

Performance Audit Report



The Small Business Administration Did Not Effectively Assess Disaster Assistance Staffing Requirements, Availability, and Readiness



**U.S. Small Business Administration
Office of Inspector General
Washington, D.C. 20416**

REPORT TRANSMITTAL

REPORT NO. 13-10

DATE: January 25, 2013

To: James E. Rivera, Associate Administrator, Office of Disaster Assistance
Steven G. Smith, Director, Office of Disaster Planning

SUBJECT: *The Small Business Administration Did Not Effectively Assess Disaster Assistance Staffing Requirements, Availability, and Readiness*

This report presents the results of our audit on the Small Business Administration's staffing and mobilization activities. Specifically, this report addresses the SBA's: (1) assessment of human capital needs during the biennial simulation exercise, and (2) ability to accurately identify the total number of reserve staff available to respond to disasters. We have incorporated the formal comments from the Office of Disaster Assistance (ODA) and the Office of Disaster Planning (ODP) into this report.

Please provide your response to this report for each recommendation on the attached SBA Forms 1824, *Recommendation Action Sheet*, by February 24, 2013.

Consistent with OMB Circular A-50, your response should include the corrective action(s) taken or planned for each recommendation and the target date(s) for completion. If you disagree with the recommendations, please fully explain the reasons for disagreement. Please include the legal basis for disagreement based on interpretation of law, regulations, or the authority of officials to take or not to take action. You may also propose alternative actions to those recommended that you believe would better address the issues presented in this report.

In order to fulfill our responsibility under the Inspector General Act, we are providing copies of our report to the appropriate congressional committees responsible for oversight of the Small Business Administration. We will also post this report on the Office of Inspector General website for public dissemination.

We appreciate the courtesies and cooperation of the ODA and the ODP during this this audit. If you have any questions concerning this report, please call me at (202) 205-7390, or Craig Hickok, Director, Disaster Assistance Audit Group at (817) 684-5341.

/s/
John K. Needham
Assistant Inspector General for Auditing



EXECUTIVE SUMMARY: *The Small Business Administration Did Not Effectively Assess Disaster Assistance Staffing Requirements, Availability, and Readiness*

January 25, 2013
Report Number 13-10

What OIG Audited

We audited the SBA disaster assistance program's staffing and mobilization activities to determine its readiness to respond to a large scale event. Specifically, we examined whether the SBA maintained a sufficient workforce to respond to a catastrophic event equivalent to the 2005 Gulf Coast Hurricanes. We reviewed the Agency's planning and execution of its staffing strategies, evaluated the 2008 and 2010 Senior Leadership Seminar *After Action Reports*, interviewed officials from the Office of Disaster Assistance (ODA) and Office of Disaster Planning (ODP), and analyzed personnel rosters.

What OIG Found

The Agency's biennial simulation exercise did not sufficiently assess whether the SBA could activate the human capital necessary to respond to a disaster larger than the 2005 Gulf Hurricanes. Additionally, the Agency lacked a formal process to monitor or verify implementation of simulation exercise recommendations. Further, the Agency did not have a formalized process to maintain an accurate accounting of the reserve workforce and their availability.

If another disaster of a magnitude similar to the 2005 Gulf Hurricanes occurs, the Agency could encounter challenges in meeting staffing needs to achieve their mission. Specifically, the Agency would need to hire and train approximately 2,400 new employees to respond adequately to a major catastrophic event. During the Gulf Hurricanes, training and supervising a large influx of temporary staff proved very difficult for the SBA.

OIG Recommendations and Agency Comments

The OIG recommended a total of four actions. We addressed two actions to the Director of ODP:

1. Develop a plan that ensures the biennial simulation exercise includes an assessment of human capital necessary to respond to the level of disaster selected for the simulation exercise scenario.
2. Implement a corrective action plan to address deficiencies identified during the biennial simulations. Corrective actions should be assigned to responsible parties and have due dates. They should also be tracked during implementation and then validated during subsequent exercises.

The remaining two actions were addressed to the Associate Administrator for Disaster Assistance:

3. Develop a process that accurately identifies the total number of reserve staff available for mobilization and specifies the frequency of such an analysis.
4. Develop written procedures that define ODA's process for determining the number of reserve staff available to respond to disasters.

On January 4, 2013, management submitted formal comments. Management concurred with our findings and all four recommendations.

Actions Taken

As of report issuance, the ODA has implemented a process that identifies the staff available for mobilization and has developed written procedures for determining the number of reserve staff available for disaster response. In addition, the ODP and other offices are presently executing a plan that incorporates a detailed improvement plan with responsibilities and due dates.

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Introduction

Objectives

The objective of this audit was to determine if the Small Business Administration (the SBA or the Agency) maintained a sufficient reserve workforce to respond to a catastrophic event equivalent to the 2005 Gulf Coast Hurricanes. The focus of this audit was limited to SBA's staffing and mobilization readiness. In meeting our audit objective we reviewed the Agency's planning and execution of its staffing strategies, evaluated the 2008 and 2010 Senior Leadership Seminar *After Action Reports*, interviewed officials from the Office of Disaster Assistance (ODA) and Office of Disaster Planning (ODP), and analyzed personnel rosters.

Background

The Small Business Act permits the Agency to maintain a core staff of at least 800 full-time equivalent (FTE) employees to provide assistance following hurricanes and other disasters. In addition to FTEs, the Agency maintains a list of reserve staff that could be activated, if available, when a disaster occurs. However, immediately following the 2005 Gulf Coast Hurricanes, the SBA faced significant challenges in establishing a workforce to process the unprecedented demand in disaster loan applications. In the aftermath of the 2005 Gulf Coast Hurricanes, the ODA received over 400,000 disaster loan applications. At the time that the hurricanes occurred, the ODA employed approximately 800 people.

By January 2006, the Agency had increased the size of its disaster loan staff to more than 4,300 primarily through the hiring of temporary employees. Even with the increased staffing level, hundreds of thousands of loans were not disbursed within established timelines. Although delays in processing and disbursement were not due solely to staffing shortages, the Agency experienced significant backlogs in disaster loan application processing and disbursement. Specifically, in the nine months after the Gulf Coast Hurricanes, the SBA approved more than 148,700 disaster loans totaling \$9.7 billion to individuals and businesses that suffered losses. However, as of May 27, 2006, the SBA had only disbursed \$1.4 billion or 14 percent of the loans approved.

In February 2007, the Government Accountability Office (GAO) reported that the SBA faced staffing challenges during the 2005 Gulf Coast Hurricanes.¹ According to the GAO report, the Agency had not taken steps to ensure the availability of additional trained and experienced staff. Specifically, the SBA faced difficulties in establishing a workforce, training new hires, and managing thousands of temporary employees.

Also during February 2007, the Department of Homeland Security (DHS) developed the Exercise and Evaluation Program (EEP). This program provides common exercise policy and program guidance that constitutes the national standard for disaster exercises. According to the EEP, corrective actions or recommendations resulting from the simulation exercise should be

¹ GAO Report 07-114, *Additional Steps Needed to Enhance Agency Preparedness for Future Disasters*, issued February 14, 2007.

assigned, with due dates, to responsible parties. The corrective actions should also be tracked to implementation and validated during subsequent exercises. In January 2008, the U.S. Department of Homeland Security issued an updated National Response Framework (NRF) as part of its National Strategy to prepare and provide for a unified national response to disasters. The NRF states that government, at all levels, has a responsibility to develop detailed, robust, all-hazards response plans. Additionally, the NRF specifies that simulations should test plans, identify opportunities for improvement, and contain a mechanism for incorporating corrective actions.

The Small Business Disaster Response and Loan Improvements Act of 2008

In June 2008, Congress enacted the Small Business Disaster Response and Loan Improvements Act of 2008 (the Act). The Act placed new requirements on the SBA to better ensure it was prepared to respond to catastrophic disasters, which included a requirement for the SBA to conduct a disaster simulation exercise at least once every two years. The Act further mandated that the Agency create a position, independent of the Office of Disaster Assistance, to plan and direct the biennial disaster simulation exercise. In response, the SBA created the Office of Disaster Planning, which reports directly to the SBA Administrator, and is responsible for coordinating with the ODA to prepare for the biennial simulation exercises.

Biennial Simulation Exercises and SBA's Disaster Recovery Plans

On April 7, 2010, the Agency conducted the *Senior Leader's Seminar and Tabletop Exercise* to test the Disaster Recovery Plan. According to the *After Action Report*, the 2010 biennial simulation exercise was designed to test the SBA's readiness to respond to disasters from multiple perspectives. The Agency asserted in its last three Disaster Recovery Plans, issued November 15, 2009, July 31, 2010, and June 2, 2011 that it was "able to respond to catastrophes even larger than the 2005 Gulf Coast Hurricanes." Although the 2010 After Action Report did not adequately address human capital needs, it found the "SBA prepared for its disaster mission."

During May 2011, the ODA issued *Staffing Strategy Guidelines* (Guidelines) designed to provide a prepared and ready staff that could be immediately activated and deployed. The ODA estimated that the transition to this new staffing strategy would take place over several years. According to the Guidelines, each ODA center, including the Processing and Disbursement Center, Customer Service Center, Disaster Verification Center and the two Field Operations Centers, would maintain its own disaster reserve list, as required by the Guidelines.

In a November 2011 report,² the GAO credited the SBA with making continued progress to reform the Disaster Loan Program. Specifically, the GAO favorably reported that the SBA had created an online loan application, increased the capacity of its Disaster Credit Management System, and developed and updated a Disaster Recovery Plan. Further, the Agency had taken steps to improve the disaster loan application process, develop region-specific marketing and

² GAO Report 12-253T, *Progress Continues in Addressing Reforms to the Disaster Loan Program*, issued November 30, 2011.

outreach, report annually to Congress, and regularly issue Disaster Recovery Plans. However, we determined the Agency still faced challenges in ensuring the optimum staffing level was available and ready to respond to a catastrophic event equivalent to the 2005 Gulf Coast Hurricanes

Nature of Limited or Omitted Information

On March 14, 2012, the Agency held its biennial Senior Leadership Seminar. The After Action Report resulting from this exercise had not been issued prior to the completion of the OIG's review; therefore, an analysis of the 2012 exercise was not included in this audit report.

Review of Internal Controls

To assess the internal controls relevant to our audit objective, we reviewed the SBA's policies and procedures regarding the mobilization of staff during disasters. We conducted this audit from May 2011 to March 2012 in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. On March 15, 2012, we briefed management on the results of our audit work.

Results

Finding: The SBA's Biennial Simulation Exercise Did Not Assess Human Capital Needs

The Agency's 2010 biennial simulation exercise, designed by the ODP, did not sufficiently assess whether the SBA could activate or acquire the human capital necessary to respond to a disaster larger than the 2005 Gulf Hurricanes. This occurred because the agency did not create a corrective action plan to implement recommendations from prior simulation exercises, nor did it have the processes or procedures to identify the number of staff available to respond to disasters. To identify the total number of reserve staff needed, the SBA's simulation exercise should have included: (1) the creation of a scenario of a catastrophe larger than that experienced in 2005, (2) determining the anticipated number of disaster loan applications, (3) determining the staff necessary to process and disburse the expected disaster loans, and (4) determining the amount of staff on board and available from the reserve staff.

Specifically, the SBA's 2010 Biennial Simulation Exercise did not sufficiently assess or report whether the SBA could activate or acquire the human capital resources necessary to respond to a disaster larger than the 2005 Gulf Hurricanes. We found little evidence that the 2010 simulation exercise performed any of the necessary staffing analyses as described above.

The Agency was unable to provide this data that indicated the number of loan applications anticipated for the simulation exercise. Therefore, we were unable to verify that the scenario used in the 2010 simulation exercise represented a catastrophe larger than experienced during the 2005 Gulf Coast Hurricanes. Since the simulation exercise did not address the number of staff required, the exercise did not conclusively demonstrate that the Agency could respond to a disaster even larger than the Gulf Coast Hurricanes.

The After Action Report also did not address whether or not the Agency might have a staffing shortfall to respond to the simulation exercise scenario. The After Action Report noted that the ODA would be able to hire the desired number of staff when deemed appropriate and necessary to respond to a large disaster. According to SBA's report, the SBA demonstrated this capability for previous disasters when it hired 3,500 employees over a four-month period. However, as noted in our September 2006 [Audit Report 6-29](#), the SBA was still facing significant delays in disbursing 2005 disaster loans in May 2006.

Post-Exercise Evaluation

To assess whether the SBA could activate or acquire the human capital resources necessary to respond to a disaster larger than the 2005 Gulf Hurricanes, the simulation exercise should have assessed the SBA's capability to manage, effectively, a significant number of new staff. This would include assessing the Agency's ability to train and supervise a large number of temporary employees. According to the EEP, the Agency should conduct a formal post-exercise evaluation to:

- identify strengths and areas for improvement in the Agency's preparedness, as observed during the exercise;
- develop recommendations related to areas for improvement to help develop corrective actions; and,
- provide the basis for conducting improvement planning following the formal evaluation.

Corrective Action Plans

According to the standards set by DHS, corrective actions identified in the evaluation phase should be assigned, with due dates, to responsible parties during the improvement planning phase. The Agency should then track the corrective actions to implementation, and validate them during subsequent exercises. Based upon the guidance specified in the EEP, the Agency's 2010 biennial simulation exercise should also have addressed deficiencies noted in the 2008 biennial simulation. Although the 2008 simulation identified human capital deficiencies and provided recommendations to correct them, our review found that the SBA did not have a corrective action plan to implement the recommendations. For example, the After Action Report for the 2008 simulation exercise recommended the Agency refine modeling so that the SBA could accurately project impacts of a disaster in order to quickly request funding. The 2008 After Action Report also recommended ongoing monitoring and a complete test of the reserve list on a regular basis. Due to the lack of a formalized method of addressing deficiencies, however, the Agency did not assign the recommended actions to responsible parties with due dates and did not take corrective action.

Office of Disaster Assistance Lacked a Process for Identifying Available Workforce

The Office of Disaster Planning relied upon staffing estimates provided by the ODA to prepare for biennial simulation exercises. However, we found that the ODA did not have a process or written procedures to identify the number of reserve staff available to respond to disasters. The ODA did not: (1) routinely test the availability of the reserve workforce; (2) obtain the number of available reserve staff from lists maintained at its centers; or (3) determine the total number of individuals who would be available to report for duty in the event of a disaster.

As part of pre-disaster preparation, the ODA has scalability models to project estimated staffing levels needed to respond to disasters of varying magnitudes. The scalability models the ODA provided to us indicated that the Agency would require 4,722 employees to timely and effectively process a number of loan applications comparable to those received during the 2005 Gulf Coast Hurricanes. We calculated that as of October 22, 2011, the Agency could provide approximately 2,300 employees to respond to a disaster of that same magnitude. To reach the level of 4,722 employees as projected by the staffing model, the Agency would be required to hire approximately 2,400 additional employees. Ensuring the training and supervision of this large influx of temporary staff previously proved very difficult, as GAO indicated in its February 14, 2007 report.³

On May 31, 2011, the ODA issued *Staffing Strategy Guidelines*, which required SBA Headquarters to maintain a consolidated list of staff reserves. We obtained the consolidated list of 2,685 personnel from the ODA; however, not all of the personnel on this list would actually be available to assist in the event of a disaster. The ODA did not identify the total personnel available, or the percentage of personnel available to support disasters of varying magnitudes. We determined, however, that approximately 2,300 reserve staff could be available to respond. Absent the total number of personnel actually available to respond in the event of a disaster, the SBA could not determine its own capability of providing timely and effective disaster assistance.

Availability Testing

The ODA's *Staffing Strategy Guidelines* also indicated that each Disaster Center is responsible for developing its own plan for managing its reserve pool of employees. We obtained the records of each center's availability test results for 2011, only, as the ODA could not provide us with those conducted prior to 2011. Although the results of each center's 2011 availability tests indicated the number of staff available, they did not indicate whether the number of available reserves was adequate, or whether the center needed to acquire additional reserves. This occurred because the Guidelines did not specify how the centers would determine whether it had sufficient available reserves.

³ GAO Report 07-114, *Additional Steps Needed to Enhance Agency Preparedness for Future Disasters*, issued February 14, 2007.

Additionally, there is no requirement in the Staffing Strategy Guidelines that each center should ascertain whether the reserve personnel are permanently unavailable, or unavailable at the time of contact. Therefore, some personnel could remain on the reserve list that should not, leading the ODA to believe that it has a larger pool of reserves than it actually has.

We also determined that the centers did not test reserve workforce availability frequently enough. While most of the operations centers contacted personnel on its reserve list at least once during 2011, the ODA was unable to provide records documenting availability testing conducted prior to 2011. Since the *Staffing Strategy Guidelines* state that personnel should be removed from the reserve list when they have indicated unavailability on three consecutive occasions, current annual testing practices could allow unavailable personnel to remain on the list for three full years before they are removed. If the operations centers do not conduct availability testing on a more frequent basis, the accuracy of the reserve workforce availability could be questionable.

The After Action Report noted that during the 2008 simulation, the ODA based the number of reserve workforce solely on projected numbers, and recommended the ongoing monitoring of the reserve list. However, due to the lack of a formalized method of addressing deficiencies, the Agency did not take corrective actions by assigning them to responsible parties, with due dates, tracked to implementation, and then validated during subsequent exercises. After the 2010 simulation, however, the ODP tracked the key analysis from the report and immediately began incorporating changes. As a result of this audit, for example, the ODA revamped the Reserve Readiness Assessment in February of 2012. Additionally, the ODA subsequently conducted two successful Reserve Readiness Assessments.

Conclusion

Based upon current staffing and reserve workforce levels, should another disaster of a magnitude similar to the 2005 Gulf Hurricanes occur, the SBA is likely to face staffing challenges. The Agency's staffing models indicated it would be required to hire and train approximately 2,400 new employees to respond adequately to an event similar to the 2005 Gulf Coast Hurricanes.

In addition, we believe the Agency also did not have a formalized process to maintain an accurate accounting of the reserve workforce and their availability. Further, the Agency lacked a formal process to monitor or verify implementation of simulation exercise recommendations. Due to these limitations, the SBA could have trouble in providing timely and quality assistance to disaster victims during a catastrophe similar to the 2005 Gulf Coast Hurricanes.

During the audit, management acknowledged that its process for determining availability of reserve staff was not well-documented. As a result of this audit, management took steps to improve its method for assessing reserve workforce availability and for recording the results of these assessments. We believe that continued management attention concerning staffing and mobilization is required.

Recommendations

We recommend the Director, ODP:

1. Develop a plan that ensures the biennial simulation exercise includes an assessment of human capital necessary to respond to the level of disaster selected for the simulation exercise scenario. Specifically, coordinate with the ODA to:
 - a. Identify the number of personnel necessary to respond to the scenario;
 - b. Determine the personnel available;
 - c. Identify the number of new hires required to support this scenario, and
 - d. Determine the feasibility of hiring, training, and supervising the required number of new hires.
2. Implement a corrective action plan to address deficiencies identified during the biennial simulations. Corrective actions should be assigned to responsible parties and have due dates. They should also be tracked during implementation and then validated during subsequent exercises.

We recommend the Associate Administrator for Disaster Assistance:

3. Develop a process that accurately identifies the total number of reserve staff available for mobilization and specifies the frequency of such an analysis.
4. Develop written procedures that define ODA's process for determining the number of reserve staff available to respond to disasters.

Agency Comments and Office of Inspector General Response

On December 5, 2012, we provided a draft of this report to the SBA's Office of Disaster Assistance (ODA) and the Office of Disaster Planning (ODP) for comment. On January 4, 2013, the Agency submitted formal comments, which are included in their entirety in Appendix II. The Agency provided comments on each of the four recommended actions. The ODA and ODP concurred with our findings and recommendations. Additionally, the Agency has implemented processes and procedures to improve SBA's staffing and mobilization activities. We consider management's comments to be responsive to the recommendations. A summary of management's specific comments, followed by our responses are below.

Recommendation 1 – We recommend the Director of the Office of Disaster Planning develop a plan that ensures the biennial simulation exercise includes an assessment of human capital necessary to respond to the level of disaster selected for the simulation exercise scenario. Specifically, coordinate with the ODA to:

- a. Identify the number of personnel necessary to respond to the scenario;
- b. Determine the personnel available;
- c. Identify the number of new hires required to support this scenario, and
- d. Determine the feasibility of hiring, training, and supervising the required number of new hires.

Agency Comments

Management concurred with this recommendation. The Director stated that through the ODA and ODP action, human capital requirements for a scenario even more demanding than the 2005 Gulf hurricanes were addressed as part of the March 2012 Senior Leadership Seminar.

OIG Response

We consider management's comments to be responsive to this recommendation.

Recommendation 2 –We recommend that the Director of the Office of Disaster Planning implement a corrective action plan to address deficiencies identified during the biennial simulations. Corrective actions should be assigned to responsible parties and have due dates. They should also be tracked during implementation and then validated during subsequent exercises.

Agency Comments

Management concurred with this recommendation. The Director stated the after action reporting for the March 2012 exercise incorporated a detailed improvement plan with responsibilities and due dates. This plan was coordinated through applicable program offices and approved by the Administrator. The ODP and other offices are presently executing this plan.

OIG Response

We consider management's comments to be responsive to this recommendation.

Recommendation 3 –We recommend the Associate Administrator for Disaster Assistance develop a process that accurately identifies the total number of reserve staff available for mobilization and specifies the frequency of such an analysis.

Agency Comments

Management concurred with this recommendation. The Associate Administrator stated that the ODA has implemented a process that identifies the staff available for mobilization. This process is conducted on a quarterly basis.

OIG Response

We consider management's comments to be responsive to this recommendation.

Recommendation 4 – We recommend the Associate Administrator for Disaster Assistance develop written procedures that define the ODA's process for determining the number of reserve staff available to respond to disasters.

Agency Comments

Management concurred with this recommendation. The Associate Administrator stated that the ODA has developed written procedures for determining the number of reserve staff available for disaster response.

OIG Response

We consider management's comments to be responsive to this recommendation.

Actions Required

Please refer to the transmittal letter for specific instructions on providing your corrective action(s) and target dates for completion or reasons for disagreement on the final audit report.

Appendix I: Scope and Methodology

The objective of this audit was to determine if the Small Business Administration (the SBA or the Agency) maintained a sufficient reserve workforce to respond to a catastrophic event equivalent to the 2005 Gulf Coast Hurricanes. To address this objective, we reviewed the Agency's staffing strategy guidelines, Disaster Recovery Plans, personnel rosters, biennial simulation After Action Reports, and related audit reports.

We analyzed the SBA's 2011 Staffing Strategy Guidelines and Disaster Recovery Plans to understand the existing guidance provided to staff involved in identifying, testing, and maintaining a sufficient reserve workforce. We also interviewed the Office of Disaster Assistance (ODA) officials and human resource staff to discuss their process for identifying available reserve workforce. Specifically, we interviewed SBA management in headquarters as well as six of ODA's field offices, which included directors, human resource officials, and department managers. Additionally, we interviewed Office of Disaster Planning (ODP) officials to determine their role and responsibilities in the disaster planning, as well as the extent of their interaction with ODA management.

To evaluate program requirements and guidelines, we reviewed the Small Business Disaster Response and Loan Improvements Act of 2008 and the Department of Homeland Security's Exercise and Evaluation Program (EPP). We analyzed the 2008 and 2010 Senior Leadership Seminar After Action Reports to understand the simulation scenario as well as the observations and recommendations pertinent to ODA's human capital. To identify previous concerns and recommendations with ODA's preparedness, we examined SBA OIG's 2006 report on production following 2005 Gulf Coast Hurricanes Katrina, Rita, and Wilma. We also examined reports from the Government Accountability Office that pertain to establishing and maintaining a sufficient workforce. A detailed list of all of the reports reviewed is included in this Appendix, under *Prior Coverage*.

To determine the number of employees needed to timely and effectively process the amount of loan applications comparable to those received during the 2005 Gulf Coast Hurricanes, we obtained the ODA's current scalability model scenarios. We also obtained ODA's 2011 staffing levels, as well as records of each center's availability test results for reservist in 2011 – as the ODA could not provide us with those conducted prior to 2011. We compared the ODA's current scalability model to the number of employees available as of October 22, 2011. We determined the difference to be the number of additional employees ODA would need to effectively respond to a disaster similar to the 2005 Gulf Coast Hurricanes.

We conducted this audit from May 2011 to March 2012 in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives

Appendix I: Scope and Methodology

Prior Coverage

U.S. Small Business Administration, Office of Inspector General Report:

SBA OIG (2006). *Audit of Loan Disbursements Following the 2005 Gulf Coast Hurricanes Katrina, Rita, and Wilma*, [Report Number 06-29](#), September 19, 2006. Retrieved from <http://www.sba.gov/office-of-inspector-general/869/365101>

U.S. Government Accountability Office Audit Reports:

GAO (2007). *Additional Steps Needed to Enhance Agency Preparedness for Future Disasters*, [Report Number GAO-07-114](#), February 14, 2007. Retrieved from <http://www.gao.gov/products/GAO-07-114>

GAO (2011). *Progress Continues in Addressing Reforms to the Disaster Loan Program*, [Report Number GAO-12-253T](#), November 30, 2011. Retrieved from <http://www.gao.gov/products/GAO-12-253T>

Appendix II: Agency Comments



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

Date: January 4, 2013

To: John K. Needham
Assistant Inspector General for Auditing

From: James Rivera
Associate Administrator, Office of Disaster Assistance

From: Steve Smith
Director, Office of Disaster Planning

Subject: OIG Draft Report – The Small Business Administration Did Not Effectively Assess Disaster Assistance Staffing Requirements, Availability, and Readiness (Project No.11803)

We have reviewed the Draft Report regarding the Small Business Administration staffing and mobilization activities. Our response indicates concurrence with your recommendations. Our comments are noted below:

Recommendations and Agency Response:

Office of Disaster Planning

Recommendation 1: “Develop a plan that ensures the biennial exercise includes an assessment of human capital necessary to respond to the level of disaster selected for the simulation exercise scenario.”

ODP Response: ODP concurs with this recommendation. Through ODA and ODP action, human capital requirements for a scenario even more demanding than the 2005 Gulf hurricanes were addressed as part of the March 2012 Senior Leadership Seminar.

Recommendation 2: “Implement a corrective action plan to address deficiencies identified during the biennial simulations. Corrective actions should be assigned to responsible parties and have due dates. They should also be tracked during implementation and then validated during subsequent exercises.”

ODP Response: ODP concurs with this recommendation. After action reporting for the March 2012 exercise incorporated a detailed improvement plan with responsibilities and due dates. This plan was coordinated through applicable program offices and approved by the Administrator. ODP and other offices are presently executing this plan.

Office of Disaster Assistance

Recommendation 3: “Develop a process that accurately identifies the total number of reserve staff available for mobilization and specifies the frequency of such analysis.”

ODA Response: ODA concurs with this recommendation and has implemented a process that identifies the staff available for mobilization. This process is conducted on a quarterly basis.

Recommendation 4: “Develop written procedures that define ODA’s process for determining the number of reserve staff available to respond to disasters.

ODA Response: ODA concurs with this recommendation and has developed written procedures for determining the number of reserve staff available for disaster response.