)) requires that "Appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law." Charging authorized items to the wrong federal funds source or charging unauthorized items to any federal funds source is therefore prohibited. The *Anti-deficiency Act* (31 U.S.C. § 1341) prohibits agencies from using appropriated funds in excess of fund availability or in violation of a statute.

The Federal Acquisition Regulation (FAR), Title 48 of the Code of Federal Regulations, establishes government-wide acquisition policies and procedures. The Homeland Security Acquisition Manual (HSAM), which establishes policies and procedures that govern acquisitions, contains no specific guidance on the preparation, review, and approval process of purchase requisitions. Nevertheless, prudent business principles dictate that FEMA management has a fundamental responsibility to develop and maintain effective internal controls on major purchases, as set forth in the Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Controls*, dated December 21, 2004.

The Buildings

The Selma building is a 150' x 300' (45,000 sq. feet) free-span (unobstructed interior) structure, which was originally justified as urgently required for storage of emergency group site supplies. As delivered, the "turn-key" (ready-to-use) building included site preparation, concrete foundation, and was outfitted with electricity, lighting, plumbing, heat, air conditioning, fire sprinklers, and security systems. The building includes workspace and storage areas, as well as offices, restrooms, showers, and an employees' lunchroom. The final cost of the building was $3,744,180.

The Cumberland building was unfinished as delivered. It is a 145' x 400' (58,000 sq. feet) free-span structure, with the stated mission of providing under-roof capabilities to allow for storage and repair operations. It also was initially described as a "turn-key" project, but it is not ready to use. As delivered, the building was not mission-capable, did not have electricity, lighting, and other utilities and it could not be used for repair operations. FEMA's statement of work, on which the contract was negotiated, did not include provisions for utilities. This incomplete building is what FEMA contracted for. Final cost for the Cumberland building was $3,536,819.

	Prefabricated Buildings	
Location	**Size (Sq. Ft.)**	**Cost**
Selma	45,000	$3,744,180
Cumberland	58,000	$3,536,819
Total	103,000	$7,280,999

According to the project officer, FEMA planned to install the building's utilities using in-house staff, instead of paying the contractor to perform those tasks. Consequently, those building subsystems were intentionally not included in the project's statement of work. Although the Cumberland building did not have electrical or other utilities at the time of our fieldwork, FEMA has informed us that they since arranged to have electrical, lighting, heating, and fire sprinkler systems installed.

Photographs of the two buildings (at the time of our review) FEMA purchased are shown below.

Exterior Cumberland Prefabricated Building

Interior Cumberland Prefabricated Building

Exterior Selma Prefabricated Building

Interior Selma Prefabricated Building

Results of Review

FEMA had no authority to use appropriated funds to construct the two buildings and, therefore, violated the "Purpose Statute," 31 U.S.C. § 1301(a); the law against entering into contracts in excess of available appropriations, 41 U.S.C. § 12. The prerogative to construct the buildings and improve leased land belongs to GSA under 40 U.S.C. § 581 and § 583, but FEMA failed to obtain GSA's permission for the warehouses.

Acquisition regulations were not followed, the justifications were ambiguous and misleading, and furthermore, the accounting codes used did not clearly match the expenditures. Building deficiencies were noted by a FEMA civil engineer, and one of the "completed" buildings was delivered without lighting, electricity, or any other utilities. Both contracts were awarded approximately 1 year after Hurricane Katrina struck; consequently, there was no urgent or compelling reason to relax established policies or regulations.

Purchase Requisitions

The purchase requisition (FEMA Form 40-1) that was used to commit disaster relief funds for the Selma building was created and approved in late 2005, months before the decision was made in 2006 to acquire the building. The stated purpose on the requisition form was to commit funds for "*electrical component support items...*" for emergency group shelters in Purvis, Mississippi, using funds from the Hurricane Katrina disaster declaration in Louisiana. At some point, the decision was made to use this funding and requisite justification to construct the building in Selma. Senior management did not question the inconsistency between the purpose for which the funds were originally committed and the project's objectives and location.

Selma Building Timeline	
November 21, 2005	Purchase Requisition for *"Electrical components"*
August 31, 2006	Contract for Selma building, citing above requisition
October 2006	Project begins
December 12, 2007	Selma building accepted by FEMA

According to the purchase requisitions used to commit funds for the building in Cumberland, the purpose was a "tent erection project." In this case, a large tent had been initially proposed for the Cumberland site, but FEMA project managers later decided to contract for a building instead, because of earlier troubles experienced with storage tents at the Cumberland site. Previously, large storage tents at that location collapsed in the high winds that are not uncommon in that area. By April 2006, the project managers decided to have a building erected instead of a tent. But, despite that decision, the requisitions were never modified to reflect the change, and two subsequent requisitions for additional construction funds continued to list the justification as a tent. It was still described as a "large tent" as late as June 2006, 2 months after the project managers decided to erect a building.

Similar to the building in Selma, documents authorizing this project used erroneous accounting information. FEMA used restricted-use funds, received from the sale of used travel trailers and mobile homes, to finance the erection of the Cumberland building. These funds can only be used to acquire property similar to that sold, i.e., travel trailers and mobile homes. This topic is discussed in detail in our report, OIG-08-23, *Review of FEMA's Use of Proceeds from the Sales of Emergency Housing Units*, dated February 2008, which focused on the use of sales proceeds to purchase goods and services other than buildings. Sales proceeds that are not used for such purposes must be returned to the U.S. Treasury.

Cumberland Building Timeline	
March – June 2006	Four purchase requisitions for "Tent erection project"
September 13, 2006	Contract for building citing above requisitions
October 2006	Project begins
August 9, 2007	Cumberland building accepted by FEMA

As with the building in Selma, FEMA attempted to take corrective steps in 2007 to use appropriate funding sources for the Cumberland building.

Sound internal controls require adequate separation of duties. In this case, the individual that certified funds availability for the project also approved the project. All of the signatories on the requisition form were in the program office chain of command and reporting to the same individual. Such internal control weaknesses violate the principles set forth in OMB Circular A-123, *Management's Responsibility for Internal Controls.*

Use of Funds

As indicated above, FEMA used disaster-specific funds, intended to provide relief to Hurricane Katrina's victims in Louisiana, to fund the building in Selma. The building project in Cumberland used funds that should only have been used to acquire replacement emergency housing units. Although FEMA eventually attempted to correct the errors by charging different accounting codes, additional controls are needed to prevent the situation in future events.

Under 31 U.S.C. § 1301(a), FEMA may only spend appropriated funds for the purposes delineated in the appropriations statute. The Comptroller General has long held that an agency violates 41 U.S.C. § 12 by constructing buildings or constructing them on leased property without special authority, but FEMA did not have this authority. Therefore, FEMA violated 31 U.S.C. § 1301 and 41 U.S.C. § 12. Because none of the appropriations used were available for the warehouses, FEMA may have also violated the *Anti-deficiency Act*, 31 U.S.C. § 1341.

Contracts

Both projects were planned in mid-2006, and the contracts were awarded within a few weeks of each other, in August and September of that year. However, the contractual approaches on the two projects were quite different.

FEMA acquired the Selma building through the GSA Schedule, which is an arrangement whereby GSA has thousands of pre-established, unfunded contracts with various vendors, from which any federal agency may directly order goods and services, including prefabricated buildings. This approach allows an agency to streamline the procurement process because GSA already has performed the required planning, market research, competition, contractor review, and negotiation. In the case of the Selma building, the contracting officer selected from the GSA Schedule a vendor that specialized in prefabricated structures, and is a subsidiary of the building manufacturer. The contract was awarded on August 31, 2006, and included constructing the concrete slab and erection of the prefabricated building with appropriate utilities at a cost of $3,744,180.

Instead of using the GSA Schedule for the building in Cumberland, FEMA chose a small disadvantaged business (8a) that was recommended to the program office by a FEMA contractor who had hoped to become the subcontractor on the project. FEMA recommended the 8a contractor to the Small Business Administration, which certified that the firm qualified under the provisions of Section 8(a) of the *Small Business Act* (Public Law 85-536, as amended), which is a business development program created to help small disadvantaged businesses compete in the market place. FEMA "split" the procurement into two contracts in order to avoid competition that FAR section 19.805-1(a)(2) specifically requires on 8a contracts in excess of $3,500,000. FEMA issued one contract for $789,673 to prepare the pre-existing concrete slab and a second contract for $2,806,615 to erect the prefabricated Butler building. Both contracts were awarded to the same vendor on September 13, 2006. Separately, each contract was below the $3,500,000 threshold, thus FEMA avoided competition on the project.

The 8a contractor had no experience in constructing buildings, but proceeded with a non-8a subcontractor which performed most of the work. This violated the 8a program regulations, 19.703(a). Some of the contractual problems could have been avoided had FEMA submitted the Cumberland contract for legal review, as required by HSAM (Subchapter 3004.7003). However, the contracting office waived the requirement for legal review.

Stop-Work Orders

In January 2007, after senior officials became aware of some of the projects' problems, the Logistics Management Directorate conducted an internal inquiry into events surrounding the acquisition of the two buildings, and re-assigned staff in the EHU section who had been involved with the projects. In connection with that inquiry, FEMA issued a series of stop-work orders on both the Selma and the Cumberland projects.

The contractors at both locations were ordered to suspend work from January 29 through February 27, 2007, a total of 30 calendar days, or 22 workdays. However, the suspension was ordered in four weekly installments as the inquiry progressed, so the contractors did not re-assign their staff to other projects, but continued to pay their people so they would be available to resume work on the FEMA projects. Furthermore, because the suspensions were each only for a week, the contractors at both locations kept heavy equipment, such as tractors, cranes, and other machinery on site, rather than returning the rental units, so they would be on hand to continue the project when the stop-work order was lifted. The table below shows the cost for the buildings, the stop-work orders, and the total cost for both projects.

	Cost – Building	**Cost - Stop-Work Order**	**Total Cost**
Selma	$3,744,180	$151,142	$3,895,322
Cumberland	$3,536,819	$351,957	$3,888,776
Total	$7,280,999	$503,099	$7,784,098

As provided by FAR sections 42.1303 and 52.242-15(b), contractors are entitled to equitable adjustment for expenses incurred during a stop-work order. Consequently, interim contractor claims against FEMA for incurred costs during the stop-work period for both projects amounted to more than $500,000.

Conclusions and Recommendations

FEMA had no authority to use appropriated funds to construct the two buildings and therefore violated the “purpose” statute (31 U.S.C. § 1301(a)); the law against entering into contracts in excess of available appropriations (41 U.S.C. § 12). The prerogative to construct the buildings and improve leased land belongs to GSA under 40 U.S.C. § 581 and § 583, but FEMA failed to obtain GSA’s permission for the warehouses.

FEMA needs to establish and enforce a system of controls over construction, leasing, and building activities. Absent these controls, multi-million dollar construction projects moved forward with vague or misleading purchase requisitions. Furthermore, FEMA needs to strengthen oversight on the program office’s use of funding codes and appropriation expenditures.

Additionally, FEMA officials need to take action to avoid such situations in the future by introducing more discipline in the acquisition process. Steps are needed to prevent the misuse of disaster-specific and restricted-use funds, and policies and standard operating procedures are needed governing the preparation and approval of major purchases. Furthermore, FEMA needs to record the cost of the two buildings and associated depreciation in their financial reports.
We recommend that the Administrator, Federal Emergency Management Agency:

Recommendation #1: Determine whether the acquisition of the two warehouses constituted a legal violation that requires reporting to Congress, in accordance with the law[1].

[1] The Department of Justice, Office of Legal Counsel (OLC) recently found that the Anti-deficiency Act’s (ADA) prohibition on excess expenditures only applies when the restriction is found in the appropriation itself, not in a separate statute. 31 Op. O.L.C. 1 (2007). Under this analysis, FEMA's acquisition of the two warehouses would not constitute an ADA violation because the spending restriction is not contained in an appropriation. OLC’s decision appears to negate Comptroller General precedent of at least 50 years. See, e.g., 39 Comp. Gen 388 (1959) (violation of 41 U.S.C. § 12 also constitutes ADA violation). The Comptroller General vigorously disputes the OLC holding. See B-317450 (March 23, 2009) (responding to request from Senators Byrd and Cochran). OLC decisions are legally binding on the executive branch while Comptroller General decisions are not, though the latter ordinarily are accepted as authoritative. FEMA should analyze the potential ADA violation in light of these decisions.

Recommendation #2: Develop and implement a management review process, including policy and standard operating procedures for the preparation, review, and approval of major purchases that will incorporate adequate separation of duties and approvals.

Recommendation #3: Return the exchange/sale authority funds that were initially used for the Cumberland pre-fabricated building to the U.S. Treasury, as required by law.

Recommendation #4: Develop and implement procedures to ensure that disaster-specific fund and restricted-use fund guidelines are followed.

Recommendation #5: In consultation with GSA, determine an appropriate disposition of the buildings, and whether and how they may be used to support the FEMA mission.

Recommendation #6: Record the two buildings in agency financial reports and include associated depreciation.

Management Comments and OIG Analysis

We discussed the results of our findings with FEMA officials on May 6, 2008, and provided an initial draft of this report on August 14, 2008, for review and comment. Due to scheduling conflicts and the challenges presented by an active 2008 hurricane season, FEMA officials did not formally respond to the draft report within 30 days. Subsequent to our meeting with FEMA on the draft report, we had discussions with OIG Office of Counsel and incorporated changes that resulted in a revised draft report.

On November 17, 2008, we again met with agency officials to discuss our determination that FEMA violated 31 U.S.C. § 1301, 41 U.S.C.§ 12, and may have violated 31 U.S.C. § 1341, and ignored 40 U.S.C. § 581 and § 583 when it constructed the pre-fabricated buildings on leased land, using appropriated funds. As indicated in management's response to our revised draft report (see Appendix B), FEMA concurs with our recommendations. Proposed corrective actions address our concerns and will satisfy the intent of our recommendations when implemented.

We conducted this review in response to a request from the FEMA Deputy Administrator. Our objectives were to examine the events surrounding the acquisition of large, prefabricated warehouse buildings at FEMA logistics sites in Selma, Alabama and Cumberland, Maryland, and to evaluate the agency's EHU's acquisition practices at headquarters, and at field locations. Our review covered all transactions associated with the warehouse acquisitions during the period March 2006 to July 2007.

Audit fieldwork was conducted in the Washington, DC area, where we interviewed responsible officials from pertinent FEMA offices including the Logistics Management Directorate, the Office of Chief Counsel, and the Office of Facilities Management. We also spoke with GSA officials regarding the applicable regulations on prefabricated buildings. We visited the building sites in Selma, Alabama and Cumberland, Maryland. In addition, we reviewed contract files and interviewed staff at the FEMA Acquisition Management Offices in Emmitsburg, Maryland, and Montgomery and Anniston, Alabama. As part of our review, we performed a limited assessment of the effectiveness of FEMA management controls.

We conducted our review from September 2007 through February 2008, under the authority of the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards for performance audits.

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

FEMA

April 30, 2009

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

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

SUBJECT: Comments on OIG Draft Report, *FEMA's Acquisition of Two Warehouses to Support Hurricane Katrina Response Operations*

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

As a general comment, we wish to point out that FEMA is in the process of finalizing an Agency directive to better control the acquisition of leases that support response to Federal disaster declarations funded with disaster support funds. The directive will establish the Federal Coordinating Official (FCO) as the responsible individual for all leases acquired for a particular disaster. The directive requires that FEMA headquarters staff areas are notified when a lease will be acquired, when a lease will be terminated, and when a lease will be bought out. The procedures required by the new directive would have significantly limited the ability of Agency personnel to acquire the land leases the Inspector General cites in the report.

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

Recommendation 1: Report the Anti-deficiency Act violations to Congress in accordance with the law.

Response: The Office of the Chief Financial Officer (OCFO) will adhere to Department of Homeland Security (DHS) Chief Financial Officer (CFO) guidance concerning the investigation and

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reporting of violations of the Anti-deficiency Act (ADA). The OCFO will work with the program office to verify and evaluate the circumstances of this potential ADA violation and, if warranted, coordinate a preliminary review with FEMA's Office of Chief Counsel (OCC) and report the preliminary review report and OCC opinion to the DHS CFO and the Associate General Counsel for General Law.

Recommendation 2: Develop and implement a management review process, including policy and standard operating procedures for the preparation, review, and approval of major purchases that will incorporate adequate separation of duties and approvals.

Response: FEMA will develop and implement a management review process, including policy and standard operating procedures for the preparation, review, and approval of major purchases that will incorporate adequate separation of duties and approvals. The FEMA Administrator issued a directive, *Obtaining Legal Review and Assistance*, FD 112-5 dated July 21, 2008, that now requires all acquisition actions over $500,000 be provided to the Office of Chief Counsel for legal review. This process should help ensure that actions such as occurred here are not taken without appropriate reviews.

Recommendation 3: Return the exchange/sale authority funds that were initially used for the Cumberland pre-fabricated building to the U.S. Treasury, as required by law.

Response: OCFO returned the exchange/sale authority funds that were initially used for the Cumberland pre-fabricated building to the U.S. Treasury as required by law in March 2008. The amount paid from the exchange/sale authority for the Cumberland pre-fabricated building was $197,418.00. The remainder of the funds utilized to pay for the Cumberland pre-fabricated building was disbursed from the Disaster Relief Fund since the OCFO recognized the discrepancy early in the construction cycle and moved the remaining obligation balance.

Recommendation 4: Develop and implement procedures to ensure that disaster-specific fund and restricted-use fund guidelines are followed.

Response: OCFO has drafted procedures and implemented processes in an effort to safeguard restricted-use funds. OCFO tracks the proceeds from the exchange/sale authority in a receipt account and will make those funds available for obligation and subsequent disbursement once an authorized requisition is reviewed and approved by OCFO to be in compliance with the General Services Administration (GSA) exchange/sale authority.

Recommendation 5: In consultation with GSA, determine an appropriate disposition of the buildings, and whether and how they may be used to support the FEMA mission.

Response: To date, the buildings at both Selma, Alabama and Cumberland, Maryland have provided mission-essential shelter and infrastructure in support of the temporary housing unit (THU) readiness. Working with GSA, we have improved the buildings as needed to meet our mission requirements. The Selma THU site had no infrastructure prior to installation of the warehouse and is located on an abandoned WWII era fighter runway. The warehouse currently provides office space, storage capacity for THU equipment and materials, and a place to perform vehicle and equipment maintenance. The warehouse not only provides storage for the THU program but has also been used to store disaster response commodities such as bottled water. The need for the warehouse space will increase significantly pending a decision to house and maintain the Agency's new inventory of alternative housing units at THU sites. Some of these new units are collapsible panel-type shelters that are best suited for inside storage. The first alternative housing unit has arrived at Selma for storage. Selma is one of three projected THU readiness sites that require a robust infrastructure to support future response operations and accomplish our mission.

The building at Cumberland, Maryland has served a similar multi-purpose warehouse function and is also slated for storage of new alternative housing units. The Logistics Management Directorate (LMD) coordinated with FEMA Facilities/GSA to install electricity, lighting, electric heating, and a fire sprinkler system in this warehouse. The building currently meets all state, county, and local building and fire codes. As part of a strategic positioning plan, Cumberland is also being expanded into a FEMA distribution center for storage of transportation vehicles, disaster response commodities and Mobile Disaster Recovery Center vehicles. LMD also currently stores other Federal agency items with the intention of expanding this fee-for-service offering as Cumberland warehouse plans develop.

Recommendation 6: Record the two buildings in agency financial reports and include associated depreciation.

Response: OCFO will record the two buildings in the agency financial reports as an asset with the associated depreciation by June 30, 2009.

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

Major Contributors to This Report

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