



Why This Matters

Following the Federal Government's response to Hurricane Katrina, the administration and the U.S. Senate reported that Federal Emergency Management Agency (FEMA) was not able to provide the logistics support to respond effectively to a major disaster. The Post-Katrina Emergency Management Reform Act of 2006 requires FEMA to develop an efficient, transparent, and flexible logistics system for procurement and delivery of goods and services necessary for an effective and timely response to natural disasters, acts of terrorism, and other man-made disasters and for real-time visibility of items at each point throughout the logistics system.

DHS Response

The Department of Homeland Security (DHS) and FEMA agreed with our recommendations for improvements to the management and oversight of the FEMA Logistics Supply Chain Management Systems (LSCMS) acquisition. According to their response, they have already taken steps to improve the LSCMS program, which includes:

- Increasing program office staff to 12 government employees;
- Benchmarking supply chain management information technology systems with the Defense Logistics Agency, United Parcel Service, and Defense Commissary Agency; and
- Commissioning an independent analysis of alternatives to evaluate and address remaining LSCMS capability gaps.

For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

FEMA's Logistics Supply Chain Management System May Not Be Effective During a Catastrophic Disaster

What We Determined

After spending about \$247 million over 9 years, FEMA cannot be certain that its supply chain management system will be effective during a catastrophic disaster. FEMA estimated that the life cycle cost of the system would be about \$556 million—\$231 million more than the original life cycle cost estimate. According to FEMA, LSCMS became fully operational in January 2013, which was about 19 months behind schedule. However, the system could not perform as originally planned. Specifically, it cannot interface with the logistics management systems of FEMA's partners, nor does FEMA have real-time visibility over all supplies shipped by its partners. As of March 2014, the LSCMS still had not achieved full operational capability. We attribute these deficiencies to inadequate program management and oversight by DHS and FEMA. As a result, FEMA may not be able to efficiently and effectively aid survivors of catastrophic disaster.

We made three additional observations related to the LSCMS. FEMA may not have the appropriate number of trained and proficient staff to operate the system during a disaster. In addition, FEMA has not published system operating procedures or guidance on using other processes should the LSCMS not be available. Finally, the program office responsible for the LSCMS inaccurately reported at least three program performance measures to the Office of Management and Budget.

What We Recommend

We made 11 recommendations to address these deficiencies and observations and improve the effectiveness of the LSCMS program, including:

- Conduct a comprehensive, independent assessment of the current LSCMS program status to determine if it meets the capabilities necessary to fulfill FEMA's congressional mandate;
- Conduct an assessment of the LSCMS program office to identify resources necessary to ensure effective management and oversight of the program;
- Develop internal controls for identifying and reporting program breaches;
- Conduct a full independent validation and verification test, to determine the extent to which the LSCMS meets all key performance requirements;
- Develop and implement operating guidance for when LSCMS is available and unavailable during disaster responses; and
- Develop an internal process to monitor and ensure accurate LSCMS reporting to the Office of Management and Budget;
- Develop procedures to ensure that component program offices address action items identified by the DHS Acquisition Review Board prior to and following delegation of Acquisition Decision Authority to the component.