

**TESTIMONY OF  
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DHS CHIEF PROCUREMENT OFFICER  
BEFORE THE HOUSE SELECT BIPARTISAN COMMITTEE TO  
INVESTIGATE THE PREPARATION FOR AND RESPONSE TO  
HURRICANE KATRINA  
NOVEMBER 2, 2005**

Mr. Chairman and Members of the Committee. Thank you for the opportunity to discuss the Department of Homeland Security (DHS) procurement actions taken to prepare for and in response to Hurricane Katrina. I ask that the Committee include my full statement in the record and I will summarize my remarks.

(Chairman: without objection, so ordered)

I am the Chief Procurement Officer for the Department of Homeland Security (DHS). I am a career executive and have spent most of my 33 years of federal service in the procurement profession. As the Chief Procurement Officer, I provide oversight and support to the eight procurement offices within DHS, including the procurement office within the Federal Emergency Management Agency (FEMA).

Normally, these eight procurement offices obligate around \$13 billion per year for supplies and services in support of the DHS mission.

Joining me today is Mrs. Patricia English. Mrs. English is the Head of Contracting for FEMA and is the senior acquisition official responsible for direct management of the acquisition functions within FEMA. Mrs. English has worked for 25 years at FEMA. Mrs. English joined FEMA shortly after its creation and has a thorough understanding of disaster relief and recovery contracting. She joins me today to answer any questions that this Committee may have about specific contracts that FEMA has put into place.

Much has been written and stated about the enormity of Hurricane Katrina. The Gulf Coast states of Louisiana, Mississippi and Alabama were hit with Category IV winds and torrential rains, causing widespread flooding and destruction.

Over \$63 billion was provided to the Department of Homeland Security (DHS) for disaster relief. Of that \$63 billion, a small portion representing significant dollars have been obligated by FEMA through

the federal procurement process. To date, FEMA has directly obligated over \$4 billion through the federal acquisition process in support of Hurricane Katrina relief operations. Other portions of the \$63 billion are being executed under the procurement authorities of other agencies.

Shortly before and immediately after August 29<sup>th</sup>, acquisition personnel within DHS and in other agencies acted swiftly to meet pressing humanitarian needs to protect life and property and to provide support to survivors. A major concern in the early hours after August 29<sup>th</sup> was that the federal acquisition process would not be responsive enough to meet the real time demands placed upon it by such a large event. Fortunately, this turned out not to be the case as acquisition personnel at FEMA and throughout the Department worked tirelessly to do whatever was necessary to provide support. Many pressing needs have been met in a short amount of time. It is appropriate that this Committee and in fact all of us take a careful look to see what happened, to take necessary corrective measures, and to adopt lessons learned.

Many of the actions that the Department and FEMA are taking as a result of Hurricane Katrina equally apply to Hurricane Rita that hit land on September 24, 2005 (or 25 days after Hurricane Katrina), and Hurricane Wilma that hit land October 24<sup>th</sup> (or 57 days after Hurricane Katrina).

Realizing shortly after August 29<sup>th</sup> that FEMA's acquisition staff would need help, I redirected a division within my office to support FEMA's procurement operations. They successfully awarded some 62 contract actions totaling over \$100M.

FEMA intends to increase the ranks of its acquisition corps to handle post-Katrina work by some 60 positions that will include procurement and program management personnel. We are working to hire talented and qualified individuals for these important acquisition positions.

We also recognize the need to ensure that FEMA has solid contracting and procurement systems in place before a disaster –

and that those systems should include a special focus on procurement integrity.

Prior to Hurricane Katrina, FEMA did have contracts in place. These contracts were in place to provide support for building inspections, public assistance technical assistance, hazard mitigation technical assistance, geographic information systems support and some individual assistance technical assistance support. The list of all contracts used in support of Hurricane Katrina relief and recovery efforts is updated weekly and publicly posted at <http://www.dhs.gov/interweb/assetlibrary/CPO-KatrinaContracts.pdf>. These contracts were helpful but not sufficient to handle the magnitude of the requirements that resulted from Hurricane Katrina.

There are numerous actions that FEMA is taking in recognition of this and that I feel should be highlighted. FEMA is formalizing all original emergency procurements in order to establish clear terms and pricing.

FEMA will re-compete all non-competitive contracts where the requirement for the work is still needed. Specifically the four

technical assistance contracts that provide support primarily for housing disaster victims will be re-competed based on a two part strategy.

The first priority is to award competitive five-year technical assistance contracts to small and small disadvantaged businesses for recovery work in the Gulf States. As a second part to the strategy, one of the selection criteria will include the geographic location of the prime contractor to ensure a preference for local hires from the impacted states. This overall strategy offers many benefits. It provides a diverse group of companies the opportunity to contract with FEMA for the Gulf Coast hurricane recovery by adding prime contracting opportunities directly to small and small disadvantaged businesses with geographic preference for those located in the Gulf States.

In addition, FEMA is currently developing a strategy to provide technical assistance support on a national basis for future disaster responses and recovery effort. This strategy will replace the current contracts with improved competitively awarded vehicles, and will include various methods to foster small business participation.

Along with the Inspector General and FEMA, I met with all four of the large contractors providing housing support shortly following Hurricane Katrina. I continue to work with them to ensure that there is an understanding about critical issues such as fair pricing, audits, the need to use local business in the devastated area and especially small business including minority owned businesses. They in turn have shown a commitment to supporting local small and minority owned businesses.

In addition, there are vital oversight steps and procurement actions that the Department and FEMA are taking in response to Hurricane Katrina that will better position FEMA's procurement organization to manage continued recovery efforts as well as future disasters.

Within the Department, an oversight board was formed known as the "Hurricane Internal Control /Procurement Oversight Board." This board was established to assure financial and procurement control and integrity over hurricane funding that the Department receives. This Board coordinates internal control policy and management oversight issues in the appropriate use of hurricane related funding.

The five people who comprise the board are the Under Secretary for Management, the Chief Financial Officer, the General Counsel, the Chief of Operations at FEMA, and me as the Chief Procurement Officer. In addition, a sixth person, the DHS Inspector General, Mr. Rick Skinner is an advisory member of the board.

Within my office, we have created a “procurement review board” that is charged with conducting a comprehensive review of every FEMA procurement to assure the completeness, fair pricing, and overall integrity of the contracts that were entered into in the early stages of the response and recovery period. This board is reviewing each purchase made by FEMA during the period of August 29 through September 30, 2005, and ensuring that there exists an auditable record of actions taken.

DHS has obtained Defense Contract Audit Agency (DCAA) on site support to review contract proposals. Their expertise is providing assistance in support of hurricane relief efforts for FEMA contracting officers by reviewing, auditing, evaluating and analyzing costs to ensure they are properly allowable and allocable to task orders.



## Business Opportunities

Members of Congress have inquired on behalf of their constituent business owners as to how they can match their resources with the extraordinary demand in the impacted region. DHS has posted on its website a list of companies with whom FEMA has contracted and a link that should be helpful for businesses interested in directly contracting with FEMA or in examining subcontracting opportunities. (see [www.dhs.gov](http://www.dhs.gov) and click on “Working with DHS”).

## Stafford Act

Under the Stafford Act and its implementing regulations, local businesses or workers are to be given preference wherever practicable. Under various federal laws, small, minority, veteran owned and women owned business should be given a preference to compete for contracts.

## Summary

The federal acquisition regulations provide sufficient flexibility to deal with emergencies. It was difficult given the magnitude of Hurricane Katrina to apply conventional business processes to such an unconventional situation involving human life, rescue efforts, recovery efforts, housing and sustenance needs. Often, in emergency situations, it can be difficult to establish facts upon which to correctly determine needs.

Nevertheless, we must do our best to ensure that there are contingency contracts competitively awarded and available in the future. We must implement other lessons learned from this tragic event while ensuring that positive actions are taken to maintain procurement integrity throughout the largest natural disaster recovery effort in the nation's history. My definition of procurement integrity extends beyond just making sure that people or companies do not do things "wrong" but that we do things right, such as assuring proper staffing, properly awarding contingency contracts, properly awarding contracts to local small and minority owned businesses and properly

managing contractors following award. These things will assure successful mission accomplishment.

I thank the Committee for your aid in this effort and look forward to working with you. This completes my prepared statement and I am happy to answer any questions you may have.

