



Department of Veterans Affairs Office of Inspector General

Audit of VA's Response to Hurricane Katrina

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Executive Summary

Introduction

On August 29, 2005, Hurricane Katrina struck areas of the Gulf Coast, causing widespread damage over 90,000 square miles located in Alabama, Louisiana, and Mississippi with Category 3 winds and torrential rains. In addition, a key levee protecting New Orleans failed, and much of the city flooded. Hurricane Katrina was the third strongest hurricane in history to hit the United States and the sixth strongest hurricane ever recorded in the Atlantic Basin. The hurricane directly impacted the VA Southeast Louisiana Veterans Health Care System in New Orleans, LA; the VA Gulf Coast Veterans Health Care System in Gulfport, MS; five community-based outpatient clinics (CBOCs) along the Gulf Coast; the New Orleans Regional Office; and the Biloxi VA National Cemetery. In addition, the hurricane indirectly impacted other VA facilities. For example, patients were moved to various medical centers throughout the region, and various regional offices assisted veterans with benefit processing.

As a result of widespread congressional and public interest in the Federal response to Hurricane Katrina, the President's Council on Integrity and Efficiency (PCIE) established a working group that developed a coordinated oversight effort by the inspectors general community to evaluate response and recovery efforts related to the hurricane. Our oversight responsibilities included determining whether actions taken by VA in response to Hurricane Katrina fulfilled its requirements as outlined in the *National Response Plan* (NRP) and VA's emergency preparedness plans. The NRP establishes a single, comprehensive framework for managing domestic incidents across all levels of government.

Results

While VA's overall response was effective and employees were recognized for their heroic efforts in providing assistance to Hurricane Katrina victims in a difficult environment, actions taken by VA in response to Hurricane Katrina needed strengthening in order to fulfill the Department's requirements as outlined in the NRP. These actions included improving interagency coordination between VA and the Federal Emergency Management Agency (FEMA) to provide transitional housing to hurricane victims in a timely manner and, in some instances, making all habitable transitional housing available to victims. On September 1, 2005, VA identified 1,301 habitable properties in its continental United States inventory that were available for immediate occupancy by Hurricane Katrina victims. However, VA properties were not made available to disaster victims until 4 months after VA received a mission assignment for providing housing assistance to victims. Of the 1,301 habitable properties, 716 (55 percent) were returned to the market and never made available to hurricane victims. This occurred because the

Office of Operations, Security, and Preparedness (OSP) needed to strengthen operating procedures between VA and FEMA and perform more effective oversight of the management of mission assignments.

We also determined actions taken by VA needed strengthening in order to fulfill the Department's requirements as outlined in VA's emergency preparedness plans. We determined VISN 16 managers did not mitigate risks associated with disaster recovery planning by including all essential functional elements in Continuity of Operations Plans (COOPs) and by incorporating needed improvements identified in previous COOP exercises. The Office of OSP and Veterans Health Administration (VHA) managers attributed this to the lack of oversight by OSP and Veterans Integrated Service Network (VISN) 16 managers. The lack of complete and effective COOPs could increase the risk that mission-critical functions may not be carried out.

Recommendations

To improve management of VA's emergency preparedness, we recommended the Acting Assistant Secretary for OSP develop:

- A definition of habitable housing that meets the requirements of the National Disaster Housing Strategy.
- Timeliness criteria and mechanisms to periodically test whether procedures can make transitional housing available to disaster victims in an effective, expedited, and efficient manner as required by the NRP.
- Mechanisms to continuously maintain a listing of habitable housing that meets FEMA criteria.
- Criteria for when to place habitable housing set aside for disaster victims back on the market.
- Mechanisms to provide oversight of housing support provided in the event of a disaster.
- Site-specific emergency plans for VA facilities in accordance with Federal Preparedness Circular 65.

Acting Assistant Secretary for OSP Comments

The Acting Assistant Secretary for OSP agreed with the recommendations in the report and provided acceptable implementation plans. (See Appendix A, pages 15–19, for the full text of the Acting Assistant Secretary's comments.) He reported the Office of OSP is in the process of developing: (1) a definition of habitable housing; (2) timeliness criteria and mechanisms to periodically test whether making transitional housing available to victims is effective, expedited, and efficient; (3) mechanisms to continuously maintain a list of habitable housing; (4) criteria to determine which properties VA makes available during disasters and when the properties are to be placed back on the market; and (5)

oversight mechanisms to ensure housing support is provided in the event of disasters. The Acting Assistant Secretary also reported he is in the process of ensuring that VA facilities have developed site-specific emergency plans in accordance with Federal Preparedness Circular 65 and VA Directive 0320. We will follow up on the completion of planned actions.

(original signed by:)

BELINDA J. FINN
Assistant Inspector General
for Auditing

Introduction

Purpose

As a result of widespread congressional and public interest in the Federal response to Hurricane Katrina, the PCIE established a working group that developed a coordinated oversight effort by the inspectors general community to evaluate response and recovery efforts related to the hurricane. Our oversight responsibilities included determining whether actions taken by VA in response to Hurricane Katrina fulfilled the Department's requirements as outlined in the NRP and VA's emergency preparedness plans.

Background

On August 27, 2005—2 days before the hurricane hit areas of the Gulf Coast—President Bush declared that a state of emergency existed in Louisiana. The President invoked the *Stafford Act* that established programs and processes by which the Federal government supplements state and local resources in major disasters or emergencies.¹ The President's action authorized FEMA to coordinate all disaster relief efforts with the purpose of alleviating the hardship and suffering caused by the emergency on the local population and to provide appropriate assistance for required emergency measures to save lives, protect property, provide for public health and safety, and reduce or avert the threat of a catastrophe.

On August 29, 2005, Hurricane Katrina struck areas of the Gulf Coast, causing widespread damage in an approximately 90,000 square mile area of the southeastern United States. It devastated portions of the Gulf Coast states of Alabama, Louisiana, and Mississippi with Category 3 winds and torrential rains when it made landfall. Hurricane Katrina was the third strongest hurricane in history to hit the United States and the sixth strongest hurricane ever recorded in the Atlantic Basin. Further, a key levee protecting the city of New Orleans failed, and much of the city flooded. Then on August 30, 2005, the Secretary of the Department of Homeland Security activated the NRP by declaring an incident of national significance as a result of the devastation caused by Hurricane Katrina.

The National Response Plan. Adopted by the Federal government in December 2004, the NRP is designed to provide the structure for the coordination of Federal support for disaster responses. The NRP establishes a single, comprehensive framework for managing domestic incidents across all levels of government and across a spectrum of activities that includes prevention; preparedness; response; and recovery from terrorism, natural disasters, and other emergencies. It applies to all Federal departments and agencies that may be requested to provide assistance or conduct operations in the context

¹ In November 1988, Congress passed the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, Public Law 93-288, as Amended.

of actual or potential incidents of national significance. Hurricane Katrina was the first use of the plan in response to an incident of national significance.

The NRP groups the capabilities of Federal departments and agencies into Emergency Support Functions (ESFs). The ESFs serve as the primary operational-level mechanism to provide assistance to state, local, and tribal governments and to Federal departments and agencies conducting missions of primary Federal responsibility. VA serves as a support agency for 7 of the 15 ESFs. Table 1 details VA's NRP support responsibilities.

Table 1. VA's NRP Support Responsibilities

Activity	Primary Agency	Description
ESF 3	Army Corps of Engineers	Public Works and Engineering
ESF 5	FEMA	Emergency Management
ESF 6	FEMA	Mass Care, Housing, and Human Services
ESF 7	General Services Administration	Resource Support
ESF 8	Health and Human Services (HHS)	Public Health and Medical Services
ESF 13	Department of Homeland Security	Public Safety and Security
ESF 15	FEMA	External Affairs

In response to Hurricane Katrina, FEMA assigned VA responsibility for conducting missions in support of ESFs 6 and 8.

VA Organizational Changes Made To Strengthen Emergency Preparedness. Prior to April 3, 2006, the Assistant Secretary for Policy, Planning, and Preparedness was responsible for providing VA-wide oversight of the implementation of VA's emergency management program.

On April 3, 2006, the Secretary approved the establishment of the Office of OSP to improve VA's efficiency, effectiveness, and critical communications capability for oversight of VA emergency management; more effectively integrate efforts with Federal emergency preparedness partners in fulfilling NRP responsibilities; and enhance and bring greater accountability to VA-wide preparedness planning and emergency response programs. The Secretary created an Assistant Secretary position to oversee the Office of OSP and staffed the organization with personnel from the Office of Policy, Planning, and Preparedness (OPP&P). OPP&P was renamed the Office of Policy and Planning (OP&P) as a result of the reorganization. As of September 30, 2006, VA policy that directs VA's emergency management programs, operations, and activities had not been revised to reflect this change.²

As of July 26, 2007, the Assistant Secretary for OP&P remained responsible for oversight of VA's emergency management because the Assistant Secretary for OSP position had not been filled. The Office of OSP remained responsible for ensuring that VA has an effective emergency management program and policies.

² VA Directive 0320, *Comprehensive Emergency Management Program* (March 24, 2005).

VA's Emergency Preparedness Plans. VA established its Department-wide policy in accordance with the NRP and Federal Preparedness Circular 65, *Federal Executive Branch Continuity of Operations* (July 26, 1999), for the management and administration of its comprehensive emergency management program to include VA's COOPs. It assigns emergency preparedness responsibilities to all levels of Department management and provides a central point of coordination for these activities. The primary objectives of the program are to:

- Ensure continuous performance of the Department's essential functions and operations.
- Ensure and validate COOP readiness through a dynamic and integrated test, training, and exercise program to support the implementation of COOPs.
- Provide for the health and safety of veterans, employees, and visitors.
- Protect essential facilities, equipment, records, and other assets.
- Achieve a timely and orderly recovery from an emergency and reconstitute normal operations allowing resumption of essential functions for both internal and external clients.
- Reduce disruptions to operations.
- Execute, as required, VA's succession plan with accompanying authorities in the event a disruption renders VA leadership unable, unavailable, or incapable of assuming and performing their leadership roles.
- Ensure VA has an alternate facility where essential functions can be performed during a COOP event.

Hurricane Katrina's Impact on VA. The hurricane directly impacted the VA Southeast Louisiana Veterans Health Care System in New Orleans, LA; the VA Gulf Coast Veterans Health Care System in Gulfport, MS; five CBOCs along the Gulf Coast; the New Orleans Regional Office; and the Biloxi VA National Cemetery. In addition, the hurricane indirectly impacted other VA facilities. For example, patients were moved to various medical centers throughout the region, and various regional offices assisted veterans with benefit processing.

As of September 7, 2005, all five CBOCs and the VA Gulf Coast Veterans Health Care System and VA National Cemetery in Biloxi, MS were operational. As of April 1, 2007, the Southeast Louisiana Veterans Health Care System in New Orleans, LA, continues to experience flood damage. To fulfill VA's commitment to meet the health care needs of its veteran patients, additional outpatient clinics have been established. The VA Gulf Coast Veterans Health Care System in Gulfport, MS, was closed permanently. The New Orleans Regional Office remains closed, and services have been transferred to two locations. These locations are the Loyola Avenue office in New Orleans which is responsible for conducting public contact interviews, and the Gretna, LA, office for administrative and Vocational Rehabilitation and Employment staff.

This September 2005 picture depicts the flooding at the VA Southeast Louisiana Veterans Health Care System.



VA Employees Performed Heroically in a Time of Crisis. On October 3, 2005, by unanimous consent, the U.S. Senate adopted a resolution of praise for VA employees for their heroic efforts following Hurricane Katrina.³ The resolution stated that before the storm hit, employees oversaw the evacuation of 166 patients in Mississippi and Louisiana and that employees had the foresight to transfer copies of electronic medical records from the health care system in New Orleans to other VA facilities so that those records would be available on a national level.

Compendium of Hurricane Oversight. The PCIE established a working group that developed a coordinated hurricane oversight audit model. The *Compendium of Hurricane Oversight in the Gulf States*, published in December 2005, identified management reviews, audits, and investigations to be performed by the inspectors general community. Our oversight responsibilities consist of audits of internal controls, contract actions, purchase card transactions, and program management.

Scope and Methodology

The audit included site visits and interviews of operations and management employees at VISN 16 in Jackson, MS; the Emergency Management Strategic Healthcare Group in Martinsburg, WV; the Readiness Operations Centers in Martinsburg, WV, and Washington, DC; and VA's Office of OSP in Washington, DC. We also interviewed Veterans Benefits Administration (VBA) operations and management employees in Washington, DC, and at the VA regional office in Jackson, MS. We reviewed COOPs

³ Senate Resolution 263, "Commending the Efforts of the Department of Veterans Affairs in Responding to Hurricane Katrina," (October 3, 2005).

prepared by the affected facilities within VHA, VBA, and the National Cemetery Administration; police reports; damage assessment reports; and internal and external audit reports and documents. In addition, we assessed VA's compliance with the NRP, VA policies, and Federal laws that addressed VA's response requirements related to Hurricane Katrina.

On November 10, 2005, we attended the Senate Committee on Veterans' Affairs hearing on rebuilding the Gulf Coast following Hurricane Katrina to obtain information related to the efforts required to rebuild VA's assets and resume services for veterans along the Gulf Coast.

Our scope covered the period of August 29, 2005, to September 30, 2006. We conducted onsite work from July 31, 2006, to August 24, 2006. In planning and performing the audit, we relied on computer-generated data to identify the number of available VA properties as of September 2005. To test the reliability of this data, we compared relevant electronic data with contractor billing information and independently validated the information through a VBA employee with oversight responsibility for the contractor. The computer-generated data was sufficiently reliable to meet the audit objectives and support our recommendations.

To address whether actions taken by VA in response to Hurricane Katrina fulfilled the Department's responsibilities as outlined in the NRP, we reviewed FEMA mission assignment documentation, the Memorandum of Understanding (MOU) between VA and FEMA, VA property inventory records, oversight efforts by the Office of OSP, and after-action assessments prepared by VA.

To assess the adequacy of actions taken by VA managers in preparation for disasters covered by the NRP, we reviewed COOPs for VISN 16, the VA Southeast Louisiana Veterans Health Care System, the VA Gulf Coast Veterans Health Care System in Gulfport, and the New Orleans Regional Office. We also reviewed actions taken by VA managers in preparation for a disaster; and oversight efforts by the Office of OSP.

Our assessment of internal controls focused only on those controls related to the audit objective of determining the effectiveness of VA's implementation of the NRP and VA's Emergency Preparedness Plan in response to Hurricane Katrina. The assessment was not intended to form an opinion on the adequacy of internal controls overall, and we do not render such an opinion. In all other aspects, the audit was conducted in accordance with generally accepted government auditing standards.

Results and Conclusions

Issue 1: VA Needs To Improve Procedures for Making Transitional Housing Available for Disaster Victims

The NRP provides the framework to ensure that work needed to help recover from disasters, such as hurricanes, is carried out by the Federal government in coordination with state, local, and tribal governments and the private sector. The NRP designated 15 ESFs that address specific disaster response needs. Mission assignments designate recovery tasks to various agencies related to each ESF. In response to Hurricane Katrina, VA received one mission assignment related to ESF 6—Mass Care, Housing, and Human Services—which required the provision of transitional housing assistance to victims and seven mission assignments related to ESF 8—Public Health and Medical Services—which required the provision of medical services to victims.

VA needed to strengthen procedures related to ESF 6 in order to effectively provide transitional housing assistance to victims. VA's reported actions fulfilled mission assignments under ESF 8.

Findings

VA did not provide transitional housing to hurricane victims in a timely manner and, in some instances, did not make transitional housing available to hurricane victims. This occurred because the Office of OSP needed to strengthen operating procedures between VA and FEMA and perform more effective oversight of the management of mission assignments. As a result, VA did not effectively use all its resources to help minimize hardships realized by Hurricane Katrina victims.

According to the NRP, VA provides support to FEMA by developing and implementing programs and services designed to:

- Identify the various factors that could impact the incident-related housing needs.
- Develop a plan of action to provide housing assistance in the most effective, expedited, and efficient manner available at the time.
- Identify solutions for the short- and long-term housing needs of victims by providing assistance that may include rental assistance, temporary housing, and loans for the repair and replacement of primary residences.

VA policy provides that the Office of OSP directs VA's emergency management programs, operations, and activities.⁴

⁴ VA Directive 0320, *Comprehensive Emergency Management Program* (March 24, 2005).

Response to Mass Care, Housing, and Human Services Needed Strengthening. On September 1, 2005, VA identified 1,301 habitable properties in its continental United States inventory that were available for immediate occupancy by Hurricane Katrina victims. However, VA properties were not made available to disaster victims until 4 months after VA received a mission assignment for providing housing assistance to victims. Of the 1,301 habitable properties, 716 (55 percent) were returned to the market and never made available to hurricane victims. The remaining 585 properties were still available for hurricane victims.

Transitional Housing for Hurricane Victims Was Delayed. On September 9, 2005, VA removed the properties not under contract for sale from the market in anticipation that they would be used as transitional housing for hurricane victims. On September 24, 2005, FEMA issued VA a mission assignment to provide housing for those individuals and families displaced by Hurricane Katrina. The first properties were not made available to hurricane victims until January 20, 2006, 4 months after the date of the mission assignment. In contrast, the Department of Housing and Urban Development (HUD) made 5,600 single-family homes available in September 2005 and placed 5,000 families in Federal housing by early December 2005. The NRP required VA to provide housing assistance in an effective, expedited, and efficient manner. VA did not satisfy this requirement because VA and FEMA took 4 months to develop a plan to provide housing assistance, delaying the availability of VA properties to disaster victims.

The delay was caused by ineffective coordination between VA and FEMA. The examples listed below illustrate interagency coordination issues that resulted in delaying VA making properties available to disaster victims.

- In the fall of 2004, VA and FEMA entered into discussions to modify the MOU that would change operational procedures such as which agency would be responsible for leasing properties. This was necessary because VBA had undergone a significant reorganization due to contracting out VBA's property management functions. However, VBA, VA's General Counsel, and FEMA did not complete the modification of the existing MOU before Hurricane Katrina made landfall. VA properties could not be made available to disaster victims until after the agencies completed the modification of the MOU. In December 2005, VA and FEMA modified the MOU to make VA responsible for managing properties occupied by Hurricane Katrina victims.
- VA and FEMA did not agree on the definition of habitable housing. For instance, VA identified a house with a swimming pool as habitable while FEMA did not consider a house with a swimming pool to be habitable due to safety concerns. This caused a delay because it required further reviews and discussions of VA's listing of habitable properties.

- In September 2005, VA provided a list of 5,000 properties to FEMA that included both habitable and non-habitable housing. This contributed to the delay in identifying the 1,301 habitable properties because FEMA had to determine which properties were habitable and which were not.
- The MOU assigned leasing and management responsibilities to FEMA. Due to the size of the disaster, FEMA was unable to perform required leasing and property management duties, and VA was unprepared to assume the duties. This caused a delay in leasing properties to victims.

VA Reduced the Number of Available Transitional Housing Units Before Offering Units to Hurricane Victims. On September 27, 2005, VA placed 716 (55 percent) of its 1,301 habitable properties back on the resale market before any properties were made available to hurricane victims. An Office of OSP manager told us VA followed HUD's designation of an 11-state geographic region as being the most effective region for making properties available to hurricane victims. HUD identified Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Oklahoma, South Carolina, Tennessee, and Texas as the 11-state region for providing transitional housing to hurricane victims. However, the NRP does not require VA to follow HUD guidelines. VA could not provide any documentation to support an analysis, study, or interagency agreement with HUD or FEMA to support its decision to place habitable properties back on the resale market. As of May 12, 2006, a total of 312 (53 percent) of the remaining 585 properties had been leased by Hurricane Katrina victims.

Oversight Needed Strengthening. OPP&P, currently the Office of OSP, did not oversee VBA's operational procedures in support of making transitional housing available for use by disaster victims. Former OPP&P and current Office of OSP employees with oversight responsibilities told us this occurred because they relied on VBA to monitor its relief activities and self-report the results. Further, the managers believed that the mission assignment only requested VBA to provide Housing Specialists to FEMA, not housing. The managers knew VBA provided Housing Specialists to FEMA but did not realize what tasks were to be performed. The mission assignment requested that VA provide Housing Specialists to assist FEMA in placing evacuees in the 1,301 habitable properties VA made available to FEMA for use by hurricane victims. VBA provided Housing Specialists to FEMA but did not provide housing timely and in some instances did not offer habitable properties to victims.

VA Completed Mission Assignments Related to Public Health and Medical Services. HHS is the primary agency for implementing ESF 8: Public Health and Medical Services. VA received and completed seven ESF 8 mission assignments. For instance, VA deployed 12 mental health professionals and provided space for two 250-bed medical shelters being set up by HHS at the VA Medical Center (VAMC) Alexandria, LA. Under the National Disaster Medical System, 18 VA Federal Coordinating Centers were activated with 9 centers processing the majority of approximately 2,200 evacuees. VA

also mobilized \$1.3 million in critical pharmaceuticals and medical supplies to the State of Mississippi through VA's National Acquisition Center and provided large stocks of pharmaceuticals and medical supplies to VAMCs that received evacuees.

Conclusion

VA employees were recognized for their heroic efforts in providing assistance to Hurricane Katrina victims in a difficult environment. However, VA's response efforts related to ESF 6—Mass Care, Housing, and Human Services—suffered from the lack of clearly communicated responsibilities across agencies and the need to strengthen oversight of mission assignments. As a result, VA did not effectively meet its responsibilities under the NRP to help minimize hardships realized by Hurricane Katrina victims. In some instances, transitional housing was not made available until more than 4 months after FEMA issued the mission assignment. In other instances, victims were not given the opportunity to occupy habitable VA properties. VA's reported actions fulfilled mission assignments under ESF 8.

Recommendations

1. We recommended that the Acting Assistant Secretary for OSP, after consultation with VBA, develop a VA definition of habitable housing that meets the requirements of the National Disaster Housing Strategy.
2. We recommended that the Acting Assistant Secretary for OSP develop timeliness criteria and mechanisms to periodically test whether procedures can make transitional housing available to disaster victims in an effective, expedited, and efficient manner as required by the NRP.
3. We recommended that the Acting Assistant Secretary for OSP develop mechanisms to continuously maintain a listing of habitable housing that meets FEMA criteria.
4. We recommended that the Acting Assistant Secretary for OSP, after consultation with VBA, develop criteria, in concert with the National Disaster Housing Strategy, for the VBA business decision as to which properties VA makes available during disasters and when the properties are to be placed back on the market.
5. We recommended that the Acting Assistant Secretary for OSP develop mechanisms to provide oversight of housing support provided in the event of a disaster.

The Acting Assistant Secretary for Operations, Security, and Preparedness agreed with the recommendations. He reported the Office of OSP is in the process of developing: (1) a definition of habitable housing; (2) timeliness criteria and mechanisms to periodically test whether making transitional housing available to victims is effective, expedited, and efficient; (3) mechanisms to continuously maintain a list of habitable housing; (4) criteria

to determine which properties VA makes available during disasters and when the properties are to be placed back on the market; and (5) oversight mechanisms to ensure housing support is provided in the event of disasters. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Issue 2: Stronger Emergency Preparedness Planning Could Better Guide Disaster Response

As demonstrated by Hurricane Katrina, effective planning for continuity of operations is essential to the well-being of veterans, their families, and the community at large. VA's medical facilities suffered extensive and catastrophic damage, causing a major disruption in medical services provided to veterans in Louisiana and Mississippi.

Findings

VISN 16 managers did not mitigate risks associated with disaster recovery planning by including all essential functional elements in COOPs and by incorporating needed improvements identified in previous COOP exercises. OSP and VHA managers attributed this to the lack of oversight by OSP and VISN 16 managers. The lack of complete and effective COOPs could increase the risk that mission-critical functions may not be carried out.

Federal Preparedness Circular 65, *Federal Executive Branch Continuity of Operations*, states it is the policy of the United States to have in place a comprehensive and effective program to ensure continuity of essential Federal functions under all circumstances. As a baseline of preparedness for the full range of potential emergencies, all Federal agencies shall have a viable COOP capability which ensures the performance of their essential functions during any emergency or situation that may disrupt normal operations. The provisions of the circular are applicable to all Federal departments, agencies, and independent organizations. VA policy incorporates Federal Preparedness Circular 65 and provides VA-wide policy for the management and administration of emergency preparedness planning and requires VA's Office of OSP to annually review plans to ensure consistency and compatibility.⁵

Facility COOPs Did Not Always Include All Elements. The VA Gulf Coast Veterans Health Care System and the VA Southeast Louisiana Veterans Health Care System COOPs did not identify the essential elements. For example, VISN 16, the VA Southeast Louisiana Veterans Health Care System, and the VA Gulf Coast Veterans Health Care System in Gulfport did not address and include procedures for the control of pharmaceuticals in their COOPs. VA policy requires the development and documentation of staffing, resource requirements, and other supporting activities needed to perform critical functions within 12 hours of COOP activation and until normal business activities can resume, which may be up to 30 days. Pharmaceuticals at the VA Gulf Coast Veterans Health Care System in Gulfport were unaccounted for and not discovered missing until 2 months after Hurricane Katrina made landfall. The missing pharmaceuticals included codeine, dextroamphetamine, diazepam, hydrocodone,

⁵ VA Directive 0320, *Comprehensive Emergency Management Program* (March 24, 2005).

hydromorphone, lorazepam, methadone, methylphenidate, morphine, oxycodone, phenobarbital, temazepam, and testosterone enanthate. All are considered controlled substances. VISN 16 managers estimated that the purchase value for the missing pharmaceuticals totaled \$5,660, but did not estimate their street value. In November 2005, VISN 16 managers reported the missing drugs to the VA Police, the Drug Enforcement Administration, and the VA OIG Office of Investigations. The disposition of the drugs was not determined, and the OIG Office of Investigations closed the case on February 1, 2006.

In addition, COOPs for the VA Gulf Coast Veterans Health Care System and the VA Southeast Louisiana Veterans Health Care System did not address the element related to continuity of operations for vital records, databases, and systems.

VA policy requires each facility to identify and prioritize essential functions based on criticality and time sensitivity.⁶ COOPs for essential functions should address staffing, resource requirements, and other supporting activities needed to perform these critical functions. VA policy also requires that each facility's COOP address the identification, protection, and availability of vital records, databases, and hard copy documents needed to support essential functions across the full spectrum of emergencies.

VHA COOPs Did Not Incorporate All Improvements Identified in Previous COOP Exercises. VISN 16, the VA Southeast Louisiana Veterans Health Care System, and the VA Gulf Coast Veterans Health Care System in Gulfport/Biloxi did not incorporate all needed improvements identified in previous COOP exercises. To illustrate, VISN 16 fiscal year (FY) 2004 and FY 2005 COOP exercises identified the need to improve patient tracking and telecommunications. VA policy requires managers to revise and update COOPs as a result of needed improvements identified in COOP exercises. Addressing these issues before Hurricane Katrina may have mitigated the risk of similar instances related to patient tracking and communications from occurring.

Patient Tracking Issues. In FY 2005, VISN 16 COOP exercises determined that VA's method for tracking patients did not reliably record patient information 75 percent of the time. Due to similar problems encountered in FY 2004, VISN 16 after-action reports included a recommendation to place an observer at the flight line to relay information regarding departures and patients to provide information to reception sites and receiving hospitals.

Similar patient tracking problems occurred with the evacuation of nine patients on ventilators from the VA Southeast Louisiana Veterans Health Care System after Hurricane Katrina made landfall. Managers evacuated these nine patients because the VA Southeast Louisiana Veterans Health Care System was unable to provide them medical services due to severe flooding and the loss of commercial power.

⁶ VA Directive 0320, *Comprehensive Emergency Management Program* (March 24, 2005).

VA Southeast Louisiana Veterans Health Care System managers coordinated the evacuation of the patients on ventilators locally before VA Central Office managers could secure the needed resources, such as vehicles and planes. The patients were transported to the pre-staging area at the New Orleans Superdome using a laundry truck and hand ventilators. At the New Orleans Superdome, VA Southeast Louisiana Veterans Health Care System managers transferred the patients to a Department of Defense unit. The National Guard transported the nine patients via helicopter to a Federal evacuation staging area at the New Orleans airport. The transport planes were loaded with little or no accounting of patients because passenger manifests were typically not created. Even though the FY 2004 VISN 16 after-action reports included a recommendation that a VA observer be placed at the flight line, VA had no personnel at the airport. As a result, VHA was unaware of the location of the nine patients for up to 2 weeks after they were moved from the VA facility. VA eventually accounted for all nine patients.

Telecommunications Issues. The *VHA After-Action Report: Hurricanes Charley, Frances, Ivan, and Jeanne* (December 2004), stated that satellite telephones were unreliable during weather related disasters. Our review of the VISN 16 COOP disclosed continued plans for VISN medical centers to use satellite telephones as the backup means of communication.

The VISN Emergency Manager identified the same problems during Hurricane Katrina when normal telephone service was not available. Every facility had a satellite telephone, but they only worked sporadically. He stated that some of the problems were due to inadequate training on how to use the satellite telephones. After Hurricane Katrina, some of the satellite telephones worked only on roofs because many of the antennas were lost in the storm. The VISN had to set up specific times for calls so that the individual using the satellite telephone could go somewhere to get a clear signal. As a result, telecommunications during Hurricane Katrina were unreliable and prevented continuous communications between all levels of VA to coordinate the emergency responses at the sites affected by Hurricane Katrina.

Oversight of COOP Preparation Needed Strengthening. The Office of OSP has responsibility for developing and managing VA policies and directives for COOPs and for ensuring VA's capability and readiness to provide continued services to veterans and their families. The Office of OSP did not ensure that COOPs addressed all essential elements and incorporated needed improvements identified in COOP exercises. An Office of OSP manager told us that the office relied on VHA to monitor its own relief activities and report the results to them.

Conclusion

VA needed to strengthen emergency preparedness planning by following prescribed guidance in its preparation for disasters. The lack of complete and effective COOPs could increase the risk that mission-critical functions may not be carried out.

Recommendation

6. We recommended that the Acting Assistant Secretary for OSP develop site-specific emergency plans for VA facilities in accordance with Federal Preparedness Circular 65.

The Acting Assistant Secretary for Operations, Security, and Preparedness agreed with the recommendations. He reported the Office of OSP is in the process of ensuring that VA facilities have developed site-specific emergency plans in accordance with Federal Preparedness Circular 65 and VA Directive 0320. The improvement actions are acceptable, and we will follow up on the completion of planned actions.

Acting Assistant Secretary for Operations, Security, and Preparedness Comments

**Department of
Veterans Affairs**

Memorandum

Date: July 26, 2007

From: Acting Assistant Secretary for Operations, Security, and Preparedness (007)

Subject: Audit of VA's Response to Hurricane Katrina

To: Assistant Inspector General for Auditing (52)

1. Thank you for the opportunity to review and respond to the subject draft report. On July 24, 2007, Mr. Charles Hopkins, the nominee for Assistant Secretary for Operations, Security, and Preparedness, was unanimously endorsed by the Senate Committee on Veterans' Affairs and is awaiting a vote by the full Senate. The Deputy Assistant Secretary for Emergency Management has oversight of the program areas contained in the IG audit and will provide the appropriate response.

2. After taking into account all comments from the Federal Emergency Management Agency (FEMA), the Veterans Benefits Administration (VBA), and the Veterans Health Administration (VHA) pertaining to this report, we focused on the recommendations and necessary implementation plans. I concur with your recommendations. I also unconditionally support your acknowledgment that VA employees demonstrated heroic efforts throughout the hurricane's catastrophic aftermath and commend all involved for the vital services they provided in support of our veterans and their families.

3. Hurricane Katrina and its aftermath prompted the Federal government to perform a complete review of the National Response Plan (NRP) and the Federal government's approach to responding to national disasters. VA has fully participated in the review and revision of the NRP and I am confident that in the event of another

national emergency, VA will be better prepared to activate established operational procedures.

4. A complete plan is attached showing specific corrective actions and target completion dates for each recommendation. The plan provides a summary of specific initiatives that appropriately addresses each of the report's recommendations. If you have any questions please contact Mr. John Hancock at (202) 461-5767.

(original signed by:)

Kevin T. Hanretta

DAS for Emergency Management

Office of Operations, Security, and Preparedness

Attachment

Office of Operations, Security, and Preparedness Action Plan Audit of VA's Response to Hurricane Katrina		
Recommendations/ Actions	Status	Completion Date
<p><u>Recommendation 1:</u> OIG recommends that the Acting Assistant Secretary for OSP, after consultation with VBA, develop a VA definition of habitable housing that meets the requirements of the National Disaster Housing Strategy.</p> <p>Concur</p> <p>The Office of OSP, as the VA lead for Emergency Support Function (ESF) 6, and in consultation with VBA and FEMA, is in the process of developing a definition of habitable housing that meets the requirements of the National Disaster Housing Strategy.</p>		
	In Process	10/01/07
<p><u>Recommendation 2:</u> OIG recommends that the Acting Assistant Secretary for OSP develop timeliness criteria and mechanisms to periodically test whether procedures can make transitional housing available to disaster victims in an effective, expedited, and efficient manner as required by the NRP.</p> <p>Concur</p> <p>The Office of OSP, as the VA lead for ESF 6, is working with FEMA and VBA to implement a new memorandum of understanding (MOU) that will define timeliness criteria and mechanisms to periodically test whether VBA procedures can make transitional housing available to disaster victims in an effective, expedited, and efficient manner as required by ESF 6 of the NRP.</p>		
	In Process	12/01/07

Office of Operations, Security, and Preparedness Action Plan Audit of VA's Response to Hurricane Katrina		
Recommendations/ Actions	Status	Completion Date
<p><u>Recommendation 3:</u> OIG recommends that the Acting Assistant Secretary for OSP develop mechanisms to continuously maintain a listing of habitable housing that meets FEMA criteria.</p> <p>Concur</p> <p>The Office of OSP, as the VA lead for ESF 6, is working with FEMA and VBA to define habitable housing so that VBA Loan Guaranty Service can determine the feasibility of maintaining a standing or on-demand listing of habitable housing that meets FEMA criteria.</p>		
	In Process	12/01/07
<p><u>Recommendation 4:</u> OIG recommends that the Acting Assistant Secretary for OSP, after consultation with VBA, develop criteria, in concert with the National Disaster Housing Strategy, for the VBA business decision as to which properties VA makes available during disasters and when the properties are to be placed back on the market.</p> <p>Concur</p> <p>The Office of OSP, as the VA lead for ESF 6, is working closely with VBA to ensure that the Loan Guaranty Service develops criteria to determine which properties VA makes available during disasters and when the properties are to be placed back on the market.</p>		
	In Process	11/01/07

Office of Operations, Security, and Preparedness Action Plan Audit of VA's Response to Hurricane Katrina		
Recommendations/ Actions	Status	Completion Date
<p><u>Recommendation 5:</u> OIG recommends that the Acting Assistant Secretary for OSP develop mechanisms to provide oversight of housing support provided in the event of a disaster.</p> <p>Concur</p> <p>The Office of OSP, as the VA lead for ESF 6, is in the process of developing oversight mechanisms to ensure that housing support is provided in the event of a disaster in accordance with the new 2007 FEMA/VA MOU and the NRP.</p>		
	In Process	12/01/07
<p><u>Recommendation 6:</u> OIG recommends that the Acting Assistant Secretary for OSP develop site-specific emergency plans for VA facilities in accordance with Federal Preparedness Circular 65.</p> <p>Concur</p> <p>The Office of OSP, in consultation with VA Administrations and Staff Offices, is in the process of ensuring that VA facilities have developed site-specific emergency plans in accordance with Federal Preparedness Circular 65 and VA Directive 0320.</p>		
	In Process	12/01/07

OIG Contact and Staff Acknowledgments

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	Charles F. Chiarenza

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