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PR1 **MITIGATE.** TE.

Procurement:
AVOIDING DHS-OIG Audit Findings!



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Mission

To lead and support Louisiana and its citizens in the **preparation for, response to** and **recovery from** all emergencies and disasters.





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Vision

For the **benefit of Louisiana**, its citizens and all other stakeholders, GOHSEP:

- Seeks to be a **center of excellence** for **emergency management** and **homeland security**.
- Known for:
Leadership. Innovation. Service.





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FEMA grant programs

Public Assistance (PA)
Hazard Mitigation (HM)

the big 3



Emergency Management Performance Grant (EMPG)
Homeland Security Grant Programs (HLS)

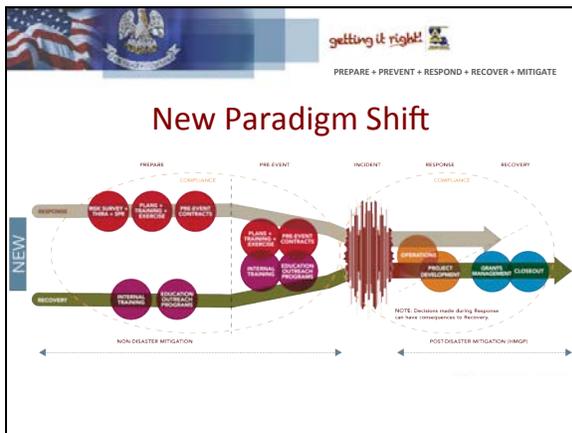


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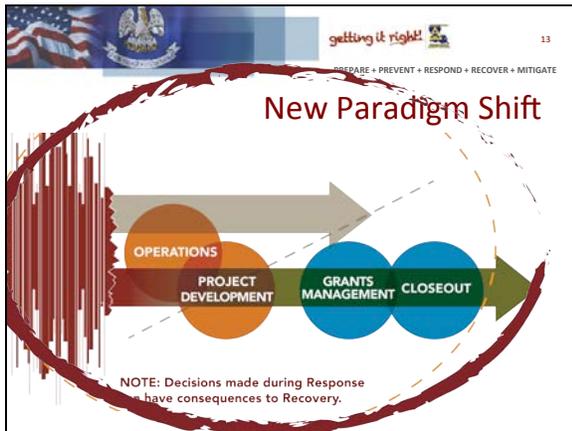
Today . . .

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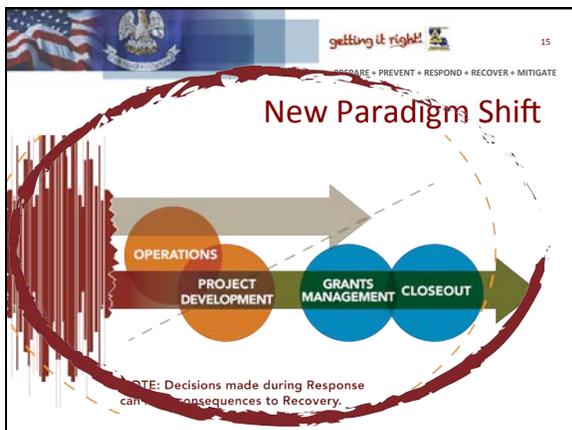












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There's **more!**

- Proper procurement
- Monitoring
- Debris management
- Environmental + historic preservation (EHP)

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Thank you!

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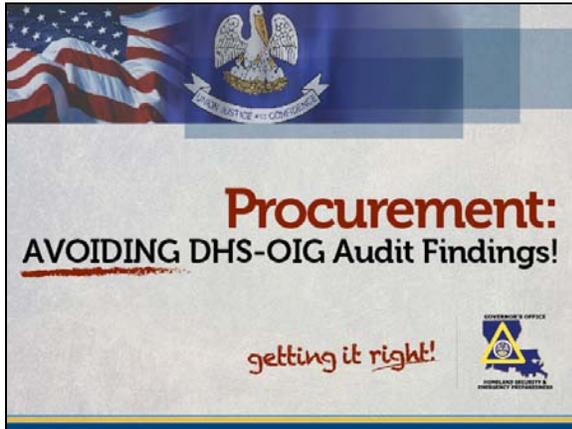
Procurement: AVOIDING DHS-OIG Audit Findings!

CONTROLLER'S OFFICE
HAWAII STATE DEPARTMENT OF
EMERGENCY MANAGEMENT



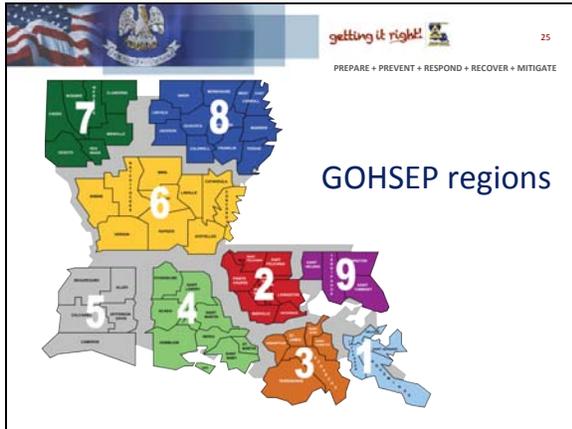




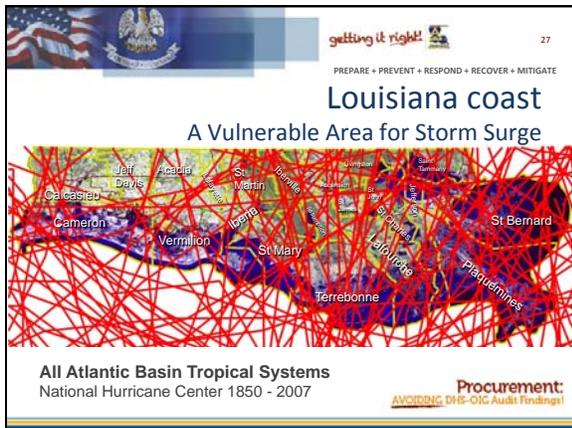












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Top U.S. disasters by cost

EVENT	YEAR	FEMA FUNDING
Hurricane Katrina (LA Only)	2005	\$43 billion
SANDY	2012	??????
Attack on America (NY,PA,VA)	2001	\$9 billion
Northridge Earthquake (CA)	1994	\$7 billion
Hurricane Rita (LA,TX)	2005	\$3.8 billion
Hurricane Ivan (AL,FL,GA,LA,MS,NJ,NY,NC,PA,TN,WV)	2004	\$2.4 billion
Hurricane Georges (AL,FL,LA,MS,PR,VI)	1998	\$2.25 billion
Hurricane Wilma (FL)	2005	\$2.1 billion
Hurricane Charley (FL,SC)	2004	\$1.89 billion
Hurricane Andrew (FL,LA)	1992	\$1.8 billion
Hurricane Frances (FL,GA,NY,NC,OH,PA,SC)	2004	\$1.77 billion

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Strategic petroleum reserve

National ranking: 1st

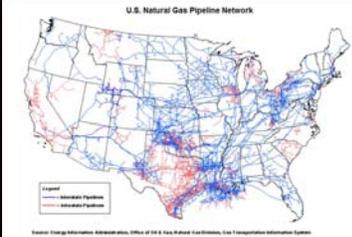


National Security Interest: **High**

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Gas transmission pipelines

National ranking: 1st



National Security Interest: **High**

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Ports + waterways

National ranking: 1st



National Security Interest: High

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Petroleum refining + chemical products

National ranking: 2nd

U.S. REFINERIES



National Security Interest: High

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Oil/gas exploration + production

National ranking: 4th

PRODUCING WELLS IN LOUISIANA



National Security Interest: High

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Coastal restoration + wetland management
National ranking: **1st**



National Security Interest:
High

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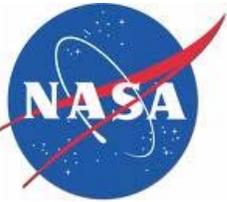
Ship fabrication
National ranking: **4th**

National Security Interest:
Medium

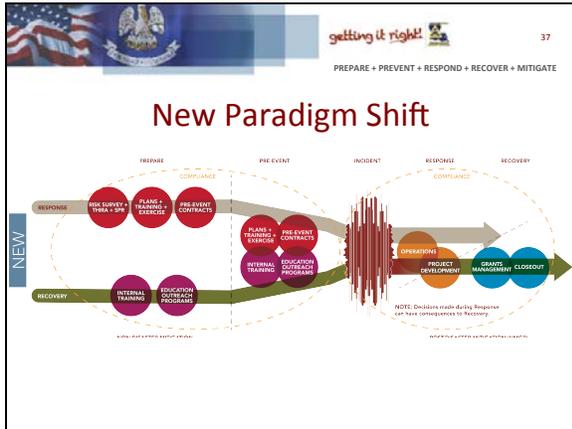


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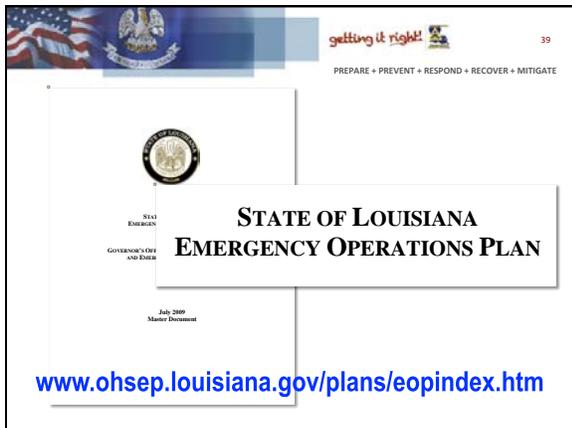
NASA – Space station program
National ranking: **3rd**

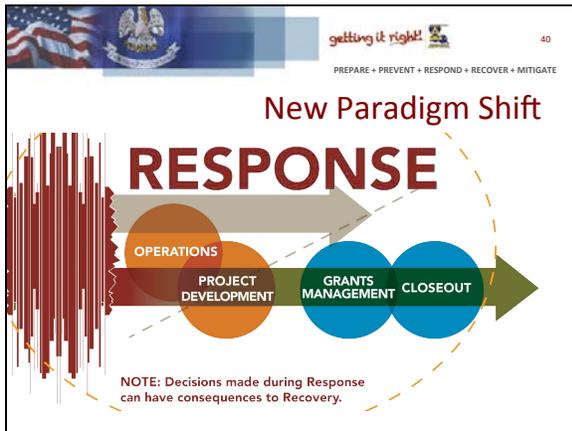


National Security Interest:
High













Recovery responsibilities

- **Public Assistance (PA)** grant program – **\$13 billion+**
- **Hazard Mitigation (HM)** grant program – **\$2 billion+**
 - Interact with FEMA on **program** and **policy** issues.
 - Accountable for **funds** disbursed to all Applicants.
 - Provide **technical advice** and **support** to Applicants.
 - Provide support to Applicants for **damage assessments**.
 - Maintain **compliance** with Federal grant management requirements.

RECOVERY OVERVIEW Louisiana open disasters

Disaster	Period	No. of Applicants	Project Worksheets	Obligated Federal \$
Severe Flooding - 4102	1/8/13 – 1/17/13	34	81	\$2,599,216
Isaac – 4080	8/28/12 – 9/10/12	501	1,121	\$272,282,109
TS Lee – 4041	9/1/11 – 9/9/11	42	85	\$5,597,812
Miss River – 4015	4/25/11 – 7/7/11	93	250	\$37,050,059
2009 NW Flood – 1863	10/29/09 – 11/3/09	46	331	\$6,295,455
Ike - 1792	9/11/08 – 11/11/08	337	1,592	\$223,676,175
Gustav - 1786	9/1/08 – 9/11/08	930	6,547	\$705,141,205
2006 Floods - 1668	10/16/06 – 11/8/06	63	413	\$10,659,991
Rita - 1607	9/23/05 – 11/1/05	727	4,517	\$658,845,242
Katrina - 1603	8/29/05 – 11/1/05	1,435	19,697	\$11,159,671,530
TOTAL		4,208	34,634	\$13,081,818,794

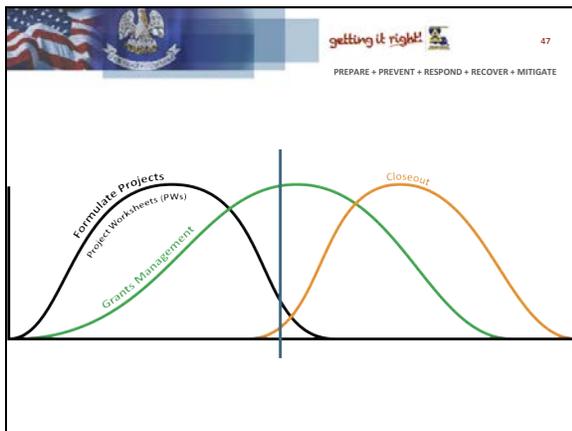
Governor's Office of Homeland Security

Measure	Amount	Budget FY 2013
A. Debris Removal	\$1,455,492,937	\$12,717,098,86
B. Emergency Protective Measures	\$2,775,895,558	\$10,583,263,38
C. Roads and Bridges	\$828,405,850	\$427,391,617,22
D. Water Control Facilities	\$145,745,150	\$46,064,232,45
E. Public Buildings & Equipment	\$6,598,446,288	\$48,838,383,58
F. Public Utilities	\$879,804,987	\$770,709,853,54
G. Parks, Recreational Facilities, and Other Items	\$216,086,550	\$18,792,319,33
Z. State Management Costs	\$315,160,214	\$61,547,979,94
Total	\$11,876,200,412	

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Non-Federal cost share

- **Standard Cost Share: 25%**
- **Hurricanes Katrina and Rita: 0%**
- **Hurricanes Gustav and Ike: 10%**
- **Hurricane Isaac: 25%**
- **Non-Federal Share is borne by the Applicant.**



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What is taking so long?

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Major impediments to catastrophe recovery

- **Magnitude of impacts**
- **Applicant resources**
- **Cash flow**
 - Applicant’s cash reserves are **depleted**.
 - Applicant’s **tax base** is slashed.
 - PA program is **reimbursement** based.

Major impediments to catastrophe recovery (Continued . . .)

- **Funding gaps**
 - Insurance reductions.
 - FEMA **ineligible** work (e.g. Deferred maintenance).
 - **Undervalued** grants.
 - Opportunity **upgrades**.
- **Programmatic complexities**
 - PA program policy – **non-catastrophic** context.
 - **Inconsistent** policy interpretation.

Funding gap example

Estimated cost to repair:	\$15.0 million
NFIP reduction – structure:	- 0.5
NFIP reduction – contents:	- 0.5
Anticipated property insurance reduction :	- 1.0
FEMA ineligible work (enhancements):	- 0.2
FEMA ineligible work (deferred maintenance):	- 1.0
Non-Federal share (10% match)	- 1.5
<hr/>	
Available FEMA funds	\$10.3 million
Funding gap	\$4.70 million



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Hazard mitigation funds allocation

Parish <i>(elevation, acquisition, drainage, retrofits, pilot reconstruction, flood control)</i>	\$814,390,595
State Agencies	\$282,873,499
Office of Coastal Protection & Restoration	\$43,258,175
State Elevation/Acquisitions <i>(DOTD & OCPR)</i>	\$23,000,000
Office of Community Development <i>(elevation/pilot reconstruction)</i>	\$750,000,000
Planning Projects <i>(plans & statewide GIS project)</i>	\$23,463,515
Initiative Projects <i>(generators, community education & outreach, code enforcement)**</i>	\$125,490,886
Competitive	\$79,182,523
Total Allocations	\$2,141,842,709

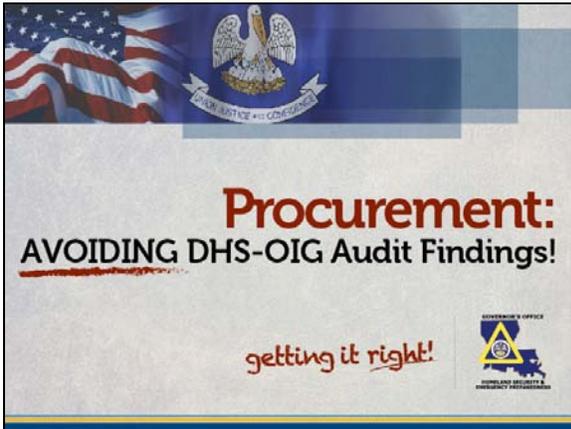
** Program Allowance for Non-Traditional Mitigation Activities

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http://www.fema.gov/sites/default/files/orig/fema_pdfs/pdf/recoveryframework/ndrf.pdf

National Disaster Recovery Framework
Strengthening Disaster Recovery for the Nation

FEMA















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Procurement authorities (Continued . . .)

- Policy
 - *Disaster Assistance Policy* (DAP) 9500 Series
 - *Public Assistance (PA) Guide* FEMA 322/June 2007
 - *PA Policy Digest* FEMA 321/January 2008
 - *PA Applicant Handbook* FEMA 323/March 2010
 - *Debris Management Guide* FEMA 325/July 2007



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Importance of proper procurement

- **FY2011:** OIG recommended **\$131,739,350** be **de-obligated** for improper procurement.
 - FEMA agreed with OIG: **\$4,956,690 < 4%**
- **FY2012:** OIG recommended **\$21,746,755** be **de-obligated** for improper procurement.
 - FEMA agreed with OIG: **\$119,055 < 0.5%**

SOURCE: Capping report DHS-OIG 13-90 May 2013



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Importance of proper procurement

(Continued . . .)

- FEMA’s willingness to **exercise** its **discretion** pursuant to 44 CFR 13.43(a) and 2 CFR 215.62(a) and **mitigate** improper procurement by **cost analysis**.

BUT . . .

Proper procurement is necessary

- **OIG says . . .**
 “. . . Clearly, OMB’s intent was not for Federal agencies to make **exceptions** to the procurement standards in the administrative requirements for grants a **routine practice**. Accordingly, we do not believe that it is prudent to waive Federal procurement standards unless **lives** and **property** are at stake, because the goals of proper contracting relate to more than just **reasonable costs**. Once the roads are clear, power is restored, and the danger is over, cities, counties, and other entities **should follow regulations** or risk losing Federal funding . . .”

SOURCE: Capping report DHS-OIG 13-90 May 2013, page 7

Proper procurement is necessary

(Continued . . .)

- **Insight from GOHSEP:**
 – FEMA is under **increased pressure** from DHS, DHS-OIG and OMB to apply procurement standards in accordance with the regulations,

AND . . .

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Proper procurement is necessary

(Continued . . .)

- **State responsibility:**
 – “To assure that subgrantees are **aware** of requirements imposed upon them by Federal **statue** and **regulation**.”
SOURCE: 44 CFR 13.37
- “Grantees must **monitor** grant and subgrant supported activities to assure **compliance** with applicable Federal requirements . . .”
SOURCE: 44 CFR 13.40(a)

AND . . .

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Proper procurement is necessary

(Continued . . .)

- **Subgrantee** responsibility:
 - “To **comply** with all of the **procurement requirements** as stated in 44 CFR 13.36 and 2 CFR 215.”

SOURCE: Memorandum of Understanding between GOHSEP + subgrantee

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Proper procurement is necessary

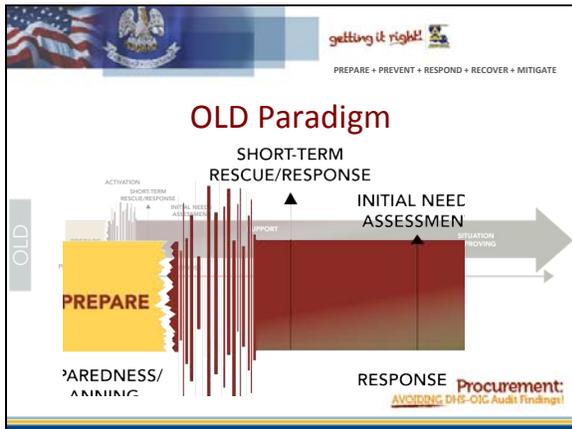
(Continued . . .)

- **Conclusion:**
 - Subgrantees have the **responsibility** to be **compliant**.
 - GOHSEP has the **responsibility** to **assure** subgrantee **compliance**.
 - **It is uncertain how long FEMA will continue to liberally apply its discretion.**

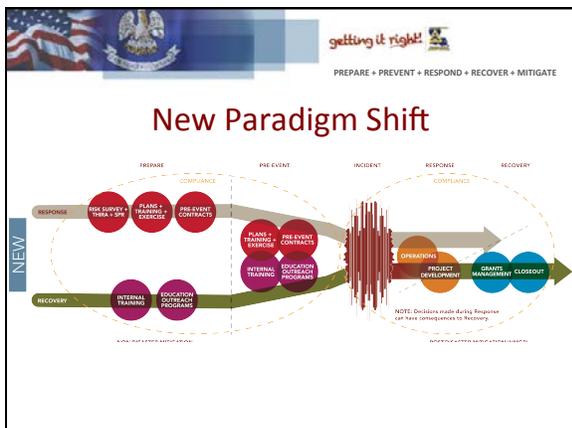
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OLD Paradigm

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New paradigm

Response + recovery are **inseparable** . . .
. . . and are **joined** at the hip.

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Response + Recovery

You can **win the battle** in saving lives and protecting property and **lose the war** through **improper** procurement.

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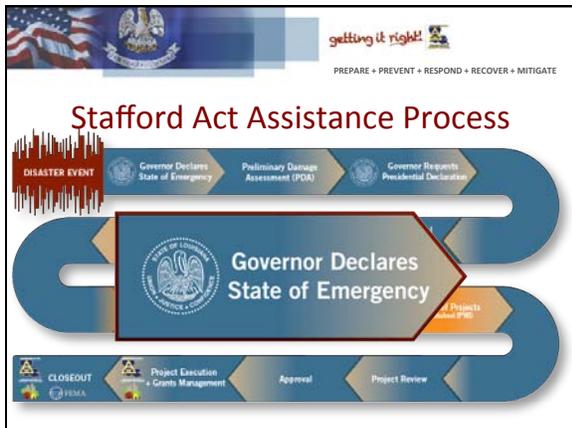
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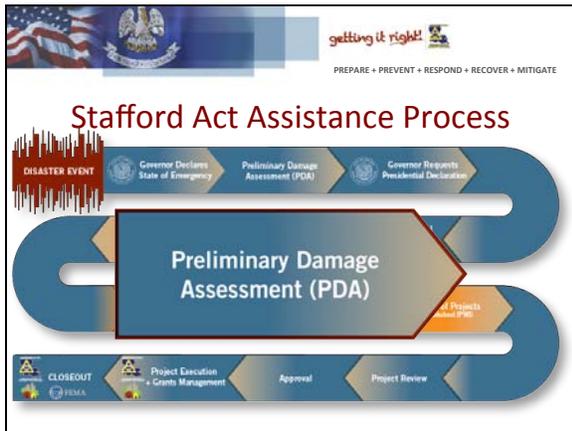
Lifecycle of a Disaster

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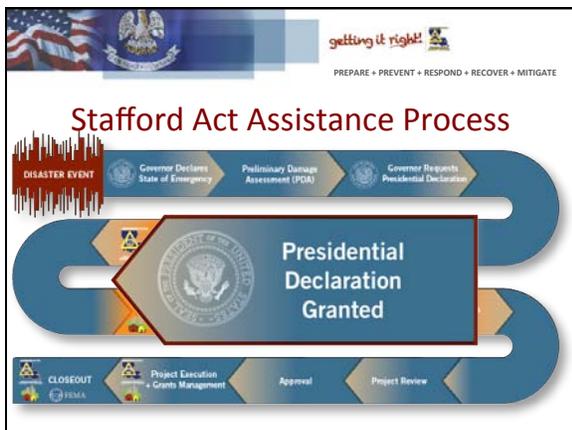


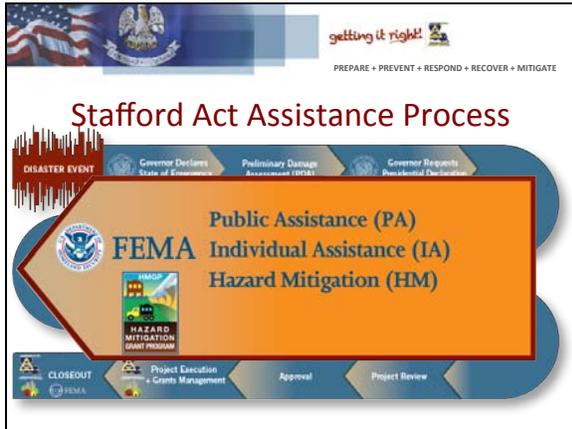








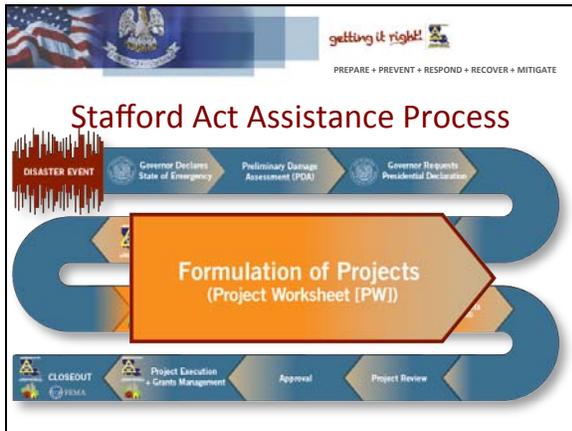


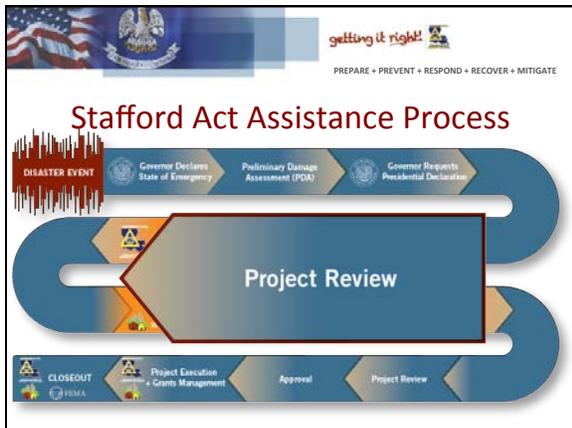




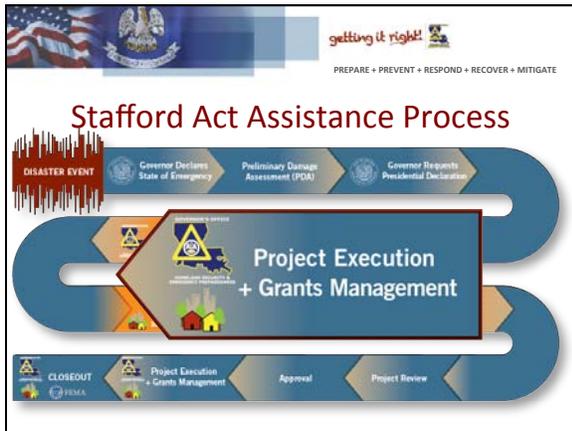


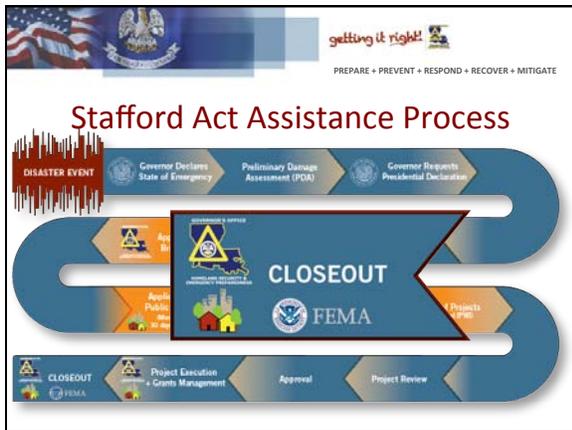












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GOVERNOR'S OFFICE
HOME AND SECURITY & EMERGENCY READINESS

Ben Plaia
(225) 242-6030

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Questions?

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For more information + to
download materials from
today's seminar:

gohsep.la.gov/outreach.aspx

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