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# **The Case of Missing Compliance: A FEMA Disaster Recovery Mystery**



# The Mystery

# The Mystery

- **Severe Flooding (DR-RFP) strikes the City of Wavcrest Bay**
- Current state:
  - Many City structures incurred severe flood damage attributed to earlier burn scars left by wildfires
  - Some facilities are still on temporary power
  - FEMA has begun to review eligible costs and supporting documentation



City's **Senior Procurement Officer**, Evaluation Eleanor, does not show up for an urgent **FEMA Claims Meeting**





# The Mystery

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- Eleanor's office is empty!
- Stacks of procurement contract, Pos (some still drying out) is all that remains...



# The Mystery

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A forensic audit of city contracts and purchases reveals a **financial disaster looming just as large as the storm itself**



# The Mystery

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Officials call in a team of procurement experts to:

- **Investigate procurement failures**
- **Fix compliance issues**
- **Recover FEMA reimbursements**







# The Experts

# City Hall Sam



- 📌 Age: 38
- 📌 Sector: Municipal Government Procurement Officer

Sam is now the lead procurement officer for the City of Wavecrest Bay, meaning this crisis is his mess to clean up. He's spent the last 10 years handling city contracts, but this is his first major disaster event, and he's feeling the pressure. He prides himself on being a rule-follower, but the chaos of post-storm procurement has exposed weaknesses in his department's process.

## Strengths:

- ✓ **Understands local government procurement laws**
- ✓ **Well-connected**—knows the city's key decision-makers
- ✓ **Wants to do things by the book**

## Weaknesses:

- ✗ **Overwhelmed**—has never handled a disaster of this scale
- ✗ **Lacks experience with FEMA reimbursement requirements**
- ✗ **Has trouble pushing back against political pressures**



# Procurement Patty



- 📌 Age: 42
- 📌 Sector: K-12 School District Procurement Officer

Procurement Patty has been a **one-woman show** in the school district's procurement department for the past **15 years**. She's a **walking policy manual**, able to cite federal, state, and local procurement regulations from memory. Her experience handling **socioeconomic contracting** and **cooperative purchasing agreements** in the education sector gives her an **eagle eye** for compliance gaps.

## Strengths:

- ✓ Master of **procurement policies and compliance**
- ✓ Deep knowledge of **cooperative contracts and small business utilization**
- ✓ Extremely **detail-oriented and methodical**

## Weaknesses:

- ✗ **Struggles to delegate**—prefers to do things herself
- ✗ **Not used to large-scale disaster procurement**—most of her experience is in **school purchasing**





# Emergency Eddie



✦ Age: 50

✦ Sector: State Emergency Management Procurement Officer

Eddie is a seasoned **disaster response procurement specialist**, having worked on multiple **FEMA-declared disasters**. He knows the ins and outs of **emergency remediation contracts** and can spot **fraudulent vendors a mile away**. Eddie has seen too many rushed, no-bid contracts go **horribly wrong**, and he's determined to **hold vendors accountable** while keeping **recovery efforts moving**.

## Strengths:

- ✓ **Expert in emergency procurement**—knows FEMA rules cold
- ✓ **Experience managing high-stakes, time-sensitive contracts**
- ✓ **Has strong vendor negotiation skills**

## Weaknesses:

- ✗ **Impatient with bureaucratic red tape**—prefers action over process
- ✗ **Tends to bend rules to speed things up**—which can backfire in compliance audits

# Compliance Carla



📌 Age: 45

📌 Sector: Healthcare Procurement & Compliance Officer

Carla oversees **procurement and compliance for a major hospital system**, where emergency preparedness is critical to patient care. She has spent the last 12 years ensuring hospitals follow strict procurement regulations. Carla is **no stranger to FEMA reimbursement rules**, having dealt with **supply chain crises during severe storms and pandemics**. She's tough and not afraid to hold people accountable for procurement missteps.

## Strengths:

- ✓ **Expert in FEMA reimbursement for medical/emergency supplies**
- ✓ **Strong background in contract audits and regulatory compliance**
- ✓ **Knows how to manage supply chain disruptions under pressure**

## Weaknesses:

- ✗ **Can be rigid—expects perfection in documentation**
- ✗ **Frustrated by public-sector inefficiencies—she's used to private-sector urgency**
- ✗ **Not as familiar with municipal procurement processes**







# The Challenges

# The Challenges

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## 1. Competitive Proposal Evaluation Fiasco (*City Hall Sam*)

- **Problem:**
  - Security camera equipment and installation contract for the Municipal Courts Building awarded by a three-member evaluation team
  - FEMA is questioning the determination of the best-value award and a possible conflict of interest
- **Task:** Sam must determine if he can provide more information to FEMA to save the reimbursement of costs.

## 2. Socioeconomic Contracting Controversy (*Procurement Patty*)

- **Problem:**
  - FEMA is questioning if the City took the required socioeconomic contracting steps in awarding RFP 911 for the restoration and rebuild of Firehouses 101, 102, and 103.
- **Task:** Patty must demonstrate to FEMA the six affirmative socioeconomic considerations taken by the City in awarding the contract or potentially have the expenses associated with the awarded contract deemed ineligible.



# The Challenges

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## 3. Emergency Remediation Contract Debacle (*Emergency Eddie*)

- **Problem:**
  - An emergency contractor was hired without proper justification, and FEMA won't reimburse the multimillion-dollar contract.
- **Task:** Eddie must determine if the city can retroactively justify the contract and answer other questions from FEMA.

## 4. Cooperative Contracting Misuse (*Compliance Carla*)

- **Problem:**
  - The city used a cooperative purchasing contract, assuming it was FEMA-compliant.
  - FEMA is questioning how the use of the cooperative contract met all 2 CFR 200 and FEMA procurement requirements.
- **Task:** Carla must provide the missing documentation and address FEMA's concerns to secure funding.

# The Race to Fix the Crisis

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As FEMA auditors **scrutinize Wavecrest Bay's recovery efforts**, the team must work together to **fix procurement mistakes, recover lost documentation, and salvage FEMA reimbursements** before funding is permanently denied.

- ❖ Will Wavecrest Bay be forced to absorb millions in disaster response costs?
- ❖ Can the team identify solutions before FEMA's final audit?
- ❖ How can these procurement lessons prevent future disasters?

With **funding at risk and public trust hanging by a thread**, the **Procurement Task Force must act fast**—because in **disaster recovery, procurement missteps can be just as devastating as the storm itself!**





# Character Breakout Session

20 Minutes





# Team of Procurement Experts Report Out

20 Minutes



# Lessons Learned

# The Challenges

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## Competitive Proposal Evaluation Fiasco (*City Hall Sam*)

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# City Hall Sam – Compliance Lessons Learned

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- ✓ **Evaluation factors AND relative importance** must be included in the solicitation document
  - Evaluation must be conducted based on the publicized factors with no changes
- ✓ Follow federal AND local (if any) **conflict of interest requirements**
- ✓ Clearly identify the **pricing method**; Note that **cost reasonableness** is a key focus for federal funds



# The Challenges

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## Socioeconomic Contracting Controversy (*Procurement Patty*)

- **Problem:**
  - FEMA is questioning if the City took the required socioeconomic contracting steps in awarding RFP 911 for the rebuild of Firehouses 101,102, and 103.
- **Task:** Patty must demonstrate to FEMA the six affirmative socioeconomic considerations taken by the City in awarding the contract or potentially have the expenses associated with the awarded contract deemed ineligible.



# Procurement Patty – Compliance Lessons Learned

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1. **Include target firms** on solicitation lists.
2. **Ensure target firms are solicited** whenever they are potential sources.
3. **Divide total requirements**, when economically feasible, into smaller tasks or quantities.
4. **Establish delivery schedules** that encourage target firm participation.
5. **Use assistance** of Small Business Administration and the Minority Business Development Agency.
6. **Require the prime contractor** take these steps with subcontractors.



# The Challenges

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## Emergency Remediation Contract Debacle (*Emergency Eddie*)

- **Problem:**
  - An emergency contractor was hired without proper justification, and FEMA won't reimburse the multimillion-dollar contract.
- **Task:** Eddie must determine if the city can retroactively justify the contract and answer other questions from FEMA.

# Emergency Eddie – Compliance Lessons Learned

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- ✓ Additional steps for **non-competitive emergency or exigent contracts**:
  1. Written justification
  2. All federal and FEMA terms and conditions
  3. Suspension and debarment check
  4. Cost/price analysis (over SAT)
  5. Bonding requirements (if applicable)
- ✓ Pivot to **normal competitive procurement procedures** as soon as possible
- ✓ Time and materials contracts require a **not-to-exceed amount AND documented contractor oversight**
- ✓ **NO Cost-plus-percentage-of-cost (CPPC)** pricing elements

# The Challenges

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## Cooperative Contracting Misuse (*Compliance Carla*)

- **Problem:**
  - The city used a cooperative purchasing contract, assuming it was FEMA-compliant.
  - FEMA is questioning how the use of the cooperative contract met all 2 CFR 200 and FEMA procurement requirements.
- **Task:** Carla must provide the missing documentation and address FEMA's concerns to secure funding.

# Compliance Carla – Lessons Learned

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- ✓ **2CFR 200.318(e)** allows the use of cooperative contracts
- ✓ Your entity **must conduct due diligence** for 2CFR compatibility
- ✓ Additional steps:
  - **Cost/price analysis**
  - **Suspension and debarment check**
- ✓ Ask your cooperative representative for **additional documentation** such as a pricing tabulation, socioeconomic steps, etc.
- ✓ Amend the cooperative contract with **all required federal and FEMA contract provisions**





# Final Expert Assignment

# Final Expert Assignment



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## Where is Evaluation Eleanor?

- **City Hall Sam** – Look at the City Conflict of Interest Form. What is the next to last letter of the fourth word of the first paragraph?
- **Procurement Patty** – What is the second letter of the last word in the Title of the RFP participation list?
- **Emergency Eddie** – On the EDR Rate Sheet, what is the fourth letter of the first position listed on the Labor Classification section (page 1)?
- **Compliance Carla** – What is the second letter of the first word on the Purchase Order to Office Technologies?





# Questions?

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# Session Resources

[FEMA PDAT Socioeconomic Affirmative Steps](#)

[FEMA Fact Sheet – Emergency and Exigent Purchases](#)

[FEMA Fact Sheet – Cooperative Purchasing Programs](#)

[FEMA Contract Provisions Guide – FY24](#)





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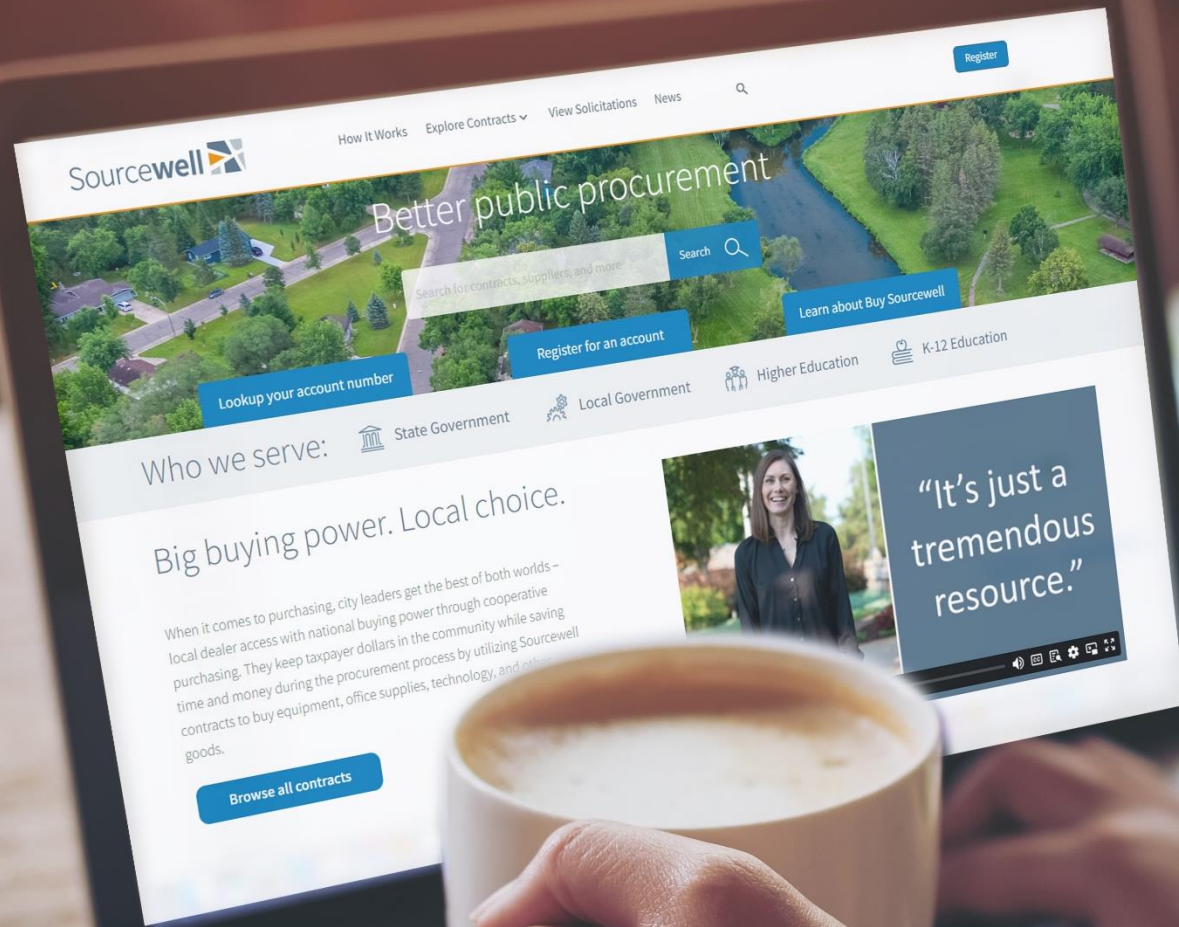
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# Start here.



Thank you!



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