



June 5, 2006

LEE R. HEATH
CHIEF POSTAL INSPECTOR

SUBJECT: Audit Report - Postal Inspection Service Emergency Preparedness for Hurricane Katrina (Report Number SA-AR-06-005)

This report presents the results of our self-initiated audit of the Postal Inspection Service Emergency Preparedness for Hurricane Katrina (Project Number 06YG011SA001). Our overall objective was to assess the Postal Inspection Service's implementation of emergency preparedness plans and programs before, during, and after the landfall of Hurricane Katrina.

The Postal Inspection Service responded to Hurricane Katrina rapidly and successfully under very difficult and unprecedented circumstances and implemented actions consistent with the Integrated Emergency Management Plan. More than 300 postal inspectors and postal police officers responded immediately to safeguard U.S. Postal Service employees, provide security guidance to postal managers, and ensure that infrastructures were secure and operational. Further, Postal Inspection Service personnel escorted fuel and other recovery-related goods (for example, lights and generators) into Alabama, Louisiana, and Mississippi. The Postal Inspection Service also initiated an educational campaign to prevent fraud schemes related to Katrina relief efforts.

This report contains no recommendations. We discussed the report with Postal Inspection Service management and they opted not to provide comments.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions or need additional information, please contact Sandra Bruce, director, Oversight of Investigative Activities, or me at (703) 248-2300.

E-Signed by Mary Demory 
VERIFY authenticity with Approve!



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INTRODUCTION

Background

Hurricanes Katrina and Rita. On August 29, 2005, Hurricane Katrina (Katrina) heavily damaged a sizable area across the Gulf Coast region, including Alabama, Louisiana, and Mississippi. Katrina developed sustained winds of 175 miles per hour with winds extending 120 miles from its center.¹ New Orleans continued to sustain damage after the storm's impact because much of New Orleans is below sea level and the levees designed to protect against floods could not contain Katrina's 15-foot storm surge.

Levees failed in four locations along three canals, flooding New Orleans and creating a catastrophic event. Katrina was an unprecedented event projected to cost the U.S. Government up to \$200 billion. Less than a month after Hurricane Katrina made landfall, on September 24, 2005, Hurricane Rita hit the Texas-Louisiana border as a Category 3 storm, flooding parts of Louisiana again.

Congressional Interest. Anticipating inquiries from members of Congress, the President's Council on Integrity and Efficiency tasked the inspector general community with assuring appropriate oversight of financial and procurement processes and operations regarding Katrina activities.

As a result, the U.S. Postal Service Office of Inspector General (OIG) established a task force to review the Postal Service's Katrina activities. The OIG has conducted several reviews of Postal Service activities associated with the hurricanes, including procurement, employee safety, facilities, mail processing, delivery, transportation operations, and emergency preparedness. See the appendix for a list of OIG reports on the Postal Service's Katrina response, recovery, and reconstruct efforts.

Postal Inspection Service. As a law enforcement agency, the Postal Inspection Service's mission is to protect the Postal Service, its employees, and its customers from criminal attack and to protect the nation's mail system from criminal misuse. Postal inspectors respond to a wide variety of man-made and natural disasters in the United States.

¹ According to the National Oceanic and Atmospheric Administration.

To assist the Postal Service in responding to emergencies, the Postal Inspection Service serves as liaison to both the Postal Service and external law enforcement officials, and also as incident commander for certain emergencies involving a criminal investigation.

The emergency preparedness process includes establishing a high state of emergency preparedness through better planning, process integration, and field support to best serve the national security interests of the country, to properly safeguard employees and customers, and to protect the critical assets of the Postal Service.

Emergency Preparedness. In January 2004, the Postal Service issued a memorandum to establish the Integrated Emergency Management Plan (IEMP) as the one plan for the Postal Service to mitigate, prepare for, respond to, and recover from any natural disaster or man-made hazard. The IEMP standardizes the emergency management process and incorporates incident-specific planning efforts for the Postal Service into a single comprehensive document that will serve as the core guide for emergency management, as required by Homeland Security Presidential Directive 5.²

Postal Inspection Service IEMP. The Postal Inspection Service modified the Postal Service's standard IEMP template and established a template specific to law enforcement functions. In calendar year 2005, the Postal Inspection Service began using the IEMP in its divisions.

The standardized IEMP template is designed to consolidate the Postal Inspection Service's stand-alone plans (contingency plan, emergency operations plan, continuity of operations plan, crisis management plan, and emergency-specific plans). It also establishes emergency management teams, defines team roles and responsibilities, and integrates the Postal Inspection Service's emergency management activities with the country's National Response Plan.

² Under Homeland Security Presidential Directive 5, all federal departments and agencies, including the Postal Service and Postal Inspection Service, are required to adopt a comprehensive plan addressing all hazards.

**Objective, Scope,
and Methodology**

Our overall objective was to assess the Postal Inspection Service's implementation of emergency preparedness plans and programs before, during, and after the landfall of Katrina.

To accomplish our objective, we:

- Met with Postal Inspection Service officials from headquarters, divisions, and domiciles.
- Reviewed emergency management policies and plans of the Postal Service and the Postal Inspection Service.
- Reviewed Postal Inspection Service information (such as training and watch desk reports) pertaining to emergency preparedness and the activities associated with Katrina.
- Observed security operations at temporary post office facilities.

In addition, we reviewed data from the Postal Inspection Service Investigative Information System (ISIIS). However, we did not assess the reliability of the computer-generated data from ISIIS. Based on our comparative analyses of data obtained from ISIIS and discussions held with officials regarding their use of ISIIS, we consider the data to be sufficiently reliable to support the opinions and conclusions in this report.

We conducted the review from September 2005 through June 2006 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. We discussed our observations and conclusions with management officials and included their comments where appropriate.

Prior Audit Coverage

Audit of Postal Inspection Service's Emergency Preparedness (Report Number SA-AR-05-001, January 5, 2005). The audit found that the Postal Inspection Service

has many contingency plans for incidents such as mail bombs, robberies, and fires and was, at the time of the report, developing an IEMP specific to its law enforcement requirements in response to Homeland Security Presidential Directive 5. We did not make any recommendations because the Postal Inspection Service was developing its IEMP.

OIG Letter Report, Emergency Preparedness Training (Report Number DA-OT-04-004, July 23, 2004). The review found that training sessions on comprehensive emergency management planning were helpful in disseminating headquarters policies and terminologies to all levels. The Postal Service was continually providing guidance and policy. However, the Postal Service did not consistently communicate emergency preparedness guidance, and therefore emergency management teams did not always follow the guidance. The OIG suggested, and management agreed, that the Office of Emergency Preparedness should assess the field IEMPs and assist them in correcting any inconsistencies with policies and guidance.

AUDIT RESULTS

Noteworthy Actions and Responses to Hurricane Katrina

The Postal Inspection Service responded to Katrina rapidly and successfully under very difficult and unprecedented circumstances and implemented actions consistent with the IEMPs. Over 300 postal inspectors and postal police officers responded immediately to safeguard Postal Service employees, provide security guidance to postal managers, and ensure that infrastructures were secure and operational.

Further, Postal Inspection Service officials requested and obtained right-of-way authority from the Federal Emergency Management Agency (FEMA) to ensure inspectors could carry out their mission. Subsequently, Postal Inspection Service personnel escorted fuel and other recovery-related goods (such as lights and generators) into Alabama, Louisiana, and Mississippi. The Postal Inspection Service also initiated an educational campaign to prevent fraud schemes related to Katrina relief efforts.

IEMP Implementation. The Houston and Atlanta divisions, which have jurisdiction over the Katrina-affected areas in Alabama, Louisiana, and Mississippi, had completed their IEMPs before Katrina. Additionally, in calendar year 2005, the Postal Inspection Service provided training in the IEMP and the related Incident Command System³ to at least 14 of the 18 divisions.

The Postal Inspection Service IEMP assisted the Postal Inspection Service with implementing procedures to protect employees and maintain operations more effectively during Katrina. The Postal Inspection Service implemented the IEMP by:

- Establishing emergency operations centers (EOC)⁴ at the Atlanta Division, Mississippi and Mobile domiciles, and Baton Rouge Post Office.

³ The Incident Command System is a management system designed to integrate resources from numerous organizations into a single response structure using common terminology and common processes.

⁴ The EOC is a temporary or permanent physical location for coordinating information and resources to support domestic incident management activities.

- Assuming roles and responsibilities (for example, incident commander, operations section chief, and logistics section chief) and using the Incident Command System to improve coordination of planning and response activities among functional areas and minimize duplication of planning efforts.
- Maintaining liaison with federal and local law enforcement officials. Postal inspectors worked with emergency responders from FEMA, Louisiana, Mississippi, and Alabama during the response. The inspectors coordinated with the officials to obtain much-needed fuel and other recovery-related goods such as lights and generators.

Emergency Preparedness Equipment. In response to the failure of communications equipment, the Postal Inspection Service put in place effective alternatives that were vital to reestablishing communications during the aftermath of Katrina. This included procuring and installing emergency satellite systems valued at \$962,351. Further, based on lessons learned, the Postal Inspection Service is reviewing and testing existing and new communications equipment to better prepare for future disasters.

Additionally, the Postal Inspection Service uses the Postal Emergency Management System (PEMS) primarily to receive emergency alerts (for example, natural disasters and Biohazard Detection System incidents). Therefore, the Postal Inspection Service is reviewing software for emergency incident management that will assist them with creating, tracking, and managing emergencies through all stages.

Safeguarding Employees. Before Katrina made landfall, the Postal Inspection Service assisted with evacuating Postal Service employees in the affected facilities. As a result, employees were safeguarded and no injuries to employees were reported. During the immediate aftermath of Katrina, the Postal Inspection Service focused its efforts on locating 6,052 employees for whom the Postal Service could not account.

They accounted for each employee, which included determining the employee's physical condition. Thus, all Postal Service employees were accounted for within 4 weeks after Katrina's landfall.

Securing Facilities and Protecting Assets. The Postal Inspection Service secured Postal Service assets and provided security at numerous facilities in affected areas. For example, postal inspectors and postal police officers provided 24-hour security at post office facilities, directed traffic, and controlled crowds. Postal inspectors also provided security during mail recovery operations, reviews of damaged mail on postal property, and contractors' review of accountable property.

Facility Assessments. To expedite recovery operations, the Postal Inspection Service, in coordination with a cross-functional Postal Service group,⁵ developed a standardized facility assessment tool (FAT) to address safety, structural, and security issues. Field assessment teams used the FAT to report the conditions of impacted facilities to the Postal Service command center. As a result, the Postal Service was able to prioritize its cleanup and restoration activities and ensure employees, contractors, and customers were protected from Katrina-related hazards.

Together with the Postal Service's safety and facilities team, the Postal Inspection Service conducted 426 security facility assessments of the extent of damage to Postal Service buildings and property, including contamination, to determine whether the facilities were suitable for reoccupation. Overall, the Postal Service identified 175⁶ severely damaged and five completely destroyed facilities. The Postal Service estimated the cost to repair and replace these facilities and equipment at \$126 million.

Escort of Fuel and Other Goods. Postal inspectors escorted fuel and other recovery-related goods⁷ into affected states. They also provided 112 security escorts for Postal Service employees and contractors to distribute Social Security

⁵ The cross-functional group included representatives from Safety, the Office of Emergency Preparedness, Facilities, and contractor support.

⁶ The 175 severely damaged facilities included 64 Postal Service-owned and 111 leased facilities.

⁷ This included lights, generators, and stamp stock needed to set up retail operations.

checks to Louisiana and Mississippi residents who could not receive regular mail delivery.

Task Force Campaigns. The Postal Inspection Service is an active member of the Department of Justice's Hurricane Katrina Task Force. As a member of the task force, the Postal Inspection Service initiated an educational campaign to prevent fraud schemes related to Katrina relief efforts. This campaign included a full page advertisement in a major newspaper and magazine. The Postal Inspection Service also assisted the Securities and Exchange Commission with a similar educational campaign.

Investigative Activities. As of October 25, 2005, the Postal Inspection Service made seven arrests in connection with fraudulent schemes related to Katrina relief efforts. These schemes included false claims for FEMA benefits and other government-benefit frauds, fraudulent charities, and identity theft.

Overall Assessment

The Postal Inspection Service's actions taken to implement the IEMP, update its policies, and provide training in the Incident Command System enhanced the Postal Inspection Service's emergency preparedness and response to Katrina. Therefore, we are not making any recommendations. Also, these actions are consistent with the steps toward implementing the IEMP, as described in the OIG's previous audit report, *Audit of Postal Inspection Service's Emergency Preparedness* (Report Number SA-AR-05-001, January 5, 2005).

We will continue monitoring the Postal Inspection Service's hurricane response efforts, including progress and emergency preparedness initiatives, and will conduct a follow-up review in the future.

APPENDIX. LIST OF OIG REPORTS

Reports Issued in Final

- *Postal Service Actions to Safeguard Employees from Hurricane Katrina* (Report Number HM-AR-06-002, February 15, 2006). The OIG concluded that the Postal Service took appropriate actions to notify employees before Katrina made landfall, as described in the IEMPs and supplemental hurricane plans. Postal Service employees were safeguarded, and no injuries to employees were reported before Katrina's landfall. The OIG made no recommendations.
- *Mail Processing Operations in the Wake of Hurricanes Katrina and Rita* (Report Number NO-MA-06-002, March 27, 2006). The report concluded that the Postal Service successfully reestablished mail processing operations in the aftermath of the hurricanes by implementing emergency management plans to move the mail, assessing damage to the mail processing network, and quickly reestablishing mail processing operations in the Gulf Coast region. The report also identified several issues which could improve the Postal Service's response to future disasters. The Postal Service should provide an adequate communications structure, identify adequate contingency sites outside the hurricane zone, and secure adequate back-up power supplies. Because these issues were not addressed, mail processing recovery efforts were hampered, and some mail was delayed or not delivered.

The OIG recommended Postal Service management revise, validate, and utilize a communications plan, assess existing mail processing contingency sites, and assess electrical requirements at mail processing facilities. Management agreed with OIG findings and recommendations and has initiatives in progress, completed, or planned addressing the issues in this report.

- *National Change of Address – Emergency Preparedness* (Report Number IS-AR-06-005, March 30, 2006). The OIG concluded that Postal Service management responded diligently to Hurricane Katrina by redirecting mail to affected customers under very tight time constraints. However, the Postal Service could benefit from consolidating essential procedures for emergency changes of address in a formalized policy such as the IEMP for distribution throughout the Postal Service.

The OIG recommended Postal Service management: (1) identify emergency change of address procedures established during Hurricane Katrina that could be useful in responding to future national disasters; (2) establish a Postal Service-wide steering committee with the authority to declare an emergency for a specific location and ensure the Postal Service takes action to maintain continuity of service during emergencies; (3) incorporate the procedures identified in recommendations 1 and 2

into formal policy, such as the IEMP or other policies, to address Postal Service operations regarding change of address emergency situations; and (4) disseminate these emergency procedures throughout the Postal Service so that managers in areas affected by an emergency will have authority to respond in a timely manner.

Management agreed with recommendation 1 and disagreed with recommendations 2, 3, and 4. Although management disagreed with recommendations 2, 3, and 4 as stated, management provided alternative recommendations which were acceptable and responsive. Management's actions taken should correct the issues identified.

- *Review of Postal Service's Replacement and Repair of Facilities Affected by Hurricane Katrina* (Report Number FA-MA-06-001, May 26, 2006). The OIG reported that Postal Service facilities quickly and successfully responded to Hurricane Katrina. Facilities headquarters and the Southeast and Southwest Facilities Service Offices (FSO) worked with the impacted areas and districts to resume operations as quickly as possible by assessing damage and finding alternatives. In addition, the FSOs suspended rent payments for leased facilities that were deemed unusable as a result of the hurricane. The report also identified several areas where the Postal Service could improve its response to future disasters. These areas included improving accessibility to facilities, following standardized lockdown procedures, developing procedures for prearranging mobile home and trailer haulers, improving communications, providing for appropriately sized generators, and securing multiple national cleanup contracts.

The OIG recommended and Postal Service management agreed to develop procedures to ensure that postal response personnel have emergency access to facilities, postmasters follow standard lockdown procedures, and prearrangements are made with mobile home/trailer haulers. In addition, we recommended and Postal Service management agreed to distribute satellite phones to the FSOs or develop another alternative to improve communication, provide for acquiring appropriately sized generators, and establish national contracts to expedite cleanup efforts.

- *Postal Inspection Service's Procurement Transactions Related to Hurricane Katrina Response, Recovery, and Reconstruct Efforts* (Report Number SA-AR-06-004, May 30, 2006). The OIG concluded that overall, the U.S. Postal Service and the Postal Inspection Service had effective controls over procurement transactions related to Hurricane Katrina efforts. Procurement transactions were valid, authorized, and supported by the appropriate documentation; however, management could strengthen controls to ensure that International Merchant Purchase Authorization Card (IMPAC) cardholders review, sign, and date U.S. bank statements within 5 days of receipt as required.

The OIG recommended and management agreed that authorizing officials will ensure all IMPAC credit cardholders review, sign, and date U.S. bank statements within 5 days of receipt, as required.

Reports Issued in Draft

- *Postal Service Emergency Preparedness for Hurricanes Katrina and Rita* (Report Number SA-AR-06-DRAFT, May 15, 2006) The Postal Service responded to Hurricanes Katrina and Rita rapidly and successfully under difficult and unprecedented circumstances. As a result, the Postal Service safeguarded employees, continued to deliver the mail in the Gulf Coast region, and protected the sanctity of the mail and the nation's mail system. While the Postal Service took noteworthy actions in responding to the hurricanes, opportunities exist to enhance emergency preparedness planning and responses in the event of a future natural disaster.

We recommend the vice president, Emergency Preparedness, in coordination with the Southeast Area vice president and Southwest Area acting vice president: (1) revise the IEMP to sufficiently address area and headquarters level functions, including coordination with the federal government during responses that require Postal Service involvement in the National Response Plan; (2) ensure field operations personnel complete, approve, validate, and implement IEMPs that incorporate stand-alone plans for hurricanes and lessons learned; (3) develop an alternative incident management system to assist the Postal Service in managing emergencies throughout each stage of emergency preparedness; and (4) establish performance measures for all hazards to achieve emergency management goals that effectively enhance the Postal Service's emergency preparedness and incorporate them into the core goals for headquarters, area, and field level emergency managers.

We also recommend the vice president, Emergency Preparedness identify and develop mandatory emergency preparedness training at each level of the Postal Service for hazards, as necessary based on risks and vulnerabilities. Management's comments are due in June 2006.

- *Hurricane Katrina – The Effectiveness of the Postal Service Transportation and Logistics Network* (Report Number NL-AR-06-DRAFT, May 9, 2006). The OIG concluded that the Postal Service's anticipation of Hurricane Katrina and rapid response to the storm's impact on the Gulf Coast preserved Postal Service funds and other resources and facilitated the task of reconstituting the Postal Service network. The Postal Service implemented timely actions to suspend and terminate unneeded highway contract routes in the hurricane emergency zone, saving the Postal Service about \$2.8 million, and made those funds available for emergency transportation requirements. Additionally, despite the diligent efforts of Postal

Service supply management and contracting officials to protect federal resources, the Postal Service may have incurred more than \$30 million in excess Hurricane Katrina related fuel costs, driven by Gulf Coast oil industry disruption, and resulting nationwide fuel price increases.

The OIG recommended that Postal Service officials verify the termination of unneeded highway contract routes; coordinate with appropriate federal authorities to better leverage Postal Service capacity during future national emergencies; and revise or validate IEMPs and other appropriate policies. Management's comments are due in June 2006.