



United States
General Accounting Office
Washington, D.C. 20548

**Resources, Community, and
Economic Development Division**

B-277479

July 22, 1997

The Honorable Richard K. Armey
Majority Leader
House of Representatives

The Honorable John Kasich
Chairman, Committee on the Budget
House of Representatives

The Honorable Dan Burton
Chairman, Committee on Government Reform
and Oversight
House of Representatives

The Honorable Bob Livingston
Chairman, Committee on Appropriations
House of Representatives

Subject: Results Act: Observations on the Federal Emergency Management
Agency's Draft Strategic Plan

On June 12, 1997, you asked us to review the draft strategic plans submitted by the cabinet departments and selected major agencies for consultation with the Congress as required by the Government Performance and Results Act of 1993 (the Results Act). This report is our response to that request concerning the Federal Emergency Management Agency (FEMA).

**Objectives, Scope,
and Methodology**

Specifically, you asked us to review FEMA's draft plan and assess (1) whether it fulfills the requirements of the Results Act and to provide our views on its overall quality; (2) whether it reflects FEMA's key statutory authorities; (3) whether it reflects interagency coordination for crosscutting programs, activities, or functions that are similar or complementary to other federal agencies; (4) whether it addresses major management problems we have previously identified; and (5) whether FEMA had adequate data and information systems to provide sufficiently reliable information for measuring results.

We obtained the June 24, 1997, draft strategic plan that FEMA provided to congressional committees. It is important to recognize that FEMA's final

plan is not due to the Congress and the Office of Management and Budget (OMB) until September 30, 1997. Furthermore, the Results Act anticipated that perfecting the process may take several planning cycles and that the final plan will continue to be refined as future planning cycles occur. Thus, our comments reflect a “snapshot” of the agency’s plan at this time. We recognize that developing a strategic plan is a dynamic process and that FEMA is continuing work to revise the draft with input from OMB, congressional staff, and other stakeholders.

Our overall assessment of FEMA’s draft strategic plan was generally based on our knowledge of FEMA’s operations and programs, our past reviews of the agency, and other existing information available at the time of our assessment. Specifically, the criteria we used to determine whether FEMA’s draft strategic plan complied with the requirements of the Results Act were the Results Act, as supplemented by OMB’s guidance on developing these plans (Circular A-11, Part 2). To judge the overall quality of the plan and its components, we used our May 1997 guidance for congressional review of the plans (GAO/GGD-10.1.16). To determine whether the plan contained information on interagency coordination and addressed management problems previously identified by GAO and/or others and whether FEMA had adequate systems in place to provide reliable information on performance, we reviewed the reports on audits of FEMA’s financial statements for fiscal years 1995 and 1996, the agency’s fiscal year 1996 Federal Managers’ Financial Integrity Act (FMFIA) report, and the agency’s plans for implementing the Government Management Reform Act. We also relied on our general knowledge of FEMA’s operations and programs, the results of our previous work, and reports from FEMA’s Office of the Inspector General. In determining whether FEMA’s draft strategic plan reflects major statutory responsibilities, we coordinated our review with the Congressional Research Service and reviewed material in FEMA’s 1998 budget explanatory notes for an overview of the agency’s primary functions and activities. Our work was performed in June and July 1997. We obtained comments from FEMA on a draft of this report.

Background

FEMA is an independent agency charged with helping states and localities deal with natural disasters. FEMA’s programs and activities encompass all four phases of emergency management: preparedness (developing and maintaining the capability to respond to disasters), mitigation (reducing the risk of loss of life and property from natural hazards), response (providing immediate relief to disaster victims), and recovery (rebuilding and restoring disaster-damaged communities). Prior to the establishment

of FEMA in 1979, these functions were administered by various federal agencies, including the departments of Defense, Housing and Urban Development, and Commerce. FEMA's budget is affected by the number and scope of presidential disaster declarations. During the 1990s, the agency's disaster assistance obligations have averaged about \$2 billion annually.

States and localities maintain primary responsibility for managing emergencies. The principal federal authority for the provision of disaster relief is the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Under this act, FEMA provides financial and technical assistance for both predisaster activities (preparedness and mitigation) and postdisaster activities (response and recovery). Postdisaster assistance may be provided only if the President, at the request of a state governor, declares that an emergency or disaster exists and that federal resources are required to supplement state and local resources.

In 1993, FEMA initiated its first agencywide strategic planning effort. As part of that effort, FEMA refocused its mission, comprehensively reviewed its programs and structures, and initiated a major reorganization. In April 1993, FEMA issued its mission statement and, in 1994, published its first strategic plan. The June 1997 draft strategic plan includes revisions to FEMA's 1994 strategic plan.

The Results Act requires that an agency's strategic plan contain the following six critical elements: (1) a comprehensive mission statement; (2) agencywide long-term goals and objectives for all major functions and operations; (3) approaches (or strategies) and the various resources needed to achieve the goals and objectives; (4) an identification of key factors, which are external to the agency and beyond its control, that could significantly affect the achievement of the strategic goals; (5) a description of the relationship between the long-term goals and objectives and annual performance goals; and (6) a description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations.

Results in Brief

Overall, FEMA's draft strategic plan indicates that the agency has made good progress towards fulfilling the requirements of the Results Act. It focuses on a few strategic goals that are generally results-oriented and well-linked to a mission that reflects consideration of key statutory provisions. The draft plan, however, is missing two of the six critical elements required by the Results Act and OMB's guidance: a relationship

between general goals and annual performance goals and a description of the role of program evaluations. The plan could be made more useful to FEMA, the Congress, and other stakeholders by clarifying the linkage among goals, objectives, and strategies and by making other changes to better conform to the Results Act and OMB's guidance. For example, while the plan identifies some external factors that affect the agency's ability to achieve its goals, it does not link the external factors to particular goals or describe how achieving the goals could be influenced by the factors.

Although FEMA's draft strategic plan reflects consideration of the key statutory provisions that authorize FEMA's programs (such as the Stafford Act), it does not explicitly reference the major legislation or executive orders that serve as a basis for its mission statement, goals, and strategies. The plan might benefit from explicit references to these authorities and descriptions of how they relate to the agency's goals and objectives.

FEMA's draft plan clearly acknowledges that the nation's emergency management system is built on a partnership with states, localities, and individuals. However, it does not reflect the significant role that other federal agencies play in emergency management, particularly in helping communities and individuals recover from the effects of disasters. It might benefit by mentioning the external stakeholders, such as federal agencies with related missions, and how FEMA coordinated with them in developing its plan.

The plan does not specifically address certain management issues that we and others have previously identified. For example, while the plan has a goal of cost-efficiency, it does not fully address reducing program costs, which have soared in recent years in the wake of several large-scale disasters. Furthermore, FEMA's draft plan does not directly address financial and information management problems that could hinder the achievement of its strategic goals and objectives. For example, significant accounting and financial management deficiencies have precluded FEMA from producing reliable financial data and statements for the Disaster Relief Fund, which represents the bulk of the agency's budget authority. This situation, coupled with nonintegrated financial systems and ineffective controls, has prevented FEMA from complying with the statutory requirements to prepare agencywide financial statements and have them independently audited.

FEMA's capacity to provide reliable information on achieving its goals is uncertain. The performance measures discussed in FEMA's draft plan

include approaches for long-term measurement processes that have not yet been developed and/or propose to use baseline data that are not yet available. While obtaining information for some performance measures may be difficult, costly, or both, the plan does not discuss what resources may be required to develop the proposed measurement processes and data. Furthermore, FEMA's financial and information management systems may not have the capacity to generate sufficiently reliable information needed to monitor progress towards its goals.

FEMA's Strategic Plan Could Better Meet the Requirements of the Results Act

Overall, FEMA's draft strategic plan indicates that the agency has made good progress towards fulfilling the requirements of the Results Act. It focuses on a few strategic goals that are generally results-oriented and well-linked to a mission that reflects consideration of key statutory provisions. The draft plan, however, is missing two of the six critical elements required by the Results Act and OMB's guidance. While it explicitly addresses three elements (mission statement, goals and objectives, and strategies) and implicitly addresses a fourth element (key external factors), the plan does not discuss the remaining two (the relationship between general goals and annual performance goals and the role of program evaluations). Furthermore, as discussed in the following sections, the plan could be made more useful to FEMA, the Congress, and other stakeholders by clarifying the linkage among the goals, the objectives, and the strategies and by incorporating other changes to better conform to the Results Act and OMB's guidance.

Mission Statement

FEMA's draft strategic plan defines the agency's mission as follows: "Reduce the loss of life and property and protect our institutions from all hazards by leading and supporting the Nation in a comprehensive, risk-based emergency management program of mitigation, preparedness, response, and recovery." Overall, FEMA's mission statement meets the requirements established in the Results Act, which requires a comprehensive mission statement summarizing an agency's major functions. FEMA's mission statement explicitly refers to the four principal phases of disaster management—mitigation, preparedness, response, and recovery—which also encompass the agency's major functions.

Furthermore, the mission statement specifically defines FEMA's role as supporting and leading rather than implementing emergency management efforts. This role is consistent with the federal policy that places primary responsibility for managing emergencies on states and localities.

Strategic Goals and Objectives

The Results Act requires that each agency's strategic plan set out programmatic, policy, and management goals and that the goals and objectives elaborate on how the agency is carrying out its mission. FEMA's draft strategic plan articulates three goals, each with two objectives, as shown in table 1.

Table 1: Goals and Objectives in FEMA's Draft Strategic Plan

Goal	Objective
1. Protect lives and prevent the loss of property from all hazards.	1. By the end of fiscal year 2002, reduce by 10 percent the risk of loss of life and injury from hazards.
	2. By the end of fiscal year 2002, reduce by 15 percent the risk of property loss and economic disruption from hazards.
2. Reduce human suffering and enhance the recovery of communities after disaster strikes.	3. By the end of fiscal year 2002, reduce by 25 percent human suffering from the impact of disasters.
	4. By the end of fiscal year 2002, increase by 20 percent the ability of individuals, businesses, and public entities to recover from disasters.
3. Ensure that FEMA serves the public in a timely and cost-efficient manner.	5. By the end of fiscal year 2002, improve by 20 percent the efficiency with which FEMA delivers its services.
	6. By the end of fiscal year 2002, achieve 90 percent overall customer satisfaction, internal and external, with FEMA's services.

The draft plan characterizes the first two goals as mission-related and the third as organizational. We note that the first two goals are results-oriented and the third goal, based on customer service and efficiency, is process-oriented (characterizing how FEMA intends to operate instead of expressing an outcome resulting from FEMA's actions).

The Results Act requires that strategic goals and objectives be stated in a manner that allows a future assessment to be made on whether they were or are being achieved. By including specific deadlines and targets, FEMA's goals meet this criterion. However, the objectives would be improved by clarifying their intended results—that is, the specific reduction, increase, or improvement that is intended. For example, it is not clear whether the second objective is to reduce the risk of property loss and economic disruption from hazards by 15 percent from the level existing in an earlier baseline year or to make the risk 15 percent lower in 2002 than the level that would have prevailed in the absence of FEMA's programs. (While the

latter interpretation appears to be consistent with FEMA's mission statement and first goal, the discussion of performance measurement seems to support the former interpretation.) This clarification is important because it could affect which specific strategies to use, levels of resources to require, and specific performance measures to use.

Furthermore, the strategic plan could be strengthened by acknowledging that the first two goals could be somewhat conflicting. The first goal focuses on reducing risk prior to a disaster's striking while the second focuses on reducing suffering after a disaster has struck. To the extent that the fourth objective—which focuses on enhanced ability to recover from disasters—means providing more or quicker financial assistance to those with property losses, these two goals could conflict: The better the emergency management partnership is at reducing human suffering and enhancing the recovery of communities after a disaster has struck, the less incentive the public may have to take steps that would help prevent future losses.

Also, the OMB circular states that strategic plans are to set out long-term objectives of the agency. One of FEMA's objectives is to achieve 90 percent overall customer satisfaction with its services by 2002. We note that FEMA's FMFIA report for fiscal year 1996 cites customer surveys showing that nearly 89 percent of the respondents were either very satisfied or satisfied with FEMA's overall service. Therefore, this objective may not meet the circular's emphasis on long-term improvement without a discussion in the plan that explains the significance of a 1-percent improvement target.

Strategies for Achieving Goals/Objectives

The Results Act requires that each agency's strategic plan describe how the agency's goals and objectives are to be achieved. OMB's guidance suggests that the plan (1) describe the operational processes, technologies, and resources that will be used to achieve the strategic goals and objectives and (2) provide more detail when achieving the goals depends on a significant change in resources, technologies, or the agency's operations. The guidance also suggests schedules for any significant actions as well as discussions of the process for communicating goals and objectives throughout the agency and for assigning accountability to managers and staff for achieving them.

FEMA's draft plan provides information on approaches for achieving the goals and objectives in two sections: (1) a discussion of performance measures associated with each objective and (2) a section entitled

“Strategies.” However, neither of these sections fully meets the guidance described above—that is, they do not discuss the resources, the technologies, or the agency operations that will be needed to accomplish the goals and objectives, how the goals and objectives will be communicated throughout FEMA, or how accountability will be assigned.

In addition to more fully addressing OMB’s guidance, the plan could be strengthened if the strategies were more integrally linked to FEMA’s strategic objectives. Some of the strategies include 5-year operational objectives that, according to the plan, “contribute” to achieving one or more of the agency’s three strategic goals. For example, one such objective is, “Before 2002, at least 50 percent of all Federal departments and agencies that influence the built environment (including FEMA) will document the annually improved contribution their programs have made in measurably reducing the Nation’s risk from natural hazards.” That objective is shown to be contributing to achieving goals one and two. The plan thus identifies which strategic goal(s) each strategy supports but does not make clear how the strategy will contribute to achieving the goal(s). Furthermore, because the strategies are not linked to specific strategic objectives, the plan precludes assessing the extent to which FEMA’s strategic goals might be achieved by following its strategies, and diffuses accountability for achieving the strategic objectives. This reduces the plan’s value to users in FEMA, the administration, and the Congress. One way that FEMA could improve the linkage would be to clearly describe, for each strategic objective, the key strategies that it intends to use to accomplish that objective. This structure would help make the plan more meaningful to its users, including FEMA employees throughout the agency, and more useful in measuring the achievement of goals and in assessing accountability.

Key External Factors

The Results Act requires that strategic plans identify key factors external to the agency and beyond its control that could significantly affect the achievement of goals and objectives. These factors might be, for example, economic, demographic, or social conditions. In addition to describing each factor, Circular A-11 suggests that the strategic plans indicate how each factor links with a particular goal(s) and describe how achievement of a goal could be affected by the factor. Addressing key external factors is important for evaluating the likelihood of achieving strategic goals, identifying further actions needed to better meet these goals, and assessing the agency’s performance.

FEMA's draft strategic plan does not fully comply with OMB's guidance. For example, to better meet OMB's guidance, the plan should link the external factors to particular goals or describe how achieving the goals could be influenced by the factors.

Also, the draft plan does not explicitly mention "key external factors;" a section labeled "Challenges" implicitly addresses such factors. This section discusses three factors that are largely beyond FEMA's control that could affect its achieving the goals: the extent to which the emergency management community functions effectively; the availability of resources at the local, state, and federal levels; and the unpredictable nature of disasters. To clarify the reader's understanding of the plan, FEMA could revise the title of this section to more accurately reflect the language of the Results Act.

The Relationship Between General and Annual Performance Goals

Under the Results Act, each general goal must be linked to an agency's annual performance goals. A performance goal is the target level of performance expressed as a tangible, measurable objective against which actual achievement will be compared. An annual performance goal has two parts: (1) the performance measure that represents the specific characteristic of the program that will be used to gauge performance and (2) the target level of performance to be achieved during a given fiscal year for that measure. While strategic plans are not required to identify specific performance measures, OMB Circular A-11 suggests that strategic plans briefly relate general goals and objectives to annual performance goals. The guidance suggests that the plans also include descriptions of the type, the nature, and the scope of the performance goals included in the performance plans as well as the relevance and the use of those performance goals to help determine the achievement of the strategic goals.

FEMA's draft plan does not contain an explicit discussion of the type, the nature, and the scope of the performance goals to be included in the annual performance plan. It does implicitly discuss the relevance and the use of performance goals. The plan recognizes the requirement for annual performance measures and states that the agency's annual performance plan will include performance goals as well as the activities and the resources that directly contribute to accomplishing each objective and strategic goal. Furthermore, by placing a specific time period in its strategic objectives, the plan appears to recognize that progress will be

made incrementally. Also, the discussion of performance measures that follows each strategic objective refers to the use of annual measures.

The annual performance plans required by the Results Act should help the Congress and the executive branch make informed decisions by providing a simple, straightforward linkage between an agency's plans, budgets, and performance results. The Results Act requires agencies to develop performance plans covering the programs and activities used in their budget submissions. FEMA's draft plan observes that its strategies are directly aligned with budget activities. However, as noted above, we believe the agency's plan could be strengthened by specifying to which objectives the strategies are linked.

Program Evaluations

The Results Act, as supplemented by OMB's guidance, requires that strategic plans describe the program evaluations that were used to prepare them and the schedule for future evaluations. FEMA's draft strategic plan does not include the required program evaluations.

The Results Act also requires a discussion of completed and future program evaluations because they are effective at measuring outcomes—a principal purpose of that act. The Results Act defines program evaluations as an assessment, through objective measurement and systematic analysis, of the manner and extent to which federal programs achieve intended objectives. FEMA's draft plan would be improved by including this element because the use of program evaluations would enhance the agency's ability to ensure the validity and reasonableness of its strategic goals and objectives. Future program evaluations will be needed to help identify improvement strategies if FEMA's goals and objectives are not met.

Other Observations

As FEMA continues revising its draft strategic plan, it could be strengthened if the agency considered the following observations:

Given the many and varied stakeholders that will have critical roles in determining the extent to which FEMA's goals are met, the plan should briefly identify the major stakeholders that contributed to its development both inside and outside the agency. Also, by simplifying some of the language, the plan might more clearly communicate FEMA's strategic direction to make it clearer to readers outside of the emergency management community. For example, such terms as "risk" and "all hazards" have specific meanings in the context of emergency management

that may differ from their meanings in other contexts. To FEMA's credit, the draft plan explicitly defines such terms as "preparedness," "mitigation," "response," and "recovery." This change should also make FEMA's mission statement much clearer to external audiences.

Within the context of the third goal, which focuses on ensuring that FEMA serves the public in a timely and cost-efficient manner, or elsewhere in the plan, FEMA may wish to consider specifically addressing the need to minimize disruptions that occur in its operations when a major disaster strikes. FEMA staff are often quickly dispatched to the disaster site to aid in preparation and response activities. While perhaps important to helping achieve the second goal in the draft strategic plan—reducing human suffering from the impact of disasters—this rapid exodus of agency staff could hamper the achievement of other objectives, such as reducing the risk of future losses.

FEMA's Strategic Plan Reflects Key Statutory Authorities

Although FEMA's plan reflects consideration of the key statutory provisions that authorize FEMA's programs (such as the Stafford Act), it does not explicitly reference the major legislation or executive orders that serve as a basis for its mission statement, goals, and strategies. The plan might benefit from explicit references to these authorities and descriptions of how they relate to the agency's goals and objectives.¹ Describing this relationship throughout the strategic plan would help ensure that FEMA's stated goals and objectives respond to the entire spectrum of its key statutory authorities.

Statutory references to help clarify FEMA's role in radiological emergencies at commercial nuclear power facilities and its responsibilities for the flood insurance program, the fire prevention and control program, and the earthquake hazards reduction program would also be useful.

Draft Strategic Plan Does Not Identify Crosscutting Program Activities

FEMA's draft strategic plan clearly acknowledges that the nation's emergency management system depends on a partnership with states, localities, and individuals. However, it does not reflect the significant role that other federal agencies, such as the Small Business Administration and the U.S. Army Corps of Engineers, play in emergency management, particularly in helping communities and individuals recover from the effects of disasters. The plan would benefit by incorporating some

¹OMB Circular A-11 suggests that an agency's mission statement may include a brief discussion of the agency's enabling or authorizing legislation; this suggestion, however, does not extend to the statement of goals and objectives.

descriptions of other agencies' programs and their influence on FEMA's strategic objectives.

Numerous federal agencies are involved in providing disaster assistance. The Federal Response Plan—FEMA's "blueprint" for the federal response to disasters—identifies 27 federal agencies and the American Red Cross as service providers when there is a need for federal assistance following any type of disaster or emergency.

Under authorities other than the Stafford Act, federal agencies also provide financial assistance to help communities recover from disasters. For example, other agencies' assistance to repair or restore certain public facilities is an important factor in determining eligibility for public assistance from FEMA. These agencies include the Federal Highway Administration, whose emergency relief program funds the major portion of the costs to permanently restore federal highways seriously damaged by disasters; the U.S. Army Corps of Engineers, whose flood control and coastal works rehabilitation activities provide assistance for constructing flood control facilities and clearing debris; and the Small Business Administration, which provides loans to businesses and homeowners to rebuild or repair business structures and dwellings.

As previously mentioned, FEMA's draft strategic plan might also benefit by briefly mentioning the external stakeholders involved in its development and how FEMA coordinated the development of its plan with federal agencies that have related missions.

Draft Strategic Plan Does Not Address Management Challenges

One of the three goals in FEMA's draft plan is directed at better managing the agency—to ensure that FEMA serves the public in a timely and cost-efficient manner. However, the plan does not specifically address certain management issues that we and others have previously identified.

One major challenge the plan does not address is containing disaster assistance program costs, which have soared in recent years in the wake of several large-scale disasters. Reducing these costs is an issue that has received considerable congressional attention,² and several proposals, such as the following, have been made to reduce them:

²In the 103rd Congress, the House and the Senate established bipartisan task forces on disaster assistance funding. See Federal Disaster Assistance, Report of the Senate Bipartisan Task Force on Funding Disaster Relief, Document No. 104-4, Mar. 15, 1995.

- In a May 1996 report, we presented several proposals, which had been identified by FEMA regional officials, to reduce the costs of its public assistance program.³ (This program provides financial and other assistance to restore or rebuild disaster-damaged facilities that serve a public purpose, including government buildings and water distribution systems.) For example, FEMA officials suggested limiting the impact of building codes and standards and eliminating funding for some water control projects.
- In March 1995 testimony, we discussed three broad approaches to potentially reduce the costs of federal disaster assistance.⁴ These included (1) establishing more explicit and/or stringent criteria for providing federal disaster assistance, (2) emphasizing hazard mitigation through incentives, and (3) relying more on insurance.
- In a September 1995 report, we noted that the flexibility and generally subjective nature of FEMA's criteria had raised questions about the consistency of providing federal disaster assistance.⁵ These criteria directly affect FEMA's costs for providing disaster assistance.
- In July 1995, FEMA's Office of the Inspector General (OIG) issued a report identifying ways to reduce the costs of federal disaster assistance by eliminating or restricting eligibility or by replacing existing grants with loans.⁶
- Similarly, in 1993, the National Performance Review recommended that FEMA propose comprehensive federal policies to reduce the total cost of disasters and minimize federal costs of disaster assistance.⁷

FEMA's draft strategic plan mentions cost reduction in several places. For example, the plan recognizes the importance of mitigation—which includes minimizing the risk of property losses from hazards—for reducing the future societal costs of disasters. Also, the plan's third goal acknowledges the importance of operating in a cost-efficient manner. However, the objective associated with this goal implies reducing FEMA's administrative costs, which are small relative to program costs. For example, in fiscal year 1996, FEMA's obligations for salaries and expenses

³Disaster Assistance: Improvements Needed in Determining Eligibility for Public Assistance ([GAO/RCED-96-113R](#), May 23, 1996).

⁴Disaster Assistance: Information on Expenditures and Proposals to Improve Effectiveness and Reduce Future Costs ([GAO/T-RCED-95-140](#), Mar. 16, 1995).

⁵Disaster Assistance: Information on Declarations for Urban and Rural Areas ([GAO/RCED-95-242](#), Sept. 14, 1995).

⁶Options for Reducing Public Assistance Program Costs (Inspection Report I-02-95, July 1995).

⁷National Performance Review, *Creating a Government That Works Better and Costs Less: Federal Emergency Management Agency* (Washington, D.C.: U.S. Government Printing Office, 1993).

totaled about \$164 million while obligations for the Disaster Relief Fund were about \$3.6 billion.

In addition, FEMA—like many federal agencies—faces a major challenge in managing information resources to ensure that information technology tools and resources are consistent with the agency’s mission. While FEMA’s draft plan cites improvements in the delivery of telecommunications, in data infrastructure, and in information technology projects, it does not discuss the agency’s strategy for information technology. This strategy should include how FEMA intends to address the “year 2000 problem,” which involves the need to change computer systems to accommodate dates beyond the year 1999 as well as any significant information security weaknesses—two issues that we have identified as high risk across the government. In addition, FEMA’s information technology strategy should contain information on how the agency intends to comply with the Clinger-Cohen Act of 1996. This act calls for agencies to implement a framework of modern technology management based on practices followed by leading private-sector and public-sector organizations that have successfully used technology to dramatically improve performance and meet strategic goals.

Furthermore, FEMA’s draft strategic plan does not directly address financial and information management problems that could hinder the achievement of its goals and objectives. For example, significant accounting and financial management deficiencies have precluded FEMA from producing reliable financial data and statements for the Disaster Relief Fund, which represents the bulk of the agency’s budget authority (about 76 percent in fiscal year 1996). This situation has resulted in FEMA’s inability to comply with the Government Management Reform Act’s requirements to prepare agencywide financial statements and have them independently audited. Although FEMA’s draft plan includes a core value that emphasizes “commitment to prudent management of the taxpayers’ money,” it does not address correcting the accounting deficiencies related to the Disaster Relief Fund that would enable FEMA to account for how the funds were used—a logical first step towards determining whether those funds were prudently managed.

FEMA's Capacity to Provide Reliable Information on the Achievement of Strategic Goals Is Uncertain

FEMA needs reliable data to measure its progress in achieving its goals. The performance measures discussed in FEMA's draft strategic plan (1) include approaches for long-term measurement processes that have not yet been developed and/or (2) propose to use baseline data that are not yet available. The plan does not discuss what resources may be required to develop the proposed measurement processes and data. Obtaining information for some performance measures may be difficult, costly, or both. For example,

- Data may be scarce for some of the plan's proposed proxy measures. For example, one proxy uses, as its universe, communities that have (1) experienced a presidentially declared disaster, (2) implemented mitigation measures, and (3) experienced a similar type disaster within a 10-year period. Communities that meet all three criteria might be rare.
- One measure includes quantifying access to roads and transportation, educational institutions, medical facilities, utilities, water treatment, and businesses following a disaster. Depending on data availability and reliability, this measure may be difficult to quantify.
- In several cases, surveys are proposed as the methodology to measure performance. Depending on their size, scope, and rigor, surveys may be costly.

Also, as we and others have found, FEMA's financial and information management systems may not have the capacity to generate sufficiently reliable information to monitor progress towards its goals. For example, the 1996 financial statement audit indicated that FEMA's Integrated Financial Management Information System (IFMIS) was not fully implemented; the data conversion from the legacy system to IFMIS was insufficiently documented, tested, and approved; and FEMA had no written security policies and procedures for portions of that system. IFMIS is the source of information pertinent to certain cost-efficiency performance measures contained in the agency's draft strategic plan. Also, FEMA's fiscal year 1996 FMFIA report identified several financial information system weaknesses, including a lack of data standardization and system documentation. Until FEMA corrects these problems, the agency will be hindered in its ability to produce reliable data needed for developing and reporting useful performance measures.

Once FEMA develops its final performance measures, it may need to consider appropriate system modifications to capture needed data. Key requirements of the Chief Financial Officers Act of 1990 are the development of cost information to enable the systematic measurement of

performance and the integration of systems—program, accounting, and budget systems.

Agency Comments

On July 18, 1997, we provided FEMA with a draft of this report for review and comment. On July 21, 1997, we obtained comments from officials from the Office of Policy and Regional Operations. Overall, FEMA officials agreed with our observations and our facts, indicating that the report provided helpful information. FEMA officials were concerned that if they incorporated all our suggestions, the document would be too voluminous. They stated that other documents, such as 5-year plans and annual plans, would contribute to fully meeting the requirements of the Results Act. We agree and believe that the strategic plan should be a document that is useful to the Congress and FEMA in implementing the Results Act but should not be so voluminous and detailed so as to impede its utility. The intent of our report is to provide suggestions for FEMA's consideration. FEMA officials also reiterated that they believe they are making good progress in meeting the intent of the Results Act because they have been incorporating strategic planning in FEMA's operations since 1993. We incorporated, where appropriate, changes suggested by the officials to clarify certain information presented.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days. At that time, we will send copies to the Minority Leader of the House of Representatives; the Ranking Minority Members of your committees; the Chairmen and the Ranking Minority Members of other committees that have jurisdiction over FEMA's activities; the Director of FEMA; and the Director, Office of Management and Budget. Copies will be made available to others on request.

Major contributors to this report include Dave Wood, Carole Buncher, Paul Bryant, Mark Connelly, Dianne Langston, James Hamilton, and Mike Volpe. If you or your staff have any questions concerning this report, please contact me at (202) 512-7631.

A handwritten signature in black ink, reading "Judy A. England-Joseph". The signature is written in a cursive, flowing style with large, connected letters.

Judy A. England-Joseph
Director, Housing and Community
Development Issues

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