

**FEMA Initiated the
Hurricane Harvey
Direct Housing
Assistance Agreement
without Necessary
Processes and Controls**





OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

July 6, 2021

MEMORANDUM FOR: The Honorable Deanne Criswell
Administrator
Federal Emergency Management Agency

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

SUBJECT: *FEMA Initiated the Hurricane Harvey Direct Housing Assistance Agreement without Necessary Processes and Controls*

JOSEPH V
CUFFARI

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For your action is our final report, *FEMA Initiated the Hurricane Harvey Direct Housing Assistance Agreement without Necessary Processes and Controls*. We incorporated the formal comments provided by your office.

The report contains three recommendations aimed at improving FEMA's state-administered direct housing assistance efforts. Your office concurred with all three recommendations. Based on information provided in the response to the draft report, we consider recommendations 1 and 2 resolved and closed, and recommendation 3 resolved and open. Once your office has fully implemented recommendation 3, please submit a formal closeout letter to us within 30 days so that we may close the recommendation. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions. Please send your response or closure request to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act of 1978, as amended*, 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 Bruce Miller, Deputy Inspector General for Audits, at (202) 981-6000.



DHS OIG HIGHLIGHTS

FEMA Initiated the Hurricane Harvey Direct Housing Assistance Agreement without Necessary Processes and Controls

July 6, 2021

Why We Did This Audit

Due to the severity of multiple disasters in 2017, FEMA authorized Texas to administer direct housing assistance on its behalf. We conducted this audit to determine the extent to which FEMA's Intergovernmental Service Agreement (IGSA) with the Texas General Land Office (TxGLO) had processes and controls to ensure compliance with applicable laws and regulations and satisfaction of program objectives.

What We Recommend

We made three recommendations to improve future state-administered direct housing assistance efforts.

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

The Federal Emergency Management Agency's (FEMA) IGSA with TxGLO was appropriate to ensure direct housing assistance program compliance with applicable laws and regulations. However, FEMA initiated the IGSA without first developing the processes and controls TxGLO needed to administer the program. Specifically:

- FEMA did not have guidelines or identify specific roles and responsibilities TxGLO needed to carry out the program because FEMA did not engage stakeholders in preparedness planning and coordination prior to the disaster. As a result, FEMA and the State had to develop and finalize implementation guidelines after signing the IGSA, delaying TxGLO's disaster response.
- FEMA did not have guidance and training to help build State capabilities to administer disaster housing assistance, and available FEMA guidance did not have information on how states should implement direct housing assistance. As a result, FEMA disaster personnel had to prepare the necessary guidance, toolkits, and training resources while responding to Hurricane Harvey.
- FEMA's housing information system did not support all housing options or state-administered direct housing assistance due to a system design that did not address various housing options, as well as access challenges. As a result, FEMA used workarounds and TxGLO set up a separate system, creating additional operational challenges and inefficiencies.

FEMA should carefully consider and apply lessons learned from its IGSA with TxGLO to ensure more successful state-administered program outcomes in the future.

FEMA Response

FEMA concurred with all three recommendations. Appendix A contains FEMA's management response in its entirety.



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Background

The Federal Emergency Management Agency's (FEMA) direct housing program provides temporary housing assistance, at the request of the affected state, territorial, or tribal government to eligible applicants who are displaced by disasters and cannot make use of FEMA's rental assistance due to a shortage of available housing resources.¹ FEMA may also provide direct assistance in the form of permanent housing construction when there are no alternative available housing resources and temporary housing assistance is not feasible, available, or cost-effective. In addition, FEMA ensures applicants who receive temporary housing make progress toward obtaining permanent housing. The program's implementation must comply with Federal, state, and local requirements.

On August 25, 2017, Hurricane Harvey, a Category 4 hurricane, struck the Texas Gulf Coast region. The storm damaged more than 128,000 residential structures. After the President approved a Major Disaster Declaration for Hurricane Harvey (FEMA-4332-DR), Texas submitted a request for direct housing assistance and sought approval to administer the program using all available direct housing options. On September 10, 2017, FEMA approved Texas' request and authorized the State, through the use of an Intergovernmental Service Agreement (IGSA), to administer six direct housing options.² The approval also allowed Texas to further delegate its direct housing assistance responsibilities to local jurisdictions. Although FEMA's 2009 *National Disaster Housing Strategy* (NDHS) recommends moving toward state-managed, federally supported temporary housing programs, Hurricane Harvey was the first time FEMA had authorized any state to administer its direct housing assistance program since 2000.

On September 22, 2017 — 12 days after FEMA approved Texas' request and amid responding to Hurricanes Irma and Maria — FEMA signed the IGSA with the Texas General Land Office (TxGLO) to assist FEMA with administering the direct housing program.³ Under the terms of the IGSA, FEMA's responsibilities included determining applicants' eligibility, approving their direct housing solutions, and providing TxGLO with technical assistance. TxGLO's responsibilities included procuring direct housing units, making permanent

¹ *Robert T. Stafford Disaster Relief and Emergency Assistance Act* (Stafford Act), Public Law 93-288, as amended, 42 United States Code (U.S.C.) § 5174.

² Travel Trailers, Direct Lease, Manufactured Housing Units, Multi-Family Lease and Repair, Permanent Housing Construction, and other readily fabricated dwellings.

³ On September 14, 2017, the Governor of Texas announced that TxGLO would lead the State's disaster housing efforts.



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housing repairs, and placing applicants into temporary housing and monitoring their progress toward obtaining permanent housing.

On September 29, 2017, the Department of Homeland Security Office of Inspector General (OIG) issued a management alert cautioning FEMA that the IGSA, in and of itself, did not clearly define FEMA's and Texas' responsibilities for monitoring and overseeing the Direct Housing Assistance program.⁴ We conducted this audit to determine the extent to which the direct housing IGSA between FEMA and TxGLO had processes and controls to ensure compliance with applicable laws and regulations and satisfaction of program objectives.

Results of Audit

FEMA's IGSA with TxGLO was appropriate to ensure direct housing assistance program compliance with applicable laws and regulations. However, FEMA initiated the IGSA without first developing the processes and controls TxGLO needed to administer the program. Specifically:

- FEMA did not have guidelines, such as process maps and standard operating procedures, or identify specific roles and responsibilities TxGLO needed to carry out the program. This occurred because FEMA did not engage stakeholders in preparedness planning and coordination prior to the disaster. As a result, FEMA and the State had to develop and finalize implementation guidelines after signing the IGSA, delaying TxGLO's disaster response.
- FEMA did not have guidance and training to help build state capabilities to administer disaster housing assistance. Available FEMA guidance did not provide information about how states should implement direct housing assistance. As a result, FEMA disaster personnel had to prepare the necessary guidance, toolkits, and training resources while simultaneously responding to Hurricane Harvey.
- FEMA's housing information system did not support all housing options or state-administered direct housing assistance. This occurred because the system was not designed to address various housing options and system access challenges. As a result, FEMA used workarounds and TxGLO set up a separate system, creating additional operational challenges and inefficiencies.

⁴ *Management Alert - Observations and Concerns with FEMA's Housing Assistance Program Efforts for Hurricane Harvey in Texas*, OIG-17-121-MA, September 29, 2017, p. 3.



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FEMA should carefully consider and apply lessons learned from its IGSA with TxGLO to ensure more successful state-administered program outcomes in the future.

The IGSA Was Appropriate to Ensure Direct Housing Assistance Program Compliance with Laws and Regulations

Following Hurricane Harvey, FEMA and TxGLO developed an appropriate approach, using an IGSA, to ensure implementation of Hurricane Harvey's direct housing assistance program complied with applicable laws and regulations. Under this approach, FEMA conducted inspections and reviews to ensure applicants and proposed direct housing solutions met Federal eligibility and compliance requirements. In turn, TxGLO ensured contractors implemented the various housing solutions in accordance with applicable Federal, State, and local requirements. In addition, TxGLO ensured applicants who received direct housing assistance complied with the program's terms and conditions. FEMA and TxGLO also implemented controls to prevent the duplication of benefits and protect applicants' information.

The IGSA required TxGLO to comply with Federal procurement standards. When procuring property and services under a Federal award, the Federal regulation at 2 Code of Federal Regulations (C.F.R.) 200.317 requires states to follow the same policies and procedures they use for procurements from non-Federal funds. Despite the Governor's suspension of the State's Hurricane Harvey-related procurement and contracting requirements, TxGLO nonetheless continued to procure direct housing assistance contracts in accordance with the State's solicitation procedures for emergency purchases. TxGLO also included federally required provisions within its direct housing assistance contracts and monitored local governments to ensure they also followed Federal procurement standards and addressed any deficiencies.⁵

Further, the IGSA required TxGLO to comply with cost principles at 2 C.F.R. Part 200, Subpart E, which govern costs that may be charged by non-Federal entities under Federal awards. To ensure compliance, TxGLO provided local governments with specific guidance on how to prepare their cost reimbursement requests and used a multi-step process to perform payment reviews, and FEMA implemented separate controls to validate TxGLO's IGSA-related costs. We reviewed a sample of TxGLO's IGSA-related expenditures for direct housing units, housing repairs, and project management and verified

⁵ For example, TxGLO identified instances in which local governments did not provide adequate oversight of contractors, have complete procurement histories, or include federally required provisions within their contracts.



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they were adequately documented, allocable to the IGSA's cost objectives, and allowable for the provision of direct housing assistance.

FEMA Initiated the IGSA without First Developing Processes and Controls TxGLO Needed to Administer the Direct Housing Assistance Program

FEMA initiated the IGSA without first developing the processes and controls TxGLO needed to administer direct housing assistance and meet the program's objectives. Specifically, FEMA did not have guidelines, such as process maps and standard operating procedures, or identify specific roles and responsibilities TxGLO needed to carry out the program. FEMA also did not have guidance and training resources, and its housing information system did not support all housing options or state-administered direct housing assistance. As a result, FEMA and the State had to develop and finalize implementation guidelines after signing the IGSA and prepare the necessary guidance, toolkits, and training resources while simultaneously responding to Hurricane Harvey. In addition, FEMA used workarounds and TxGLO set up a separate system, creating additional operational challenges and inefficiencies.

FEMA Did Not Have Guidelines TxGLO Needed to Carry Out the Direct Housing Assistance Program

According to the *Standards for Internal Control in the Federal Government*, an effective internal control system includes plans, methods, policies, and procedures to help an organization achieve its objectives.⁶ FEMA's NDHS recommends moving toward state-managed, federally supported temporary housing programs by developing procedures to clarify, streamline, and standardize processes to enable different levels of government to work collaboratively to implement temporary housing assistance.⁷ Moreover, the *National Preparedness Goal* (NPG)⁸ describes core capabilities or critical elements, such as Planning and Operational Coordination,⁹ for all levels of government to be prepared to address threats such as disasters and emergencies.

⁶ *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014, OV1.03.

⁷ *National Disaster Housing Strategy*, January 16, 2009, p. 69.

⁸ *National Preparedness Goal*, Second Edition, September 2015.

⁹ The "Planning" core capability is the systematic process of engaging the whole community, which includes state, local, tribal, territorial, and Federal partners, in developing executable strategic, operational, and tactical approaches to meet defined objectives. NPG defines "Operational Coordination" as establishing and maintaining a unified and coordinated operational structure and processes that appropriately integrate all critical stakeholders and support the execution of core capabilities.



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Soon after Hurricane Harvey made landfall, FEMA began preparing to assist Texas survivors. Preparations included deploying personnel and mobilizing resources to administer direct housing. However, amid the preparations, due to the severity of multiple disasters in 2017, FEMA quickly shifted to approve the State's request to administer direct housing assistance. After the approval, FEMA began working with TxGLO and other State officials to develop and negotiate the terms and conditions of the IGSA for TxGLO to administer the program on FEMA's behalf.

FEMA considered the IGSA a pilot program as this was the first time it had authorized a state to administer direct housing assistance since 2000. However, at the time FEMA signed the IGSA, FEMA did not have the necessary guidelines, such as process maps and standard operating procedures, nor did it identify the specific roles and responsibilities for TxGLO to carry out the program. This occurred because FEMA did not engage stakeholders in preparedness planning and coordination prior to the disaster.

Nonetheless, the terms of the IGSA required TxGLO, which did not have prior experience implementing direct housing assistance on behalf of FEMA, to submit to FEMA for approval an Administrative Plan and a Project Management Plan detailing the State's implementation processes and controls, before it could begin administering direct housing assistance. In the interim, while the State was working through these startup challenges, FEMA and the State had to develop and finalize implementation guidelines. For example, FEMA officials said the direct housing team had to rethink and develop new processes to support the IGSA, as well as help TxGLO prepare the IGSA's required plans. It was not until November 12, 2017 — 51 days after signing the IGSA — that FEMA fully approved TxGLO to begin administering all the IGSA's direct housing options. See Table 1, detailing Hurricane Harvey's timeline for implementing direct housing assistance.



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Table 1. Hurricane Harvey Direct Housing Assistance Timeline

Actions	Date	Days since Disaster Declaration	Days since Signing IGSA
Disaster Declaration	August 25, 2017	0	N/A
Texas Requested Direct Housing Assistance	September 7, 2017	13	N/A
FEMA Approved Direct Housing Assistance	September 10, 2017	16	N/A
Texas Governor Announced TxGLO Would Lead the State's Disaster Housing Efforts	September 14, 2017	20	N/A
FEMA and TxGLO Signed IGSA	September 22, 2017	28	0
FEMA and TxGLO Direct Housing Introduction and Coordination Meeting at the Joint Field Office	September 25, 2017	31	3
FEMA Began Direct Housing Operations	September 28, 2017	34	6
FEMA Approved TxGLO's Project Management Plan	October 5, 2017	41	13
FEMA Provided First Direct Housing Unit	October 7, 2017	43	15
FEMA Approved TxGLO's Administrative and Implementation Plans	October 20, 2017	56	28
FEMA Authorized TxGLO to Proceed with Permanent Housing Construction Option	November 2, 2017	69	41
TxGLO issued Quality Assurance Plan	November 10, 2017	77	49
FEMA Authorized TxGLO to Proceed with Other Direct Housing Options	November 12, 2017	79	51

Source: OIG analysis of data provided by FEMA

Because there were no guidelines for carrying out the IGSA, TxGLO's assistance to disaster survivors was delayed during a critical period in the aftermath of the hurricane. Given startup delays in the State's administration of direct housing assistance, on September 28, 2017, FEMA resumed direct housing operations while also helping TxGLO prepare required IGSA plans and providing technical and other support. To do so, FEMA increased its Hurricane Harvey direct housing assistance staff from 49 in October 2017 to more than 400 in March 2018. Ultimately, of the 3,509 Texas applicants who received direct housing assistance, TxGLO and local governments provided direct housing for 1,384 applicants (39 percent) while FEMA assisted 2,125 applicants (61 percent).

FEMA Did Not Have Guidance and Training to Help Build State Capabilities to Administer Direct Housing Assistance

According to NDHS, FEMA is responsible for identifying ways to build state and local temporary housing capabilities by developing targeted training, resources,



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and toolkits.¹⁰ In addition, FEMA's *Housing Assistance Initiative* made it a priority for the component to develop a direct housing guide and find ways to build state disaster housing capabilities. However, FEMA did not have the guidance and training needed to help build local and state temporary housing capabilities before signing the IGSA. Available guidance, such as FEMA's 2016 *Individuals and Households Program Unified Guidance*¹¹ and its 2017 *Direct Housing Guide*¹² did not provide information on how states should implement direct housing assistance. As a result, FEMA disaster personnel were tasked with preparing the necessary guidance and toolkits while simultaneously responding to Hurricane Harvey.

Although FEMA acknowledged that TxGLO and local jurisdictions did not have direct housing assistance experience, FEMA initiated the IGSA without having the training resources in place to instruct them. As a result, FEMA's direct housing officials had to develop and finalize a training plan, and its Emergency Management Institute had to deploy staff to Texas to develop the required training materials. According to FEMA direct housing officials, the initial training provided to TxGLO and local governments was limited to a 1-day class. The class included an introduction to the direct housing assistance program during the first half of the day, followed by more challenging subjects during the second half of the day. Although FEMA officials said they also provided other continuous and informal training, they acknowledged direct housing assistance training typically should take place before a disaster because there is a lot to take on all at once.

As a result of these deficiencies, FEMA had to provide more of its personnel resources than initially deployed to support TxGLO and local governments to provide direct housing assistance. According to TxGLO officials, this, at times, required TxGLO to partner with FEMA to perform some of the same tasks. For example, under the terms of the IGSA, TxGLO was responsible for monitoring applicants' compliance with direct housing assistance terms and conditions, including their progress toward obtaining permanent housing. However, FEMA's direct housing officials said they also accompanied TxGLO and local government teams during the monitoring visits to ensure adequate documentation to support compliance assessments and recommendations to recertify or terminate assistance.

¹⁰ NDHS, January 16, 2009, p. 70.

¹¹ *FEMA Individuals and Households Program Unified Guidance (IHPUG)*, FP 104-009-3, September 30, 2016.

¹² *FEMA Direct Housing Guide*, August 2017 (Draft 1.0).



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FEMA's Information System Did Not Support All Housing Options or State Administered Direct Housing Assistance

Although FEMA's NDHS recommends using a broader range of temporary housing options and moving toward state-managed, federally supported temporary housing programs, FEMA did not ensure its direct housing information system could provide the necessary support for work under the IGSA. Government Accountability Office internal control standards similarly state Federal agencies should design their information system and related control activities to achieve program objectives and respond to risks.¹³ In addition, the NPG emphasizes the need to establish and maintain unified and coordinated operational structures and processes that integrate stakeholders and support the execution of core capabilities, including providing temporary housing assistance.¹⁴

FEMA uses the Housing Operations Management Enterprise System (HOMES)¹⁵ to deploy manufactured housing units as a means of implementing the direct housing assistance program. According to FEMA officials, HOMES was not designed to implement different forms of housing options. Consequently, to implement all the IGSA's approved housing options, FEMA created workarounds. For instance, to document and track applicants who were assigned to alternative types of housing options, such as Recreation Vehicles, Direct Lease, Multi-Family Lease and Repair, and Permanent Housing Construction, FEMA had to revise several times the standard placement codes used to identify applicants' direct housing needs within HOMES. However, FEMA officials said it was difficult to keep things clear when using an information system that was not designed to implement different housing options and required FEMA and TxGLO to sort through the placement code information before TxGLO could implement assistance. According to FEMA officials, FEMA and TxGLO did not have a common platform to assign and track housing solutions for applicants, and HOMES lacked flexibility to track many housing options and share the dynamic information with the State.

In the IGSA's Project Management Plan, it was agreed that TxGLO would use HOMES to administer direct housing assistance. However, approximately 1 month after FEMA approved TxGLO to begin administering all direct housing options, TxGLO had to quickly set up a separate State direct housing information system, GLO Stage Prime, because of challenges it faced obtaining

¹³ *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014, Principle 11.01.

¹⁴ *National Preparedness Goal*, Second Edition, September 2015, pp. 18 and 19.

¹⁵ HOMES is a submodule of the National Emergency Management Information System-Individual Assistance (NEMIS-IA) module. FEMA transfers applicant information from NEMIS-IA into HOMES in order to implement direct housing assistance.



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access to HOMES. The use of separate information systems created additional operational challenges and inefficiencies. For instance, TxGLO had to manually input more than 7,000 applicant records from HOMES into GLO Stage Prime, and FEMA had to manually transfer TxGLO's housing assistance outcomes from GLO Stage Prime because the two systems could not directly interface. Consequently, there were instances of missing or incorrect data, and FEMA was delayed in reporting the program's current status until after the latest information from GLO Stage Prime had been manually uploaded into HOMES. In addition, as applicant information or housing needs changed, housing data did not always match from system to system, requiring FEMA and TxGLO to meet regularly to compare and update their information.

Conclusion

Although FEMA's IGSA with TxGLO was appropriate to ensure direct housing assistance program compliance with applicable laws and regulations, FEMA initiated the IGSA without first developing the processes and controls TxGLO needed to administer direct housing assistance and meet the program's objectives. As a result, FEMA and the State had to develop and finalize implementation guidelines and prepare the necessary guidance, toolkits, and training resources while simultaneously responding to Hurricane Harvey. In addition, FEMA used workarounds and TxGLO set up a separate housing information system, creating additional operational challenges and inefficiencies. These deficiencies occurred because FEMA did not engage stakeholders in preparedness planning and coordination prior to the disaster, prepare guidance and training to build local and state temporary housing capabilities, or ensure its information system could support all housing options or state-administered direct housing assistance.

Since implementation of the IGSA, FEMA and TxGLO have issued After-Action Reports and Congress passed the *Disaster Recovery Reform Act of 2018* (DRRA), which authorizes states and tribal governments to receive grants to administer direct housing assistance and permanent housing construction.¹⁶ In addition, on July 27, 2020, FEMA issued the *State-Administered Direct Housing Grant Guide* to provide guidance to state, local, tribal and territorial governments (see Appendix B). Given the move toward increased state and tribal administration of direct housing assistance, FEMA would benefit from addressing our audit findings and recommendations and carefully considering other lessons learned from its IGSA with TxGLO to ensure more successful direct housing assistance program outcomes in the future.

¹⁶ *Disaster Recovery Reform Act of 2018*, Pub. L. No. 115-254, § 1211(a).



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Recommendations

Recommendation 1: We recommend the Associate Administrator, FEMA Office of Response and Recovery strengthen its preparedness planning and operational coordination to ensure the processes and controls that states, territories, and tribal governments need to administer direct housing assistance on FEMA's behalf are in place in advance of disasters.

Recommendation 2: We recommend the Associate Administrator, FEMA Office of Response and Recovery ensure guidance and training resources are readily available to help states, territories, and tribal governments plan, build, and sustain direct housing assistance capabilities in advance of disasters.

Recommendation 3: We recommend the Associate Administrator, FEMA Office of Response and Recovery ensure its direct housing information system provides flexibility implementing alternative direct housing options; provides support to states, territories, and tribal governments administering direct housing assistance; and facilitates data exchange and sharing with non-FEMA information systems.

Management Comments and OIG Analysis

In its response to our report, FEMA acknowledged OIG's positive recognition that FEMA's IGSA with TxGLO following Hurricane Harvey was appropriate to ensure the direct housing assistance mission complied with applicable laws and regulations. According to officials, FEMA remains committed to implementing section 1211(a) of the DRRA and building the capability of state, territory, and tribal (STT) governments to administer direct housing on FEMA's behalf. FEMA officials concurred with our recommendations and provided comments to the draft report. Appendix A contains a copy of FEMA's management comments in their entirety. FEMA officials also provided technical comments, which we incorporated in the report as appropriate.

A summary of FEMA's response to the recommendations and OIG's analysis of the response follow.

Response to Recommendation 1: Concur. The Associate Administrator of FEMA's Office of Policy and Program Analysis stated that FEMA developed and published the *State-Administered Direct Housing Grant Guide* in July 2020, to provide guidance to STT governments on the capabilities, processes, and coordination requirements for administering direct housing assistance through a grant. To request and receive State-Administered Direct Housing Grant funds, FEMA requires STT governments to develop housing strategies and administrative plans to determine eligibility prior to implementing direct



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housing on FEMA's behalf. According to officials, the authority for STT governments to apply for a State-Administered Direct Housing Grant during the pilot period expired on October 5, 2020, and FEMA is pursuing the regulatory changes needed to permanently implement State-Administered Direct Housing assistance. Until FEMA completes the rule-making process, STT governments will not be able to administer direct housing assistance on FEMA's behalf. FEMA requested that OIG consider this recommendation resolved and closed.

OIG Analysis: We consider FEMA's actions that include issuing the *State-Administered Direct Housing Grant Guide* and its requirement that STT governments develop housing strategies and administrative plans prior to implementing direct housing on FEMA's behalf responsive to the recommendation. We consider this recommendation resolved and closed and require no further action by FEMA.

Response to Recommendation 2: Concur. According to the Associate Administrator of FEMA's Office of Policy and Program Analysis, FEMA developed the *State-Administered Direct Housing Grant Guide* to provide guidance to STTs on processes, roles, and responsibilities to implement direct housing through a State-Administered Direct Housing Grant. This guide also provides pre-disaster planning activities, including the Administrative Plan and Disaster Housing Strategy, to help STT governments plan, build, and sustain direct housing assistance capabilities. In 2020, FEMA's Disaster Housing Unit partnered with its Regional Offices to provide states interested in administering direct housing assistance through a grant with technical assistance for developing disaster housing strategies and administrative plans in advance of disasters. FEMA officials also described development of a Strategy Support Toolkit that will include guidance and training resources to assist states with planning, building, and sustaining direct housing assistance capabilities. FEMA requested that OIG consider this recommendation resolved and closed.

OIG Analysis: We consider FEMA's actions to provide guidance to STT governments on the processes, roles, and responsibilities to implement direct housing, provide technical assistance to states interested in administering direct housing assistance, and developing a Strategy Support Toolkit to assist states in planning, building, and sustaining direct housing assistance capabilities responsive to the recommendation. We consider this recommendation resolved and closed and require no further action by FEMA.

Response to Recommendation 3: Concur. FEMA recognized that HOMES requires improvements to ensure it provides the needed flexibility for implementing all direct housing options and supports STT governments' ability to administer direct housing assistance. According to FEMA, in April 2019, the Individual Assistance Division of the Disaster Housing Unit began working with



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the Recovery Technology Programs Division (RTPD) and Grants Technology Division to develop requirements for a new direct housing information system. Since 2019, an extensive set of requirements has been identified. In 2020, the Grants Technology Division and RTPD began requirements analysis and notified executive leadership that additional in-depth research would be necessary to explore solution design options and responsibilities for Asset Management. In April 2021, RTPD hosted a 5-day workshop intended to address the requirements related to alternative forms of direct housing assistance not currently supported by HOMES. FEMA estimates a new direct housing information system will be completed in September 2024. This estimated timeline accounts for the modernization and/or development of potentially three major components (FEMA GO, NEMIS-IA modernization, and Transportable Temporary Housing Unit Lifecycle Asset Management system) to comprise an overall solution for addressing the recommendation. FEMA requested that OIG consider this recommendation resolved and open pending the development of a new direct housing information system estimated to be completed in September 2024. Estimated Completion Date: September 30, 2024.

OIG Analysis: We consider FEMA's actions to develop a new direct housing system responsive to the recommendation, which is resolved and open. This recommendation will remain open until we receive evidence from FEMA that the new direct housing system has been developed and implemented.

Objective, Scope, and Methodology

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

Our objective was to determine the extent to which the Hurricane Harvey direct housing assistance IGSA between FEMA and the TxGLO had processes and controls to ensure compliance with applicable laws and regulations and satisfaction of program objectives. Toward this end, we interviewed FEMA officials from the Office of Response and Recovery, Office of the Chief Procurement Officer, Office of Chief Information Officer, FEMA Region VI, as well as FEMA and TxGLO officials and TxGLO's contractors at the Texas Recovery Office. In addition, we relied on prior OIG interviews and documents obtained during the OIG's Emergency Management Oversight Team deployment to the Joint Field Office in Austin, Texas, to assess FEMA's and Texas' response and recovery activities during Hurricane Harvey, from September to December 2017.



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To verify the reliability of data from FEMA and TxGLO's direct housing assistance information systems, we conducted interviews, made physical observations, and compared data manually transferred between the systems. We also reviewed FEMA's existing direct housing internal controls and IGSA processes and controls to identify and test for potential risks.

To determine whether the IGSA had processes and controls to comply with applicable laws and regulations, we reviewed Federal and Texas laws and regulations, FEMA policies and procedures, and the IGSA and its related plans. We obtained an understanding of the processes, controls, and information systems FEMA and TxGLO used to implement direct housing assistance. In addition, we used the Raosoft Sample Size Calculator to select a sample of 65 direct housing applicant files using a 90 percent confidence level and 10 percent error rate from the universe of 1,384 applicants housed by TxGLO. We also reviewed TxGLO's IGSA-related solicitations, agreements, contracts, and expenditures, and the results of TxGLO's quality assurance monitoring of local governments assisting TxGLO's administration of the direct housing program.

To determine the extent to which the Hurricane Harvey direct housing assistance IGSA had processes and controls to meet program objectives, we reviewed the *National Disaster Housing Strategy*, *National Preparedness Goal*, as well as FEMA's *Individuals and Households Program Unified Guidance*, *Housing Assistance Initiative*, and *Direct Housing Guide*. In addition, we reviewed the Hurricane Harvey IGSA and its related plans, processes, and procedures, and FEMA and TxGLO's direct housing assistance records and documents.

We conducted this performance audit between September 2019 and June 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.

The Office of Audits major contributors to this report are Brooke Bebow, Director; David B. Fox, Audit Manager; Tai Cheung, Auditor-in-Charge; Michael McGee, Auditor; Kevin Dolloson, Communications Analyst; and Carolyn Berry, Independent Referencer.



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Appendix A
FEMA Comments to the Draft Report

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



FEMA

June 1, 2021

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

FROM: Cynthia Spishak CYNTHIA
Associate Administrator SPISHAK
Office of Policy and Program Analysis

SUBJECT: Management Response to Draft Report: "FEMA Initiated the
Hurricane Harvey Direct Housing Assistance Agreement
without Necessary Processes and Controls-For Official Use
Only"
(Project No. OIG-18-063)

Digitally signed by CYNTHIA
SPISHAK
Date: 2021.06.01 15:49:34
+04'00'

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 is pleased to note OIG's positive recognition that FEMA's Inter-Governmental Services Agreement (IGSA) with the Texas General Land Office (TxGLO) following Hurricane Harvey was appropriate to ensure that the direct housing assistance mission complied with applicable laws and regulations. FEMA remains committed to implementing section 1211(a) of the Disaster Recovery Reform Act of 2018 (DRRA) and building the capability of State, Territory, and Tribal (STT) governments to administer direct housing on FEMA's behalf to promote federally supported, state-managed, and locally executed disaster recovery.

Since Hurricane Harvey and the implementation of the IGSA, FEMA has undertaken many initiatives to strengthen and improve STT governments' ability to administer direct housing assistance. In May 2020, FEMA's National Integration Center published *Planning Considerations: Disaster Housing* to provide guidance on the development of disaster housing plans. In July 2020, FEMA issued the *State-Administered Direct Housing Grant Guide* to provide guidance to STT governments about the capabilities, processes, and coordination requirements for administering direct housing assistance through a grant. These resources provide guidance on the pre-disaster planning actions



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needed for STTs to build and sustain direct housing assistance capabilities. In addition, FEMA is developing a Strategy Support Toolkit including guidance and training resources, which will assist states in planning, building, and sustaining direct housing assistance capabilities. FEMA is also actively working to identify functional requirements for needed improvements to our direct housing information system.

The draft report contained three recommendations, with which FEMA concurs. Attached, please find our detailed response to each recommendation. FEMA previously submitted technical comments addressing several accuracy, contextual, and other issues 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 OIG-18-063

OIG recommended that the Associate Administrator, FEMA Office of Response and Recovery:

Recommendation 1: Strengthen its preparedness planning and operational coordination to ensure the processes and controls that states, territories, and tribal governments need to administer direct housing assistance on FEMA's behalf are in place in advance of disasters.

Response: Concur. FEMA developed and published the *State-Administered Direct Housing Grant Guide* in July 2020. To request and receive State-Administered Direct Housing Grant funds, FEMA requires STTs to develop housing strategies and administrative plans to determine eligibility prior to implementing direct housing on FEMA's behalf. The authority for STTs to apply for a State-Administered Direct Housing Grant during the pilot period expired on October 5, 2020 and FEMA is pursuing the regulatory changes needed to permanently implement the DRR authority. Until FEMA completes the rule-making process, STTs will not be able to administer direct housing assistance on FEMA's behalf.

FEMA requests the DHS OIG consider this recommendation resolved and closed.

Recommendation 2: Ensure guidance and training resources are readily available to help states, territories, and tribal governments plan, build, and sustain direct housing assistance capabilities in advance of disasters.

Response: Concur. FEMA developed the *State-Administered Direct Housing Grant Guide* to provide guidance to STTs on processes, roles, and responsibilities to implement direct housing through a State-Administered Direct Housing Grant. This resource provides pre-disaster planning activities, including the Administrative Plan and Disaster Housing Strategy, to help STTs plan, build and sustain direct housing assistance capabilities. In 2020, FEMA's Disaster Housing Unit (DHU) partnered with Regional Offices to provide states interested in administering direct housing assistance through a grant with technical assistance for developing disaster housing strategies and administrative plans in advance of disasters.

FEMA requests the DHS OIG consider this recommendation resolved and closed.

Recommendation 3: Ensure its direct housing information system provides flexibility implementing alternative direct housing options, provides support to states, territories,

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and tribal governments administering direct housing assistance, and facilitates data exchange and sharing with non-FEMA information systems.

Response: Concur. FEMA recognizes its system of record for direct housing, the Housing Operations Management Enterprise System (HOMES), requires improvements to ensure it provides the needed flexibility for implementing all direct housing options and supports STTs' ability to administer direct housing assistance. In April 2019, the Individual Assistance (IA) Division, Disaster Housing Unit (DHU) began working with the Recovery Technology Programs Division (RTPD) and Grants Technology Division (GTD) to develop requirements for a new direct housing information system. Since 2019, an extensive set of requirements has been identified. In 2020, GTD and RTPD began requirements analysis and notified executive leadership that additional in-depth research would be necessary to explore solution design options and responsibilities for Asset Management. In April 2021, RTPD hosted a five-day workshop intended to address the requirements related to alternative forms of direct housing assistance not currently supported by HOMES. FEMA estimates a new direct housing information system will be completed in September 2024. This estimated timeline accounts for the modernization and/or development of potentially three major components (FEMA GO, NEMIS-IA modernization, and Transportable Temporary Housing Unit (TTHU) Lifecycle Asset Management system) to comprise an overall solution for achieving the recommendation. Due to the interdependencies of certain data elements, these components require ongoing planning and synchronization over the next few years to architect functional design, technical design, and specific data exchanges to further guide development and implementation.

FEMA requests the DHS OIG consider this recommendation resolved and open pending the development of a new direct housing information system in September 2024.

Estimated Completion Date: September 30, 2024



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Appendix B

Reports¹⁷ and Developments since IGSA Implementation

Since implementation of the IGSA, FEMA and TxGLO have issued reports and Congress promulgated legislation related to direct housing assistance, including:

- FEMA's *2017 Hurricane Season FEMA After-Action Report* acknowledged that it took time to address IGSA requirements and set up initial coordination and operational structures with TxGLO while survivors remained displaced. This report also acknowledged information sharing challenges and the need for FEMA to work with its state and local partners empowering them to implement disaster housing solutions.¹⁸
- TxGLO's *Hurricane Harvey: Texas at Risk* report attributed direct housing assistance delays to the time required for TxGLO to work out the IGSA's terms with FEMA, prepare program guidance and other documents, and issue contracts to local governments and vendors. The report also points to training shortfalls and data management issues.¹⁹
- On October 5, 2018, Congress passed the *Disaster Recovery Reform Act of 2018* (DRRA). The DRRA amended Section 408(f) of the Stafford Act to authorize states and tribal governments to receive grants to administer direct housing assistance and permanent housing construction.²⁰ Among other things, the DRRA requires states and tribal governments to submit housing strategies, have compliance plans, and demonstrate their ability to manage the program before FEMA can approve them to administer direct housing assistance.
- On July 27, 2020, FEMA issued the *State-Administered Direct Housing Grant Guide*²¹ to provide guidance to states, territories, and federally recognized tribes about the necessary capabilities, processes, and coordination requirements for requesting and receiving State-Administered Direct Housing Grant funds to administer a direct housing mission.

¹⁷ *2017 Hurricane Season FEMA After-Action Report*, July 12, 2018 ([FEMA After-Action Report](#)), and *Hurricane Harvey: Texas at Risk*, released August 24, 2018 ([Texas at Risk](#)).

¹⁸ *2017 Hurricane Season FEMA After-Action Report*, July 12, 2018, pp. 47–48.

¹⁹ *Hurricane Harvey: Texas at Risk*, released August 24, 2018, pp. 43–45.

²⁰ *Disaster Recovery Reform Act of 2018*, Pub. Law 115-254-Oct 5, 2018, Section 1211(a).

²¹ *State-Administered Direct Housing Grant Guide*, July 2020.



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Appendix C
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