



December 2018

# 2017 DISASTER CONTRACTING

## Action Needed to Better Ensure More Effective Use and Management of Advance Contracts

# GAO Highlights

Highlights of [GAO-19-93](#), a report to congressional requesters

## Why GAO Did This Study

Following Hurricane Katrina, Congress required FEMA to establish advance contracts for goods and services to enable the government to quickly and effectively mobilize resources in the aftermath of a disaster, like those that affected the United States in 2017.

GAO was asked to review the federal government's response to the three 2017 hurricanes and California wildfires. This report assesses, among other things, (1) FEMA and USACE's use of advance contracts, (2) FEMA's planning and reporting of selected advance contracts, and (3) challenges, if any, with FEMA's use of these contracts.

GAO analyzed data from the Federal Procurement Data System-Next Generation through May 31, 2018; selected a non-generalizable sample of 14 FEMA and USACE advance contracts that were competed and obligated over \$50 million, or non-competed and obligated over \$10 million, in response to the 2017 disasters; and interviewed FEMA and USACE officials.

## What GAO Recommends

GAO is making nine recommendations to FEMA, including that it update its strategy and guidance to clarify the use of advance contracts, improve the timeliness of its acquisition planning activities, revise its methodology for reporting disaster contracting actions to congressional committees, and provide more consistent guidance and information to contracting officers to coordinate with and encourage states and localities to establish advance contracts. FEMA concurred with our recommendations.

View [GAO-19-93](#). For more information, contact Marie A. Mak at 202-512-4841 or [makm@gao.gov](mailto:makm@gao.gov)

December 2018

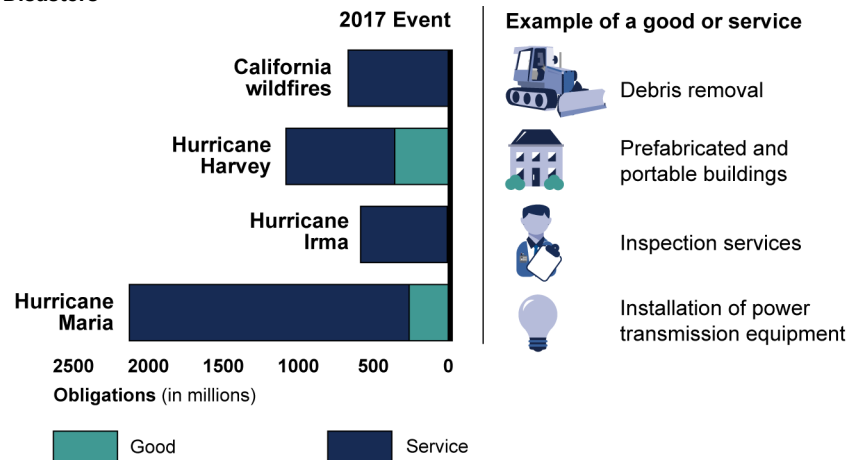
## 2017 DISASTER CONTRACTING

### Action Needed to Better Ensure More Effective Use and Management of Advance Contracts

## What GAO Found

In response to Hurricanes Harvey, Irma, and Maria, as well as the 2017 California wildfires, the Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers (USACE) relied heavily on advance contracts. As of May 31, 2018, FEMA and USACE obligated about \$4.5 billion for various goods and services through these contracts, see figure below.

**Advance Contract Obligations and Examples of Goods and Services the Federal Emergency Management Agency and U.S. Army Corps of Engineers Used to Respond to the 2017 Disasters**



Note: Obligations are nominal 2017 and 2018 dollars.

GAO found limitations in FEMA's use of some advance contracts that provided critical goods and services to survivors, including

- an outdated strategy and unclear guidance on how contracting officers should use advance contracts during a disaster, and
- challenges performing acquisition planning.

FEMA also did not always provide complete information in its reports to congressional committees. Specifically, GAO found 29 advance contract actions that were not included in recent reports due to shortcomings in FEMA's reporting methodology, limiting visibility into its disaster contract spending.

FEMA identified challenges with advance contracts in 2017, including federal coordination with states and localities on their use. FEMA is required to coordinate with states and localities and encourage them to establish their own advance contracts with vendors. However, GAO found inconsistencies in that coordination and the information FEMA uses to coordinate with states and localities on advance contracts. Without consistent information and coordination with FEMA, states and localities may not have the tools needed to establish their own advance contracts for critical goods and services and quickly respond to future disasters.

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# Contents

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Letter		1
	Background	5
	FEMA and USACE Relied on Advance Contracts to Respond to the 2017 Disasters, but FEMA Lacks an Updated Advance Contracting Strategy and Guidance	14
	Improvements Needed in FEMA’s Planning, Management, and Reporting of Advance Contracts	22
	FEMA and USACE Identified Lessons Learned from the Use of Advance Contracts in 2017, but Reported Challenges with State and Local Coordination Remain	35
	Conclusions	41
	Recommendations for Executive Action	42
	Agency Comments and Our Evaluation	43
Appendix I	Objectives, Scope, and Methodology	47
Appendix II	Federal Emergency Management Agency (FEMA) Regional Offices	52
Appendix III	Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers (USACE)-Identified Advance Contracts	53
Appendix IV	Comments from the Department of Homeland Security	58
Appendix V	GAO Contact and Staff Acknowledgments	63
Tables		
	Table 1: Lessons Learned and Proposed Actions Regarding Advance Contracts Identified by the Federal Emergency Management Agency (FEMA) and the U.S. Army Corps of Engineers (USACE) Following the 2017 Hurricanes and California Wildfires	36

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Table 2: Selected Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers (USACE) Advance Contracts	49
Table 3: Federal Emergency Management Agency (FEMA) Identified Advance Contracts, as of June 2018	53
Table 4: U.S. Army Corps of Engineers (USACE) Identified Advance Contracts, as of September 2018	57

---

## Figures

Figure 1: Timeline of Major 2017 Hurricanes and California Wildfires	6
Figure 2: Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers Contract Obligations in Response to the Three 2017 Hurricanes and California Wildfires, as of May 31, 2018	15
Figure 3: Federal Emergency Management Agency and U.S. Army Corps of Engineers Advance Contract Obligations in Response to the Three Hurricanes and California Wildfires in 2017, as of May 31, 2018	16
Figure 4: Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers Advance Contract Obligations and Examples of Goods and Services Used to Respond to the 2017 Hurricanes and Wildfires, as of May 31, 2018	17
Figure 5: Timeline of the Individual Assistance-Technical Assistance Contract III Bridge	24
Figure 6: Timeline of Public Assistance-Technical Assistance Contract III Bridge	25
Figure 7: Timeline of Wireline Bridge	25
Figure 8: Notional Depiction of Acquisition Planning Timeline Depicted in FEMA's 5 Year Master Acquisition Planning Schedule (MAPS)	27
Figure 9: Acquisition Plan Completion Compared to Competed Contract Expiration	28
Figure 10: Total Value of Contract Action Obligations from Selected Advance Contracts in Fourth Quarter Fiscal Year 2017 and First Quarter Fiscal Year 2018 Federal Emergency Management Agency (FEMA) Congressional Committee Reports	33

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Figure 11: Map of Federal Emergency Management Agency (FEMA) Regions and Their Member States and Territories

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**Abbreviations**

DOD	Department of Defense
DHS	Department of Homeland Security
FAR	Federal Acquisition Regulation
FEMA	Federal Emergency Management Agency
FPDS-NG	Federal Procurement Data System-Next Generation
IASC	Individual Assistance Support Contract
IA-TAC	Individual Assistance-Technical Assistance Contract
LOGHOUSE	Logistics Housing Operations Unit Installation, Maintenance, and Deactivation Contracts
MAPS	Master Acquisition Planning Schedule
PA-TAC	Public Assistance-Technical Assistance Contract
PKEMRA	Post-Katrina Emergency Management Reform Act of 2006
USACE	U.S. Army Corps of Engineers

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December 6, 2018

Congressional Requesters

The Post-Katrina Emergency Management Reform Act of 2006 (PKEMRA) required the Federal Emergency Management Agency (FEMA) to establish advance contracts—those that are established prior to disasters and that are typically needed to quickly provide life-sustaining goods and services in the immediate aftermath of disasters.<sup>1</sup> FEMA and the U.S. Army Corps of Engineers (USACE)—components of the Department of Homeland Security (DHS) and the Department of Defense (DOD), respectively—used advance contracts to procure goods and services provided in response to the catastrophic disasters the United States experienced in 2017: Hurricanes Harvey, Irma, and Maria; and the California wildfires.<sup>2</sup>

Contracts play a key role in immediate disaster response and longer-term community recovery. In February 2018, we found that early estimates for Hurricanes Harvey, Irma, and Maria placed them among the costliest hurricanes in terms of federal contract obligations since 2005, when tracking this information by hurricane began.<sup>3</sup> We also found that DHS and DOD accounted for about 97 percent of those obligations. In September 2015, we found issues related to the use of advance contracts, specifically that FEMA’s contracting officers had limited awareness about advance contract requirements and how to coordinate advance contracting efforts with state and local governments.<sup>4</sup> We made

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<sup>1</sup>Pub. L. No. 109-295, § 691 (codified at 6 U.S.C. § 791).

<sup>2</sup>Although PKEMRA does not apply to USACE, the agency awards advance contracts as a preparedness measure as part of its Advance Contracting Initiative, a program developed and implemented specifically for emergency and disaster scenarios. For the purposes of this report, we rely on how FEMA and USACE define advance contracts. For FEMA, this includes indefinite delivery contracts and blanket purchase agreements, including those under the Federal Supply Schedule, as well as interagency agreements, and interagency reimbursable work agreements. For USACE this includes indefinite delivery contracts. Obligations against interagency agreements are not included in this report.

<sup>3</sup>GAO, *2017 Disaster Contracting: Observations on Federal Contracting for Response and Recovery Efforts*, [GAO-18-335](#) (Washington D.C.: Feb. 28, 2018).

<sup>4</sup>GAO, *Disaster Contracting: FEMA Needs to Cohesively Manage Its Workforce and Fully Address Post-Katrina Reforms*, [GAO-15-783](#) (Washington, D.C.: Sept. 29, 2015).

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several recommendations, including that FEMA provide guidance to contracting officers to make them aware of current information on the availability and use of advance contracts and the need to conduct outreach to state and local governments to support their use of advance contracts. FEMA agreed with our recommendations and has taken action to address them.

You asked us to review the federal government's contracting efforts for preparedness, response, and recovery efforts related to the three 2017 hurricanes and California wildfires. This report specifically addresses the use of advance contracts, assessing the extent to which (1) FEMA and USACE used advance contracts, (2) the planning, management, and reporting of selected FEMA and USACE advance contracts met certain contracting requirements, and (3) FEMA and USACE identified any lessons learned and challenges with their use of these contracts. We also have an ongoing review on post-disaster contracting that is expected to be completed in early 2019.

To identify the extent to which FEMA and USACE used advance contracts, we reviewed data on contract obligations for the 2017 disasters from the Federal Procurement Data System-Next Generation (FPDS-NG) through May 31, 2018.<sup>5</sup> Data on obligations for the California wildfires are limited to contracts that FEMA and USACE identified as being used to respond to the events because some of this information was not able to be identified in FPDS-NG. To determine which obligations were made through the use of advance contracts, we reviewed documentation provided by FEMA and USACE identifying the advance contracts they have in place and that were used in support of the 2017 disasters.<sup>6</sup> We

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<sup>5</sup>For the purposes of this report, contract obligations include obligations against what the General Services Administration's Federal Procurement Data System-Next Generation (FPDS-NG) categorizes as definitive vehicles (definitive contracts and purchase orders that have a defined scope of work that do not allow for individual orders under them), and against what FPDS-NG categorizes as indefinite delivery vehicles (orders under the Federal Supply Schedule, orders/calls under blanket purchase agreements, orders under basic ordering agreements, orders under government-wide acquisition contracts, and orders under other indefinite delivery vehicles, such as indefinite delivery, indefinite quantity contracts).

<sup>6</sup>DHS and DOD exercised the use of the special emergency procurement authorities within 41 U.S.C § 1903, as amended by § 816 of the National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114-328 (and as implemented by DHS FAR Class Deviation 17-02 and DOD FAR Class Deviation 2017-O0007, respectively) to increase the micro-purchase threshold to \$20,000 for procurements in support of these major disaster responses. As a result, contract obligations for hurricanes reported in FPDS-NG may only include obligations over that amount.

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assessed the reliability of FPDS-NG data by reviewing existing information about the FPDS-NG system and the data it collects—specifically, the data dictionary and data validation rules—and performing electronic testing. We determined the FPDS-NG data were sufficiently reliable for the purposes of this report. We also reviewed FEMA contracting policies and guidance, to identify available guidance on the use and intent of advance contracts, and federal internal control standards. We identified examples of goods that FEMA had advance contracts in place for but experienced challenges using in response to the 2017 disasters, reviewed advance and post-disaster contract documentation and FPDS-NG data related to these examples, and interviewed contracting officials involved in the award and use of the contracts in 2017.

To assess the extent to which the planning, management, and reporting of advance contracts used in response to the three hurricanes and California wildfires in 2017 met selected applicable contracting requirements, we reviewed relevant documentation, including PKEMRA, the Federal Acquisition Regulation (FAR), DHS, FEMA, and USACE contracting policies. We identified a non-generalizable sample of advance contracts to serve as case studies based on obligation data from FPDS-NG as of March 31, 2018. We analyzed the data to identify 10 competed and 4 non-competed contracts—valued at above \$50 million and above \$10 million, respectively—including 10 contracts from FEMA and 4 from USACE.<sup>7</sup> For additional details on the contracts we selected, see appendix I. Findings based on information collected from the 14 contracts cannot be generalized to all advance contracts. To review our selected FEMA and USACE advance contracts, we developed a data collection instrument to gather selected contract information, such as period of performance, contract type, estimated contract value, and the presence of key contract documents, among others. To assess planning we reviewed our selected advance contracts, and determined that six of FEMA’s contracts met GAO’s definition of a bridge contract. We interviewed FEMA officials associated with these contracts on acquisition planning efforts and factors that affected their ability to award new contracts. To

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<sup>7</sup>For the purposes of selecting our case studies, competitive contracts included contracts and orders coded in FPDS-NG as “full and open competition,” “full and open after exclusion of sources,” and “competed under simplified acquisition procedures.” Noncompetitive contracts included contracts and orders coded in FPDS-NG as “not competed,” “not available for competition,” and “not competed under simplified acquisition procedures.”



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assess FEMA and USACE's management of selected advance contracts, we reviewed information gathered from our data collection instrument to confirm the contract files contained required acquisition documents, such as acquisition strategies and contract modifications, which typically provide the history of a contract file, and interviewed officials at FEMA and USACE headquarters on their record keeping policies, practices, and challenges. To assess the reporting of selected advance contracts, we compared advance contract action data identified in FPDS-NG in the fourth quarter of fiscal year 2017 and first quarter of fiscal year 2018 to data reported for the same time period in FEMA's mandated reports to congressional committees on disaster contracting to identify any unreported actions. We interviewed FEMA officials to discuss the methodology and data sources for the congressional committee reports and any limitations to the accuracy of the data reported.

To assess what lessons learned and challenges FEMA and USACE identified with the use of advance contracts in 2017, we interviewed FEMA and USACE officials on what they identified as lessons learned and challenges specific to advance contracts, and any recommendations or actions planned by the agencies to address them. We reviewed PKEMRA advance contract requirements, including requirements that FEMA coordinate with state and local governments on the use of advance contracts, FEMA and USACE documentation on the use of advance contracts, after-action reports from 2017 and prior years, and federal internal control standards for information and communications. To identify challenges related to coordination with state and local officials on the use of advance contracts, we reviewed after action reports from 2017, and interviewed FEMA and USACE regional staff and state and local government officials on advance contracting efforts. We also analyzed information on available advance contracts from FEMA's June 2018 Prepositioned Contract List and FEMA's May 2018 training documentation identifying advance contracts to identify any differences in the information available to FEMA contracting officers, and their state and local contracting counterparts.<sup>8</sup> Appendix I provides more information about our overall scope and methodology.

We conducted this performance audit from March 2018 to December 2018 in accordance with generally accepted government auditing

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<sup>8</sup>Prepositioned contracts are the same as advance contracts. For the purposes of this report, we use the term advance contracts and refer to FEMA's Prepositioned Contract List as the advance contract list.

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standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

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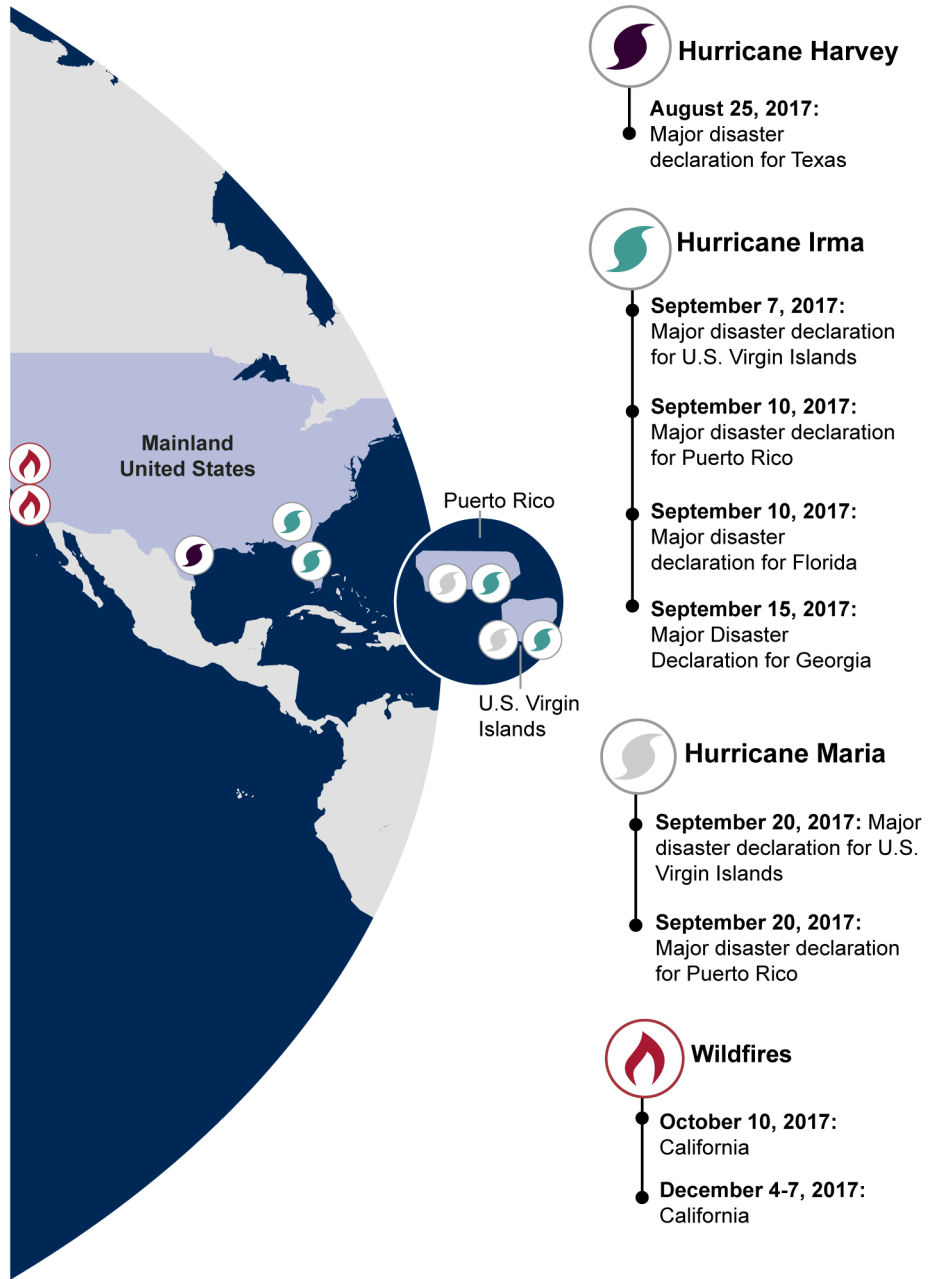
### The 2017 Hurricanes and California Wildfires

In 2017, three major hurricanes made landfall in the United States and historic wildfires struck California. According to FEMA, the 2017 hurricanes and wildfires collectively affected 47 million people—nearly 15 percent of the nation’s population. See figure 1 for a timeline of these major disasters.<sup>9</sup>

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<sup>9</sup>A major disaster is any natural catastrophe (including any hurricane, tornado, storm, high water, wind driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought), or, regardless of cause, any fire, flood, or explosion, in any part of the United States, which the President determines causes damage of sufficient severity and magnitude to warrant major disaster assistance to supplement the efforts and available resources of states, local governments, and disaster relief organizations in alleviating damage, loss, hardship, or suffering. See 42 U.S.C. § 5122(2).

**Figure 1: Timeline of Major 2017 Hurricanes and California Wildfires**



Source: GAO analysis of Federal Emergency Management Agency data. | GAO-19-93

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## Overview of Federal Disaster Response and Recovery

When disasters hit, state and local entities are typically responsible for disaster response efforts. The Robert T. Stafford Disaster Relief and Emergency Assistance Act established a process by which a state may request a presidential disaster declaration to obtain federal assistance.<sup>10</sup> According to the DHS National Response Framework—a guide to how the federal government, states and localities, and other public and private sector institutions should respond to disasters and emergencies—the Secretary of Homeland Security is responsible for ensuring that federal preparedness actions are coordinated to prevent gaps in the federal government’s efforts to respond to all major disasters, among other emergencies.<sup>11</sup> The framework also designates FEMA to lead the coordination of the federal disaster response efforts across federal agencies.

The National Response Framework identifies 14 emergency support functions that serve as the federal government’s primary coordinating structure for building, sustaining, and delivering disaster response efforts across more than 30 federal agencies. Each function addresses a specific need—such as communication, transportation, and energy—and designates a federal department or agency as the coordinating agency. For example, the emergency support function for public works and engineering assists DHS by coordinating engineering and construction services, such as temporary roofing or power, and USACE is the primary agency responsible for these functions during disaster response activities.

FEMA coordinates disaster response efforts through mission assignments—work orders that FEMA issues to direct other federal agencies to utilize the authorities and the resources granted to it under federal law. Mission assignments are authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act and can consist of federal operations support or direct federal assistance, which includes federal contracts.

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<sup>10</sup>42 U.S.C. § 5170. The Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, permits the President to declare a major disaster after a state’s governor or chief executive of an affected Indian tribal government—a governing body of an Indian or Alaska Native tribe, band, nation, pueblo, village, or community that is federally recognized—finds that the disaster is of such severity and magnitude that effective response is beyond his or her own local capacities.

<sup>11</sup>Department of Homeland Security, *National Response Framework* (June 2016).

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FEMA's contracting efforts are supported by its Office of the Chief Procurement Officer and its contracting workforce. While the majority of FEMA's contracting workforce is located in headquarters, contracting officers are also located in each of FEMA's 10 regional offices. See appendix II for the location of FEMA's 10 regional offices as well as the states each one is responsible for coordinating with to address National Response Framework responsibilities.

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## PKEMRA Requirements and the Use of Advance Contracts

Congress enacted PKEMRA in 2006, which addressed various shortcomings identified in preparation for and response to Hurricane Katrina, which hit the Gulf Coast in 2005 and was one of the largest, most destructive natural disasters in U.S. history. Among the provisions included were requirements for FEMA to identify and establish advance contracts to ensure that goods and services are in place to help FEMA rapidly mobilize resources in immediate response to disasters. Examples of these goods and services are:

- **Goods:** construction supplies and tarps; food and water; cleaning and hygiene supplies; and power equipment and generators.
- **Services:** engineering; information technology and communication support; transportation of goods; and housing and lodging assistance.

As of June 2018, FEMA reported having advance contracts in place for 56 different types of goods and services.

Among other contracting requirements, PKEMRA requires FEMA to

- develop a contracting strategy that maximizes the use of advance contracts to the extent practical and cost effective;
- coordinate advance contracts with state and local governments;
- encourage state and local governments to engage in similar pre-planning and contracting; and
- submit quarterly reports to the appropriate committees of Congress on each disaster contract entered into by the agency using non-competitive procedures.<sup>12</sup>

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<sup>12</sup>While PKEMRA only requires FEMA to report on noncompetitive disaster contract actions, the Joint Explanatory Statement that accompanied PKEMRA recommends that FEMA report quarterly on all contracts issued during a disaster.

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According to FEMA's advance contracting strategy, the agency will maximize the use of advance contracts to the extent they are practical and cost-effective, which will help preclude the need to procure goods and services under unusual and compelling urgency. When disasters strike, contracting officers may use the unusual and compelling urgency exception to full and open competition to support non-competitive contract awards.<sup>13</sup> FEMA's strategy also states that advance contracts will help to ensure that goods and services are in place to help FEMA rapidly mobilize resources in immediate response to disasters.

USACE also has its own advance contracts in place as a preparedness measure. According to USACE officials, they established advance contract initiatives in 2003, two years prior to Hurricane Katrina, to help facilitate their emergency support function under the National Response Framework—public works and engineering. As of September 2018, USACE reported having advance contracts in place for three services—debris removal, temporary roofing, and temporary power. Appendix III provides details on specific advance contracts established by FEMA and USACE.

According to FEMA documentation, most of its advance contracts are indefinite delivery contracts, which can facilitate the goal of having contracts available if there is a disaster.<sup>14</sup> One type of indefinite delivery contract—an indefinite delivery, indefinite quantity contract—can be awarded to single or multiple vendors and provides for an indefinite quantity, within stated limits, of supplies or services during a fixed period. Under these contracts, the government places orders for individual requirements. These contracts also require the government to order and the contractor to provide at least a stated minimum quantity of supplies and services. Additionally, the contracting officer should also establish a reasonable maximum quantity for the contract based on market research, trends in similar recent contracts, or any other rational basis.<sup>15</sup> Minimum and maximum quantity limits can be stated as the number of units or as

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<sup>13</sup>Department of Homeland Security, Federal Emergency Management Agency, *Advance Contracting of Goods and Services Report to Congress* (December 2007).

<sup>14</sup>Indefinite delivery contracts (definite-quantity contracts, requirements contracts, and indefinite quantity contracts) may be used when the exact times or quantities, or both, of future deliveries are not known at the time of contract award. FAR § 16.501-2.

<sup>15</sup>FAR § 16.504.

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dollar values, and may also be referred to by contracting officers as minimum guarantees or contract ceilings, respectively.

As part of its overall acquisition strategy, FEMA officials identified other vehicles aside from its own advance contracts through which they obtain goods and services.

- **DHS strategic sourcing vehicles:** When a disaster occurs, FEMA contracting officers are first required to use any available DHS strategic sourcing vehicles—a broader, aggregate approach for procuring goods and services—with limited exceptions.
- **Blanket purchase agreements:** FEMA also relies on blanket purchase agreements, such as those established through the General Service Administration Federal Supply Schedule program, to provide some commercial goods and services needed for disaster response.<sup>16</sup>
- **Interagency Agreements:** FEMA may also leverage interagency agreements, by which it obtains needed supplies or services from another agency by an assisted or direct acquisition.

FEMA and other agencies may also award new contracts to support disaster response efforts following a disaster declaration. According to FEMA officials, these post-disaster contract awards may be required, for example, if advance contracts reach their ceilings, or if goods and services that are not suitable for advance contracts are needed.<sup>17</sup>

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## FAR Requirements

The FAR requires agencies to perform acquisition planning activities for all acquisitions to ensure that the government meets its needs in the most effective, economical, and timely manner possible.<sup>18</sup> Generally, program

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<sup>16</sup>The General Services Administration Federal Supply Schedule program provides agencies with a simplified way to purchase commercial goods and services. State and local governments are eligible to use these contracts for certain purchases, including those supporting disaster recovery efforts. Blanket purchase agreements are simplified methods of filling anticipated repetitive needs for supplies or services by establishing “charge accounts” with qualified sources of supply. FAR § 13.303-1. Agencies may establish blanket purchase agreements under the General Services Administration’s Schedule program contracts. A blanket purchase agreement is not a contract, therefore the government is not obligated to purchase a minimum quantity or dollar amount, and the contractor is not obligated to perform until it accepts an order under a blanket purchase agreement.

<sup>17</sup>We plan to report on post-disaster contracts in a separate, ongoing review.

<sup>18</sup>FAR § 7.102.

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and contracting officials share responsibility for the majority of acquisition planning activities, which include the following:

- **Pre-Solicitation:** The program office identifies a need, and develops key acquisition documents to summarize that need, such as market research, a statement of work defining requirements, cost estimates, and a written acquisition plan.<sup>19</sup> The pre-solicitation process ends when the program office submits these documents, typically referred to as an acquisition package, to the contracting officer to determine what type of contract is appropriate to fulfill the requirements.
- **Solicitation:** The contracting officer develops a solicitation, in consultation with other agency stakeholders, to request bids or proposals from contractors. The acquisition planning process ends once a solicitation is issued.

Contracting for disaster relief and recovery efforts can also present unique circumstances in which to solicit, award, and administer contracts. Under the FAR, agencies are generally required to use full and open competition when soliciting offers and awarding contracts. However, an agency may award contracts noncompetitively when the need for goods or services is of such unusual and compelling urgency that the federal government faces the risk of serious financial or other type of injury.<sup>20</sup>

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<sup>19</sup>According to the FAR, contracting agencies should establish criteria and thresholds at which increasingly greater detail and formality in the acquisition planning process is required as the acquisition becomes more complex and costly. Additionally, the FAR states that a written acquisition plan is required for cost reimbursement and other high risk contracts other than firm-fixed-price contracts, although written plans may be required for firm-fixed-price contracts as appropriate. FAR § 7.103(e).

<sup>20</sup>The FAR does not require agencies to seek full and open competition for contracts awarded using the simplified acquisition procedures (used for contracts that do not exceed the simplified acquisition threshold—generally \$150,000 or \$7 million when acquiring commercial items), though agencies are required to compete them to the maximum extent practicable. The National Defense Authorization Act for Fiscal Year 2017 raised the simplified acquisition threshold to \$250,000. Pub. L. No. 115-91, § 805. In accordance with special emergency procurement authorities, DHS and DOD increased the simplified acquisition threshold for the three 2017 hurricanes to \$750,000. DHS and DOD exercised the use of the special emergency procurement authorities within 41 U.S.C. §1903, as amended by §816 of the National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114-328 (and as implemented by DHS FAR Class Deviation 17-02 and DOD Class Deviation 2017-O0007, respectively) to increase the simplified acquisition threshold for procurements in support of the three 2017 hurricanes to \$750,000.



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When it becomes evident that a base contract period and any option periods will expire before a subsequent contract to meet the same need can be awarded, contracting officers may, for example,

- extend the existing contract, or
- award a short-term stand-alone contract to the incumbent contractor on a non-competitive basis to avoid a lapse in services, along with sufficient justification and approval.

These extensions and new sole source contracts are informally referred to as bridge contracts by some in the acquisition community, and we use that terminology in this report. In October 2015, we established the following definitions related to bridge contracts:

- **Bridge contract:** An extension to an existing contract beyond the period of performance (including base and option years), and a new, short-term contract awarded on a sole-source basis to an incumbent contractor to avoid a lapse in service caused by a delay in awarding a follow-on contract.<sup>21</sup>
- **Predecessor contract:** The contract that was in place prior to the award of a bridge contract.
- **Follow-on contract:** A longer-term contract that follows a bridge contract for the same or similar services. This contract can be competitively awarded or awarded on a sole-source basis.

Contracts, orders, and extensions (both competitive and non-competitive) are included in our definition of a “bridge contract” because the focus of the definition is on the intent of the contract, order, or extension.<sup>22</sup>

However, the FAR does not formally define bridge contracts or require that they be tracked. We recommended that the Office of Federal Procurement Policy amend the FAR to incorporate a definition of bridge contracts. The Office of Federal Procurement Policy agreed with our

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<sup>21</sup>GAO, *Sole Source Contracting: Defining and Tracking Bridge Contracts Would Help Agencies Manage Their Use*, [GAO-16-15](#) (Washington, D.C.: Oct. 14, 2015).

<sup>22</sup>GAO’s definition includes all types of extensions, both those extensions of contracts that may be considered “competitive,” e.g. the use of FAR 52.217-8 when it was evaluated at award, and those that are “noncompetitive,” e.g. those extensions of requirements that are used to extend the period of performance beyond that of the original contract (and all the options) and require a justification and approval, when the intention is to bridge a gap in services.

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recommendation to provide guidance to agencies on bridge contracts and has taken steps to develop that guidance, but has not yet implemented our recommendations.<sup>23</sup>

If a contracting officer opts to extend the existing contract in place—often referred to as a predecessor contract—the contracting officer may use a number of different mechanisms to do this. One of these is the “option to extend services” clause. If the contract includes this clause, the contracting officer may use it to extend the contract for up to six months.<sup>24</sup> While this option may be exercised more than once, the total extension of performance shall not exceed 6 months.

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<sup>23</sup>The Office of Federal Procurement Policy has not yet taken action on our recommendations. In the National Defense Authorization Act for Fiscal Year 2018 (Pub. L. No. 115-91), Congress established a definition of bridge contracts that is applicable to DOD requirements owners, meaning members of the armed forces (excluding Coast Guard) or a civilian employee of the Department of Defense responsible for a requirement for a service to be performed through a services contract. Specifically, Section 851 defined a bridge contract as (1) an extension to an existing contract beyond the period of performance to avoid a lapse in service caused by a delay in awarding a subsequent contract; or (2) a new short-term contract awarded on a sole-source basis to avoid a lapse in service caused by a delay in awarding a subsequent contract. Section 851 requires that by October 1, 2018, the Secretary of Defense is to ensure that a requirements owner must to the extent practicable, plan appropriately before the date a service is needed to avoid the use of a bridge contract for services. DOD issued a bridge contracts memorandum in January 2018, which defined bridge contracts as modifications to existing contracts to extend the period of performance, increase the contract ceiling or value or both, or a new interim sole-source contract awarded to the same or a new contractor to cover the timeframe between the end of the existing contract and the award of a follow-on contract.

<sup>24</sup>FAR § 17.208(f) provides for the use of the clause cited at FAR § 52.217-8, “Option to Extend Services” in solicitations and contracts for services when the inclusion of an option is appropriate.

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## FEMA and USACE Relied on Advance Contracts to Respond to the 2017 Disasters, but FEMA Lacks an Updated Advance Contracting Strategy and Guidance

FEMA and USACE obligations on advance contracts—as of May 31, 2018—accounted for about half of total federal contract obligations for the three hurricanes, and more than three quarters of the contract obligations identified by those agencies for the California wildfires. However, an outdated strategy and lack of guidance to contracting officers resulted in confusion about whether and how to prioritize and use advance contracts to quickly mobilize resources in response to the three 2017 hurricanes and the California wildfires.

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### Advance Contracts Accounted for about Half of Government-wide Contract Obligations for the 2017 Hurricanes, and over Three-Quarters of FEMA and USACE’s Obligations for the California Wildfires

Government-wide contract obligations for the three hurricanes were about \$8.2 billion as of May 31, 2018.<sup>25</sup> FEMA and USACE obligated 46 percent, or about \$3.8 billion, of the \$8.2 billion spent government-wide on the three hurricanes through advance contracts. Data on government-wide contract obligations for the California wildfires were not able to be identified because national interest action codes were not established for them in FPDS-NG.<sup>26</sup> However, FEMA and USACE provided information on their contracting activities related to the wildfires. Their use of advance contracts accounted for 86 percent, or about \$667 million, of the contract obligations they identified. FEMA and USACE advance contract obligations for the three hurricanes and California wildfires totaled about \$4.5 billion, about 56 percent of the total contract obligations made by

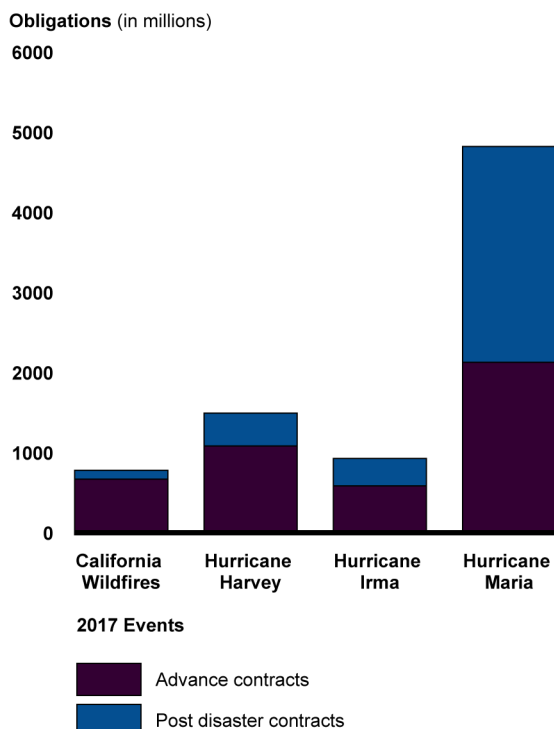
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<sup>25</sup>Federal agencies may continue to contract for goods and services well after a disaster has occurred. For example, federal agencies are still making contract obligations as part of recovery efforts as far back as Hurricanes Sandy and Katrina, which occurred in 2012 and 2005, respectively. In addition to DOD and DHS, the following departments had contract obligations in support of hurricanes Harvey, Irma, and Maria response efforts: the departments of Agriculture, Commerce, Energy, Health and Human Services, Housing and Urban Development, Interior, Justice, Labor, State, Transportation, Treasury, and Veterans Affairs; the Agency for International Development; the Broadcasting Board of Governors; the Corporation for National and Community Service; the Environmental Protection Agency; the Federal Communications Commission; the General Services Administration; the National Aeronautics and Space Administration; the National Archives and Records Administration; the Small Business Administration; and the Social Security Administration.

<sup>26</sup>National interest action codes are used to track certain contracts in support for disaster response and recovery efforts in FPDS-NG. No national interest action code was established for the 2017 California wildfires.

these agencies for these disasters. See figure 2 for details on FEMA and USACE’s advance and post-disaster contract obligations by event.

**Figure 2: Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers Contract Obligations in Response to the Three 2017 Hurricanes and California Wildfires, as of May 31, 2018**



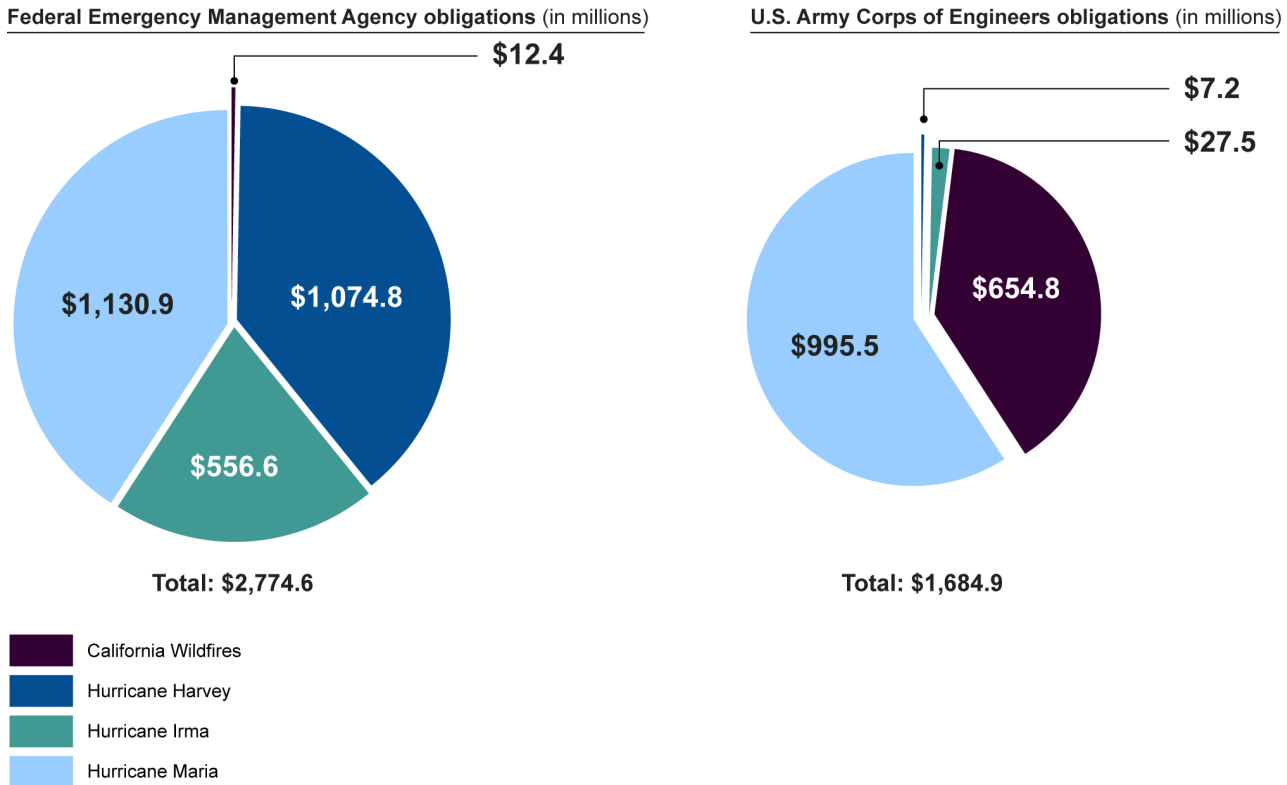
Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-19-93

Notes: Obligations are nominal 2017 and 2018 dollars.

FEMA officials told us that contracts awarded in support of the U.S. Virgin Islands after Hurricane Maria impacted the islands may all be coded under Hurricane Maria, regardless of whether the contract responds to needs from Hurricane Irma or Hurricane Maria.

The greatest proportion of FEMA and USACE’s obligations on advance contracts supported Hurricane Maria disaster relief efforts—41 percent and 59 percent, respectively. About 39 percent of USACE’s obligations on advance contracts were used in support of the California wildfires, compared to less than 1 percent of FEMA’s obligations. FEMA awarded orders against 72 base advance contracts in response to the three 2017 hurricanes and California wildfires, and USACE awarded orders against 15 of its advance contracts. See figure 3 for FEMA and USACE’s obligations on advance contracts by event.

**Figure 3: Federal Emergency Management Agency and U.S. Army Corps of Engineers Advance Contract Obligations in Response to the Three Hurricanes and California Wildfires in 2017, as of May 31, 2018**



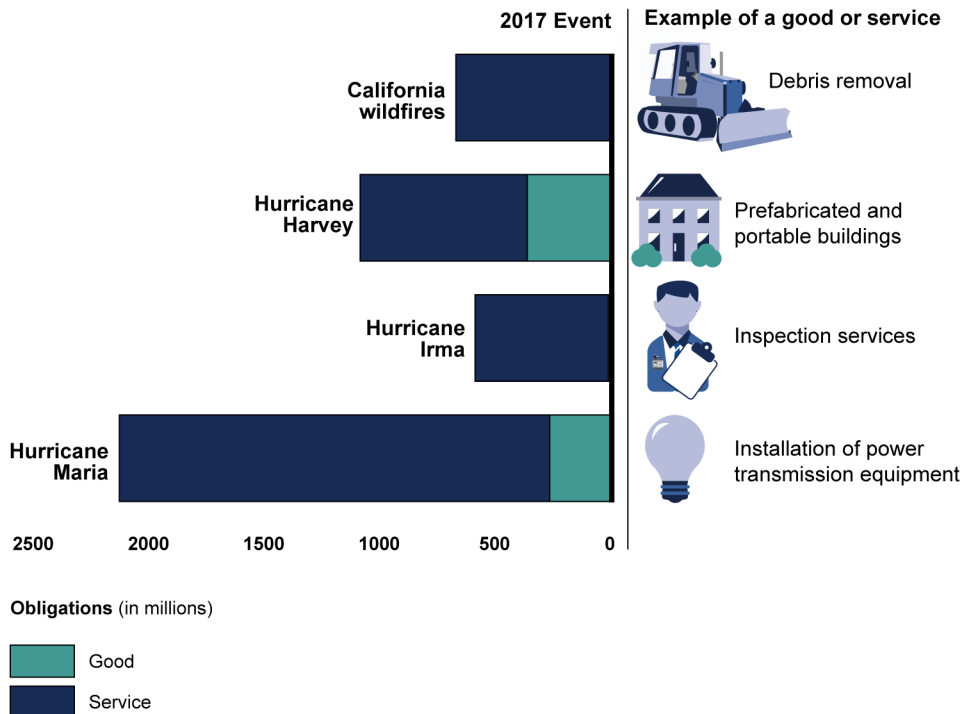
Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-19-93

Note: Obligations are nominal 2017 and 2018 dollars. Numbers may not add due to rounding.

### Advance Contracts Were Used Primarily for Services

FEMA and USACE procured a variety of goods and services through advance contracts in response to the three hurricanes and wildfires, but about 86 percent of obligations, or \$3.8 billion, were used to procure services. For example, all of USACE's \$1.7 billion in advance contract obligations were for services, such as debris removal. FEMA obligated about \$2.2 billion on services, such as architect and engineering services to rebuild roads and bridges. FEMA's obligations on goods totaled \$624 million and included prefabricated buildings, such as manufactured housing units to provide lodging, and food and water. See figure 4 for examples of obligations on goods or services by event.

**Figure 4: Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers Advance Contract Obligations and Examples of Goods and Services Used to Respond to the 2017 Hurricanes and Wildfires, as of May 31, 2018**



Source: GAO analysis of Federal Procurement Data System-Next Generation data. | GAO-19-93

Notes: Obligations are nominal 2017 and 2018 dollars.

FEMA officials told us that contracts awarded in support of the U.S. Virgin Islands after Hurricane Maria impacted the islands may all be coded under Hurricane Maria, regardless of whether the contract responds to needs from Hurricane Irma or Hurricane Maria.

## FEMA Lacks an Updated Strategy and Guidance on the Use of Advance Contracts

FEMA lacks an updated strategy and guidance on advance contract use, despite the PKEMRA requirement to develop a contracting strategy that maximizes their use to the extent practical and cost effective. As we found in May 2006 following Hurricane Katrina, and reiterated in our September 2015 report, agencies need to have competitively awarded contracts in place before a disaster to be effective in their response. Our current review found that FEMA has established advance contracts for goods and services to enable it to respond following a disaster. However, FEMA's lack of an updated strategy and guidance on advance contract use resulted in confusion about whether and how to maximize their use to

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the extent cost-effective and practical to facilitate a faster response when providing goods and services to survivors.

PKEMRA required the FEMA Administrator to identify specific goods and services that the agency could contract for in advance of a natural disaster in a cost-effective manner.<sup>27</sup> PKEMRA also required the FEMA Administrator to develop a contracting strategy that maximizes the use of advance contracts to the extent practical and cost-effective. Following the enactment of PKEMRA, in 2007 FEMA issued the *Advance Contracting of Goods and Services Report to Congress*, in part to address the requirement for an advance contracting strategy.<sup>28</sup> In addition to the strategy, FEMA provides information on advance contracts in its *Disaster Contracting Officer Desk Guide*.

The 2007 strategy notes that advance contracts will help to preclude the need to procure goods and services for disaster response under the unusual and compelling urgency exception to full and open competition, and allow FEMA to rapidly mobilize resources in immediate response to disasters. Several contracting officials we spoke with said that it is a requirement to use advance contracts before awarding new contracts. Moreover, a senior FEMA contracting official told us that advance contracts are intended to be used before awarding post-disaster contracts, even if the advance contract is not capable of fulfilling all of the requirements for a needed good or service. However, our review of the strategy found that it does not provide any specific direction on how contracting officers should award or use advance contracts to meet PKEMRA's objectives, or how they should be prioritized in relation to post-disaster contracts.<sup>29</sup> Further, there is no mention in FEMA's 2017 *Disaster Contracting Officer Desk Guide* that advance contracts should be considered prior to the award of post-disaster contracts.

In September 2015, we found shortfalls with the information available to contracting officers about advance contracts and recommended that

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<sup>27</sup>Pub. L. No. 109-295, § 691 (codified at 6 U.S.C. § 791).

<sup>28</sup>Department of Homeland Security, Federal Emergency Management Agency, *Advance Contracting of Goods and Services Report to Congress*.

<sup>29</sup>The 2007 strategy states that FEMA developed an acquisition tracker to prioritize contracts across four tiers, based on their internal and external visibility and risk. However, the strategy states the tracker only identifies contracts used in 2007 and 2008, and FEMA contracting officials we spoke with were not familiar with the acquisition tracker, and said it had been replaced by FEMA's advance contract list, which has no prioritization.

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FEMA provide new or updated guidance with information on how advance contracts should be used.<sup>30</sup> FEMA agreed with this recommendation and stated that in 2015 it included information on advance contracts and their use in training documentation. However, our review of semi-annual training documentation provided in May 2018 found that it only lists some of the advance contracts that are available, and not guidance on their use.

A report by the Senate Committee on Homeland Security and Governmental Affairs identified concerns about FEMA's use of advance contracts for self-help tarps in response to the 2017 hurricanes. Specifically, the report found that while FEMA ordered some tarps through one of its existing advance contracts, that order was placed after a post-disaster contract for tarps was signed, raising questions about whether FEMA's actions were informed by an overall strategy for using its advance contracts, in this case, for tarps. Our current review identified similar concerns, and found that the lack of an updated strategy and guidance on the use of advance contracts contributed to challenges in using these contracts to respond to the 2017 disasters.

In our review of advance contracts for meals and tarps, we found the following:

- **Meals:** Prior to the 2017 disasters, FEMA had advance contracts in place to provide meals with specific nutritional requirements. According to FEMA contracting officials, the advance contract vendors were at capacity for these specific meals following the response to Hurricane Harvey, requiring FEMA to issue a new post-disaster competitive solicitation and award new contracts with less specific nutritional requirements following Hurricane Maria. Based on our review of contract documentation, two of the existing advance contract vendors were awarded these new post-disaster contracts, but at different prices than those negotiated through their advance contracts. FEMA officials told us that contracting officers will negotiate to ensure the price of the contract is fair and reasonable and may utilize historical information or current contract prices to inform this determination. Normally, adequate price competition establishes a fair and reasonable price. According to a contracting officer involved with the award, FEMA relied on competition and historical prices, but not the existing advance contract prices, to determine that the new post-

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<sup>30</sup>[GAO-15-783](#).



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disaster contract meal prices were fair and reasonable. Guidance on the extent to which advance contract prices should be considered when comparing proposed prices to historical prices paid could help to further inform contracting officers' decision-making during a disaster.

- **Tarps:** Our review of FEMA's use of contracts for tarps is another example of how FEMA lacked an updated advance contracting strategy and guidance to provide goods and services to facilitate a faster response to the 2017 disasters. For example, in September 2014, FEMA awarded multiple award indefinite delivery, indefinite quantity advance contracts to three small businesses for self-help tarps, which are used to cover small areas of roof damage. In November 2014, these contracts were modified by the contracting officer to include delivery requirements for providing tarps to replenish FEMA's stock during steady state operations or during emergency response operations, such as a natural disaster. The contract modification added that during an emergency response, vendors would be expected to deliver up to 150,000 tarps within 96 hours of being issued a task order. However, these small businesses were not required to meet the emergency response delivery time frames and amounts since they would not be expected to store tarps on FEMA's behalf, limiting the use of FEMA's advance tarp contracts for immediate disaster response needs. According to a contracting officer involved with these contracts, the tarp advance contracts are typically used only to replenish tarp stockpiles in FEMA's distribution centers. However, the contracting officer also noted that not being able to fully use the existing advance contracts for tarps to respond to the three 2017 hurricanes was a challenge and required FEMA to award post-disaster contracts to meet tarp requirements.

Furthermore, we found that FEMA awarded post-disaster contracts for tarps before utilizing its advance contracts with the small businesses. Contract file documentation for the post-disaster contracts stated that FEMA's advance contract holders for tarps had reached their capacity, and that market research had confirmed that it would be difficult for small businesses to meet the urgent delivery timeframes for tarps. Yet, after the award of the post-disaster tarp contracts, FEMA awarded task orders to one of the advance contractors to provide tarps in response to Hurricane Maria. Another small business advance contractor, which according to FEMA's post-disaster contract documentation had reached its capacity, also submitted a proposal as part of the post-disaster contract solicitation. According to FEMA, neither of the post-disaster contract holders ultimately provided the

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required tarps.<sup>31</sup> The timing and use of the existing tarp advance contracts raises questions about their ability to provide tarps immediately following a disaster, and whether an updated advance contracting strategy would have enabled FEMA to more quickly provide the needed tarps to survivors, considering the additional time and staff resources needed to award new post-disaster contracts.

FEMA established advance contracts to provide critical goods, like meals and tarps, following a disaster; however FEMA's 2007 contracting strategy does not provide direction on the objectives of advance contracts or how to maximize their use to the extent practical and cost-effective, as required by PKEMRA. According to FEMA officials, they had not considered updating the 2007 advance contracting strategy because they believed the use of advance contracts following PKEMRA had been incorporated into their disaster contracting practices. FEMA has also not communicated specific guidance to program and contracting officials on whether and how advance contracts should be prioritized before issuing new post-disaster solicitations and awarding contracts for the same or similar requirements, or how to maximize their use to the extent practical and cost-effective following a disaster, as required by PKEMRA. FEMA officials also acknowledged that additional guidance regarding advance contracts, including their availability and use during a disaster, could be useful. Without an updated strategy—and clear guidance that is incorporated into training—on the use of advance contracts and how they should be prioritized and used in relation to new post-disaster contract awards, FEMA lacks reasonable assurance that it is maximizing the use of advance contracts to quickly and cost-effectively provide goods and services following a disaster. This places FEMA at risk of continued challenges in quickly responding to subsequent disasters.

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<sup>31</sup>The first post-disaster contract was terminated for convenience citing shortages in available tarps following the 2017 hurricane season. A stop work order was issued for the second post-disaster contract following concerns over whether the tarps received met FEMA's specifications.

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## Improvements Needed in FEMA's Planning, Management, and Reporting of Advance Contracts

While FEMA used a variety of advance contracts to respond to the 2017 disasters, we found weaknesses in the process of awarding and overseeing selected advance contracts in our review. These weaknesses were: (1) challenges in FEMA's acquisition planning; (2) limited record keeping or management of certain FEMA contracts; and (3) incomplete reporting on FEMA's advance contract actions to certain congressional committees. Related to USACE, we did not identify any planning or management challenges based on our review of its four selected contracts, and USACE is not required to report on its advance contract actions to the congressional committees.

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## Challenges in FEMA's Acquisition Planning Resulted in Bridge Contracts

FEMA has taken some steps since 2016 to improve competition and develop processes and guidance on the acquisition process for advance contracts, but shortfalls in acquisition planning have resulted in a number of bridge contracts. Bridge contracts can be a useful tool in certain circumstances to avoid a gap in providing products and services. We have previously reported that when non-competitive bridge contracts are used frequently or for prolonged periods, the government is at risk of paying more than it should for products and services.<sup>32</sup>

Based on our analysis, 63 of FEMA's 72 advance contracts used in response to the 2017 disasters were initially competed. All 15 of USACE's advance contracts used in responding to the three hurricanes and California wildfires in 2017 were initially competed. We found that at least 10 of FEMA's advance contracts used in 2017 were bridge contracts.<sup>33</sup> Within the 10 FEMA advance contracts we identified as bridge contracts, 6 were part of our selected case studies. The six advance contracts with subsequent bridges in our review obligated roughly \$778 million in response to the three hurricanes and California wildfires in 2017.<sup>34</sup> These bridge contracts included five that are associated with two of FEMA's largest programs used in 2017—the Individual Assistance Program and

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<sup>32</sup>GAO-16-15.

<sup>33</sup>As previously noted, bridge contracts occur when an agency realizes that it will not be able to award a competed or non-competed follow-on contract before the current contract expires and can be done either by extending the current contract's period of performance or by awarding a new short term contract to the incumbent vendor(s) to avoid a lapse in service.

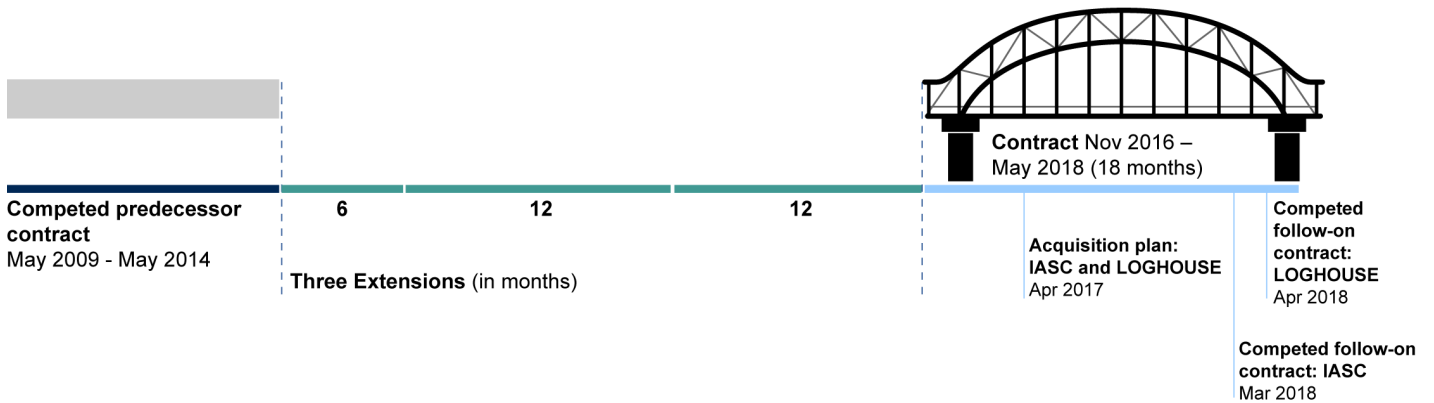
<sup>34</sup>These six contracts all had additional bridges related to the same requirement, though not all bridge contracts we identified were non-competitive.

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Public Assistance Program—and one that is associated with a telecommunications program.

Three of the six bridge advance contracts we reviewed were awarded to support FEMA's Individual Assistance Program, which provides mass care services such as food and water as well as financial and direct assistance, among other services, to survivors whose property has been damaged or destroyed and whose losses are not covered by insurance. In 2017, this assistance was supported through the Individual Assistance-Technical Assistance Contract (IA-TAC), known as IA-TAC III. The IA-TAC III predecessor contracts had an original period of performance from a base year starting in May 2009 with four 1-year options that ended in May 2014. However, FEMA program and contracting officials were unable to implement changes to the requirements—recommended by FEMA senior leadership in 2010—prior to expiration. According to FEMA officials, staffing shortfalls, operational tempo, and unrealistic contract requirements led to acquisition planning delays. These challenges, in turn, led to a series of extensions from May 2014 to November 2016 and a new non-competitive bridge contract (base with options) from November 2016 to May 2018. At that point new, competitive follow-on indefinite delivery indefinite quantity contracts—the Individual Assistance Support Contract (IASC) and Logistics Housing Operations Unit Installation, Maintenance, and Deactivation (LOGHOUSE)—were awarded. See figure 5.

**Figure 5: Timeline of the Individual Assistance-Technical Assistance Contract III Bridge**



LOGHOUSE Logistics Housing Operations Unit Installation, Maintenance, and Deactivation Contracts  
 IASC Individual Assistance Support Contract

Source: GAO graphic based on information from contract file reviews and interviews with contracting officials. | GAO-19-93

Note: The Individual Assistance Support Contract (IASC) provides the mass care and temporary housing portion of the Individual Assistance program. The Logistics Housing Operations Unit Installation, Maintenance, and Deactivation (LOGHOUSE), provides manufactured housing units to support the Logistics Manufactured Housing Unit program.

Two of our six selected advance contracts that were bridge contracts were awarded to support FEMA’s Public Assistance Program, which provides supplemental federal assistance to state, tribal, territorial, and local governments for debris removal, life-saving emergency protective measures, and the repair, replacement, or restoration of damaged facilities. The predecessor Public Assistance-Technical Assistance Contract (PA-TAC) used in 2017, known as PA-TAC III, was awarded with an original period of performance from a base year in February 2012 with four 1-year options that ended in February 2017. FEMA officials noted that changes to the PA-TAC III contract requirements and acquisition strategy were identified in 2015. Yet due to the time needed to incorporate these changes, FEMA was unable to complete required acquisition planning activities, such as finalizing the acquisition plan, prior to the expiration of PA-TAC III. Following 11 months of extensions to complete these activities, FEMA competitively awarded new contracts in December 2017. These awards were protested to the GAO and the protests were denied and are currently under review at the Court of Federal Claims. According to FEMA officials, these events required PA-TAC III to be extended until January 2019, as shown in figure 6.

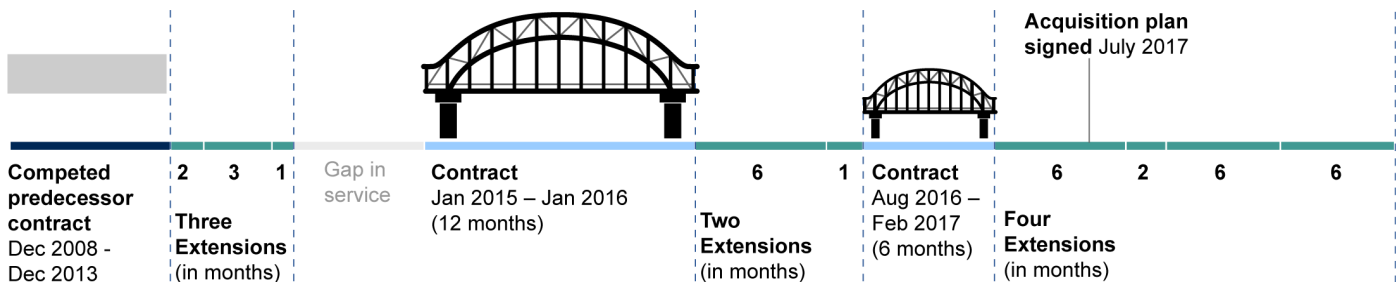
**Figure 6: Timeline of Public Assistance-Technical Assistance Contract III Bridge**



Source: GAO graphic based on information from contract file reviews and interviews with contracting officials. | GAO-19-93

The remaining bridge contract in our sample is associated with the Wireline Services Program, a telecommunication program that provides FEMA employees deployed to respond to a disaster with local and long-distance telephone, high-speed data, and cable television services. The 5 year wireline predecessor contract was awarded in 2003 and again in 2008, but FEMA was unable to award a competed contract when the 2008 contract expired in December 2013 due to the time it took to update program requirements. FEMA contracting officials extended the contract for 6 months before letting it expire altogether. Due to high staff turnover and inconsistent record keeping, at the time of our review FEMA officials were unable to determine the cause for this lapse of service, which occurred after the contract's expiration in June 2014. Starting in January 2015, FEMA contracting officials used a series of bridge contracts over more than three years to address changing contract requirements and delays in completing acquisition planning documentation, as shown in figure 7. FEMA contracting officials anticipated awarding a competitive contract by the end of fiscal year 2018, but the award has been delayed and the existing contract extended through January 2019.

**Figure 7: Timeline of Wireline Bridge**



Source: GAO graphic based on information from contract file reviews and interviews with contracting officials. | GAO-19-93

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In one of the bridge contracts included in our review, FEMA improperly used FAR clause 52.217-8. According to that clause, an agency may extend a contract's period of performance for up to 6 months and is generally used in the event of circumstances outside of the contracting officer's control that prevent the new contract award, such as a bid protest. This clause may be used multiple times to extend the contract so long as the total extension of performance does not exceed 6 months. Our analysis found that FEMA used the clause for a total of 14 months to justify two 6-month extensions and one 2-month extension to the second bridge contract. The FEMA contracting official associated with the advance contract reported uncertainty over the proper use of this clause and what other authorities should have been used instead to extend the contract. FEMA's Office of Chief Counsel and contracting officials acknowledged this error.

While not all bridge contracts that we identified during our review were non-competitive, FEMA officials acknowledged that the use of non-competitive bridge contracts is not an ideal practice as they cannot ensure the government is paying what it should for products and services. In October 2015 we identified delays in the completion of acquisition planning documentation as one of the leading causes of awarding bridge contracts.<sup>35</sup> In an effort to decrease the need for non-competitive bridge contracts and provide ample time for acquisition planning, FEMA began implementing a 5-Year Master Acquisition Planning Schedule (MAPS) in 2016. MAPS is a tracking tool that monitors the status of and provides acquisition planning timeframes for certain FEMA acquisitions over \$5 million, as well as for all advance contracts and any acquisition deemed by the agency to be mission critical, regardless of dollar value.

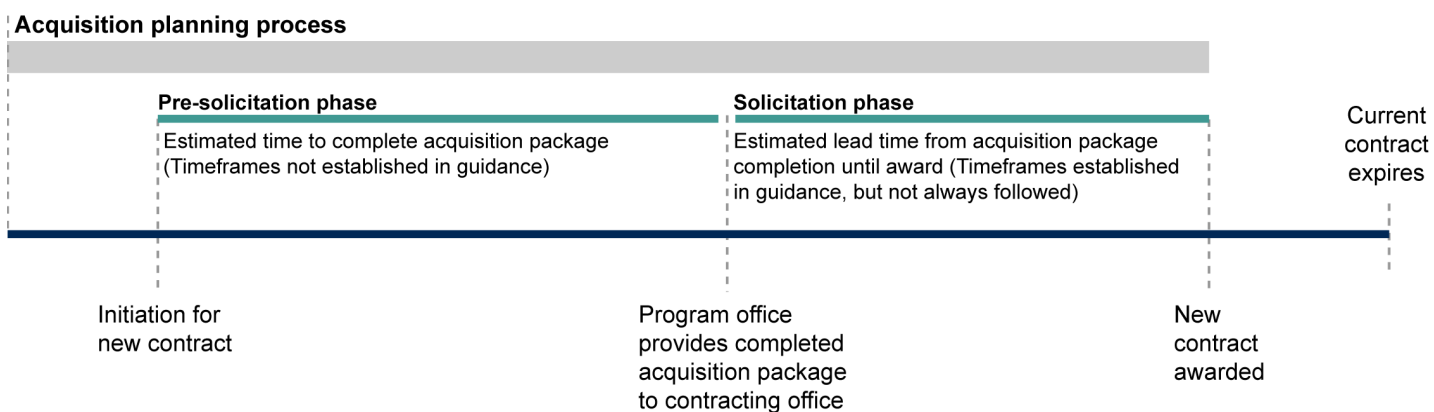
As we previously noted, acquisition planning includes both the pre-solicitation and solicitation phases. Based on our review of MAPS documentation, the tool generates a timeline of discretionary acquisition milestones across these two phases, based on certain considerations like the type of acquisition and whether it will be competed. Using this timeline, MAPS sends email alerts to program and contracting staff when certain acquisition milestones should occur.

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<sup>35</sup>[GAO-16-15](#). Acquisition planning documentation can include an independent government cost estimate, the statement of work, acquisition plan, market research, and evaluation criteria depending on contract value.

Specific to the solicitation phase, FEMA’s Office of the Chief Procurement Officer has developed annual lead time guidance for how long contracting officers should be given to award new contracts following the completion of the acquisition package, which is then conveyed through MAPS. For example, for acquisitions \$150,000 and under, FEMA’s 2018 lead time guidance states contracting officers should be given 60 days to award the contract following completion of the acquisition package. FEMA officials we spoke with acknowledged that these discretionary timeframes are frequently shortened when program office officials are delayed in completing acquisition packages. While FEMA has lead time guidance to establish timeframes for completing the solicitation phase, FEMA currently has no guidance establishing timeframes for the pre-solicitation phase, when program offices complete the acquisition packages. Figure 8 provides an example timeline of the major milestones tracked in MAPS.

**Figure 8: Notional Depiction of Acquisition Planning Timeline Depicted in FEMA’s 5 Year Master Acquisition Planning Schedule (MAPS)**



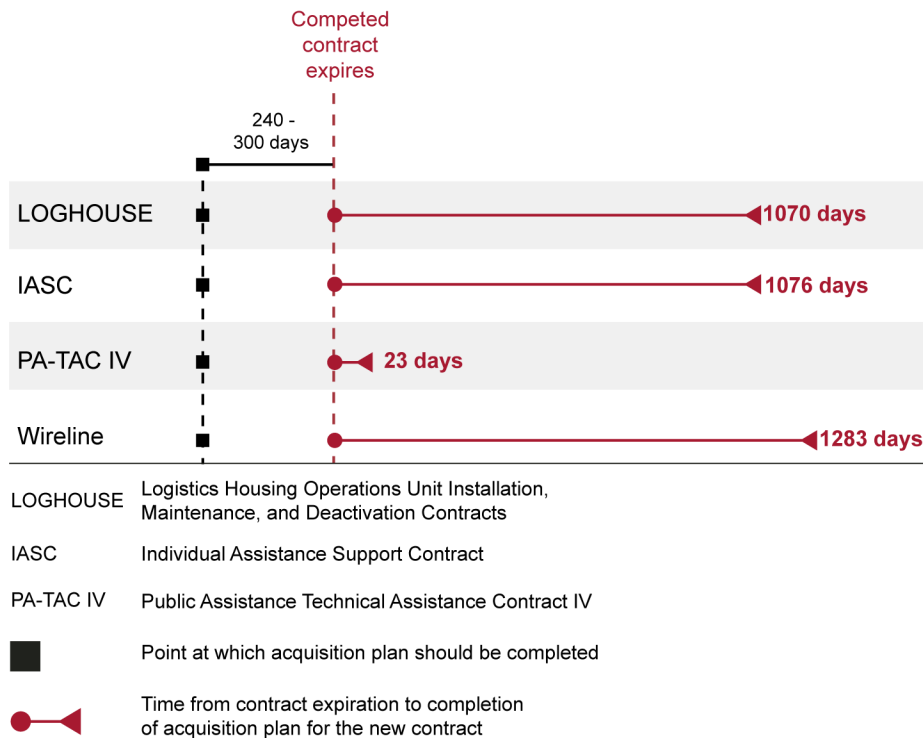
Source: GAO depiction of milestones identified in FEMA’s 5 Year Master Acquisition Planning Schedule. | GAO-19-93

In its analysis of 12 fiscal year 2017 contracts tracked in MAPS that were awarded late, FEMA found that half were late because contracting officers were not given enough lead time to award a new contract following the program office’s completion of the acquisition package. Not adhering to suggested timeframes can place a burden on contracting officers and increase the likelihood of not awarding the contract on schedule, requiring FEMA to non-competitively extend the existing contract. According to FEMA’s lead time guidance, based on the contract values for the bridge contracts in our review contracting officers should have been given between 240 and 300 days to award a new contract once the acquisition package was completed. However, as we mention



earlier, due to delays from changing program requirements and acquisition strategies we found that the acquisition plans for the follow-on contracts related to these bridge contracts were not completed until after the predecessor contract had already expired, as shown in figure 9 below.

**Figure 9: Acquisition Plan Completion Compared to Completed Contract Expiration**



Source: GAO analysis of signed acquisition plans for identified bridge contracts | GAO-19-93

Note: The acquisition package can consist of documents such as an independent government cost estimate, statement of work, acquisition plan, and market research among others. The applicable documents are determined by dollar value.

Timely completion of the acquisition package was a key challenge identified in the contracts we reviewed. However, according to officials from the Office of the Chief Procurement Officer, they do not have the authority to establish guidance for FEMA program officials on completing pre-solicitation phase activities. In August 2011, we identified challenges with acquisition planning across DHS. Specifically, we found that DHS and other agencies did not measure or incorporate into guidance the amount of time it takes to develop and obtain approvals of the acquisition

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planning documents required during the pre-solicitation phase.<sup>36</sup> We recommended that DHS procurement offices collect information about the timeframes needed for the acquisition planning process to establish timeframes for when program officials should begin acquisition planning. DHS did not concur with this recommendation, stating that its acquisition manual already encourages early planning, and has not implemented the recommendation. At the time, we maintained that program officials needed more guidance to have a better understanding of how much time to allow for completing acquisition planning steps, and that the component procurement offices are best positioned to provide guidance on how long these planning processes may take. Given the current challenges we identified with FEMA's ability to complete acquisition planning activities in a timely manner and the resulting delays in awarding new contracts for critical advance contract goods and services, additional information and guidance on acquisition planning timeframes remains important.

Additionally, while MAPS has been in place since 2016 and FEMA officials have instituted training to communicate the system's intent, program and contracting officials we spoke with varied in their familiarity with it. For example, officials responsible for MAPS stated that by March 2016, 90 percent of FEMA's contracting staff had attended an hour long training session and additional training sessions were held for all program office staff at various points in 2016 and 2017. However, most of the program office and contracting officials responsible for the bridge contracts in our review reported limited familiarity with MAPS.

While FEMA has taken some positive steps to institute training and has guidance on timeframes for part of the acquisition planning process, program and contracting staff we spoke with were still uncertain how best to utilize MAPS to identify the time needed to effectively complete acquisition planning activities. According to federal internal control standards, agency management should internally communicate the necessary quality information to achieve their objectives.<sup>37</sup> Given FEMA's emphasis on planning before a disaster and using advance contracts to help reduce the need to award non-competitive contracts during a

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<sup>36</sup>GAO, *Acquisition Planning: Opportunities to Build Strong Foundations for Better Services Contracts*, [GAO-11-672](#) (Washington D.C.: Aug. 9, 2011).

<sup>37</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

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disaster, establishing clear guidance on the factors that can affect acquisition planning activities, and requiring officials to follow the timeframes needed to complete them to meet the goal of awarding competitive contracts, is essential. Until FEMA provides detailed guidance about timeframes and considerations that affect the entire acquisition planning process—both the pre-solicitation and solicitation phases—to all officials responsible for acquisition planning, and clearly communicates the intent of MAPS, it cannot ensure that MAPS will be effective at reducing the number of non-competitively awarded bridge contracts, as is FEMA’s intent.

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## Current Record-Keeping Practices Limit Visibility into Advance Contract Management

While FEMA has procedures regarding the documentation required for its contract files, current practices limited visibility into the advance contracts in our review. Specifically we found that acquisition plans and some other contract documents were unable to be located in certain cases. Acquisition plans provide the program and contract history as well as other information on which acquisition decisions, such as the type of contract required, are based.

FEMA contracting officials were unable to locate acquisition plans for 4 of our 10 FEMA selected advance contracts despite FAR and DHS acquisition guidance requiring plans for these particular contracts to be completed and stored in the contract file.<sup>38</sup> Three of these acquisition plans are associated with the IA-TAC bridge contract which, as previously noted, was associated with one of FEMA’s largest programs used in 2017. FEMA contracting officials were also unable to locate the acquisition plans completed for the prior iteration of IA-TAC because they were not in the hard copy contract file or contract writing system, meaning that no acquisition plan guiding the IA-TACs since before its 2009 award could be found. In 2011, the DHS Office of the Inspector General conducted a review of FEMA’s IA-TAC and identified, among other things, incomplete contract files as a problem.<sup>39</sup> Not being able to locate

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<sup>38</sup>FAR § 7.103(e) and Department of Homeland Security, *Department of Homeland Security Acquisition Manual* § 3007.103(e) (Oct. 2009).

<sup>39</sup>Department of Homeland Security Office of the Inspector General, *Improving FEMA’s Individual Assistance, Technical Assistance Contracts* (Washington D.C.: Sept. 27, 2011). This report found, among others, that pricing memorandums—which help contracting officers determine if a vendor’s proposed price is fair and reasonable—for two of the IA-TACs were missing from the contract files and unable to be located.

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acquisition plans can result in the loss of contract knowledge and lessons learned from prior awards.

Additionally, we found instances of contract documentation for advance contracts related to our case studies that contract officials could not locate. For instance, FEMA was unable to confirm whether or not an option year for the last competed Wireline contract included in the contract was exercised due to a lack of documentation. In order to obtain this answer, FEMA officials had to reach out to the vendor for their records. Moreover, the modification exercising the first option year for one of the IA-TAC III predecessor contracts was missing, as were the determination and findings documents exercising the first option year for all three of the predecessor IA-TAC III contracts that were associated with the advance contracts in our review. After we made FEMA officials aware of the missing documentation, they subsequently added clarifying memos to the contract files.

FEMA standard operating procedures state that the acquisition documents in the official contract file will be sufficient to constitute a complete history of the entire transaction for the purpose of providing a complete background, and as a basis for informed decisions at each step in the acquisition process. Additionally, these procedures require headquarters staff to place modifications to contracts and orders and associated supporting documentation in the contract file within 5 business days of awarding a contract or issuing an order. FEMA officials stated they are required to follow these procedures until DHS has fully transitioned to an electronic filing system. According to DHS officials, that system is currently in the testing phase and a timeframe for implementation has not yet been finalized. Furthermore, according to these officials, DHS has not yet decided which, if any, existing contracts will be required to be retroactively entered into the system. Until this decision has been made and implementation occurs, FEMA's official file of record for its advance contracts consists of a hardcopy file, which contracting officers at FEMA headquarters are required to add completed contract documentation to, per the standard operating procedures.<sup>40</sup> A FEMA official told us that some documentation, including some of the

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<sup>40</sup>While the official file of record remains hardcopy, FEMA officials said they highly encourage the use of its current contract writing system as an unofficial means of electronically storing necessary documentation. Although this is highly encouraged, FEMA officials noted they cannot require contracting officials to use this system for electronic contract file storage.

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missing documentation we identified, has been lost due to staff turnover and an office move in 2016.

FEMA officials anticipate some of the challenges associated with managing the hard copy advance contract files will be alleviated after implementation of the Electronic Contract File System. However, DHS officials have not decided whether components will be required to retroactively enter contract information for any contract awarded prior to the implementation date. This would require FEMA and other DHS components to continue to maintain hardcopy files for some contracts—including large strategic sourcing vehicles and advance contracts—for the foreseeable future. For example, FEMA's \$2.7 billion LOGHOUSE, and \$14 million IASC advance contracts were awarded in 2018 and have a period of performance lasting until 2023. Until FEMA adheres to existing contract file management requirements, whether the contract files will be transferred into the electronic system or remain in hard copy format, it is at continued risk of having incomplete contract files and a loss of institutional knowledge regarding these advance contracts.

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### Information on Advance Contracts in FEMA's Disaster Contract Quarterly Reports to Congressional Committees Is Incomplete

Since December 2007, FEMA has submitted quarterly reports to congressional committees that list all disaster contracting actions in the preceding three months.<sup>41</sup> These quarterly reports also include details on contracts awarded by non-competitive means, as required by PKEMRA.<sup>42</sup> However, our analysis shows that some reports from fiscal year 2017 and 2018 have been incomplete. In September 2015, we found that FEMA's quarterly reports to congressional committees in fiscal years 2013 and 2014 did not capture all of FEMA's noncompetitive orders.<sup>43</sup> At that time, FEMA attributed this to an error in data compilation prior to mid-2013 and explained that it had updated its process for collecting these data and strengthened the review process, resulting in accurate reports starting in the fourth quarter of fiscal year 2013. Despite this change in the data

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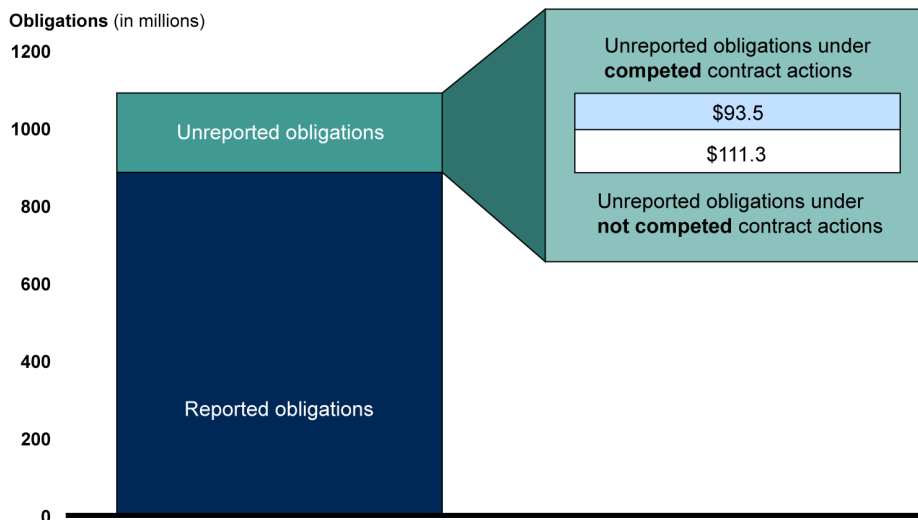
<sup>41</sup>DHS officials stated that in addition to its quarterly reports there are other methods, such as the congressional notification tool, that provide information on contract actions to the appropriations committees. However, these other methods are not in direct response to the PKEMRA requirement that FEMA report on all contracts awarded by non-competitive means.

<sup>42</sup>For the purpose of its congressional committee reports, FEMA considers a contract action to be an action that uses appropriated funds designated for disaster situations, excluding any that deobligate funds or constitute no-cost modifications.

<sup>43</sup>[GAO-15-783](#).

collection process, our current analysis found that 29 contract actions associated with the 10 selected advance contracts in our review were not reported across FEMA’s fourth quarter fiscal year 2017 and first quarter fiscal year 2018 reports. For example, FEMA’s fourth quarter fiscal year 2017 report did not include 13 contract actions equaling about \$83 million, or 15 percent, of the \$558 million in total obligations associated with the 10 selected advance contracts in our review. Similarly, FEMA’s first quarter fiscal year 2018 report did not include 16 contract actions equaling about \$122 million, or 23 percent, of the \$532 million in total obligations associated with the 10 selected advance contracts in our review. Figure 10 provides a breakdown of the total contract action obligations by extent of competition.

**Figure 10: Total Value of Contract Action Obligations from Selected Advance Contracts in Fourth Quarter Fiscal Year 2017 and First Quarter Fiscal Year 2018 Federal Emergency Management Agency (FEMA) Congressional Committee Reports**



Source: GAO analysis of FEMA Fourth Quarter Fiscal Year 2017 and First Quarter Fiscal Year 2018 Quarterly Reports to Congress. | GAO-19-93

Note: For the purpose of its congressional committee reports, FEMA considers a contract action to be an action that uses appropriated funds designated for disaster situations, excluding any that deobligate funds or constitute no-cost modifications.

To compile the quarterly reports, FEMA officials told us that their methodology is to pull contract action data that is documented in their contract writing system and FPDS-NG roughly one week after the end of each fiscal quarter. Once the data are pulled from these two sources,

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officials said they compare the data to ensure all reported actions are captured. However, according to officials, the data may not include all contract actions. Specifically, during disaster response efforts like those in 2017, FEMA policy allows contracting officers to execute what it refers to as “notice to proceed”, which is a notice to a construction contractor to begin work under certain circumstances. FEMA officials responsible for the quarterly reports stated that if notice to proceed documentation is used, information on some contract actions that were issued during the fiscal quarter, but not entered into the systems until after the quarter ended, may be missed during the data compilation process.

FEMA policy requires that contracting officers who execute the notice to proceed documentation complete the contract award documentation in the contract writing system within three days of when the contracting officer receives the contractor’s acceptance of the notice. However, a FEMA policy official acknowledged that during disaster response, this does not always occur. Further, FEMA officials responsible for compiling the reports stated that it is not part of their methodology to review data from prior fiscal quarters to see whether any contract actions have been entered that were not previously reported. By not adhering to FEMA policy that establishes timeframes for entering data in a disaster response scenario, FEMA risks reporting incomplete information. Moreover, without taking steps to ensure its reporting methodology provides complete information on all competed and not competed disaster contract actions, FEMA cannot be certain it is providing the congressional committees with visibility into all of its overall disaster contract awards or the extent of non-competitive contract obligations over time.

#### No Challenges Identified with the Planning and Management of Selected USACE Advance Contracts

The four selected USACE advance contracts in our review—one supporting USACE’s temporary power mission and three supporting its debris removal mission—were awarded in 2014 with a period of performance lasting until 2019. Since these contracts have not reached the end of their period of performance, we were unable to assess the effectiveness of USACE planning activities. According to contracting officials, USACE is performing acquisition planning activities for both the temporary power and debris removal advance contracts and anticipates awarding the new contracts prior to the current contracts’ expiration.

Additionally, USACE was able to provide the acquisition plans for each of the four advance contracts in our review. Unlike FEMA, which retains hard copy files of its contract documentation, USACE uses three official systems of record to store contract file documentation electronically. Officials acknowledged that while moving between the three official

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systems to find documents may be time consuming, contract documents are typically able to be located.

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## FEMA and USACE Identified Lessons Learned from the Use of Advance Contracts in 2017, but Reported Challenges with State and Local Coordination Remain

Both FEMA and USACE have processes for identifying and assessing lessons learned following a disaster. Contracting officials from these agencies identified several lessons learned from the 2017 major hurricanes and the California wildfires that directly affected their use of advance contracts. These include the need for: (1) additional advance contracts for certain goods and services; (2) flexibility to increase contract ceilings; (3) use of USACE's debris removal advance contracts to respond to the California wildfires; and (4) federal coordination and information sharing with state and local governments on advance contracts. While officials identified some lessons learned, they also identified challenges related to FEMA's outreach with state and local governments on advance contracting efforts.

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## FEMA and USACE Have Identified Lessons Learned and Actions to Address Them

FEMA and USACE have processes for identifying and assessing lessons learned through after-action reviews and reports following major disasters. According to FEMA and USACE officials, they routinely perform these reviews and then compile after-action reports to identify lessons learned and proposed actions to address them. Due to the concurrent nature of hurricanes Harvey, Irma, and Maria, FEMA headquarters completed one combined after-action review for all three hurricanes in July 2018.<sup>44</sup> The resulting report identified 18 strategic-level key findings across five focus areas, and recommendations for improvement.<sup>45</sup> These recommendations included some that were specific to advance contracts, such as the need for additional advance contracts to support future disaster response efforts, and improved state and local coordination to support state and local contracting and logistics operations. In addition, USACE officials performed after-action reviews following disasters, and have a process in place to discuss challenges and recommendations for improvement on their use of advance contracts for temporary power, temporary roofing, and debris removal.

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<sup>44</sup>FEMA, *2017 Hurricane Season FEMA After-Action Report* (July 12, 2018).

<sup>45</sup>The five focus areas are: scaling a response for concurrent, complex incidents; staffing for concurrent, complex incidents; sustained whole community logistics operations; responding during long-term infrastructure outages; mass care to initial housing operations.



While the scope of FEMA’s and USACE’s after-action reports are broader than just advance contracts, we identified, based on our review of reports and interviews with FEMA and USACE officials, several lessons learned related to advance contracts following the 2017 hurricanes and California wildfires, as shown in table 1.

**Table 1: Lessons Learned and Proposed Actions Regarding Advance Contracts Identified by the Federal Emergency Management Agency (FEMA) and the U.S. Army Corps of Engineers (USACE) Following the 2017 Hurricanes and California Wildfires**

Issue	Lessons Learned	Proposed Actions
Additional advance contract requirements	Both FEMA and USACE reported a need for additional advance contracts in certain areas following their response to the 2017 disasters. For example, FEMA officials explained that following the disaster response efforts for Hurricane Maria, they realized there was a need for additional advance transportation contracts, specifically for freight and barge transportation, to carry goods to areas outside the continental United States, like Puerto Rico and the U.S. Virgin Islands. USACE also reported a shortage of advance contracts for quality assurance services—inspection of the services by contractors—which officials said required them to spend extra time and resources awarding post-disaster contracts for these services.	FEMA officials confirmed that they awarded an additional advance contract for freight and barge transportation in August 2018, but stated that the contract award was being protested. USACE officials told us they are considering whether to pursue additional advance contracts for quality assurance services.
Contract ceilings	FEMA and USACE officials noted that as a result of the magnitude and timeframes of the 2017 disasters, ceilings on a number of indefinite delivery, indefinite quantity advance contracts were too low to support response and recovery efforts and were increased through modification. For example, FEMA had modified its bottled water and telecommunications advance contracts to increase the dollar value ceilings. USACE officials reported increasing ceilings for their debris removal and temporary power contracts.	FEMA and USACE officials said they have taken steps to update contract ceiling language to provide greater flexibility. For example, in August 2018, FEMA issued an alert to contracting officers to insert language into solicitations and contracts when issuing multiple award indefinite delivery, indefinite quantity contracts that allows the contracting officer to incrementally increase the contract’s dollar value ceiling during a presidentially declared disaster so long as the total amount of supplies and services ordered does not exceed the total capacity of all vendors under the contract able to provide the needed goods and services. USACE officials said they have revised language in solicitations for their indefinite delivery, indefinite quantity temporary power and debris removal contracts to include higher estimated cost ceilings than those in prior advance contracts.

Issue	Lessons Learned	Proposed Actions
Debris removal pricing	USACE officials identified challenges using their debris removal advance contracts to respond to the 2017 California wildfires. According to USACE officials, the debris removal contract requirements are written broadly enough to include all kinds of debris removal, but they have primarily been used to manage hurricane debris removal. As a result, the advance contracts did not address some of the issues related to the 2017 wildfire debris removal. For example, according to USACE officials, while hurricane debris is often priced by volume, officials stated that the wildfire debris had to be priced by tonnage, and wrapped to prevent contamination.	As of August 2018, USACE officials stated that they are in the process of developing ordering instructions at the task order level based on the prices and experiences from the 2017 wildfires. Specifically, officials stated that because the unique circumstances of a disaster vary, they are developing ordering instructions that will reflect historical prices from using their debris removal contracts to respond to the wildfires that can be leveraged at the task order level in the newly awarded debris removal contracts in April 2019.

Source: GAO summary of FEMA and USACE information. | GAO-19-93

## Challenges in Coordinating with and Providing Information to State and Local Governments on the Use of Advance Contracts Continued

We also found that while FEMA has updated its guidance to reflect some requirements for state and local coordination over the use of advance contracts, inconsistencies in FEMA's outreach and information on the use of advance contracts remains a challenge. PKEMRA required that FEMA encourage state and local governments to establish their own advance contracts with vendors for goods and services in advance of natural disasters.<sup>46</sup> In September 2015, we found that FEMA's outreach with state and local governments to encourage the establishment of advance contracts can result in more efficient contracting after a disaster.<sup>47</sup> PKEMRA also required that FEMA establish a process to ensure that federal advance contracts are coordinated with state and local governments, as appropriate. In our September 2015 report, we also found that these efforts can ensure that states are aware of and can access certain federal advance contracts, such as General Services Administration schedule contracts.

However, in the same report, we found that inconsistencies in whether and how the regions perform state and local outreach limited FEMA's ability to support advance contracting efforts.<sup>48</sup> We recommended that FEMA provide new or updated guidance to ensure that all contracting officers are aware of requirements concerning the need to conduct outreach to state and local governments to support their use of advance contracts. DHS concurred with this recommendation and in 2017 FEMA

<sup>46</sup>Pub. L. No. 109-295, § 691 (codified at 6 U.S.C. § 791).

<sup>47</sup>[GAO-15-783](#).

<sup>48</sup>[GAO-15-783](#).

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updated its *Disaster Contracting Desk Guide* to state that contracting officers should inform their state and local counterparts of the availability and use of federal advance contracts established by FEMA.<sup>49</sup> Our review of the guide found that it does remind contracting officers to coordinate with states and localities over the use of federal advance contracts, but does not provide any details on how often or what types of advance contract information should be shared with states and localities, or provide any instructions to contracting officers on PKEMRA's requirement to encourage states and localities to establish their own advance contracts for the types of goods and services needed during a disaster.

Our current review also found inconsistencies with FEMA's efforts to encourage states and localities to establish their own advance contracts with vendors and ensure coordination with them on their use of federal advance contracts. For example, some regional FEMA officials explained that they regularly perform outreach, which can assist states and localities with establishing advance contracts for goods and services commonly needed during a disaster, like security, transportation, and office supplies. Regional officials we spoke with said more frequent coordination allows them to avoid overlap across state and federal contracting efforts, and know what resources the states have in place and how long states are capable of providing these resources following a disaster. However, other regional officials reported having less frequent coordination with state and local governments. For example, a FEMA official stated that one of the regions has less frequent meetings with state and local governments because the region is geographically dispersed and has fewer disasters. According to another regional official, coordination between some regional offices and state and local officials over advance contracting was minimal prior to Hurricane Harvey, and in some cases only occurred when FEMA and state and local officials were co-located during a disaster.

Officials from some state and local governments and USACE reported examples where increased coordination between FEMA, states, and localities could have improved the use of advance contracts in 2017. For example, in September 2018 we found that some localities were relying on the same contractors to perform debris removal activities following Hurricanes Harvey in Texas and Irma in Florida.<sup>50</sup> As a result, we

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<sup>49</sup>FEMA Office of the Chief Procurement Officer, *Disaster Contracting Desk Guide* 2017.

<sup>50</sup>GAO-18-472, *2017 Hurricanes and Wildfires: Initial Observations on the Federal Response and Key Recovery Challenges*, (Washington, D.C.: Sept. 4, 2018).

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reported that some contractors that were removing debris in Texas did not honor existing contracts in Florida, leading to delays in debris removal. Additional communication and coordination between FEMA and contracting officials in these states and localities about which contractors they had established advance contracts with could have helped to prevent this overlap and subsequent delay in removing debris. During our current review, USACE and California officials also reported miscommunications about state and local expectations for USACE's debris removal contracts following the wildfires. Specifically, USACE and state and local officials reported differing expectations about the work to be performed under USACE's debris removal contracts, such as what structures would be removed from private property and acceptable soil contamination levels. According to USACE officials, they relied on FEMA, as the lead for coordinating federal disaster response, to manage communication with states and localities and to identify and manage expectations about the scope of work to be performed using their advance debris removal contracts. While state and local officials we met with in California reported working closely with some FEMA officials not responsible for regional contracting during the response to the wildfires, FEMA regional contracting officials said that they had no direct coordination with California officials.

We also identified inconsistencies in the information available to FEMA's contracting officials on existing advance contracts, which can be used to facilitate coordination with states and localities on the establishment and use of advance contracts. Our review of FEMA's advance contract list found that it does not include all of the advance contracts that FEMA has in place, and contracting officers we spoke with cited other resources they also use to identify advance contracts, like biannual training documentation provided to contracting staff. For example, while FEMA officials told us the advance contract list is updated on a monthly basis, our analysis found that 58 advance contracts identified on the June 2018 advance contract list were not included in the May 2018 biannual training documentation, including contracts for telecommunications services, generators, and manufactured housing units. Further, 26 of the contracts included in the May training documentation were not included on the June advance contract list, including contracts for foreign language interpretation services, hygiene items, and short-shelf life meals. Some contracting officers we spoke with said they referred to the advance contract list as the primary resource for identifying advance contracts, while others referenced the biannual training as their primary resource.

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FEMA has recognized some shortcomings in how it coordinated and communicated with state and local governments over the use of advance contracts following the 2017 disasters, and identified some action to address these issues moving forward. In the *2017 Hurricane Season FEMA After-Action Report*, FEMA identified the need to expand its capabilities to support state, local, tribal, and territorial governments in improving their capabilities for advance contracting, among other issues.<sup>51</sup> The report recommends that FEMA should continue efforts to develop a toolkit that will provide state and local governments with recommendations for advance contracts, emergency acquisition guidance, and solicitation templates.

According to FEMA contracting officials, the development of the toolkit has been prioritized by FEMA's Administrator to help better prepare the states and localities and decrease their reliance on FEMA for assistance following a disaster. However, as of August 2018 the specific contents of the toolkit were still being decided. For example, officials familiar with the development of the toolkit originally said they intended for it to include FEMA's advance contract list, to provide states with recommendations on the types of advance contracts that may be useful. But in subsequent discussions these officials told us they did not plan to provide states and localities with a full list of advance contracts to avoid being overly prescriptive, and because not all of the contracts on the list are relevant for the types of disasters some states experience. Officials further stated that since it is the responsibility of the federal coordinator in each region to communicate available federal advance contracts to states and localities, providing a full list of advance contracts is unnecessary.

Federal internal control standards state that agency management should use quality information to achieve their objectives.<sup>52</sup> Agency management should also internally and externally communicate that information to achieve their objective. However, FEMA's guidance does not clearly communicate its objectives and requirements for contracting officers to encourage states and localities to enter into their own advance contracts, nor is there a consolidated resource listing available advance contracts that states and localities can use to inform their advance contracting efforts. According to FEMA officials, information on advance contracts is fluid, as new contracts are established or old contracts expire. Officials

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<sup>51</sup>FEMA, *2017 Hurricane Season FEMA After-Action Report* (July 12, 2018).

<sup>52</sup>[GAO-14-704G](#).

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also told us that the advance contract list is updated monthly, yet as mentioned earlier, contracts identified in the May training documentation were not reflected in the list that was updated as of June. Ensuring that advance contract information is complete and updated regularly is important, because differences across FEMA's resources listing advance contracts could result in FEMA's contracting officers not being aware of the availability of certain contracts during a disaster, and states not receiving recommendations on what advance contracts may be helpful for them to establish. Without clear guidance on FEMA's expectations for coordination with states and localities on advance contracting efforts, and a centralized resource listing up to date information on FEMA's advance contracts, FEMA contracting officers and their state and local counterparts lack reasonable assurance they will have the tools needed to effectively communicate about advance contracts, and use them to respond to future disasters. Moreover, given FEMA's recent emphasis on the importance of states and localities having the capability to provide their own life-saving goods and services in the immediate aftermath of a disaster, clearly communicating consistent and up to date information on the availability and limitations of federal advance contracts through the toolkit, or other means, is critical to informing state and local disaster response efforts.

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## Conclusions

Contracting during a disaster can pose a unique set of challenges as officials face a significant amount of pressure to provide life-sustaining goods and services to survivors as quickly as possible. Advance contracts are a tool that FEMA and others within the federal government can leverage to rapidly and cost-effectively mobilize resources, while also helping to preclude the need to procure critical goods and services non-competitively after a disaster. Given the circumstances surrounding the 2017 disasters and the importance of preparedness for future disasters, it is critical to ensure that the federal government is positioned to maximize its advance contracts to the extent practical and cost-effective to provide immediate disaster response.

Although FEMA has identified advance contracts for use during a disaster, without an updated strategy—and guidance that is incorporated into training—on how to maximize their use during a disaster, as well as the development of clear guidance on acquisition planning timeframes, FEMA is at risk of these contracts not being effectively planned and used. Furthermore, FEMA officials have not always maintained complete information on the advance contracts available for them to quickly respond to disasters, or completely reported competitively and non-

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competitively awarded advance contract information to better help congressional committees evaluate spending over time. Finally, without continued efforts to improve outreach with states and localities and centralize information on available advance contracts, FEMA's contracting officers and their state and local counterparts may not have the information needed to efficiently respond to a disaster.

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## Recommendations for Executive Action

We are making nine recommendations to FEMA.

FEMA's Administrator should update the strategy identified in its 2007 *Advance Contracting of Goods and Services Report to Congress* to clearly define the objectives of advance contracts, how they contribute to FEMA's disaster response operations, and whether and how they should be prioritized in relation to new post-disaster contract awards. (Recommendation 1)

FEMA's Administrator should ensure the Head of the Contracting Activity updates the *Disaster Contracting Desk Guide* to include guidance for whether and under what circumstances contracting officers should consider using existing advance contracts prior to making new post-disaster contract awards, and include this guidance in existing semi-annual training given to contracting officers. (Recommendation 2)

FEMA's Administrator should update and implement existing guidance for program office and contracting officer personnel to identify acquisition planning timeframes and considerations across the entire acquisition planning process, and clearly communicate the purpose and use of MAPS. (Recommendation 3)

FEMA's Administrator should ensure the Head of the Contracting Activity adheres to current hard copy contract file management requirements to ensure advance contract files are complete and up to date, whether they will be transferred into the new Electronic Contract Filing System or remain in hard copy format. (Recommendation 4)

FEMA's Administrator should ensure the Head of the Contracting Activity reminds contracting officers of the three day timeframe for entering completed award documentation into the contract writing system when executing notice to proceed documentation. (Recommendation 5)

FEMA's Administrator should ensure the Head of the Contracting Activity revises its reporting methodology to ensure that all disaster contracts are

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included in its quarterly reports to congressional committees on disaster contract actions. (Recommendation 6)

FEMA's Administrator should ensure the Head of the Contracting Activity revises the *Disaster Contracting Officer Desk* guide to provide specific guidance for contracting officers to perform outreach to state and local governments on the use and establishment of advance contracts. (Recommendation 7)

FEMA's Administrator should ensure the Head of the Contracting Activity identifies a single centralized resource listing its advance contracts and ensure that source is updated regularly to include all available advance contracts. (Recommendation 8)

FEMA's Administrator should ensure the Head of the Contracting Activity communicates information on available advance contracts through the centralized resource to states and localities to inform their advance contracting efforts. (Recommendation 9)

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## Agency Comments and Our Evaluation

We provided a draft of this report to DOD, DHS, and FEMA for review and comment. DOD did not provide any comments on the draft report. In its comments, reprinted in appendix IV, DHS and FEMA concurred with our nine recommendations. DHS and FEMA also provided technical comments, which we incorporated as appropriate.

In its written comments, FEMA agreed to take actions to address our recommendations, such as updating guidance on advance contract use and management, adding an addendum to its quarterly report that captures the contract actions that were previously unreported, and better communicating information on advance contracts to states and localities. In its concurrence with two of our recommendations, FEMA requested that we consider these recommendations resolved and close as implemented based on our actions it had previously taken.

For example, in its response to our third recommendation, FEMA agreed to update and implement existing guidance to identify acquisition timeframes and the purpose and use of its 5-Year MAPS program. In its response, FEMA reiterated that it has conducted training sessions for its contracting and program staff on the 5-Year MAPS program and provides notice to program managers when acquisition planning is set to begin, which the agency believes satisfies this recommendation. We acknowledge FEMA's training in this report; however, we noted that not



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all program and contracting staff we spoke with were familiar with 5-Year MAPS, and there is no formal guidance on timeframes for the entire acquisition planning process. We continue to believe this recommendation remains open and encourage FEMA to formalize guidance on the timeframes and considerations for planning various types of acquisitions across the entire acquisition planning process, and to document the purpose and use of the 5-Year MAPS program to ensure a uniform understanding of the program.

Further, in its concurrence with our eighth recommendation, FEMA stated that it believes its current advance contract list satisfies our recommendation for internally communicating available advance contracts. We acknowledge in this report that the advance contract list is updated monthly; however, we found inconsistencies in the advance contract list and other documentation identifying advance contracts, which could result in FEMA's contracting officers not having full visibility into available advance contracts. We continue to believe the recommendation remains open and encourage FEMA to identify a centralized resource with all available advance contracts and ensure that it is regularly updated for contracting staff.

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We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, the U.S. Army Corps of Engineers Director of Contracting, the Secretary of Homeland Security, the Administrator of the Federal Emergency Management Agency, and the Federal Emergency Management Agency's Chief Procurement Officer. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4841 or [makm@gao.gov](mailto:makm@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.



Marie A. Mak  
Director, Contracting and National Security Acquisitions

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*List of Requesters*

The Honorable Michael B. Enzi  
Chairman  
Committee on the Budget  
United States Senate

The Honorable Ron Johnson  
Chairman  
The Honorable Claire McCaskill  
Ranking Member  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Rand Paul, M.D.  
Chairman  
The Honorable Gary Peters  
Ranking Member  
Subcommittee on Federal Spending Oversight and Emergency  
Management  
Committee on Homeland Security and Governmental Affairs  
United States Senate

The Honorable Jeb Hensarling  
Chairman  
The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
House of Representatives

The Honorable Michael T. McCaul  
Chairman  
The Honorable Bennie G. Thompson  
Ranking Member  
Committee on Homeland Security  
House of Representatives

The Honorable Trey Gowdy  
Chairman  
The Honorable Elijah E. Cummings  
Ranking Member  
Committee on Oversight and Government Reform  
House of Representatives

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The Honorable Bill Shuster  
Chairman  
The Honorable Peter DeFazio  
Ranking Member  
Committee on Transportation and Infrastructure  
House of Representatives

The Honorable Daniel M. Donovan, Jr.  
Chairman  
Subcommittee on Emergency Preparedness, Response,  
and Communications  
Committee on Homeland Security  
House of Representatives

The Honorable Sean Duffy  
Chairman  
The Honorable Emanuel Cleaver, II  
Ranking Member  
Subcommittee on Housing and Insurance  
Committee on Financial Services  
House of Representatives

The Honorable Gary J. Palmer  
Chairman  
Subcommittee on Intergovernmental Affairs  
Committee on Oversight and Government Reform  
House of Representatives

The Honorable Ann Wagner  
Chairman  
The Honorable Al Green  
Ranking Member  
Subcommittee on Oversight and Investigations  
Committee on Financial Services  
House of Representatives

The Honorable Nydia M. Velazquez  
House of Representatives

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# Appendix I: Objectives, Scope, and Methodology

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This report reviews the federal government's contracting efforts for preparedness, response, and recovery efforts related to the three 2017 hurricanes and California wildfires. This report specifically addresses the use of advance contracts, assessing the extent to which (1) the Federal Emergency Management Agency (FEMA) and the U.S. Army Corps of Engineers (USACE) used advance contracts, (2) the planning, management, and reporting of selected FEMA and USACE advance contracts met certain contracting requirements, and (3) FEMA and USACE identified any lessons learned and challenges with their use of these contracts. We also have an ongoing review on post-disaster contracting that is expected to be completed in early 2019.

To identify the extent to which FEMA and USACE used advance contracts, we reviewed data on contract obligations for the 2017 disasters from the Federal Procurement Data System-Next Generation (FPDS-NG) through May 31, 2018.<sup>1</sup> We identified hurricane obligations using the national interest code, as well as the contract description. Data on obligations for the California wildfires is limited to those contracts that FEMA and USACE identified as being used to respond to those events because no national interest code was established in FPDS-NG.<sup>2</sup> To determine which obligations were made through the use of advance contracts, we reviewed documentation provided by FEMA and USACE identifying the advance contracts they have in place and that were used in support of the 2017 disasters.<sup>3</sup> We analyzed the FPDS-NG data to identify FEMA and USACE advance contract obligations compared to overall contract obligations by disaster, competition procedures used, and

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<sup>1</sup>For the purposes of this report, contract obligations include obligations against what the General Services Administration's FPDS-NG categorizes as definitive vehicles (definitive contracts and purchase orders that have a defined scope of work that do not allow for individual orders under them), and against what FPDS-NG categorizes as indefinite delivery vehicles (orders under the Federal Supply Schedule, orders/calls under blanket purchase agreements, orders under basic ordering agreements, orders under government-wide acquisition contracts, and orders under other indefinite delivery vehicles, such as indefinite delivery, indefinite quantity contracts).

<sup>2</sup>National interest action codes are used to track relief contracts in FPDS-NG. No national interest action code was requested for the 2017 California wildfires.

<sup>3</sup>DHS and DOD exercised the use of the special emergency procurement authorities within 41 U.S.C. §1903, as amended by section 816 of the National Defense Authorization Act for Fiscal Year 2017, Pub. L. No. 114-328 (and as implemented by DHS FAR Class Deviation 17-02 and DOD Class Deviation 2017-O0007, respectively) to increase the micro-purchase threshold to \$20,000 for procurements in support of these major disaster responses so contract obligations for hurricanes reported in FPDS-NG may only include obligations over that amount.

the types of goods and services procured. We assessed the reliability of FPDS-NG data by reviewing existing information about the FPDS-NG system and the data it collects—specifically, the data dictionary and data validation rules—and performing electronic testing. We determined the FPDS-NG data were sufficiently reliable for the purposes of this report.

To assess the extent to which FEMA used its advance contracts, we reviewed FEMA contracting policies and guidance, such as FEMA’s 2017 *Disaster Contracting Desk Guide* and FEMA’s *Advance Contracting of Goods and Services Report to Congress* to identify available guidance on the use and intent of advance contracts. Based on our review of documentation, we identified examples of goods—tarps and meals—that FEMA had advance contracts in place for, but experienced challenges using in response the 2017 disasters. We reviewed FPDS-NG data to determine whether these goods were procured through post-disaster contracts rather than advance contracts, and selected advance and post-disaster contracts for further review. To identify limitations that affected the use of tarp and meal advance contracts, we gathered and reviewed advance and post-disaster contract documentation and interviewed contracting officials involved in the award and use of the contracts in 2017.

To assess the extent to which the planning, management, and reporting of advance contracts used in response to the three hurricanes and California wildfires in 2017 met selected applicable contracting requirements, we reviewed relevant documentation, including the Post-Katrina Emergency Management Reform Act (PKEMRA), the Federal Acquisition Regulation (FAR), and Department of Homeland Security (DHS, FEMA, and USACE contracting policies. We identified a non-generalizable sample of advance contracts based on advance contract obligation data from FPDS-NG as of March 31, 2018. We analyzed the data to identify 10 competed and four non-competed contracts.<sup>4</sup> To obtain a range of competed contracts, we identified contracts used for goods and services with obligations above \$50 million. All of the non-competed contracts used were for FEMA services; to obtain a range of

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<sup>4</sup>For the purposes of selecting our case studies, competitive contracts included contracts and orders coded in FPDS-NG as “full and open competition,” “full and open after exclusion of sources,” and “competed under simplified acquisition procedures.” Noncompetitive contracts included contracts and orders coded in FPDS-NG as “not competed,” “not available for competition,” and “not competed under simplified acquisition procedures.”

non-competed contracts we identified contracts with obligations above \$10 million. Our selected advance contracts included 10 from FEMA and four from USACE. Findings based on information collected from the 14 contracts cannot be generalized to all advance contracts. Additional details on our selected contracts can be found in table 2.

**Table 2: Selected Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers (USACE) Advance Contracts**

	Contract Number	Description	Obligations as of May 31, 2018
<b>FEMA</b>	HSFE7017D0001	Non-competed service contract supporting FEMA's individual assistance program which provides financial assistance to those with property damaged by a disaster.	\$100,525,716
	HSFE7017D0003		\$39,082,653
	HSFE7017D0004		\$249,035,558
	HSFE3016D0203	Non-competed service contract which provides FEMA employees with local and long-distance telephone service, high speed data services, and cable television that can be used during disaster response.	\$13,963,151
	HSFE7014D0152	Competed goods contract for manufactured housing units to shelter those displaced by a disaster.	\$74,332,500
	HSFE7014D0150		\$70,294,193
	HSFEHQ12D0881	Competed service contract supporting FEMA's public assistance program which provides supplemental federal assistance to state, tribal, territorial, and local governments for disaster response.	\$197,464,836
	HSFEHQ12D0882		\$177,798,052
	HSFE7017D0019	Competed goods contract for bottled water to distribute to those affected by a disaster.	\$154,627,988
	HSFE8013D0070	Competed services contract which provides housing inspection services for those with property damaged by a disaster.	\$321,518,435
<b>USACE</b>	W911WN15D0001	Competed services contract which provides temporary power for households affected by a disaster.	\$718,436,308
	W912P814D0016	Competed services contract which provides debris removal for households affected by a disaster.	\$166,540,852
	W912P814D0028		\$321,687,964
	W912P814D0033		\$320,351,681

Source: GAO review of Federal Procurement System Database- Next Generation and contract information | GAO-19-93

To review our selected FEMA and USACE advance contracts, we developed a data collection instrument to gather selected contract information, such as period of performance, contract type, estimated contract value, and the presence of key contract documents, among others. To assess FEMA and USACE's planning of selected advance contracts, we reviewed information from our data collection instrument on

advance contract award date and period of performance, and determined that six of FEMA's contracts met GAO's definition of a bridge contract. To identify any planning challenges that contributed to these extensions, we reviewed FEMA acquisition planning policies, timeframes and relevant contract file documentation, such as written acquisition strategies and justification and approval documents, to determine whether acquisition planning activities for the selected advance contracts were completed according to guidance. We interviewed FEMA officials associated with these contracts on acquisition planning efforts, and factors that affected their ability to award new contracts. We also reviewed documentation and interviewed officials on FEMA's acquisition planning system—the 5 Year Master Acquisition Planning Schedule (MAPS).

To assess FEMA and USACE's management of selected advance contracts, we reviewed information gathered from our data collection instrument on the presence of selected acquisition documents, such as acquisition strategies and contract modifications in the contract file, that typically provide the history of a contract. We reviewed relevant procurement regulations, the DHS Acquisition Manual, and other FEMA and USACE policies, to identify acquisition documentation requirements and record keeping processes. For contracts where documentation was not found in the contract file or system of record, we requested the missing documentation from FEMA and USACE officials to determine whether it had been completed. We also interviewed FEMA and USACE headquarters officials to supplement our understanding of FEMA and USACE's record keeping policies, practices, and challenges.

To assess the reporting of selected advance contracts, we compared advance contract action data identified in FPDS-NG to data reported in *FEMA's Disaster Contracts Quarterly Report Fourth Quarter, Fiscal Year 2017* and *Disaster Contracts Quarterly Report First Quarter, Fiscal Year 2018* to congressional committees on disaster contracting to identify any unreported actions. We interviewed FEMA officials to discuss the methodology and data sources for the congressional committee reports, and any limitations to the accuracy of the data reported.

To assess what challenges and lessons learned FEMA and USACE identified with the use of advance contracts in 2017, we reviewed PKEMRA advance contract requirements, FEMA and USACE documentation on the use of advance contracts, and after-action reports from 2017 and prior years, including the *Hurricane Sandy FEMA After-Action Report*, and the *2017 Hurricane Season FEMA After-Action Report*, and federal internal control standards for information and

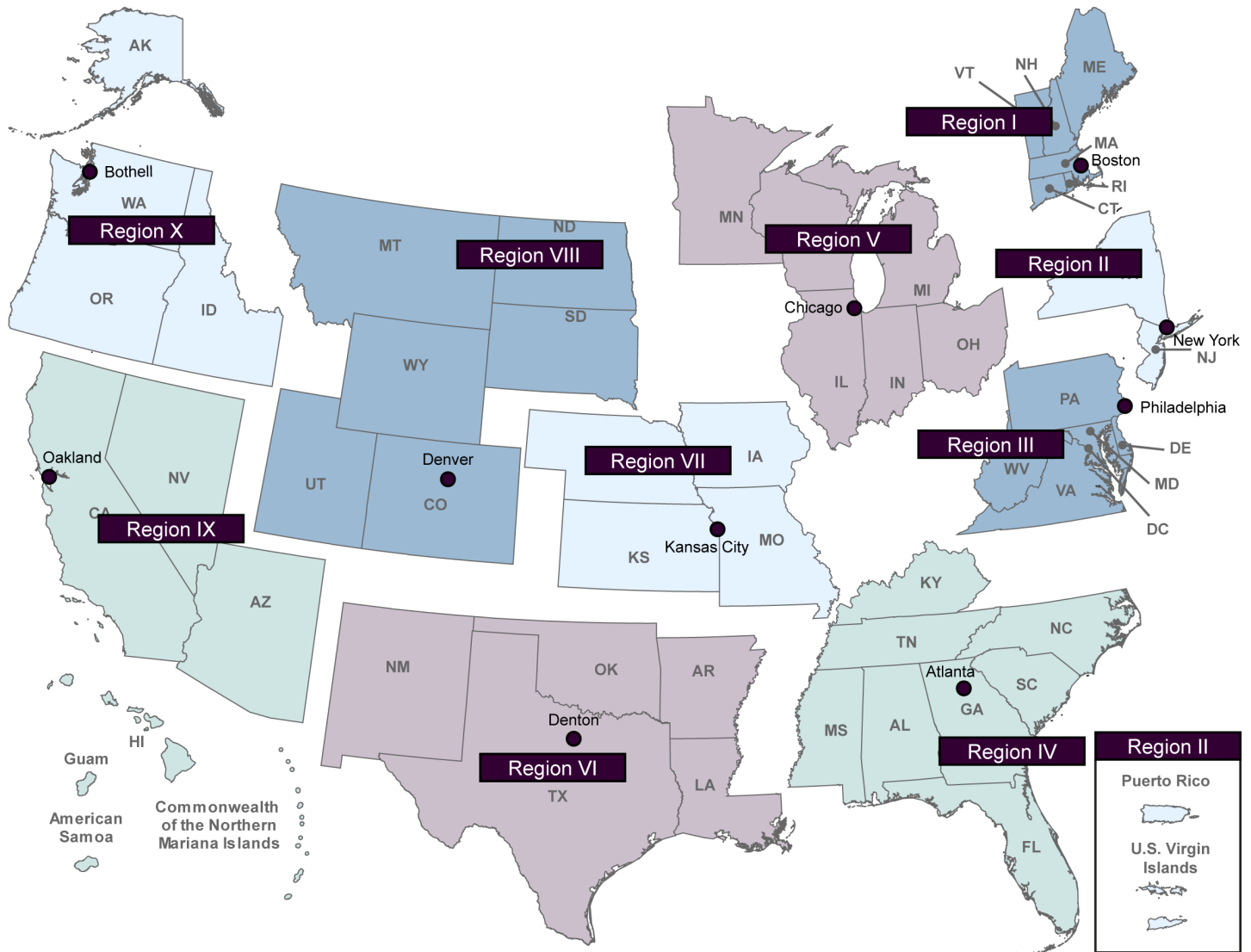
communications. As part of our review, we identified FEMA and USACE's processes for documenting lessons learned following a disaster, lessons learned specific to advance contracts, and any recommendations or actions planned by the agencies to address them. We interviewed FEMA and USACE headquarters officials on reported lessons learned, any other challenges related to the use of advance contracts, and ongoing or completed actions to address them. To describe challenges related to coordination with state and local officials on the use of advance contracts, we interviewed FEMA and USACE regional staff. To obtain perspectives and examples from state and local government officials involved in disaster response efforts we interviewed officials in California on advance contracting efforts. The information gathered from these officials is not generalizable to all officials. We also analyzed information on available advance contracts from FEMA's June 2018 advance contract list and FEMA's May 2018 training documentation identifying advance contracts to identify any differences in the information available to FEMA regional contracting officers, and their state and local contracting counterparts.

We conducted this performance audit from March 2018 to December 2018 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



# Appendix II: Federal Emergency Management Agency (FEMA) Regional Offices

Figure 11: Map of Federal Emergency Management Agency (FEMA) Regions and Their Member States and Territories



Source: Federal Emergency Management Agency; Map Resources (map). | GAO-19-93

# Appendix III: Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers (USACE)-Identified Advance Contracts

**Table 3: Federal Emergency Management Agency (FEMA) Identified Advance Contracts, as of June 2018**

Acquisition Name	Description	Number of Contracts	Procurement Vehicle	Base Award Date
Short-term Lodging Assistance Program	Allows FEMA to use Corporate Lodging Consultant services to place disaster victims in hotels during mass evacuations.	1	GSA Schedule task order/ Blanket purchase agreement	May 15, 2016
Public Assistance Technical Assistance Contract III (PA-TAC)	Supports FEMA's objectives of providing public assistance in a timely, effective, and consistent manner.	4	Indefinite delivery contract	February 17, 2012
Individual Assistance Support Contract (IASC)	Supports individual assistance and mass care in zone 2—FEMA regions 6 through 10.	2	Indefinite delivery contract	March 8, 2018
Housing Inspection Services	Provides damage inspection services in affected disaster areas in support of claims for damaged homes.	2	Indefinite delivery contract	September 30, 2013
Mail Operations	Processes incoming and outgoing mail communication and claims from disaster victims.	2	Indefinite delivery contract	September 12, 2015
Crisis Counseling Program	Provides crisis counseling assistance and training.	1	Interagency reimbursable work agreement	October 1, 2017
Disaster Readiness Account – Disaster Unemployment Assistance	Provides unemployment assistance in times of disaster.	1	Interagency agreement	December 24, 2014
Missing and Exploited Child Alert Services	Provides alert services for missing children during response and recovery of federally declared disasters.	1	Indefinite delivery contract	March 22, 2018
Individual Identity Verification Service	Verifies and authenticates the identity of personnel applying for disaster assistance to prevent duplicate or fraudulent applications for assistance.	1	Indefinite delivery contract	September 30, 2013
National and Regional Commercial Ambulance Gulf/East Coast States	Provides air and ground ambulance support services in Atlantic and Gulf Coast states. Pacific and Central Coast states are non-priced optional line items.	1	Indefinite delivery contract	July 17, 2017
Aviation and Ground Support Services for Large Scale Disasters	Provides aviation and ground support evacuation at airports in Southeastern and Gulf Coast states.	1	Indefinite delivery contract	September 21, 2016
Executive Aircraft Transport	Agreement with the Federal Aviation Administration to use executive air travel during response and recovery efforts for federally declared disasters.	1	Interagency agreement	August 11, 2016
Air Transportation Support Services	Provides air transportation support services.	2	Indefinite delivery contract	April 12, 2017

**Appendix III: Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers (USACE)-Identified Advance Contracts**

<b>Acquisition Name</b>	<b>Description</b>	<b>Number of Contracts</b>	<b>Procurement Vehicle</b>	<b>Base Award Date</b>
Motor Coach Evacuation – Mass Transportation Services	Provides preparedness planning and operation support for large-scale motor coach evacuation of general population within the continental U.S.	1	Indefinite delivery contract	May 15, 2014
Telephone Interpretation Services	Provides telephone interpretation services at National Processing Service Center in Denton, TX during a federally declared disaster.	2	Indefinite delivery contract	February 23, 2012
RadResponder Support Services	Provides standardized radiation data collection, management, and monitoring of environmental data during a radiological or nuclear event.	1	GSA Schedule task order	August 8, 2016
Public Service Advertising Ad Council	Provides public alerts and campaigns to the general public prior to, during, and post-disaster.	1	Indefinite delivery contract	September 9, 2014
Mobile Disaster Recovery Center Satellite Airtime Service	Provides Mobile Disaster Recovery Center with satellite airtime communication and access to FEMA networks and communications for disaster operations.	1	Interagency agreement	December 21, 2014
National Responder Support Camp IT Services	Provides on-site IT support technicians, managed services, and satellite equipment.	1	GSA Schedule task order / Blanket purchase agreement	May 31, 2016
GPS Managed Services	Deploys contractors to the field to provide hands on GPS oversight.	2	Indefinite delivery contract	September 30, 2014
Deployment Tracking Systems	Tracks and deploys the national disaster workforce during response to federally declared disasters.	1	GSA Schedule task order	September 30, 2013 and September 30, 2015
Mobile Emergency Response Support Mobile Satellite Services	Provides mobile satellite services.	1	GSA Schedule task order	January 14, 2016
FEMA-Wide Wireless Telecommunications	Provides wireless telecommunications services to emergency responders.	2	Indefinite delivery contract	October 6, 2016
FEMA Wireline Telephone Services	Provides wireline and other telephone services for continental U.S. and outside continental U.S. operations.	1	Indefinite delivery contract	February 1, 2017
Centralized Operations, Maintenance and Management Information Technology	Provides operation and maintenance support for FEMA-wide systems.	4	Indefinite delivery contract	October 17, 2014
Logistics Supply Chain Management System	Provides contractor services to support operation and maintenance of Logistics Supply Chain Management System.	2	Contract(s)	August 2, 2017 and March 8, 2017
National Log House Program	Supports survivors during federally declared disasters.	6	Indefinite delivery contract	April 3, 2018

**Appendix III: Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers (USACE)-Identified Advance Contracts**

<b>Acquisition Name</b>	<b>Description</b>	<b>Number of Contracts</b>	<b>Procurement Vehicle</b>	<b>Base Award Date</b>
National Responder Support Camp Operation Services	Provides support services for responders, including mobilization and demobilization, site preparation, installation, and management of responder base camp.	6	Indefinite delivery contract	September 26, 2017
Consumable Medical Supply Shelter Support Items	Provides medical supply kit items for purchase on an as needed basis.	1	Indefinite delivery contract	September 26, 2017
Infant and Toddler Shelter Supply Items	Provides shelter supplies for children under the age of three.	1	Indefinite delivery contract	September 26, 2016
Logistics Support Commodities – Supplies and Services	Provides commodities and services such as tarps, cots, joint field office kits, pet supplies, and hygiene kits.	1	Interagency agreement	July 26, 2017
Caribbean Deep Sea Freight	Provides deep sea freight services to be activated by FEMA Region II when a storm is about to hit the U.S. Virgin Islands or Puerto Rico.	1	Indefinite delivery contract	August 31, 2016
Shelter Leased Generators and Equipment	Provides leased generators in support of shelter operations during federally declared disasters.	2	Indefinite delivery contract	March 14, 2015
Generator Maintenance – Continental U.S.	Provides maintenance to repair non-performing generator assets for distribution centers.	1	Contract	August 25, 2017
Generator Maintenance – Caribbean Distribution Center	Provides on-site generator maintenance for Caribbean distribution center.	1	Contract	September 30, 2017
Generator Maintenance – Hawaii and Guam Distribution Centers	Provides on-site generator maintenance for Hawaii and Guam distribution centers.	1	Contract	July 29, 2015
Durable Medical Equipment Cache	Provides durable medical equipment for purchase on an as needed basis.	1	Indefinite delivery contract	September 28, 2017
Commercial Cots	Provides commercial cots for continental U.S. and outside continental U.S. distribution centers.	1	Indefinite delivery contract	July 11, 2016
Supplies and Services with Defense Logistics Agency	Provides disaster commodities and services such as meals ready to eat, aviation, maritime, and land weapon systems, clothing, construction equipment, fuel, and medical supplies.	1	Interagency agreement	March 12, 2017
Commercial and Reduced Sodium Meals	Provides commercial and reduced sodium meals for survivors.	3	Indefinite delivery contract	September 28, 2017
Manufactured Housing Units	Provides 1, 2, and 3 bedroom manufactured homes in support of disaster survivors.	7	Indefinite delivery contract	September 29, 2014
National Vehicle Maintenance Service Contract	Provides maintenance of disaster response tactical vehicles.	1	Indefinite delivery contract	May 29, 2018

**Appendix III: Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers (USACE)-Identified Advance Contracts**

<b>Acquisition Name</b>	<b>Description</b>	<b>Number of Contracts</b>	<b>Procurement Vehicle</b>	<b>Base Award Date</b>
Self-Help Tarps	Provides 20 by 25 foot self-help tarps for small areas of roof damage.	3	Indefinite delivery contract	September 12, 2014
Boxed and Bottled Water	Provides boxed and bottled water for disaster survivors.	4	Indefinite delivery contract	September 5, 2017
Blankets	Provides blankets for disaster survivors.	2	Indefinite delivery contract	September 27, 2013
Cleaning Supplies	Provides cleaning supplies to support survivors in shelters during federally declared disasters.	3	Indefinite delivery contract	September 27, 2013
Cross Docking Operations	Provides a network of transportation and emergency cross dock and freight forwarding service operation centers to support large scale trailer operations in the continental U.S.	1	Indefinite delivery contract	September 30, 2016
Miscellaneous Shelter Items	Provides miscellaneous shelter items to disaster survivors.	3	Indefinite delivery contract	September 26, 2013
Shelter Clothing	Provides clothing for disaster survivors in shelters.	1	Indefinite delivery contract	August 2, 2016
Portable Facilities	Provides portable toilet facilities and fresh water delivery and removal services.	1	Indefinite delivery contract	September 16, 2016
Laundry Services	Provides laundry services for disaster survivors.	4	Indefinite delivery contract	May 30, 2017
Hazard Mitigation Technical Assistance Program Non-Architecture and Engineering	Provide non-architect and engineering technical assistance, research and analysis, and document development.	3	Indefinite delivery contract	March 20, 2015
Hazard Mitigation Technical Assistance Program Architect and Engineering	Provides production and technical services for architect and engineering contracts.	2	Indefinite delivery contract	November 24, 2014
Shipping and Receiving of Mail Equipment, Storage Services	Provides storage, shipping, and maintenance of mail equipment in support of disaster operations.	1	Purchase order	November 27, 2013
Warehouse Support Services	Provides warehouse support services.	1	Contract	May 4, 2015
Health and Human Services/ Federal Occupational Health Awareness Services	Provides environmental support, industrial hygiene and occupational safety support, hazardous waste, disaster safety, bio hazard safety support, and fire program development and support.	1	Interagency agreement	September 28, 2015

Source: Fiscal Year 2018 FEMA Prepositioned Contract List, June 1, 2018. | GAO-19-93

Note: Contracts listed represent all available FEMA advance contracts, as identified by their June fiscal year 2018 prepositioned contract list, and not just contracts used in response to the three 2017 hurricanes and California wildfires.

**Appendix III: Federal Emergency Management Agency (FEMA) and U.S. Army Corps of Engineers (USACE)-Identified Advance Contracts**

**Table 4: U.S. Army Corps of Engineers (USACE) Identified Advance Contracts, as of September 2018**

<b>Advance Contract Initiative</b>	<b>Description</b>	<b>Number of Contracts</b>	<b>Procurement Vehicle</b>	<b>Base Award Year</b>
Temporary Power	Provides emergency power to critical public facilities	4	Indefinite Delivery Contract	2013/2014
Temporary Roofing	Provides installation of blue plastic sheeting onto roofs of damaged homes or public structures	12	Indefinite Delivery Contract	2014/2015
Debris Removal	Provides emergency debris clearance and removal	17	Indefinite Delivery Contract	2014

Source: GAO review of USACE information. | GAO 19-93

Note: Contracts listed represent all available USACE advance contracts, and not just advance contracts used in response to the three 2017 hurricanes and California wildfires.

# Appendix IV: Comments from the Department of Homeland Security

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



**Homeland  
Security**

November 20, 2018

Marie A. Mak  
Director, Contracting and National Security Acquisition  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Re: Management Response to Draft Report GAO-19-93, "2017 DISASTER CONTRACTING: Action Needed to Better Ensure More Effective Use and Management of Advance Contracts" (Job Code 102660)

Dear Ms. Mak,

Thank you for the opportunity to review and comment on the subject draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing this report.

The Department is pleased to note GAO's recognition of the positive steps FEMA has taken to institute training and develop guidance on timeframes related to the acquisition planning process for advance contracts. Contracting during disasters can pose a unique set of challenges and significant amount of pressure to provide life-sustaining goods and services to survivors as quickly as possible. Advance contracts significantly contribute to FEMA's ability to rapidly leverage cost-effective method for mobilizing resources, while also helping to preclude the need to procure critical goods and services non-competitively. FEMA remains committed to (1) contracting in full compliance with the Post-Katrina Emergency Management Reform Act (PKEMRA), Robert T. Stafford Disaster Relief and Emergency Assistance Act, Federal Acquisition Regulation (FAR), Homeland Security Acquisition Regulation, and Homeland Security Acquisition Manual, and (2) continuously communicating to state and local governments on the availability and proper establishment and use of the advance contracts.

The draft report contained nine recommendations with which the Department concurs. Attached for our detailed responses to each recommendation. Technical comments were previously provided under separate cover.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Sincerely,



JIM H. CRUMPACKER, CIA, CFE  
Director  
Departmental GAO-OIG Liaison Office

Attachment



**Attachment: Management Response to Recommendations  
Contained in GAO-19-93**

GAO recommended that FEMA's Administrator:

**Recommendation 1:** Update the strategy identified in its 2007 *Advance Contracting of Goods and Services Report to Congress* to clearly define the objectives of advanced contracts, how they contribute to FEMA's disaster response operations, and whether and how they should be prioritized in relation to new post-disaster contract awards.

**Response:** Concur. FEMA's Office of the Chief Component Procurement Officer (OCPO) will update the strategy identified in the 2007 *Advance Contracting of Goods and Services Report to Congress* in the *Disaster Contracting Desk Guide*, outlining clear objectives and use of advance contracts in disaster operations. FEMA will memorialize a structure that prioritizes utilizing existing advance contracts related to new-post disaster contract awards. Requirements for goods and services determined to meet the requirement of advance contracts, in accordance with PKEMRA and Robert T. Stafford Disaster Relief and Emergency Assistance Act, are identified in the 5-year Master Acquisition Planning Schedule (MAPS) for accountability and advance acquisition planning purposes. Estimated Completion Date (ECD): June 30, 2019.

**Recommendation 2:** Ensure the Chief Procurement Officer updates the *Disaster Contracting Desk Guide* to include guidance for whether and under what circumstances contracting officers should consider using existing advance contracts prior to making new post-disaster contract awards, and include this guidance in existing semi-annual training given to the contracting officers.

**Response:** Concur. FEMA OCPO will update the current *Disaster Contracting Desk Guide* to establish clear guidance prioritizing the use of existing advance contracts prior to issuing any new post-disaster contract awards. The updated guidance will be communicated to contracting personnel during the next disaster webinar. ECD: June 30, 2019.

**Recommendation 3:** Update and implement existing guidance for program office and contracting officer personnel to identify acquisition planning timeframes and considerations across the entire acquisition process and clearly communicate the purpose and use of MAPS.

**Response:** Concur. FEMA's OCPO conducted outreach with all of the program offices during June 2016 on the purpose and use of the 5-year MAPS program. This ensured all stakeholders have complete understanding of the tool. As a result, the program offices have full visibility into future procurement actions, and work with OCPO to conduct

acquisition planning within established timelines. As a part of these efforts, all program offices receive communication from FEMA's OCPO 18 months before the expiration of their contract. This communication requests a program manager to work with OCPO Portfolio Managers to ensure solicitations are prepared in a timely manner, ensuring timely award. We request that GAO consider this recommendation resolved and closed as implemented.

**Recommendation 4:** Ensure the Chief Procurement Officer adheres to current hard copy contract file management requirement to ensure advance contract files are complete and up to date, whether they will be transferred into the new Electronic Contract Filing System [ECFS] or remain in hard copy format.

**Response:** Concur. FEMA OCPO will update the current Labeling and Organizing Official Contract File Folders Standard Operating Procedure (SOP), dated August 31, 2009, to clearly institute and enforce the policy of maintaining the official record of contract file as a hard copy unless rescinded with the implementation of a Department-wide ECFS. ECD: June 30, 2019.

**Recommendation 5:** Ensure the Chief Procurement Officer reminds contracting officers of the three day timeframe for entering completed award documentation into contracting writing system when executing notice to proceed documentation.

**Response:** Concur. FEMA OCPO will update the current Notice To Proceed SOP, dated April 23, 2013, to ensure that contracting officers know all awards must be entered into contracting writing system and Federal Procurement Data System (FPDS) within three days of award. ECD: July 31, 2019.

**Recommendation 6:** Ensure the Chief Procurement Officer revises its reporting methodology to ensure that all disaster contracts are included in its quarterly reports to congressional committees on disaster contract actions.

**Response:** Concur. To ensure accurate reporting of all disaster contracts to congressional committees, FEMA OCPO will incorporate an addendum in its quarterly report. The addendum will capture the contract actions that were not previously reported based on the exemption of FAR 4.604(b)(3), which allows any action awarded in accordance with FAR 6.302-2 or pursuant to any of the authorities listed at FAR Subpart 18.2 to be submitted in FPDS within 30 days after contract award. ECD: July 31, 2019.

**Recommendation 7:** Ensure the Chief Procurement Officer revises the *Disaster Contracting Officer Desk Guide* to provide specific guidance for contracting officer to perform outreach to state and local governments on the use and establishment of advance contracts.

**Response:** Concur. FEMA OCPO has taken the initiative to create an external acquisition toolbox website for the state, local, territorial and tribal (SLTT) governments to access templates and tools needed to establish SLTT governments' own advance contracts. Additionally, a procurement hotline was established August 23, 2018 to answer any questions or provide additional assistance when needed/requested by the SLTT governments. Finally, FEMA OCPO will update the current *Disaster Contracting Desk Guide* to provide clear and specific guidance on coordination and outreach to governments. ECD: October 31, 2019.

**Recommendation 8:** Ensure the Chief Procurement Officer identifies a single centralized resource listing its advance contracts and ensure that source is updated regularly to include all available advance contracts.

**Response:** Concur. A list of all advance contracts is provided to contracting personnel and external customers through the OCPO Reporting Dashboard SharePoint site. The list is also updated monthly and distributed to all OCPO supervisors on a monthly basis, and is available on FEMA's intranet website. We request that GAO consider this recommendation resolved and closed as implemented.

**Recommendation 9:** Ensure the Chief Procurement Officer communicates information on available advance contracts through the centralized resource to states and localities to inform their advance contracting efforts.

**Response:** Concur. FEMA's OCPO, in coordination with the Office of External Affairs and Procurement Disaster Assistance Team (PDAT) within FEMA Office of Chief Counsel, will conduct outreach with SLTT governments to communicate establishing the acquisition toolbox website. The toolbox will provide SLTTs access to the list of advance contracts, templates, and tools needed to establish their own advance contracts. In addition, PDAT will continue to engage SLTT governments and communicate guidance on procurement under grants through in-person and virtual trainings, deployments, technical assistance, and its resources and tools on the PDAT website. ECD: October 31, 2019.

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# Appendix V: GAO Contact and Staff Acknowledgments

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## GAO Contact

Marie A. Mak, 202-512-4841 or [MakM@gao.gov](mailto:MakM@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Katherine Trimble (Assistant Director), Meghan Perez (Analyst in Charge), Erin Butkowski, and Suzanne Sterling were principal contributors. In addition, the following people made contributions to this report: Sonja Bensen, Emily Bond, Lorraine Ettaro, Suellen Foth, Julia Kennon, Elisha Matvay, Carol Petersen, Sylvia Schatz, Alyssa Weir, and Robin Wilson.

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## Strategic Planning and External Liaison

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