

GAO

Report to the Chairman, Committee on
Government Reform, House of
Representatives

February 2004

CONTINUITY OF OPERATIONS

Improved Planning Needed to Ensure Delivery of Essential Government Services



G A O

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Highlights of [GAO-04-160](#), a report to the Chairman, Committee on Government Reform, House of Representatives

CONTINUITY OF OPERATIONS

Improved Planning Needed to Ensure Delivery of Essential Government Services

Why GAO Did This Study

To ensure that essential government services are available in emergencies—such as terrorist attacks, severe weather, or building-level emergencies—federal agencies are required to develop continuity of operations (COOP) plans. Responsibility for formulating guidance on these plans and for assessing executive branch COOP capabilities lies with the Federal Emergency Management Agency (FEMA), under the Department of Homeland Security. FEMA guidance, Federal Preparedness Circular (FPC) 65 (July 1999), provides elements of a viable COOP capability, including the requirement that agencies identify their essential functions.

GAO was asked to determine the extent to which (1) major civilian executive branch agencies have identified their essential functions and (2) these agencies' COOP plans follow FEMA guidance.

What GAO Recommends

To ensure that the executive branch can provide essential services during emergencies, GAO recommends, among other things, that the Secretary of Homeland Security take steps to improve agency COOP plans and FEMA's process for assessing these plans. In commenting on a draft of this report, the Under Secretary for Emergency Preparedness and Response agreed that FEMA could do more to improve COOP planning, and that FEMA has begun making such improvements.

www.gao.gov/cgi-bin/getrpt?GAO-04-160.

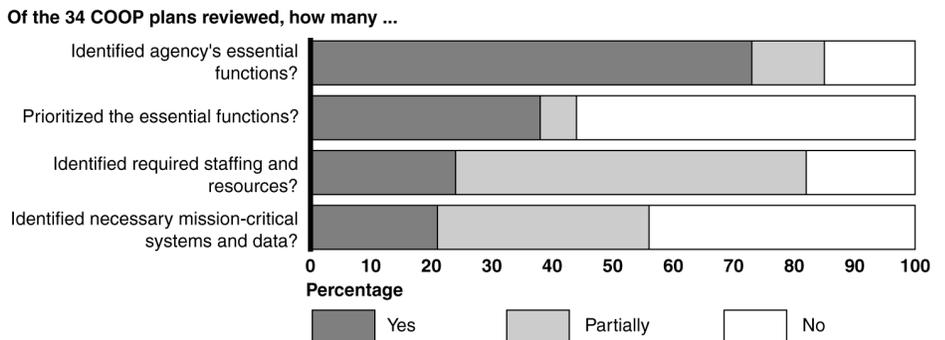
To view the full product, including the scope and methodology, click on the link above. For more information, contact Linda Koontz at (202) 512-6240 or koontzl@gao.gov.

What GAO Found

From an assessment of 34 COOP plans against FEMA guidance, GAO found that most agencies' plans identified at least one function as essential. However, the functions identified in each plan varied widely in number—ranging from 3 to 399—and included functions that appeared to be of secondary importance, while at the same time omitting programs that had been previously defined as high-impact programs. (Examples of these high-impact programs are Medicare, food stamps, and border inspections.) For example, one department included “provide speeches and articles for the Secretary and Deputy Secretary,” among its essential functions, but did not include 9 of 10 high-impact programs for which it is responsible. Several factors contributed to these shortcomings: FPC 65 did not provide specific criteria for identifying essential functions; FEMA did not review the essential functions identified when it assessed COOP planning; and it did not conduct tests or exercises to confirm that the essential functions were correctly identified. Unless agencies' essential functions are correctly and completely identified, their COOP plans may not effectively ensure that the most vital government services can be maintained in an emergency.

Although all but three of the agencies reviewed had developed and documented some of the elements of a viable COOP plan, none of the agencies could demonstrate that they were following all the guidance in FPC 65. As the figure shows, there is a wide variation in the number of agencies that addressed various elements identified in the guidance. A contributing cause for the deficiencies in agency COOP plans is the level of FEMA oversight. In 1999, FEMA conducted an assessment of agency compliance with FPC 65, but it has not conducted oversight that is sufficiently regular and extensive to ensure that agencies correct the deficiencies identified. Because the resulting COOP plans do not include all the elements of a viable plan as defined by FPC 65, agency efforts to provide services during an emergency could be impaired.

Elements That Were Included in Agency COOP Plans in Place as of October 1, 2002



Source: GAO analysis of agency COOP plans.

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Abbreviations

COOP	continuity of operations
FEMA	Federal Emergency Management Agency
FPC	Federal Preparedness Circular
OMB	Office of Management and Budget
PDD	Presidential Decision Directive
Y2K	year 2000

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

February 27, 2004

The Honorable Tom Davis
Chairman, Committee on Government Reform
House of Representatives

Dear Mr. Chairman:

As you know, essential government services can be interrupted by a range of events, including terrorist attacks, severe weather, or building-level emergencies. Federal agencies are required by Presidential Decision Directive (PDD) 67 to develop plans for ensuring the continuity of such services in emergency situations. This directive also designated the Federal Emergency Management Agency (FEMA) as executive agent for executive branch continuity of operations (COOP) planning, which includes the responsibility for formulating guidance on such planning and for assessing the status of executive branch COOP capabilities. In response, FEMA issued guidance to agencies, entitled Federal Preparedness Circular (FPC) 65, in July 1999. The circular states that in order to have a viable COOP capability, agencies should identify their essential functions. These functions then provide the basis for subsequent planning steps. The circular also identified eight elements of a viable COOP capability.

Concerned about the ability of the federal government to continue to provide essential services during an emergency, you requested us to report to you concerning some aspects of headquarters contingency plans from a number of civilian departments and agencies.¹ Between June and August 2003, we presented your staff with a series of classified and unclassified briefings on the results of our review of these plans. In October 2003, you also requested us to review the actions that FEMA had taken to improve oversight since our assessment. This report includes the results of work done in response to both requests.

Our objectives were to determine

- the extent to which major civilian executive branch agencies have identified their essential functions and

¹We also review the human capital considerations relevant to COOP planning in a forthcoming report.

-
- the extent to which these agencies' COOP plans follow the guidance provided in FPC 65.

To achieve our objectives, we obtained and evaluated the headquarters contingency plans in place as of October 1, 2002, from 20 of the 23 largest civilian departments and agencies,² as well as the headquarters plans for 15 components of civilian cabinet-level departments, selected because they were responsible for programs previously deemed high impact by the Office of Management and Budget (OMB). (Additional information on our scope and methodology can be found in app. I. The major departments and agencies reviewed are listed in app. II.)³ We also interviewed the agency officials responsible for developing these COOP plans, obtained and analyzed FEMA COOP guidance and documents describing its efforts to provide oversight and assessments of the federal COOP planning efforts, and interviewed FEMA officials to clarify the activities described in these documents.

We requested that the National Security Council provide us with a copy of PDD 67, which lays out the policy guidance for executive branch contingency planning and describes the authority granted to FEMA and other agencies. To date, we have not received a copy. Instead, we relied on the characterization of PDD 67 in FPC 65 and on statements from FEMA officials on the requirements within PDD 67. Without a copy of PDD 67, we were unable to verify the responsibilities or scope of authority of the various executive branch entities that are responsible for contingency planning. We conducted our assessment between April 2002 and May 2003; in December 2003 and January 2004, we conducted additional work on FEMA's oversight actions. All of our work was conducted in accordance with generally accepted government auditing standards.

The Department of Homeland Security, of which FEMA became a part in March 2003, reviewed a draft of our briefing and determined that parts of it were classified. We provided a classified briefing to your staff on June 30, 2003, and an unclassified briefing (with the classified pages removed) on July 14, 2003. Upon discussion with Homeland Security officials, we were

²Three of the selected major agencies did not have documented COOP plans in place as of October 1, 2002.

³Appendix III provides a list of the high-impact programs and the component agencies responsible for them. Appendix IV identifies the 15 components whose COOP plans we reviewed and the high-impact programs for which they are responsible.

able to revise the briefing to include additional unclassified information, which we then provided to your staff in August 2003. This report responds to your October 2003 request that we publish our unclassified findings, updated to reflect FEMA's recent activities, and officially transmit our recommendations to the Secretary of Homeland Security.

Results in Brief

Twenty-nine of the 34 COOP plans⁴ that we reviewed identified at least one essential function. However, the functions identified in these plans varied widely in number—ranging from 3 to 399—and included functions that appeared to be of secondary importance. At the same time, the plans omitted many programs that OMB had previously identified as having a high impact on the public. Agencies did not list among their essential functions 20 of the 38 high-impact programs that had been identified at those agencies. For example, one department included “provide speeches and articles for the Secretary and Deputy Secretary” among its essential functions, but it did not include 9 of its 10 high-impact programs. In addition, although many agency functions rely on the availability of resources or functions controlled by another organization, more than three-fourths of the plans did not fully identify such dependencies. Several factors contributed to these governmentwide shortcomings: FPC 65 does not provide specific criteria for identifying essential functions, nor does it address interdependencies; FEMA did not review the essential functions identified in its assessments of COOP planning or follow up with agencies to determine whether they addressed previously identified weaknesses; and it did not conduct tests or exercises that could confirm that the identified essential functions were correct. Although FEMA has begun efforts to develop additional guidance and conduct a governmentwide exercise, these actions have not yet been completed. Without better oversight, agencies are likely to continue to base their COOP plans on ill-defined assumptions that may limit the utility of the resulting plans.

While all but three of the agencies that we reviewed had developed and documented some elements of a COOP plan, none of the agencies provided documentation sufficient to show that they were following all the guidance in FPC 65. A contributing cause for the deficiencies in agency COOP plans is the level of FEMA oversight. In 1999, FEMA conducted an assessment of agency compliance with FPC 65, but it has not conducted oversight that is

⁴One COOP plan covered two components. As a result, the 34 COOP plans we reviewed covered 35 departments and agencies, including components.

sufficiently regular and extensive to ensure that agencies correct deficiencies identified. FEMA officials told us that they plan to improve oversight by providing more detailed guidance and developing a system to collect data from agencies on their COOP readiness. However, FEMA has not yet determined how it will verify the agency-reported data, assess the essential functions and interdependencies identified, or use the data to conduct regular oversight. If FEMA does not address these shortcomings, agency COOP plans may not be effective in ensuring that the most vital government services can be maintained in an emergency.

In light of the essential need for agencies to develop viable COOP plans and FEMA's responsibility for overseeing the development of such plans, we are recommending that the Secretary of Homeland Security direct the Under Secretary for Emergency Preparedness and Response to take steps to ensure that agencies have plans in place and improve FEMA's oversight of existing plans.

In commenting on a draft of this report, the Under Secretary agreed that better COOP planning is needed, and that FEMA could do more to improve COOP planning. He added that the agency has begun making such improvements and stated that the federal government is currently poised to provide services in an emergency. The Under Secretary's commitment to improve FEMA's oversight of COOP planning can be instrumental in ensuring that agencies prepare adequate plans. Specifically, once FEMA ensures that each agency has a COOP plan, ensures that agencies correct the identified deficiencies in existing plans, and conducts independent verification and assessments of those plans, it will be in a position to effectively demonstrate the readiness of federal agencies to respond to emergencies.

Background

Federal operations and facilities have been disrupted by a range of events, including the terrorist attacks on September 11, 2001; the Oklahoma City bombing; localized shutdowns due to severe weather conditions, such as the closure of federal offices in Denver for 3 days in March 2003 due to snow; and building-level events, such as asbestos contamination at the Department of the Interior's headquarters. Such disruptions, particularly if prolonged, can lead to interruptions in essential government services. Prudent management, therefore, requires that federal agencies develop plans for dealing with emergency situations, including maintaining services, ensuring proper authority for government actions, and protecting vital assets.

Until relatively recently, continuity planning was generally the responsibility of individual agencies. In October 1998, PDD 67 identified FEMA—which is responsible for responding to, planning for, recovering from, and mitigating against disasters—as the executive agent for federal COOP planning across the federal executive branch. FEMA was an independent agency until March 2003, when it became part of the Department of Homeland Security, reporting to the Under Secretary for Emergency Preparedness and Response.

PDD 67 is a Top Secret document controlled by the National Security Council. FPC 65 states that PDD 67 made FEMA, as executive agent for COOP, responsible for

- formulating guidance for agencies to use in developing viable plans;
- coordinating interagency exercises and facilitating interagency coordination, as appropriate; and
- overseeing and assessing the status of COOP capabilities across the executive branch.

According to FEMA officials, PDD 67 also required that agencies have COOP plans in place by October 1999.

In July 1999, FEMA issued FPC 65 to assist agencies in meeting the October 1999 deadline. FPC 65 states that COOP planning should address any emergency or situation that could disrupt normal operations, including localized emergencies. FPC 65 also determined that COOP planning is based first on the identification of essential functions—that is, those functions that enable agencies to provide vital services, exercise civil authority, maintain safety, and sustain the economy during an emergency. FPC 65 gives no criteria for identifying essential functions beyond this definition.

Although FPC 65 gives no specific criteria for identifying essential functions, a logical starting point for this process would be to consider programs that had been previously identified as important. For example, in

March 1999, as part of the efforts to address the Y2K computer problem,⁵ the Director of OMB identified 42 programs with a high impact on the public:

- Of these 42 programs, 38 were the responsibility of the 23 major departments and agencies that we reviewed. (App. III provides a list of these 38 high-impact programs and the component agencies that are responsible for them.)
- Of these 23 major departments and agencies, 16 were responsible for at least one high-impact program; several were responsible for more than one.

Programs that were identified included weather service, disease monitoring and warnings, public housing, air traffic control, food stamps, and Social Security benefits. These programs, as well as the others listed in appendix III, continue to perform important functions for the public.

The Y2K planning to support these high-impact programs included COOP planning and specifically addressed interdependencies. Planning included identifying partners integral to program delivery, testing data exchanges across partners, developing complementary business continuity and contingency plans, sharing key information on readiness with other partners and the public, and taking other steps to ensure that the agency's high-impact program would work in the event of an emergency.

⁵The need to ensure that computers would handle dates correctly in the year 2000 (Y2K) and beyond resulted in a governmentwide effort to identify mission-critical systems and high-impact programs supported by these systems.

Although the identification of essential functions was established as the first step in COOP planning, FPC 65 also identified an additional seven other planning topics that make up a viable COOP capability. The guidance provided a general definition of each of the eight topics and identified several actions that should be completed to address each topic. Table 1 lists the eight topic areas covered in FPC 65 and provides an example of an action under each.

Table 1: Eight COOP Planning Topics Defined by FPC 65 and Examples of Actions

FPC 65 planning topic	Example of action (element of viable COOP plan)
Essential functions should be identified to provide the basis for COOP planning.	The agency should prioritize its essential functions.
Plans and procedures should be developed and documented to provide for continued performance of essential functions.	These plans should include a roster of personnel who can perform the essential functions.
Orders of succession should identify alternates to fill key positions in an emergency.	Succession lists should be developed for the agency head and other key positions.
Delegations of authority should identify the legal basis for officials to make decisions in emergencies.	Delegations should include the circumstances under which the authorities begin and end.
Alternate facilities should be able to support operations in a threat-free environment for up to 30 days.	These facilities should provide sufficient space and equipment to sustain the relocating organization.
Interoperable communications should provide voice and data communications with others inside and outside the organization.	The agency should be able to communicate with agency personnel, other agencies, critical customers, and the public.
Vital records should be identified and made readily available in an emergency.	Electronic and paper records should be identified and protected.
Tests, training, and exercises should occur regularly to demonstrate and improve agencies' COOP capabilities.	Individual and team training should be conducted annually.

Sources: FPC 65, FEMA.

Many COOP Plans Did Not Address Previously Identified Essential Functions or Interdependencies with Other Entities

The identification of essential functions is a prerequisite for COOP planning because it establishes the planning parameters that drive the agency's efforts in all other planning topics. For example, FPC 65 directs agencies to identify alternative facilities, staff, and resources necessary to support continuation of their essential functions. The effectiveness of the plan as a whole and the implementation of all other elements depend on the performance of this step.

Of the 34 agency COOP plans we reviewed, 29 plans included at least one function that was identified as essential. These agency-identified essential functions varied in number and scope. The number of functions identified

in each plan ranged from 3 to 399. In addition, the apparent importance of the functions was not consistent. For example, a number of essential functions were of clear importance, such as

- “ensuring uninterrupted command, control, and leadership of the Department”;
- “protecting critical facilities, systems, equipment and records”; and
- “continuing to pay the government’s obligations.”

Other identified functions appeared vague or of questionable importance:

- “provide speeches and articles for the Secretary and Deputy Secretary”;
- “schedule all activities of the Secretary”; and
- “review fiscal and programmatic integrity and efficiency of Departmental activities.”

In contrast to the examples just given, agencies did not list among their essential functions 20 of the 38 “high-impact” programs identified during the Y2K effort at the agencies we reviewed.

Another important consideration in identifying essential functions is the assessment of interdependencies among functions and organizations. As we have previously reported,⁶ many agency functions rely on the availability of resources or functions controlled by another organization, including other agencies, state and local governments, and private entities. (For example, the Department of the Treasury’s Financial Management Service receives and makes payments for most federal agencies.) The identification of such interdependencies continues to be essential to the related areas of information security and critical infrastructure protection. Although FPC 65 does not use the term “interdependencies,” it directs agencies to “integrate supporting activities to ensure that essential functions can be performed.”

⁶U.S. General Accounting Office, *Year 2000 Computing Challenge: Lessons Learned Can Be Applied to Other Management Challenges*, GAO/AMD-00-290 (Washington, D.C.: Sept. 12, 2000).

Of the 34 plans we reviewed, 19 showed no evidence of an effort to identify interdependencies and link them to essential functions, which is a prerequisite to developing plans and procedures to support these functions and all other elements of COOP planning. Nine plans identified some key partners, but appeared to have excluded others: for instance, six agencies either make or collect payments, but did not mention the role of the Treasury Department in their COOP plans.

The high level of generality in FEMA's guidance on essential functions contributed to the inconsistencies in agencies' identification of these functions. In its initial guidance, FPC 65, FEMA provided minimal criteria for agencies to make these identifications, giving a brief definition only. According to FEMA officials, the agency is currently developing revised COOP guidance that will provide more specific direction on identifying essential functions. According to these officials, FEMA expects to release the revised guidance in March 2004.

Further, although FEMA conducted several assessments of agency COOP planning between 1995 and 2001, none of these addressed the identification of essential functions. In addition, FEMA has begun development of a system to collect data from agencies on the readiness of their COOP plans, but FEMA officials told us that they will not use the system to validate the essential functions identified by each agency or their interdependencies. According to FEMA officials, the agencies are better able to make those determinations. However, especially in view of the wide variance in number and importance of functions identified, as well as omissions of high-impact programs, the lack of FEMA review lowers the level of assurance that the essential functions that have been identified are appropriate.

Additionally, in its oversight role, FEMA had the opportunity to help agencies refine their essential functions through an interagency COOP test or exercise. According to FPC 65, FEMA is responsible for coordinating such exercises. FEMA is developing a test and training program for COOP activities, but it has not yet conducted an interagency exercise to test the feasibility of these planned activities. FEMA had planned a governmentwide exercise in 2002, but the exercise was cancelled after the September 11 attacks. FEMA is currently preparing to conduct a governmentwide exercise in mid-May 2004.

Improper identification of essential functions can have a negative impact on the entire COOP plan, because other aspects of the COOP plan are

designed around supporting these functions. If an agency fails to identify a function as essential, it will not make the necessary arrangements to perform that function. If it identifies too many functions as essential, it risks being unable to adequately address all of them. In either case, the agency increases the risk that it will not be able to perform its essential functions in an emergency.

Agency COOP Plans Addressed Some, but Not All, of FEMA's Guidance

As of October 1, 2002, almost 3 years after the planning deadline established by PDD 67, 3 of the agencies we reviewed had not developed and documented a COOP plan. The remaining 20 major federal civilian agencies had COOP plans in place, and the 15 components⁷ that we reviewed also had plans. (App. IV identifies the 15 components and the high-impact programs for which they are responsible.) However, none of these plans addressed all the guidance in FPC 65. Of the eight topic areas identified in FPC 65, these 34 COOP plans generally complied with the guidance in one area (developing plans and procedures); generally did not comply in one area (tests, training, and exercises); and showed mixed compliance in the other six areas.

The following sections present the results of our analysis for each of the eight planning topics outlined in FPC 65. In analyzing each plan, we looked for the answers to a series of questions regarding each planning topic. We present the compiled results for each topic in the form of a table showing the answers to these questions. Appendix I provides more detail on our analysis and methods.

Essential Functions

Although most agency plans identified at least one essential function, less than half the COOP plans fully addressed other FPC 65 guidance related to essential functions, such as prioritizing the functions or identifying interdependencies among them (see table 2). If agencies do not prioritize their essential functions and identify the resources that are necessary to accomplish them, their COOP plans will not be effective, since the other seven topics of the COOP plan are designed around supporting these functions.

⁷We reviewed 14 component plans: 1 plan covered a building that houses 2 components.

Table 2: Agency COOP Plan Treatment of Essential Functions

Did the COOP documentation—	Yes	Partially	No
Identify agency's essential functions? ^a	25	4	5
Identify which essential functions must be continued under all circumstances?	14	3	17
Prioritize essential functions?	13	2	19
Establish staffing and resource requirements needed to perform the essential functions?	8	20	6
Identify mission-critical systems and data necessary to conduct essential functions?	7	12	15
Integrate supporting activities/identify interdependencies among the essential functions and functions or resources controlled by others?	6	9	19

Source: GAO analysis of agency plans.

^aThe analysis for this question addressed only whether essential functions were named; it did not evaluate the functions chosen.

Plans and Procedures

FPC 65 calls for COOP plans to be developed and documented that provide for the performance of essential functions under all circumstances. Most agency COOP documents included the basic information outlined in FPC 65 (see table 3). However, in those cases where plans and procedures are not adequately documented, agency personnel may not know what to do in an emergency.

Table 3: Agency COOP Plan Treatment of Plans and Procedures

Did the COOP documentation—	Yes	Partially	No
Identify a roster of personnel to perform essential functions?	22	6	6
Identify procedures for employee advisories, alerts, notifications, and relocation instructions to the alternate facilities?	19	11	4
Establish a goal of becoming operational within 12 hours and maintaining that capability for 30 days?	25	4	5

Source: GAO analysis of agency plans.

Order of Succession

Orders of succession ensure continuity by identifying individuals who are authorized to act for agency officials in case those officials are unavailable. Although most agency COOP documents adequately described the order of succession to the agency head and described orders of succession by position or title, fewer addressed other succession planning procedures outlined in FPC 65 (see table 4). If orders of succession are not clearly established, agency personnel may not know who has authority and responsibility if agency leadership is incapacitated in an emergency.

Table 4: Agency COOP Plan Treatment of Order of Succession

Did the COOP documentation—	Yes	Partially	No
Establish an order of succession to the agency head position?	28	4	2
Establish orders of succession to other key leadership positions?	19	6	9
Include officials outside Washington, D.C., in the order of succession? ^a	19	1	11
Describe orders of succession by position or title?	31	2	1
Include the orders of succession in the agency's emergency vital records?	6	4	24
Establish rules and procedures for resolving questions regarding succession in emergencies?	14	3	17
Define the conditions under which succession takes place and how successors are to be relieved?	9	20	5
Require orientation programs to prepare potential successors for their emergency duties?	0	7	27

Source: GAO analysis of agency plans.

^aThree agencies did not have senior officials outside the local area.

Delegations of Authority

To provide for rapid response to emergencies, FPC 65 calls for agencies to delegate authorities in advance for making policy determinations at all levels. Generally, these delegations define what actions those individuals identified in the orders of succession can take in emergencies. Few agency COOP documents adequately described the agency's delegations of authority (see table 5). If delegations of authority are not clearly established, agency personnel may not know who has authority to make key decisions in an emergency.

Table 5: Agency COOP Plan Treatment of Delegations of Authority

Did the COOP documentation—	Yes	Partially	No
Document the legal authority for officials (including those below the agency head) to make policy decisions during an emergency?	8	16	10
Identify when emergency legal authorities begin and when they terminate?	5	20	9

Source: GAO analysis of agency plans.

Alternate Facilities

Alternate facilities provide a physical location from which to conduct essential functions if the agency’s existing facilities are unavailable. Most agency COOP plans document the acquisition of at least one alternate facility for use in emergencies, but few of those plans demonstrate that the facilities are capable of meeting the agencies’ emergency operating requirements (see table 6). If alternate facilities are not provided or are inadequate, agency operations may not be able to continue in an emergency.

Table 6: Agency COOP Plan Treatment of Alternate Facilities

Did the COOP documentation—	Yes	Partially	No
Document the acquisition of alternate facilities?	24	6	4
Identify alternate facilities both within and outside the local area?	20	11	3
Document the facilities’ capability to provide sufficient space and equipment for the previously identified level of staff? ^a	2	16	15
Document the capability to provide interoperable communications with internal and external organizations, critical customers, and the public?	5	15	14

Source: GAO analysis of agency plans.

^aThe number of assessments adds to 33 rather than 34 because one agency does not relocate staff to an alternate facility. Instead, it transfers operational responsibility to staff in place at another location.

Redundant Emergency Communications

The success of agency operations at an alternate facility depends on available and redundant communications with internal organizations, other agencies, critical customers, and the public. Most COOP documents

identified some redundant emergency communications capabilities, but few included contact information that would be necessary to use those capabilities in an emergency (see table 7). If communications fail in an emergency, essential agency operations may not be possible.

Table 7: Agency COOP Plan Treatment of Emergency Communications

Did the COOP documentation—	Yes	Partially	No
Identify at least two independent channels for emergency communications?	25	2	7
Identify key internal and external contacts and how to reach them?	10	10	14
Identify how emergency communications channels will be used to access the agency's vital electronic systems?	3	4	27

Source: GAO analysis of agency plans.

Vital Records

FPC 65 states that agency personnel must have access to and be able to use the electronic and hard-copy records and information systems that are needed to perform their essential functions. About 24 percent of the COOP plans fully identified agencies' vital paper and electronic records, while fewer documented the procedures for protecting or updating them (see table 8). If agency personnel cannot access and use up-to-date vital records, they may be unable to carry out essential functions.

Table 8: Agency COOP Plan Treatment of Vital Records

Did the COOP documentation—	Yes	Partially	No
Identify the vital records needed to support the identified essential functions?	8	13	13
Identify where and how agency personnel are to access the vital records?	2	10	22
Outline procedures for regularly pre-positioning and updating the identified vital records?	3	15	16

Source: GAO analysis of agency plans.

Tests, Training, and Exercises

Tests, training, and exercises of COOP capabilities are essential to demonstrate and improve agencies' abilities to execute their plans. Few agencies have documented that they have conducted tests, training, and exercises at the recommended frequency (see table 9). If emergency procedures are not tested and staff is not trained in their use, planned responses to an emergency may not be adequate to continue essential functions.

Table 9: Agency COOP Plan Treatment of Tests, Training, and Exercises

Did the agency—	Yes	Partially	No
Conduct annual individual and team training for COOP staff?	1	11	22
Conduct annual internal agency testing and exercising of COOP plans and procedures, including operations at the alternate facilities?	3	10	21
Conduct quarterly testing of alert and notification procedures?	0	10	24
Conduct refresher orientations for staffs arriving at alternate facilities? ^a	0	0	33
Conduct joint agency exercises, where applicable and feasible? ^b	1	0	29

Source: GAO analysis of agency plans.

^aOne agency transfers operations, rather than relocating to an alternate facility.

^bFour agencies determined that it was not appropriate to run interagency exercises.

Limitations in FEMA's Oversight Contribute to Noncompliance

The lack of compliance shown by many COOP plans can be largely attributed to FEMA's limited guidance and oversight of executive branch COOP planning. First, FEMA has issued little guidance to assist agencies in developing plans that address the goals of FPC 65. Following FPC 65, FEMA issued more detailed guidance in April 2001 on two of FPC 65's eight topic areas: FPC 66 provides guidance on developing viable test, training, and exercise programs, and FPC 67 provides guidance for acquiring alternate facilities. However, FEMA did not produce any detailed guidance on the other six topic areas.

In October 2003, FEMA began working with several members of the interagency COOP working group to revise FPC 65. FEMA officials expect this revised guidance, which was still under development as of January

2004, to incorporate the guidance from the previous FPCs and to address more specifically what agencies need to do to comply with the guidance.

Second, as part of FEMA's oversight responsibilities, its Office of National Security Coordination is tasked with conducting comprehensive assessments of the federal executive branch COOP programs. With the assistance of contractors, the office has performed assessments, on an irregular schedule, of federal agencies' emergency planning capabilities:

- In 1995, FEMA performed a survey of agency officials (this assessment predated FPC 65).
- In 1999, FEMA assessed compliance with the elements of FPC 65 through a self-reported survey of agency COOP officials, supplemented by interviews.
- In 2001, FEMA surveyed agency officials to ask, among other things, about actions that agencies took on and immediately after September 11, 2001.

Of these three assessments, only the 1999 assessment evaluated compliance with the elements of FPC 65. Following this assessment, FEMA gave agencies feedback on ways to improve their respective COOP plans, and it made general recommendations, not specific to individual agencies, that addressed programwide problems. However, FEMA did not then follow up to determine whether individual agencies made improvements in response to its feedback and general recommendations. Besides inquiring about actions in response to the September 2001 attacks, the 2001 assessment was designed to provide an update on programwide problems that had been identified in the assessments of 1995 and 1999. It did not address whether individual agency COOP plans had been revised to correct previously identified deficiencies, nor did FEMA provide specific feedback to individual agencies.

According to FEMA officials, the system it is developing to collect agency-reported data on COOP plan readiness will improve FEMA's oversight. The system is based on a database of information provided by agencies for the purpose of determining if they are prepared to exercise their COOP plans, in part by assessing compliance with FPC 65. However, according to FEMA officials, while they recognize the need for some type of verification, FEMA has not yet determined a method of verifying these data.

Without regular assessments of COOP plans that evaluate individual plans for adequacy, FEMA will not be able to provide information to help agencies improve their COOP plans. Further, if FEMA does not verify the data provided by the agencies or follow up to determine whether agencies have improved their plans in response to such assessments, it will have no assurance that agencies' emergency procedures are appropriate.

FEMA officials attributed the limited level of oversight that we found to two factors. First, they stated that before its transition to the Department of Homeland Security, the agency did not have the legal or budgetary authority to conduct more active oversight of the COOP activities of other agencies. However, FPC 65 states that PDD 67 made the agency responsible for guidance, coordination, and oversight in this area, in addition to requiring agencies to develop COOP plans. Accordingly, although it cannot determine how agencies budget resources for such planning, it does have the authority to oversee this planning. Second, according to these officials, until last year, the agency devoted roughly 13 staff to COOP guidance, coordination, and oversight, as well as the development of FEMA's own COOP plan. According to the official responsible for COOP oversight, the agency now has 42 positions authorized for COOP activities, 31 of which were filled as of December 31, 2003. The agency expects to fill another 4 positions in fiscal year 2004.

Conclusions

While most of the federal agencies we reviewed had developed COOP plans, three agencies did not have documented plans as of October 2002. Those plans that were in place exhibited weaknesses in the form of widely varying determinations about what functions are essential and inconsistent compliance with guidance that defines a viable COOP capability. The weaknesses that we identified could cause the agencies to experience difficulties in delivering key services to citizens in the aftermath of an emergency.

A significant factor contributing to this condition is FEMA's limited efforts to fulfill its responsibilities first by providing guidance to help agencies develop effective plans and then by assessing those plans. Further, FEMA has done very little to help agencies identify those functions that are truly essential or to identify and plan for interdependencies among agency functions. FEMA has begun taking steps to improve its oversight, by developing more specific guidance and a system to track agency-provided COOP readiness information, and it is planning a governmentwide exercise. However, although the proposed guidance and exercise may help

agencies improve their plans, the system that FEMA is developing to collect data on COOP readiness is weakened by a lack of planning to verify agency-submitted data, validate agency-identified essential functions, or identify interdependencies with other activities. Without this level of active oversight, continuity planning efforts will continue to fall short and increase the risk that the public will not be able to rely upon the continued delivery of essential government programs and services following an emergency.

Recommendations for Executive Action

We are making three recommendations to enhance the ability of the executive branch to continue to provide essential services during emergencies.

- To ensure that agencies can continue operations in emergencies and are prepared for the governmentwide exercise planned for May 2004, we recommend that the Secretary of Homeland Security direct the Under Secretary for Emergency Preparedness and Response to take steps to ensure that agencies that do not have COOP plans develop them by May 1, 2004.

We further recommend that the Secretary direct the Under Secretary to take steps to improve the oversight of COOP planning by

- ensuring that agencies correct the deficiencies in individual COOP plans identified here, as well as those identified in previous assessments, and
- conducting assessments of agency continuity plans that include independent verification of agency-provided information, as well as an assessment of the essential functions identified and their interdependencies with other activities.

Agency Comments

In written comments on a draft of this report, which are reprinted in appendix V, the Under Secretary for Emergency Preparedness and Response agreed that better COOP planning is needed to ensure delivery of essential services, and that FEMA could do more to improve COOP planning. He added that the agency has begun to correct the identified deficiencies and stated that the federal government is currently poised to provide services in an emergency. The Under Secretary's commitment to improve FEMA's oversight of COOP planning can be instrumental in

ensuring that agencies prepare adequate plans. Specifically, once FEMA ensures that each agency has a COOP plan, ensures that agencies correct the identified deficiencies in existing plans, and conducts independent verification and assessments of those plans, it will be in a position to effectively demonstrate the readiness of federal agencies to respond to emergencies.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this report. At that time, we will send copies to the Chairmen and Ranking Minority Members of the Subcommittee on Homeland Security, House Committee on Appropriations; Subcommittee on National Security, Emerging Threats, and International Relations, House Committee on Government Reform; and the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Senate Committee on Governmental Affairs. We are also sending copies to the Secretary of Homeland Security. We will also make copies available on request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

Should you have any questions on matters contained in this report, please contact me at (202) 512-6240 or by e-mail at koontzl@gao.gov. Other key contributors to this report were Barbara Collier, Mirko Dolak, Neela Lakhmani, Susan Sato, James R. Sweetman, Jr., Jessie Thomas, and Marcia Washington.

Sincerely yours,



Linda D. Koontz
Director, Information Management Issues

Scope and Methodology

To accomplish our objectives, we obtained and evaluated headquarters contingency plans that were in place as of October 1, 2002, from 20 of the 23 largest civilian departments and agencies¹ (listed in app. II). We also obtained and evaluated 14 plans covering 15 components² of civilian cabinet-level departments, selected because these components were responsible for a program previously deemed high impact by the Office of Management and Budget (OMB). (App. III lists these components and the high-impact programs.) We also interviewed agency officials who were responsible for developing each of the 34 continuity of operations (COOP) plans (comprising the 20 plans for the largest civilian departments and agencies and the 14 plans covering components with high-impact programs); obtained and analyzed COOP guidance issued by the Federal Emergency Management Agency (FEMA) and documents describing its efforts to provide oversight and assessments of federal COOP planning efforts; and conducted interviews with FEMA officials to clarify the activities described in these documents.

To assess the adequacy of agency-identified essential functions, we analyzed the COOP plans from agencies that were responsible for programs that OMB designated as having high impact to determine whether the plans described how those programs would continue to function during an emergency, and we assessed COOP documentation for evidence of agency efforts to identify interdependencies between their essential functions and functions or resources controlled by others. For example, for those agencies responsible for processing incoming or outgoing payments, we looked for evidence that the agency had identified services provided by the Department of the Treasury as necessary to the continuation of its functions.

To assess how well agency plans followed Federal Preparedness Circular (FPC) 65, we analyzed the guidance and identified 34 yes/no questions, grouped by the eight topic areas identified in FPC 65. Each topic area included two to eight questions. On the basis of the agency contingency planning documents, we used content analysis to assign an answer of “yes” (compliant), “no” (not compliant), or “partially” to these 34 questions.

¹The remaining 3 departments and agencies had not yet developed plans.

²One plan covered a building that houses 2 components responsible for high-impact programs.

Documents were reviewed and compared independently by several of our analysts. The analysts then met to compare their assessments and reach a consensus assessment. We shared these initial assessments with each agency during structured interviews, giving agency officials the opportunity to provide additional documentation to demonstrate compliance. Any supplemental information provided by the agencies was again reviewed by multiple analysts, first independently and then jointly.

From this analysis, we created the summary tables that appear in this report (tables 2 to 9) to compare answers across agencies.

We requested that the National Security Council provide a copy of Presidential Decision Directive (PDD) 67, which lays out the policy guidance for executive branch contingency planning and describes the authority granted to FEMA and other agencies. To date, we have not received a copy. Instead, we relied on the characterization of PDD 67 in FPC 65 and on statements from FEMA officials on the requirements within PDD 67. Without a copy of PDD 67, we were unable to verify the responsibilities or scope of authority of the various executive branch entities responsible for contingency planning.

We conducted our review between April 2002 and January 2004, in accordance with generally accepted government auditing standards.

Major Civilian Departments and Agencies Selected for Review

Department of Agriculture
Department of Commerce
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of Justice
Department of Labor
Department of State
Department of the Interior
Department of the Treasury
Department of Transportation
Department of Veterans Affairs
Agency for International Development
Environmental Protection Agency
Federal Emergency Management Agency
General Services Administration
National Aeronautics and Space Administration
National Science Foundation
Nuclear Regulatory Commission
Office of Personnel Management
Small Business Administration
Social Security Administration

Thirty-eight High-Impact Programs and Responsible Agencies

Agency	High-impact programs
Department of Agriculture	Food safety inspection Child nutrition programs Food stamps Special supplemental nutrition program for women, infants, and children
Department of Commerce	Patent and trademark processing Weather service
Department of Education	Student aid
Department of Energy	Federal electric power generation and delivery
Department of Health and Human Services	Disease monitoring and warnings Indian health services Medicaid Medicare Organ transplants Child care Child support enforcement Child welfare Low income home energy assistance Temporary assistance for needy families
Department of Housing and Urban Development	Community development block grants Housing loans Mortgage insurance Section 8 rental assistance Public housing
Department of Justice	Federal prisons Immigration
Department of Labor	Unemployment insurance
Department of State	Passport applications and processing
Department of the Interior	Bureau of Indian Affairs programs
Department of the Treasury	Cross-border inspection services
Department of Transportation	Air traffic control system Maritime search and rescue
Department of Veterans Affairs	Veterans' benefits Veterans' health care
Federal Emergency Management Agency	Disaster relief
Office of Personnel Management	Federal employee health benefits Federal employee life insurance Federal employee retirement benefits
Social Security Administration	Social Security benefits

Source: GAO analysis of OMB guidance.

Component Agencies Reviewed, with High-Impact Program Responsibilities

Department	Component	High-impact programs
Department of Commerce	National Oceanic and Atmospheric Administration	Weather service
	Patent and Trademark Office	Patent and trademark processing
Department of Health and Human Services	Centers for Disease Control and Prevention	Disease monitoring and warnings
	Center for Medicare and Medicaid Services	Medicare and Medicaid
	Food and Drug Administration	Organ transplants
	Indian Health Service	Indian health services
Department of Housing and Urban Development	Government National Mortgage Association	Housing loans
	Office of Community Planning and Development	Community development block grants
	Office of Housing	Section 8 rental assistance and mortgage insurance
	Office of Public and Indian Housing	Public housing
Department of the Interior	Bureau of Indian Affairs	Indian affairs programs
Department of the Treasury	U.S. Customs Service	Cross-border inspection services
Department of Transportation	Federal Aviation Administration	Air traffic control system
	U.S. Coast Guard	Maritime search and rescue
Department of Veterans Affairs	Veterans Benefits Administration	Veterans' benefits

Source: GAO analysis of OMB guidance.

Comments from the Federal Emergency Management Agency

U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472



FEMA

February 18, 2004

Linda Koontz
Director, Information Management Issues
U.S. General Accounting Office
Washington, DC 20548

Dear Director Koontz:

Thank you for the opportunity to review and comment on your proposed report entitled *Continuity of Operations: Improved Plans Needed to Ensure Delivery of Essential Services*, GAO-04-160. The Department of Homeland Security (DHS) recognizes its role as the federal government's Executive Agent for continuity of operations (COOP) and has made significant strides toward ensuring the delivery of essential government services in an emergency.

In general, we agree that improved planning is needed to ensure delivery of essential services. However, we believe that the federal government is currently poised to provide those services in an emergency that requires the activation of COOP plans. This capability was effectively demonstrated during Hurricane Isabel when the Federal Emergency Management Agency (FEMA) coordinated government-wide COOP activation preparations. More recently, FEMA worked closely with federal departments and agencies during the holidays' elevated code-orange alert to implement COOP plans as necessary.

Your report correctly points out that FEMA could, and should, do more to improve upon the federal government's COOP capabilities. In that regard, we believe FEMA has begun to correct the deficiencies you have identified. Significantly, FEMA will be conducting Forward Challenge 04, a government-wide COOP exercise, in May 2004. This event marks the first opportunity for the government to demonstrate and evaluate the effectiveness of its COOP plans. Moreover, and as an outgrowth of the monthly COOP Working Group that FEMA chairs with some 66 departments and agencies, FEMA has begun working with the Small Agency Council to develop and coordinate COOP plans. All of these FEMA efforts and activities are specifically designed to improve planning and to further ensure the delivery of essential government services during an emergency.

www.fema.gov

Appendix V
Comments from the Federal Emergency
Management Agency

On a final note, the President's FY-2005 budget proposal includes an increase of \$27 million for FEMA's Office of National Security Coordination to be used for COOP and continuity of government programs, including testing, training, exercising, planning and interoperability. We believe this budget request, coupled with FEMA's ongoing initiatives to improve reporting and coordination address your concerns and further enhance the ability of the Executive branch to provide essential services during emergencies.

Sincerely,



Michael D. Brown
Under Secretary
Emergency Preparedness & Response

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