

Rebuilding after disaster: The first steps on the road to recovery



Many communities have gone to great lengths to develop disaster response plans and routinely conduct drills to prepare for natural or man-made calamities. Police, fire, medical, and other first responders typically know very well what they need to do in those critical hours, days, and weeks that immediately follow a devastating event.

Local and state government officials, meanwhile, face two huge responsibilities when disaster strikes. One is to provide ongoing reassurance to shaken residents. The other is to lead their community or region through the scope and complexity of a long-term recovery effort. Effectively guiding a community through the numerous stages that follow a disaster is challenging on many levels and for most everyone involved. The decisions made early in the recovery effort can have many significant and long-term ramifications. To address those two critical responsibilities and provide clear direction for a disaster-impacted community, local leaders many times try to provide direction to residents by making decisions quickly. Yet, at the same time, these communities will likely face a wave of major logistical and financial challenges that will require very careful consideration, as the impact of those decisions can extend well past the immediate aftermath — in many cases for years to come. It is this scenario that presents a very challenging and potentially high-risk situation for a disaster-impacted community facing implementing a long-term recovery plan.

Re-establishing critical infrastructure, housing the displaced, rebuilding businesses and livelihoods, and restoring the health and safety of residents are among community leaders' top priorities. More than just funding assistance is needed to achieve these and other priorities while avoiding the risk of making incorrect decisions. A well-developed, broad-based recovery plan, as well as a rigorous governance structure distinct from that used in normal day-to-day operations, is essential. While community workers may literally be moving the earth in the rebuilding process, local and state officials are plowing through the maze of requirements to secure and then distribute recovery funding from the federal government and possibly other sources. All the while, officials recognize that receipt of those funds can create significant financial exposures for communities that, if not managed carefully from the outset, can compound their post-disaster tragedy.

So what can well-intentioned communities do to provide timely and effective disaster recovery? How can leaders efficiently begin the rebuilding process and allow the impacted community's healing to begin? In short — similar to emergency disaster response plans — communities can be fully prepared to effectively utilize recovery funding and other resources through the development of a long-term recovery framework that clarifies post-recovery goals, addresses funding compliance requirements, and mitigates potential financial and reputational exposures.

Recognizing recovery hurdles

Many communities have strong governance and operational capabilities that equip them to handle day-to-day citizen needs. But when a disaster strikes, countless critical community needs — ranging from healthcare and temporary and permanent housing to infrastructure repair and economic restoration — result in a recovery project list that can suddenly rise into the dozens, overwhelming local capabilities and resources. Based on an analysis of critical long-term recovery issues encountered by communities that recently undertook a disaster recovery program, typical challenges that community leaders are likely to face include:

Insufficient specific long-term recovery experience

Local leaders may rightly claim their community has the experience and capabilities to handle several large infrastructure or development projects simultaneously, and under normal circumstances they could certainly manage the effort. But when those projects suddenly number in the dozens or more following a disaster, and are combined with the many other responsibilities at hand, community leaders can be overwhelmed due to competing demands for their attention.

Challenges range from a lack of established procedures for implementing the numerous elements of a long-term recovery plan to inadequate contract planning and management, creating compliance issues with the specific requirements of federal recovery funding. Other challenges can include inaccurately estimating recovery scope and costs or having accountability procedures for funds that may be insufficient from an external inspector general's perspective because they are too focused on quick distribution and expenditure.

Capacity constraints

The Federal Emergency Management Agency (FEMA) and the US Department of Housing and Urban Development (HUD) are two of the primary sources of post-disaster relief and recovery assistance in the United States. FEMA funnels its financial and other assistance through states governments, while HUD provides flexible grants to help cities, counties, and states recover from presidentially declared disasters.

Deploying such funding in a timely manner is crucial to recovery efforts and requires resources on many levels, starting with municipal leadership and administrative staff and other relevant areas of operations. For example, establishing a housing and economic recovery program efficiently and effectively can be the difference between people choosing to stay or leave the area permanently in the aftermath of a disaster. Once they have started to set down their roots elsewhere, it becomes increasingly difficult over time to convince former community residents to return to recovering areas. Without sufficient municipal staff, skills, and resources to accomplish the objectives of a housing recovery and business redevelopment plan, residents may move away, many never to return.

Governance, monitoring, and ongoing oversight

A federal disaster declaration opens the door to various sources of recovery funding. However, using those funds in a compliant manner is a very complex process. Receiving duplicate benefits, for example, whether from insurance, FEMA, HUD, or other sources, can violate federal laws.

Local leaders will face a constant challenge to prevent such occurrences, especially when it pertains to a large number of recovery projects over a period of many months or years.

Also, communities may spend disaster funds in a compliant manner, but fail to maintain adequate records. Failure to provide such required oversight of these federal monies can lead to severe consequences, including the dictate to pay the federal government back.

Other issues can arise because of unclear governance structure, internal controls, and accountability. Management and reporting transparency may be inadequate, and leaders may be unable to estimate and measure project productivity. Stakeholder miscommunication may arise, while conflicting interests can create competing recovery goals or delayed project timelines, impacting the credibility of the recovery program and a rebuilding community at large.

Fraud, waste, and misuse

The large sums of money and immense amount of outsourced work involved in long-term disaster recovery represent fertile ground for fraud and other forms of misappropriation. False and duplicative claim filings are irresistible ploys for some would-be perpetrators. Local leaders may decide they need to circumvent procurement and payment controls to speed disbursement in the face of immediate circumstances. Or, leaders may not fully understand program requirements, perhaps unknowingly hiring contractors with conflicting interests. Other times, impacted stakeholders are confused about what is and is not eligible for federal disaster assistance.

The consequences of inexperience, too little staff capacity, inadequate governance, and misappropriation can be diverse, and such activity can significantly damage the credibility and outcomes of recovery efforts. Resulting consequences can include:

- Failure to achieve recovery goals
- Cost overruns
- Deobligation, requiring repayment of recovery funds
- Mishandled claims and disputes
- Abandoned projects
- Reputational risk exposure
- Underutilized community assets and external recovery resources
- Quality issues
- Lack of stakeholder acceptance
- Fraudulent expenditures

Issues and mistakes such as these can fuel a downward spiral in a community's recovery efforts. Lack of progress can damage the community's confidence and slow receipt and distribution of future recovery assistance. Future assistance can become jeopardized and, in the extreme, federal authorities can declare funds to be deobligated and demand their return from a community — sometimes even if funds have already been spent by the community.

Addressing the challenges of long-term disaster recovery

Developing an effective long-term recovery program is a multifaceted effort that involves creating a framework for deploying resources, tracking progress, and complying with numerous funding requirements. Elements of the planning process can include:



1

Post-event assessment and recovery goal-setting.

A comprehensive planning procedure can help identify both disaster losses and future community resources for achieving effective, sustainable long-term community recovery aligned with the various available funding sources. Effective community engagement should be undertaken during this process to facilitate stakeholder acceptance and implementation of identified recovery goals.



2

Policies, procedures, and controls.

Documented processes and guidelines for funds management, procurement, cost tracking and reporting, scope control, and quality control can support compliance with funding guidelines and help establish consistency in transaction processing.



3

Risk management.

With the government and public scrutiny likely to accompany recovery efforts, risk reduction initiatives are essential, and can include addressing the potential for collusive or self-serving behavior among bidders and other recovery stakeholders, managing mandated procurement process, and establishing payment controls.



4

Internal stakeholder communication and training.

Sharing lessons learned and policy changes in real time, development of quick reference guides and process flow diagrams, and timely external communication can help maintain consistent messaging and continued community support.



5

Insurance.

Coverage specialists can assess the nature of claims and potential impacts on future project funding. Procedures can be created for tracking damage assessments, claim settlements, and offsetting funding, where appropriate. Standardized requirements can be established for reporting and maintaining applicant insurance information.



6

Antifraud programs and controls.

Formal programs can be established to detect fraud, waste, and abuse. Fraud risk assessments can be conducted of applicants, employees, contractors, and vendors. Ethics codes and hotlines and integrity monitoring can be instituted.



7

Project management oversight.

Management activities can assess the effectiveness of governance and control structures and evaluate project costs and schedule forecasts. Careful capital planning can provide transparency that the community has planned and budgeted projects in an integrated manner and provide visibility into those budgets for community participants. Monitoring processes and compliance testing can track procurement, change orders, payments, and close-out.



8

Stakeholder management.

Assist in developing and implementing a broad-based external stakeholder communications plan to effectively inform a wide audience, ranging from residents and others in the impacted community, potential recovery assistance resources, the media, and other public officials such as the federal authorities monitoring the recovery progress.



9

"Day 1" data management approach.

From the start, accurate collection and processing of voluminous data is essential to the grant lifecycle administration process and eventual project close-out requirement. This approach can facilitate timely and effective recovery results while safeguarding regulatory and reporting compliance obligations.



10

Technology and processes implementation.

Resources may be needed that did not exist pre-disaster such as a geographic information system (GIS)-enabled dashboard that displays project progress and compliance effectiveness across the community.

Prepare now for the post-recovery future

Disaster recovery is a complex process, with no single agency or authority fully responsible or accountable to assist local areas following a disaster. That responsibility falls squarely on the leaders of the community who are entrusted with guiding the healing process and helping the community recover efficiently and effectively. By understanding the many challenges associated with long-term disaster recovery, developing a recovery plan approach ahead of such an event, and committing to strong program and project control, community leaders and leading stakeholders can be prepared to make vital and effective decisions should disaster strike.

Understanding the long-term recovery timeline

Recovery timeline efforts can be viewed as falling into one of three categories relating to the recovery period: restoration of critical infrastructure, organization and controls, and assessment and rebuilding. It is important to understand issues and opportunities that can arise in each category so the long-term recovery program incorporates provisions for addressing them.



Infrastructure restoration.

Securing funding and identifying who is involved are critical first steps in a recovery effort. Risks need to be balanced with the goal to expedite recovery. Organizational ramp-up, fund management, and close monitoring of procurement and bidding will be essential to mitigating fraud, waste, and abuse.



Organization and controls.

In this phase, state and local authorities identify their responsibilities with respect to funding. Assessment of in-house resources can identify the need for additional capabilities and strategically partnering with outside vendors. Processes and technology can be developed or enhanced to manage funding and maintain compliance with regulations and reporting requirements. To maximize funding assistance, work eligible for insurance must be identified and claims developed and submitted. Establishment of internal controls and requirements can help in managing the project portfolio and creating internal and external oversight bodies.



Assessment and rebuilding.

Monitoring and evaluating the accuracy and thoroughness of damage estimates and distribution of funds will be ongoing priorities. Financial oversight can include reviewing reimbursement requests, accounting for funding cash flow, and monitoring risks of overpayment and fraud such as unsound procurement or bidding practices. Large reconstruction efforts can be carried out with compliance requirements clearly in view. Accurate and consistent documentation of expenses, reimbursements, and outstanding claims can strengthen monitoring and facilitate project closeout.

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