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The Case of the Missing Compliance:

A FEMA Disaster Recovery Mystery

April 2025

The Mystery

The Mystery

- **Hurricane R.F.P (Cat 3) strikes the City of Wavecrest Bay**
- Current state:
 - Streets flooded
 - Power intermittent
 - Emergency response team stretched thin



The Mystery

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



The Mystery

- Eleanor's office is empty!
- Stack of soggy procurement contracts is all that remains...



The Mystery

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



The Mystery

- 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

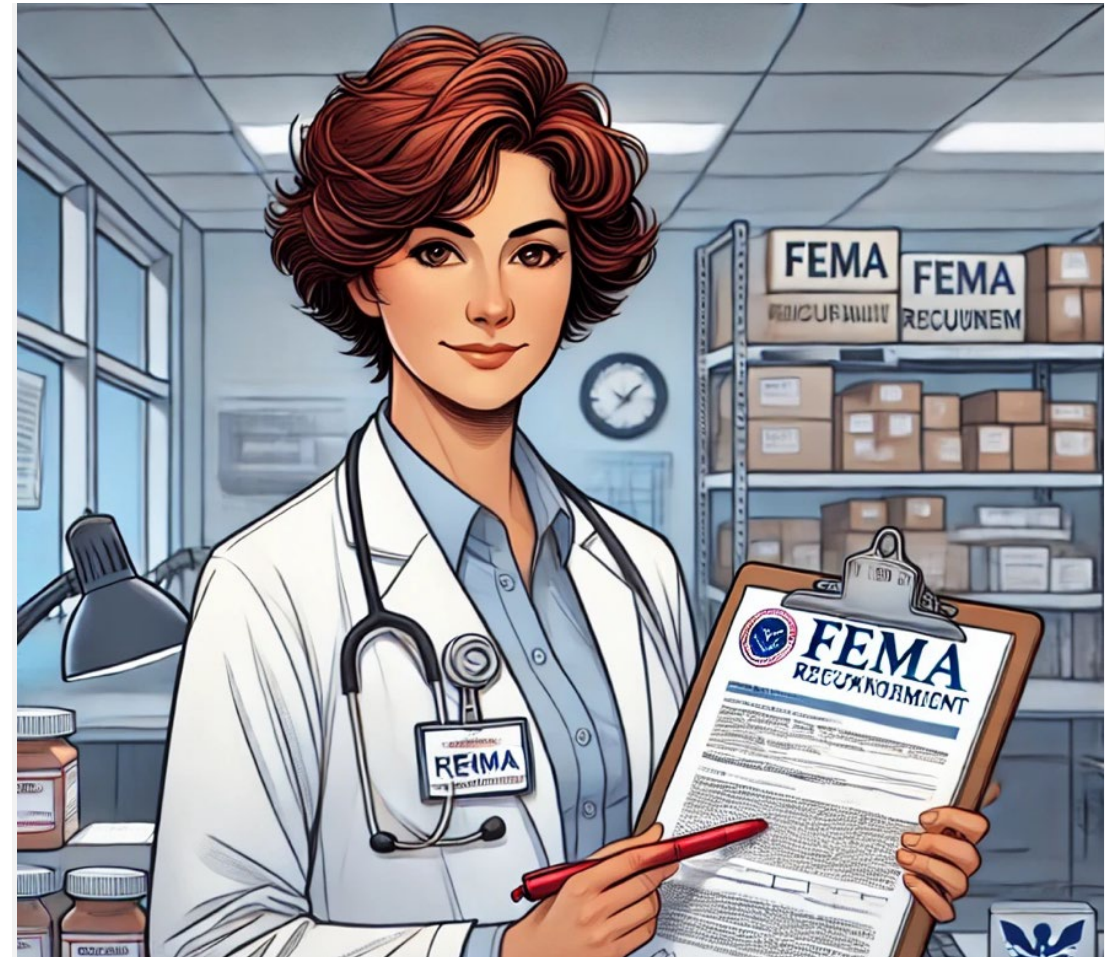
Carla oversees **procurement and compliance for a major hospital system**, where emergency preparedness is **critical** to patient care. She has spent the last **12 years ensuring hospitals follow strict procurement regulations**. Carla is **no stranger to FEMA reimbursement rules**, having dealt with **supply chain crises during hurricanes 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

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 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

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

- **Problem:**
 - An emergency contractor was hired without proper justification, and FEMA won't reimburse the multi-million-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 fix the missing documentation and address FEMA's concerns to secure funding.

The Race to Fix the Crisis

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

City Hall Sam – Compliance Lessons Learned

- **Evaluation**

- Evaluation factors must be identified in the solicitation document along with the relative importance of each factor.
- Evaluation must be conducted based on the publicized factors with no changes. If your entity assigns and publicizes weights to the individual factors, you must score proposals as identified in the solicitation document with no deviation.

- **Conflict of Interest Requirements**

- Your entity is expected to follow federal conflict of interest requirements. If your entity has additional conflict of interest requirements (such as signing a no conflict of interest), these requirements must also be followed for evaluations related to federal grant and FEMA Public Assistance purchases.

- **Pricing**

- Clearly identify the method applied to the pricing component of the evaluation. Cost reasonableness is a key focus of federally funded contracts and purchases.
- The documentation of how irregularities and tabulation errors are handled by your entity is critical.

Procurement Patty – Compliance Lessons Learned

- **S/M/WBE/VBE Steps**

- Awarding a contract to a S/M/WBE/VBE contractor does not satisfy consideration of the six affirmative steps to socioeconomic contracting.
- Socioeconomic affirmative steps must be completed prior to receiving bids or proposals.
- There is no set-aside requirement for small and diverse contract awards according to the Uniform Guidance, however, you must also follow any state or local requirements. HUB requirements do not always satisfy federal requirements.

- **S/M/WBE/VBE Outreach**

- Additional outreach is required to notify S/M/WBE/VBE suppliers/contractors of contracting opportunities when using federal grant funding such as FEMA Public Assistance.
- Include the data element of small and diverse business certification on your entity's solicitation lists so that adherence with including these types of firms when they are a potential resource for the goods or services your entity is seeking.
- Asking for small and diverse business certification information within the solicitation does not help your entity meet socioeconomic contracting for the current procurement process but will provide your entity with information to help meet those requirements in the future.

- **S/M/WBE/VBE Subcontractor Requirements**

- Include a section in your solicitation document alerting prime contractors to the requirement to consider the six affirmative steps when awarding subcontractors to your entity's federally funded projects.

Emergency Eddie – Compliance Lessons Learned

- **Non-Competitive Emergency or Exigent Contracts**

- FEMA requires additional steps when entering into a non-competitive emergency or exigent contract:
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)
- Do not continue on with a non-competitive procurement into permanent work. FEMA expects your entity to pivot back to normal competitive procurement procedures once the emergency/exigent circumstance has passed and a defined scope of work can be determined.

- **Time and Materials**

- Time and materials contracts require a not-to-exceed amount and documented contractor oversight (e.g., no scope creep, invoiced rates match contracted rate sheet)

- **Cost-Plus-Percentage-of-Cost**

- Cost-plus-percentage-of-cost (CPPC) pricing elements are prohibited. Negotiate a different pricing structure for items such as small tools percentage, unscheduled labor, consumables, equipment, and materials, overhead and profit.

Compliance Carla – Lessons Learned

- **Cooperative Contracts**

- The use of cooperative contracts is not prohibited. However, your entity must explain to FEMA how the original solicitation conducted by the cooperative and the resulting contract met all federal and FEMA procurement requirements.
- Don't assume that the purchasing cooperative met all federal and FEMA procurement requirements. Your entity is required to conduct its own due diligence to determine compliance.
- Your entity must conduct its own cost/price analysis and suspension and debarment check, even if the purchasing cooperative conducted both during the original solicitation process.
- If the purchasing cooperative has not provided all of the required documentation to satisfy federal procurement requirements, ask the cooperative representative if they can provide things such as a pricing tabulation, socioeconomic steps taken during the solicitation process, etc.
- Amend the cooperative contract with all required federal and FEMA contract provisions.

Final Expert Assignment

Final Expert Assignment

Where is Evaluation Eleanor?

- **City Hall Sam** – Look at the City Procurement Evaluator 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?

FIJI



Questions?



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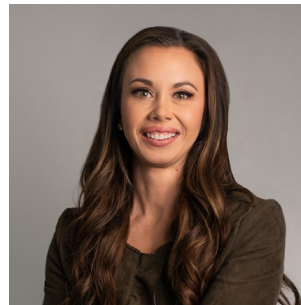
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Session resource links

[FEMA PDAT Socioeconomic Affirmative Steps](#)

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

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

[FEMA Contract Provisions Guide – FY24](#)

Thank you!