

**FEMA Did Not Properly
Award and Oversee the
Transitional Sheltering
Assistance Contract**





OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

August 5, 2020

MEMORANDUM FOR: The Honorable Peter T. Gaynor
Administrator
Federal Emergency Management Agency

FROM: Joseph V. Cuffari, Ph.D.
Inspector General

JOSEPH V
CUFFARI

Digitally signed by JOSEPH V
CUFFARI
Date: 2020.08.05 14:04:35
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SUBJECT: *FEMA Did Not Properly Award and Oversee the
Transitional Sheltering Assistance Contract*

Attached for your action is our final report, *FEMA Did Not Properly Award and Oversee the Transitional Sheltering Assistance Contract*. We incorporated the formal comments provided by your office.

The report contains six recommendations aimed at improving FEMA's contract oversight and management, the handling of sensitive information, and FEMA employee and contractor personnel training. Your office concurred with all six recommendations. Based on information provided in your response to the draft report, we consider recommendations 1, 2, 3, 4, and 6 open and resolved. Once your office has fully implemented the open recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts. Recommendation 5 is resolved and closed.

Please send your response or closure requests to
OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Sondra McCauley, Assistant Inspector General for Audits, at (202) 981-6000.

Attachment



DHS OIG HIGHLIGHTS

FEMA Did Not Properly Award and Oversee the Transitional Sheltering Assistance Contract

August 5, 2020

Why We Did This Audit

The Federal Emergency Management Agency's (FEMA) Transitional Sheltering Assistance Program (TSA) contracted with Corporate Lodging Consultants (CLC) to provide hotel rooms for disaster survivors. In 2017, FEMA spent about \$642 million for more than 5 million hotel rooms. We conducted this audit to determine to what extent FEMA ensured CLC complied with TSA contract requirements.

What We Recommend

We made six recommendations that when implemented should strengthen FEMA contracting and compliance with Federal Acquisition Regulations and DHS requirements.

For Further Information:

Contact our Office of Public Affairs at (202) 981-6000, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

FEMA did not properly award or oversee its contract with CLC to administer disaster survivors' hotel stays. Specifically, FEMA officials did not:

- ensure proper pre-award contract review by FEMA's Chief Information Officer, Chief Security Officer, and Chief Privacy Officer;
- finalize contract requirements, performance metrics, or reporting standards, including a Quality Assurance Surveillance Plan;
- take corrective actions to address identified contractor deficiencies;
- ensure the contractor verified and validated hotels in the TSA program; and
- ensure FEMA and contractor employees completed required privacy training.

These deficiencies occurred because FEMA officials did not ensure staff responsible for TSA contract award and oversight had the guidance and training they needed to be effective. As a result, FEMA released personally identifiable information for about 2.3 million disaster survivors, increasing the survivors' risk of identity theft. Furthermore, inadequate contractor oversight may have also increased the risk that unacceptable lodging conditions were used.

FEMA Response

FEMA concurred with all six of our recommendations. We have included a copy of FEMA's comments in their entirety in appendix B.



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Department of Homeland Security

Table of Contents

Background 1

Results of Audit 1

 FEMA Did Not Properly Award or Oversee Its TSA Contract..... 2

 FEMA Officials Did Not Ensure Staff Responsible for TSA Contract Award and Oversight Had the Guidance and Training They Needed 6

 FEMA’s Inadequate Contract Management Subjected Disaster Survivors to Potential Identity Theft and Unacceptable Lodging 7

 Recent Corrective Actions 8

Recommendations..... 9

FEMA Management Comments and OIG Analysis..... 10

Appendixes

Appendix A: Objective, Scope, and Methodology 13

Appendix B: FEMA Comments to the Draft Report..... 14

Appendix C: Office of Audits Major Contributors to This Report 22

Appendix D: Report Distribution..... 23

Abbreviations

CLC	Corporate Lodging Consultants
FAR	Federal Acquisition Regulation
FEMA	Federal Emergency Management Agency
HSAR	Homeland Security Acquisition Regulation
OCPO	Office of Chief Procurement Officer
OIG	Office of Inspector General
PII	personally identifiable information
QASP	Quality Assurance Surveillance Plan
TSA	Transitional Sheltering Assistance



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Background

In 2017, the Gulf Coast, U.S. Virgin Islands, and Puerto Rico sustained three major hurricanes that made landfall between August and September. In October, nearly two dozen wildfires burned more than 200,000 acres of land in northern California. The President issued major disaster declarations, authorizing supplemental Federal assistance, for Hurricane Harvey in Texas, Hurricane Irma in Florida and Puerto Rico, Hurricane Maria in Puerto Rico, and the wildfires in California.

The *Robert T. Stafford Disaster Relief and Emergency Assistance Act* is the statutory authority for most Federal disaster response activities, especially for the Federal Emergency Management Agency (FEMA) and its programs. Under the Act, FEMA's Office of Response and Recovery Division may implement and administer transitional sheltering for disaster survivors until temporary housing is available.

The Transitional Sheltering Assistance (TSA) program is designed to provide short-term hotel lodging at participating hotels. Disaster survivors who are unable to return to their pre-disaster primary residence because it is uninhabitable or inaccessible are eligible for TSA program benefits. FEMA has contracted with Corporate Lodging Consultants (CLC) since 2005 to administer the TSA program and pay hotels for eligible stays. FEMA awarded the current contract to CLC in May 2016. CLC maintains a database with eligible disaster survivor information and a network of participating hotels across the country to house eligible disaster survivors.

FEMA determines who is eligible for the TSA program, notifies applicants of their eligibility status, and then sends the eligibility information to CLC. CLC then adds eligible disaster survivors' information to its system, allowing eligible survivors to check into participating hotels anywhere in the nation. FEMA spent approximately \$642 million for more than 5 million hotel rooms to house survivors of the 2017 disasters. We conducted this audit to determine to what extent FEMA ensured CLC complied with TSA contract requirements.

Results of Audit

FEMA provided hotel rooms to about 227,000 survivors of the 2017 disasters. However, FEMA did not properly award or oversee its contract with CLC to administer disaster survivors' hotel stays. Specifically, FEMA officials did not ensure proper pre-award contract review by FEMA's Chief Information Officer, Chief Security Officer, and Chief Privacy Officer. FEMA officials also did not finalize contract requirements, performance metrics, or reporting standards.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Moreover, FEMA officials did not take corrective actions to address identified contractor deficiencies. FEMA officials also did not ensure the contractor effectively verified and validated hotels in the TSA program. Lastly, FEMA officials did not ensure FEMA and contractor employees completed required privacy training. These deficiencies occurred because FEMA officials did not ensure staff responsible for TSA contract award and oversight had the guidance and training needed to be effective. As a result, FEMA released personally identifiable information for about 2.3 million disaster survivors, increasing survivors' risk of identity theft. Furthermore, inadequate contractor oversight may have also increased the risk that unacceptable lodging conditions were used.

FEMA Did Not Properly Award or Oversee Its TSA Contract

FEMA did not properly award or oversee its contract with CLC to administer disaster survivors' hotel stays. Specifically, FEMA did not:

- ensure proper pre-award contract review by FEMA's Chief Information Officer, Chief Security Officer, and Chief Privacy Officer;
- finalize contract requirements, performance metrics, or reporting standards, including a Quality Assurance Surveillance Plan;
- take corrective actions to address identified contractor deficiencies;
- ensure the contractor verified and validated hotels in the TSA program; and
- ensure FEMA and contractor employees completed required privacy training.

We discuss each of these deficiencies in more detail in the following paragraphs.

FEMA Officials Did Not Properly Review the Contract Prior to Award

The Department of Homeland Security – Officer of Chief Procurement Officer's *Class Deviation 15-01 - Homeland Security Acquisition Regulation (HSAR) Safeguarding of Sensitive Information*¹ requires that FEMA program managers and contracting officials² ensure the Chief Information Officer, Chief Security Officer, and Chief Privacy Officer review all contracts prior to award to assess the potential risk of unauthorized access and disclosure of personally identifiable information (PII). Specifically, the FEMA Chief Information Officer is required to review the contract when the contract requires use of the

¹ March 9, 2015

² Includes Contracting Officers (COs) and Contracting Officer Representatives (COR)



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Department of Homeland Security

contractor's IT system to input, store, process, output and/or transmit sensitive information. The FEMA Chief Security Officer is required to review the contract when the contractor will require access to DHS systems or facilities. Lastly, the FEMA Privacy Officer is required to review the contract when the contractor will have or require access to PII. Based on the outcome of these reviews, FEMA may implement stronger security measures for a given contract.

During the TSA acquisition process, FEMA Office of the Chief Procurement Officer (OCPO) contracting personnel did not ensure the contract was reviewed in accordance with the *HSAR Class Deviation 15-01* requirements to assess the potential risk of unauthorized access and disclosure of PII. FEMA contracting personnel used a "Quality Review Routing Sheet" to conduct reviews prior to awarding the contract. However, the review checklist only required FEMA OCPO, Quality Assurance, and legal personnel to review the contract. It did not include the reviews required by the FEMA Chief Information Officer, Chief Security Officer, and Chief Privacy Officer to determine whether PII was at risk for unauthorized access and disclosure.

FEMA Did Not Finalize Contract Requirements, Metrics, or Standards

Post-award orientation guidelines under Federal Acquisition Regulations (FAR) 42.501(a) recommend holding a post-award meeting to assist both the Government and contractor in understanding the contract requirements and identifying and resolving potential problems. FEMA's Performance Work Statement in the TSA contract identified the need to finalize contract requirements, performance metrics, reporting standards, and a Quality Assurance Surveillance Plan (QASP) within 30 days of signing the contract. The QASP would provide contracting officials a way to evaluate how the contractor is meeting performance standards and quality levels identified in the contract. A QASP would also define acceptable quality levels, describe systematic methods to be used to monitor contractor performance, and allow contracting officials to identify required documentation and resources needed to assess performance.

FEMA officials awarded the TSA contract to CLC on May 13, 2016, but FEMA never finalized contract requirements, performance metrics, or reporting standards, including finalizing and implementing a contract QASP.



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FEMA Did Not Implement Corrective Actions to Address Deficiencies

The Performance Work Statement for the TSA contract required FEMA and CLC to implement a plan for corrective and preventive actions to address any contractor deficiencies identified by FEMA personnel. However, FEMA's contracting personnel repeatedly identified four issues regarding CLC's contract performance. Specifically, they cited CLC's inability to

- get hotels to update the status of survivors in the TSA database when survivors check out of the hotel;
- get hotels to submit invoices timely (within 24 hours);
- allocate labor needed to meet FEMA's requirements for the TSA program; and
- identify CLC key personnel and provide role descriptions for its organizational chart showing employees that supported the TSA program.

Although FEMA identified deficiencies in CLC's adherence to contract requirements, FEMA never formally addressed these weaknesses with CLC, nor did it require CLC to develop corrective actions.

FEMA Did Not Ensure the Contractor Properly Verified or Validated Hotels

The Performance Work Statement for the TSA contract required that participating hotels provide a full description of suitable accommodations and amenities for individuals and families and certify that the facility was licensed, registered, and in compliance with current industry and fire safety standards. Further, the Performance Work Statement for the TSA contract required CLC to develop a method to verify and validate:

- the physical presence and self-certification of the lodging property;
- the lodging properties' capability to access and share information through electronic communication;
- suitable structural components and amenities to ensure safe, sanitary, and functional lodging;
- the actual room occupancy of TSA eligible survivors to ensure check-out is accurate and reported to FEMA within 24 hours; and
- the lodging properties' ability to establish secure invoicing and payment arrangements and submit invoices on a 30-day minimum billing cycle for TSA eligible room charges.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

A FEMA official confirmed they did not review CLC's verification and validation process for hotels to ensure it met contract requirements. CLC officials provided a document they said was their hotel validation and verification standard operating procedure, but the document did not meet the requirements of the Performance Work Statement.

FEMA and CLC Personnel Did Not Complete Required Privacy Training

Consistent with the *Privacy Act of 1974*, the Office of Management and Budget issued *Safeguarding Against and Responding to the Breach of Personally Identifiable Information* (OMB M-07-16),³ which requires Federal agencies to train all employees on their privacy and security responsibilities before permitting access to agency information and information systems. Agencies are required to provide at least annual refresher training to ensure employees continue to understand their responsibilities. Further, the *DHS Handbook for Safeguarding Sensitive PII* (Directive 047-01-007) reiterates that prior to accessing PII and sensitive PII all DHS staff, including contractors, must complete privacy awareness training and annual refresher training.

Lastly, the *DHS Employee Learning and Development Directive* (DIR-258-05; September 12, 2016) states DHS employees are responsible for meeting occupation, grade, or component-specific learning and education requirements established in law, regulation, or policy. However, the directive does not specifically require that managers ensure employees meet legally mandated annual training requirements or hold employees accountable if they do not meet training requirements.

FEMA officials did not ensure FEMA employees or contractor personnel received required initial or annual privacy training. Specifically, an official within FEMA's Chief Learning Officer's office confirmed that compliance with the mandatory annual DHS Privacy Training requirement has historically been low. For example, 23.8 percent of FEMA employees completed mandatory annual DHS Privacy Training in fiscal year 2017. After we reported a privacy incident in the TSA program in November 2018,⁴ the number of FEMA employees who completed the mandatory annual DHS Privacy Training increased to 62.9 percent in fiscal year 2019, although this amount still fell short of the requirement that all employees receive the training. Table 1 provides the number of FEMA employees who completed the required privacy training in the past 3 fiscal years.

³ This has been updated more recently with OMB-17-12.

⁴ *Management Alert – FEMA Did Not Safeguard Disaster Survivor's Sensitive Personally Identifiable Information* (OIG-19-32; March 15, 2019)



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Table 1. Percent of FEMA Employees Completing Mandatory DHS Privacy Training

Year	Number of Employees Completed Privacy Training	Percent of FEMA Employees Completed Privacy Training
2017	4,905	23.8%
2018	7,091	35.4%
2019	12,690	62.9%

Source: Office of Inspector General (OIG) analysis of data provided by the FEMA Training Office (September 30, 2019)

Furthermore, we reviewed the training of 12 FEMA employees directly associated with awarding and managing the TSA contract and program. Only 3 of the 12 employees had taken the required privacy training in 2016. Since reporting the privacy incident in 2018, only 1 of the 12 employees was compliant as of August 2019.

FEMA Did Not Ensure Staff Responsible for TSA Contract Award and Oversight Had the Guidance and Training They Needed

FEMA officials did not ensure staff responsible for awarding or overseeing the TSA contract had the guidance and training they needed to be effective. For instance, FEMA officials did not establish policies and procedures requiring the contracting officer representatives to implement corrective actions if CLC did not meet contract requirements. FEMA contracting officials stated most of their communications regarding problems with CLC were done informally by phone, but no formal process was in place for documenting these discussions or following up on actions taken.

FEMA also did not have policies and procedures in place requiring contracting officer representatives to oversee CLC’s validation and verification of participating hotels. According to CLC officials, physical checks of hotels did not occur before the hotels were selected for the TSA program. CLC primarily relied on hotels to self-certify their amenities and property details and only conducted basic online research of hotels, if at all.

Finally, we discussed FEMA’s noncompliance with privacy training requirements with the DHS Office of the Chief Human Capital Officer’s Learning & Engagement Division. According to a DHS official, they do not have visibility into FEMA’s training system and at the time of our interview, lacked



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direct awareness of FEMA’s noncompliance with mandatory annual DHS Privacy Training. Further, both DHS and FEMA training officials stated they did not have the authority to enforce the privacy training requirement. Only first-line supervisors and contracting officials can direct employees and contractors, respectively, to complete mandatory annual training. However, FEMA TSA program managers did not perform this level of supervision.

FEMA’s Inadequate Contract Management Subjected Disaster Survivors to Potential Identity Theft and Unacceptable Lodging

FEMA’s inadequate contract management resulted in several unwanted outcomes. For instance, FEMA released the PII for about 2.3 million disaster survivors following the 2017 disasters, increasing survivors’ risk of identity theft. In May 2018, we identified a privacy incident with the TSA program, immediately notified FEMA officials, and then publicly reported it in our management alert *FEMA Did Not Safeguard Disaster Survivors’ Sensitive Personally Identifiable Information* (OIG 19-32, March 15, 2019).

Additionally, we identified instances where CLC made questionable hotel selections for the TSA program. Most hotels we visited provided proper sheltering. However, there were hotels that may not have met the contract housing requirements. For example, a Puerto Rico hotel charged FEMA for storage units that did not have locking doors, furniture, or individual sanitation facilities, as illustrated in figure 1.

Figure 1 — Hotel in FEMA-TSA Program – Available “Rooms”



Source: OIG



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For this hotel, FEMA paid more than \$626,000 for 176 disaster survivors to stay 5,524 hotel room nights.

Recent Corrective Actions

During the course of our audit, FEMA initiated actions to remedy the issues we identified with the TSA contract. Specifically, in September 2019, more than 3 years after the TSA contract was awarded, FEMA and CLC held a post-award meeting. However, changes to the TSA contract are still in progress as of the date of this report. Additionally, in December 2018, after we issued our draft management alert on the privacy incident, FEMA stated it discontinued sharing unnecessary data with the contractor and has modified the TSA contract to require the security of sensitive personally identifiable information. FEMA also ensured that CLC employees completed initial privacy training and directed all FEMA employees to complete the required annual DHS Privacy Training. However, as of September 30, 2019, only 62.9 percent of FEMA employees had completed the requirement.

Recommendations

Recommendation 1: We recommend FEMA's Administrator direct FEMA's Office of the Chief Procurement Officer to comply with the *Class Deviations 15-01 from the Homeland Security Acquisition Regulation: Safeguarding Sensitive Information*, including ensuring the Chief Information Officer, Chief Security Officer, and Chief Privacy Officer review all contracts prior to award to assess the potential risk of unauthorized access and disclosure of personally identifiable information.

Recommendation 2: We recommend FEMA's Administrator direct FEMA's Office of the Chief Procurement Officer to ensure Contracting Officers and Contracting Officer Representatives finalize and implement contract requirements, performance metrics, reporting standards, and a Quality Assurance Surveillance Plan for the Transitional Sheltering Assistance Contract.

Recommendation 3: We recommend FEMA's Administrator direct FEMA's Office of the Chief Procurement Officer to certify that Contracting Officers and Contracting Officer Representatives ensure contract deficiencies are formally addressed with the contractor, and the terms of the TSA contract are followed.



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Department of Homeland Security

Recommendation 4: We recommend FEMA’s Administrator direct FEMA’s Office of the Chief Procurement Officer to ensure Contracting Officers and Contracting Officer Representatives confirm the contractor has proper procedures to verify and validate that hotels in the TSA program meet contract requirements.

Recommendation 5: We recommend FEMA’s Administrator direct FEMA’s Office of the Chief Procurement Officer to ensure Contracting Officers and Contracting Officer Representatives certify contractors comply with required initial and annual DHS Privacy Training.

Recommendation 6: We recommend FEMA’s Administrator and DHS’ Office of the Chief Human Capital Officer coordinate efforts and direct DHS Office of the Chief Human Capital Officer’s Learning & Engagement Division and FEMA’s Training Officer to institute effective oversight and accountability measures to ensure FEMA personnel complete legally mandated annual DHS Privacy Training, as well as all other mandatory training.



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Department of Homeland Security

FEMA Management Comments and OIG Analysis

FEMA concurred with all six recommendations. We have included a copy of the Management Comments in their entirety in appendix B. We also received technical comments to the draft report and revised the report as appropriate. A summary of FEMA's responses and our analysis follows.

FEMA's Response to Recommendation 1: Concur. FEMA issued new guidance directing offices to complete the recently developed Homeland Security Acquisition Manual - Appendix G, "Checklist for Sensitive Information," for all acquisitions, regardless of dollar value, as part of the procurement request package. This new guidance requires addressing the Appendix G checklist prior to submitting a contract request package to FEMA's OCPO, and indicates when to coordinate the package for signature by FEMA's Chief Information Officer, Chief Security Officer, and Chief Privacy Officer, as appropriate. FEMA stated this added process allows these officials to provide recommendations to FEMA's OCPO as to who will review all recommendations for consideration. FEMA requested the OIG consider this recommendation resolved and closed, as implemented.

OIG's Analysis: We are pleased FEMA and the Department have published new policies and procedures, including the Appendix G review process reaffirming FEMA's Homeland Security Acquisition Regulation Deviation 15-01 requirements. This recommendation will remain resolved and open until FEMA provides information supporting implementation of the Appendix G review process.

FEMA's Response to OIG's Recommendation 2: Concur. FEMA's OCPO will ensure the QASP, containing contract requirements, performance metrics, and reporting standards for the TSA contract, is finalized and implemented in accordance with the contract Statement of Work and other terms and conditions, as appropriate. The QASP was drafted and is pending incorporation in the contract via modification. Estimated Completion Date: October 30, 2020.

OIG's Analysis: We consider these actions responsive to the recommendation. This recommendation is resolved and open until FEMA establishes how it will ensure the Appendix G review process checklist is completed, and oversees FEMA OCPO's contracting officer reviews and actions on all Appendix G recommendations.

FEMA's Response to OIG's Recommendation 3: Concur. FEMA and CLC officials have met to address contract deficiencies relative to the TSA Program



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Department of Homeland Security

and signed a bilateral contract modification to that effect on November 12, 2019. FEMA previously provided OIG a copy of the contract modification and requested OIG consider this recommendation resolved and closed.

OIG’s Analysis: Although Contract Modification 43 has been signed, this recommendation will remain resolved and open until FEMA provides documentation to demonstrate contracting officials have a formal process in place for addressing contract deficiencies. This may include policies and procedures along with the FEMA signed and ratified QASP addressing identified contract deficiencies and how the deficiencies will be resolved for the TSA contract.

FEMA’s Response to OIG’s Recommendation 4: Concur. FEMA stated OCPO, in coordination with the program office and the contracting officer representative, developed and established procedures CLC will follow to verify and validate that hotels in the TSA program meet contract requirements throughout the duration of the contract. FEMA previously provided the OIG a copy of the contract modification and requested the OIG consider this recommendation resolved and closed.

OIG’s Analysis: FEMA’s TSA Contract Modification Number 43 (November 12, 2019) includes FEMA’s requirements for a lodging provider to participate in the TSA program. However, this recommendation is resolved and open until FEMA provides the procedures CLC will follow to verify and validate that the hotels in the TSA program meet the contract requirements.

FEMA’s Response to OIG’s Recommendation 5: Concur. FEMA OCPO incorporated the two Homeland Security Acquisition Regulation information security clauses, (a) *Safeguarding of Sensitive Information (MAR 2015)*, and (b) *Information Technology Security and Privacy Training (MAR 2015)*, in the TSA contract. FEMA OCPO also issued “FEMA Acquisition Alert 20-03: Privacy Issues and Preventive Measures in Contracting,” reminding all contracting officers to incorporate the appropriate information security, personnel security, and privacy provisions in contracts. Further, FEMA OCPO created the checklist “Contract Security Checklist,” provided through FEMA Acquisition Alert 20-02, “Appendix G – Checklist for Sensitive Information” (dated January 14, 2020), to provide guidance to contracting officers to ensure contract security compliance. FEMA provided the OIG copies of these documents and requested the OIG consider this recommendation resolved and closed.

OIG’s Analysis: We consider these actions responsive to the recommendation. While this specific recommendation is resolved and closed as it pertains to the



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Department of Homeland Security

TSA contract, FEMA must ensure it monitors contracting officer oversight and contractor compliance with these requirements across all FEMA contracts.

FEMA's Response to OIG's Recommendation 6: Concur. FEMA's Office of the Chief Component Human Capital Office, Office of the Chief Learning Officer, reported it has taken numerous actions to promote FEMA employee compliance with completing mandatory annual training. In addition, to monitor compliance, FEMA's Chief Learning Officer will provide monthly status reports to FEMA program offices' training points of contact and respective Senior Executive Service officials, including detailed information on FEMA employees' completion of mandatory training. Estimated Completion Date: January 29, 2021.

OIG's Analysis: We consider these actions responsive to the recommendation. This recommendation is resolved and open until FEMA provides copies of the final reports for Fiscal Year and Calendar Year mandatory training compliance with the expected completion date of January 29, 2021, after which time FEMA should continue this internal annual monitoring and reporting process.



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Appendix A

Objective, Scope, and Methodology

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment of the *Inspector General Act of 1978*.

We conducted our audit of FEMA's Transitional Sheltering Assistance (TSA) program. The objective of our audit was to determine to what extent FEMA ensured compliance with contract requirements concerning the TSA program.

To accomplish our audit objective, we conducted interviews with FEMA headquarters officials in charge of the TSA program; and with FEMA financial management, information technology, and contracting officials in Winchester, Virginia.

We also interviewed state and FEMA officials in Texas, California, Florida, and Puerto Rico, specifically concerning support received from the TSA program following Hurricanes Harvey, Irma, and Maria and the California wildfires in 2017. In addition, in these locations we interviewed 53 hotel managers from TSA-participating hotels.

We reviewed Federal, DHS, and FEMA criteria related to transitional sheltering and contracting; TSA process workflows and standard operating procedures; CLC policies, procedures, and other documentation; and TSA data from Hurricanes Harvey, Irma, and Maria (from August 2017 to September 2018), and California wildfires in 2017, including all eligible households, program recipients of TSA, and program costs.

We also obtained and reviewed applicant eligibility information, and participating hotel billing and invoice data from FEMA for the period August 2017 to September 2018. To assess the reliability of the data, we obtained an understanding of FEMA's controls over data entering the system, and conducted limited testing to identify missing or invalid data elements. We found the data to be sufficiently reliable for the purposes of our review.

We conducted this performance audit between June 2018 and February 2020 pursuant to the *Inspector General Act of 1978*, as amended, and according to 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 upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.



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Appendix B
FEMA Comments to the Draft Report

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



FEMA

June 19, 2020

MEMORANDUM FOR: Joseph V. Cuffari, Ph.D.
Inspector General

FROM: Joel Doolin **JOEL A**
Associate Administrator **DOOLIN**  Digitally signed by JOEL A
Office of Policy and Program Analysis Date: 2020.06.19 11:50:44
-04'00'

SUBJECT: Management Response to Draft Report: "FEMA Did Not
Properly Award and Oversee the Transitional Sheltering
Assistance Contract"
(Project No. 18-082-AUD-FEMA(a))

Thank you for the opportunity to comment on this draft report. The Federal Emergency Management Agency (FEMA) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

FEMA acknowledges there are opportunities for improvement in the award and oversight of the Corporate Lodging Consultants (CLC) contract, and took corrective actions to address the findings identified in the OIG's draft report. For example, FEMA and CLC are overseeing the Transitional Sheltering Assistance contract through the Quality Control Plan (QCP), dated April 14, 2020, which identifies the requirement for protection of sensitive personal information and private payment records used to execute the Emergency Lodging Assistance program. The QCP addresses: 1) delivery of contract service; 2) contract quality assurance surveillance control monitoring and; 3) a formal documented process to retain record and disposition information of electronically stored data and to report any security violation(s) that may occur.

FEMA is committed to ensuring that contracting processes for preparedness, response, and recovery efforts are in full compliance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Federal Acquisition Regulations, the Homeland Security Acquisition Regulation (HSAR), and the Homeland Security Acquisition Manual (HSAM). FEMA is equally committed to protecting the government from the potential risk of unauthorized access and to safeguarding disaster survivors' personally identifiable information (PII).



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The draft report contained six recommendations, with which FEMA concurs. Attached find our detailed response to each recommendation. FEMA previously submitted technical comments under a separate cover for OIG's consideration.

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.

Attachment



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Attachment: Management Response to Recommendations Contained in 18-082-AUD-FEMA(a)

The OIG recommended that FEMA's Administrator direct FEMA's Office of the Chief Procurement Officer:

Recommendation 1: Comply with the Class Deviations 15-01 from the Homeland Security Acquisition Regulation: "Safeguarding Sensitive Information," including ensuring the Chief Information Officer [CIO], Chief Security Officer [CSO], and Chief Privacy Officer [CPO] review all contracts to assess the potential risk of unauthorized access and disclosure of personally identifiable information.

Response: Concur. FEMA's CIO, CSO, and CPO will review contracts as outlined in HSAR "Safeguarding of Sensitive Information" prior to submission of the procurement request package.

Currently, the HSAM Notice 2020-07, dated April 30, 2020, Subpart 3004.470(b) "Security requirements for contractor access to unclassified facilities, IT resources, and sensitive information," directs the requiring office to complete HSAM Appendix G, "Checklist for Sensitive Information," for all acquisitions, regardless of dollar value as part of the procurement request package. HSAM Notice 2020-07 also directs addressing the Appendix G checklist, which serves as the high-risk determination required by the HSAR Class Deviation 15-01, "Safeguarding of Sensitive Information," prior to submitting the request package to FEMA's OCPO, as well as when to coordinate the package for signature by the CIO, CSO, and CPO, as appropriate¹.

HSAM Notice 2016-03, dated May 23, 2016, directed the requirements official to have the CIO, CSO, and CPO review the: 1) Statement of Work (SOW); 2) Statement of Objective; 3) Performance Work Statement; or 4) specification for which a contractor will have access to sensitive information and/or where information systems are used to input, store, process, output, and/or transmit sensitive information which is part of the HSAR Class Deviation 15-01. For acquisitions that do not require a written Acquisition Plan (AP), HSAM Notice 2016-03 requires the completion of Appendix G in lieu of an AP. In addition, HSAM Subpart 3004.7101(17) "Documentation Requirement," identified that a procurement request package include a completed Appendix G.

In order to mitigate the potential risk of unauthorized access and disclosure of PII, OCPO issued, "Timely Submission of Acquisition Packages and Budget Execution for Fiscal Year

¹ Appendix G requires CIO, CSO, and CPO to review and sign Appendix G Checklist if any of the answer is "Yes" to questions 1 through 3 of Section A. When the answer is "No" to questions 1 through 3, the requesting office is to proceed to the Signatures section of the checklist and, at a minimum, be signed by the requiring official and the Head of the Contracting Agency (or designee).



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Department of Homeland Security

(FY) 2020,”² dated February 3, 2020, which: 1) includes the Appendix G Checklist requirement as part of the acquisition planning reminder; and 2) identifies two Acquisition Alerts that follow the requirements of the HSAR Class Deviation 15-01 and HSAM 3004.470 to ensure the proper language and clauses are incorporated into the solicitation and contract when determined to be high risk or containing PII or Sensitive PII. These acquisition alerts include:

1. FEMA Acquisition Alert 20-02 dated January 14, 2020, “Appendix G – Checklist for Sensitive Information:” To ensure procedures are followed to the maximum extent when contracting for goods and services that involve potential access to sensitive information.
2. FEMA Acquisition Alert 20-03, dated January 17, 2020, “Privacy and Information Security in Contracting:” To remind the Contracting Officer of their role in incorporating the appropriate information security, personnel security, and privacy provisions to include the special clauses from HSAR Class Deviation 15-01, “Safeguarding of Sensitive Information.”

Per this guidance, FEMA’s CIO, CSO, and the CPO, as appropriate, assess the potential risk of unauthorized access and disclosure of PII prior to the submission of the procurement request package so that any potential high-risk as identified in Class Deviation 15-01 is addressed. This also allows FEMA’s CIO, CSO, and the CPO to provide recommendations to FEMA’s OCPO as part of the Appendix G review process. Once the package is received by FEMA’s OCPO, the Contracting Officer will review all recommendations for consideration.

FEMA previously provided the OIG copies of the guidance documents under a separate cover.

We request the OIG consider this recommendation resolved and closed, as implemented.

Recommendation 2: Ensure Contracting Officers and Contracting Officer Representatives finalize and implement contract requirements, performance metrics, reporting standards, and a Quality Assurance Surveillance Plan [QASP] for the Transitional Sheltering Assistance contract.

Response: Concur. FEMA’s OCPO will ensure the QASP, containing contract requirements, performance metrics, and reporting standards, for the TSA contract are finalized and implemented in accordance with the contract SOW and other terms and conditions, as appropriate.

² *Timely Submission of Acquisition Packages and Budget Execution for Fiscal Year (FY) 2020 Attachment 5 - Additional Acquisition Planning Requirements* specifies the responsibility of the requesting officials to complete and submit the Appendix G to the respective offices for review.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

The QASP was drafted and is pending incorporation to the contract via modification. Estimated Completion Date (ECD): October 30, 2020.

Recommendation 3: Certify that Contracting Officers and Contracting Officer Representatives ensure contract deficiencies are formally addressed with the contractor, and the terms of the TSA contract are followed.

Response: Concur. On September 18, 2019, FEMA and CLC held a meeting to address the contract deficiencies relative to the TSA Program and reached an agreement on the terms of the contract that CLC would follow. The agreement was executed through a bi-lateral contract modification which was signed on November 11, 2019.

FEMA previously provided the OIG a copy of the aforementioned contract modification under a separate cover.

We request the OIG consider this recommendation resolved and closed, as implemented.

Recommendation 4: Ensure Contracting Officers and Contracting Officer Representatives confirm the contractor has proper procedures to verify and validate that hotels in the TSA program meet contract requirements.

Response: Concur. On November 12, 2019, FEMA's OCPO, in coordination with the Program Office and Contracting Officer Representative, developed and established procedures to verify and validate that the hotels in the TSA program meet contract requirements throughout the duration of the contract. During the approval process, CLC will gather all factual and relevant information about the hotel and verify it against existing industry data in their systems. CLC will verify the hotels' affiliations are in compliance with national chains, with the understanding the registration brings with certain standards and requirements each property must uphold to retain their chain affiliation.

FEMA previously provided the OIG a copy of the aforementioned procedures under a separate cover.

We request the OIG consider this recommendation resolved and closed, as implemented.

Recommendation 5: Ensure Contracting Officers and Contracting Officer Representatives certify contractors comply with required initial and annual DHS Privacy Training.

Response: Concur. On December 12, 2018, OCPO incorporated two special clauses into the contract: 1) HSAR 52.204-70 (DEV 15-01A), "Safeguarding of Sensitive Information," dated March 2015; and 2) HSAR 52.204-71 (DEV 15-01B), "Information Technology Security and Privacy Training," dated March 2015. Specifically, these included the: 1) Information Technology Security and Privacy Training (2015), which outlines the training requirements for contractors (initial and refresher); and 2) process for the contractor to



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

submit certifications within thirty (30) days after contract award and any annual certification no later than October 31st of each year.

On January 14, 2020, OCPO further issued, “FEMA Acquisition Alert 20-03: Privacy Issues and Preventive Measures in Contracting,” which reminds the Contracting Officer of their role in incorporating the appropriate information security, personnel security, and privacy provisions to include the special clauses from HSAR Class Deviation 15-01, “Safeguarding of Sensitive Information” into contracts.

This Alert requires the Contracting Officers to:

- Adhere to the contract compliance and contract monitoring requirements outlined in the provisions and clauses incorporated in the contract; and
- Monitor the contract. If a clause requires deliverables and documentation associated with each deliverable (in this case training certification), the Contracting Officer is responsible for ensuring the Contracting Officer Representative is aware and to outline these deliverables and requirements in the contract.

In addition, FEMA will provide OIG with the FEMA OCPO checklist entitled, “Contract Security Checklist,” which was created and provided as an attachment through FEMA Acquisition Alert 20-02, “Appendix G – Checklist for Sensitive Information,” dated January 14, 2020, to provide guidance to the Contracting Officer to ensure Contract Security Compliance under a separate cover. The checklist serves as a document to assist Contracting Officers in ensuring that they are compliant with FEMA policies, contract compliance and monitoring and that the Contract Security Compliance checklist shall be placed in the contract file.

FEMA previously provided the OIG copies of the aforementioned documents under a separate cover.

We request the OIG consider this recommendation resolved and closed, as implemented.

The OIG recommended that FEMA’s Administrator and DHS’ Office of the Chief Human Capital Officer (OCHCO) coordinate efforts and direct OCHCO’s Learning & Engagement Division and FEMA’s Training Officer:

Recommendation 6: Institute effective oversight and accountability measures to ensure FEMA personnel complete legally mandated annual DHS Privacy Training, as well as all other mandatory training.

Response: Concur. FEMA’s Office of the Chief Component Human Capital Office (OCCHCO) is committed to instituting effective oversight and accountability measures to ensure FEMA personnel complete all legally mandated annual training to include DHS



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Privacy Training. FEMA OCCHCO's Office of the Chief Learning Officer (OCLO) will support compliance with statutory and agency requirements by meeting the following strategic objectives: 1) Strategic Objective 2.1: Organize the "BEST" (Build, Empower, Sustain, and Train) scalable and capable incident workforce; and 2) Strategic Objective 3.3: Develop innovative systems and business processes that enable FEMA's employees to rapidly and effectively deliver the Agency's mission.

FEMA's OCCHCO-OCLO took the following actions since 2019 to promote FEMA personnel compliance to completing mandatory training:

1. Increased communication of mandatory trainings to FEMA employees through an automated email notification process. Automated emails from the Learning Management System were sent to all employees assigning required training courses in March and July of 2019;
2. Identified Regional Training Managers and Program Office Training Points of Contact (TPOCs) and developed regularly targeted communications to increase employee participation and completion rates;
3. Increased communication of mandatory employee training status to all FEMA supervisors by providing a training compliance report. Spreadsheets of incomplete trainings (including employee name, organization and training course name) were sent to TPOCs in November and December 2019. Reminder emails with training compliance reports were also sent to TPOCs on June 1, 2020;
4. Posted a matrix of annual mandatory training on the FEMA intranet and Federal Employee Knowledge Center (FEKC) home landing pages to assist employees with understanding training requirements;
5. Created functionality within FEKC to proactively provide supervisors a snapshot of assigned employee training completion to aid in compliance monitoring;
6. Increased oversight and tracking capability by coordinating with the OCCHCO Systems Analytics and Information Division to develop a Training Compliance Dashboard that provides managers and supervisors with the organizational status of their employees completed mandatory training rates;
7. Conducted several rounds of training and refresher training to ensure that TPOCs are familiar with the Training Compliance Dashboard; and
8. Incorporated discussion of mandatory training requirements during FEMA's Onboarding and Orientation process to inform newly onboarded employees of their mandatory training roles and responsibilities.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

In addition, FEMA's OCCHCO-OCLO will also take the following actions:

1. Provide monthly reports to TPOCs regarding their percentage of compliance with mandatory training identifying Fiscal Year vice Calendar Year requirements; and
2. Report mandatory training Fiscal Year and Calendar Year compliance to Senior Leadership via email notifications to TPOCs and Senior Executive Service accountable executives for all organizations. Reminders highlighting Fiscal Year and Calendar Year mandatory training requirements will be provided on: August 15, 2020; September 15, 2020, November 15, 2020; and December 15, 2020.

ECD: January 29, 2021.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix C
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Appendix D
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