

GAO Highlights

Highlights of [GAO-16-32](#), a report to the Honorable Matthew Cartwright, House of Representatives

Why GAO Did This Study

The federal government obligated about \$445 billion in fiscal year 2014 for goods and services such as disaster response products and telecommunications. Agencies with missions that depend on the secure and efficient transit of goods and services have had their supply chains disrupted by weather-related events, such as Superstorm Sandy. According to the National Climate Assessment, the severity and frequency of such events is expected to increase. Agencies developed adaptation plans in response to executive orders and implementing guidance issued by CEQ, which coordinates federal environmental efforts. GAO was asked to review climate-related risks to federal supply chains.

This report examines (1) the extent to which selected federal agencies have identified climate-related risks to their critical supply chains, (2) the extent to which they have identified and implemented actions to manage these risks, and (3) what is known about the federal government's fiscal exposure to such risks. GAO reviewed executive orders; surveyed 24 agencies selected because they account for over 98 percent of federal contract obligations; analyzed their adaptation plans; and interviewed officials from 5 of these agencies selected because of mission and other factors.

What GAO Recommends

GAO recommends that CEQ clarify its guidance on including supply chain risks in adaptation plans and develop a plan for convening an interagency working group on supply chain climate vulnerability. CEQ agreed with GAO's findings and recommendations.

View [GAO-16-32](#). For more information, contact J. Alfredo Gómez at (202) 512-3841 or gomezj@gao.gov.

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FEDERAL SUPPLY CHAINS

Opportunities to Improve the Management of Climate-Related Risks

What GAO Found

Selected federal agencies have identified climate-related risks to their critical supply chains to varying degrees—including not at all—based on GAO's analysis of survey responses and adaptation plans from 24 selected agencies. According to GAO's analysis of these plans, 12 included information on agency-specific risks, 6 acknowledged general risks, and 6 did not mention risks. In survey responses and interviews with GAO, agencies reported facing several challenges identifying these risks, including among others, unclear guidance on adaptation planning. According to interviews with officials from several agencies and survey responses, the Council on Environmental Quality's (CEQ) guidance does not clearly specify how agencies should meet Executive Order 13653's directive for them to consider in their adaptation plans the need to improve climate adaptation and resilience with respect to suppliers and supply chains. GAO reviewed the guidance and found that, although the executive order directs agencies to identify and assess risks to their ability to accomplish their missions in their adaptation plans, CEQ's guidance does not discuss how agencies should do so for risks to suppliers and supply chains. CEQ officials said this guidance was broadly written to allow agencies flexibility for differing missions. While CEQ has documented guidance, which is consistent with federal standards for internal control, discussing how agencies should identify and assess supply chain risks in adaptation plans could better position agencies in the early stages of planning.

Few selected federal agencies have identified and implemented actions to manage climate-related risks to their supply chains, in part because they are in the early stages of planning and have not yet fully identified these risks. Of the 24 adaptation plans GAO analyzed, 4 identified agency-specific actions to manage climate-related risks to their supply chains. In survey responses and interviews with GAO, agencies reported facing challenges in identifying and implementing actions to manage climate-related risks to their supply chains, such as planning timelines that do not align with budget cycles and limited expertise. Executive Order 13693 directs CEQ to establish, as appropriate, temporary interagency working groups, including one on agency supply chain climate vulnerability, but CEQ has no planned date for convening it. Developing a plan to do so could be an important step toward helping agencies share experiences and information about climate-related supply chain risks as they update their adaptation plans.

The federal government's fiscal exposure to climate-related disruptions in supply chains is unknown, largely because agencies have not identified their exposure. Of the 24 adaptation plans GAO analyzed, one discussed budget or resource needs for managing climate-related risks to supply chains, and none identified fiscal exposure from supply chain disruptions. According to survey respondents, 4 of the 24 agencies have tried to identify this exposure, and 3 identified a small number of qualitative examples, such as greater suppression costs for increased wildfires. Seven survey respondents said they did not try, or were unable, to identify their exposure because of the challenges discussed above—particularly limited information about risks. Many respondents described other challenges, including the lack of a standardized process for determining fiscal exposure. In survey responses and interviews with GAO, several agencies reported that an interagency working group could help agencies address such challenges.