

## **A Risk Management Perspective on Katrina – Nine Months Later** **White Paper By Rich Woldt – CEO the Risk Management Learning Center**

*(Author's Note: White papers offer an informal perspectives on current RM topics. White papers often form the basis for RMLC flyers, brochures and books. Conclusions and opinions in this white paper were made after reviewing hundreds of reports on Katrina published between August 29, 2005 and June 1, 2006. The goal is to assemble the experience and best practices of disaster victims, evacuees, first responders, and Credit Union Risk Managers embedded in the recovery process.*

Research also included a Popular Mechanics engineering article (March 2006) titled “Debunking Katrina Myths” and Credit Union Magazine publications including “Best Practices – Disaster Recovery Lessons Learned.” *(This CUNA Inc. publication assembles the best practices from eight credit unions who were challenged by natural disasters, terrorist attacks and a major strike. This must read publication includes street smart Risk Management methods, response protocols, and recovery tips from: Arrowhead CU in San Bernardino, Ca. (Assets \$959 million) – “Y2K-Era Planning Mitigates Wildfires’ Effect; Calcasieu Teachers & Employees Credit Union in Lake Charles, La. (Assets \$31.1 million) – Semi-Truck Facilitates Escape from Rita; Community First Credit Union in Mulberry, Florida (Assets \$108 million) – Preparedness Sees Members, Staff Through Storm; DuPont-Goodrich FCU, Nederland, Texas (Assets 149 million) – League Pitches In to Defy Mother Nature; Melrose CU, Briarwood NY, (Assets 740 million) – Blackout Can’t Knock Out Service; New Orleans Firemen’s FCU, New Orleans, La. (Assets \$111 million) – Coping with Katrina’s Wrath; Skyline Federal CU, New York, NY (Assets \$40 million) – 9/11 Terrorist Attacks Tested CU’s Ingenuity; 1199 SEIU FCU, and New York, NY (Assets 43.1 million) – Transit Strike Doesn’t Stop Member Service. Go to: [www.cunainc.org](http://www.cunainc.org) to purchase this publication. Authors Dick Radtke and Lucy Harr are well known throughout the international credit union movement for their years of service and in-depth reporting. I’m proud to claim them both as RMLC faculty, RM mentors, and friends. You will find their biographies and contact information at our [www.rmlearningcenter.com/faculty](http://www.rmlearningcenter.com/faculty) web site.*

*Throughout this paper I’ll refer you to source documents, white papers, faculty briefing summaries, and brochures on related subjects. I recommend my CUNA Management Students I recommend you read our white papers on the Incident Command Systems, Maslow’s Hierarchy of Needs, and the Deep Throat incident reports on Katrina and Florence Rogers comments on the Oklahoma City bombing. Florence was CEO of the Federal Employees CU when the building was destroyed by Timothy McVey.*

**I want to thank all the International Credit Union Risk Managers, students at CUNA Management Schools and our Risk Management mentors for the editorial reviews, response to surveys, and continuing Risk Management research. It’s their grassroots wisdom and street-smart opinions that add credibility to this work-in-progress.**

## **Katrina didn't really teach us anything we didn't already know!**

Katrina didn't teach us anything we didn't already know. After all, she wasn't the most powerful hurricane on the Saffir Simpson scale. She hit land a Category 3 with the six lowest recorded barometric pressure 902mb. Peak sustained winds 55 miles south of New Orleans were 125 miles per hour and records indicate winds in New Orleans hardly reached hurricane strength. Hurricanes Wilma (882mb) and Rita (897mb) that followed had lower barometric pressures. The peak sustained winds of Hurricane Andrew (142 mph) that struck Florida in 1992 and Category 5 Camille (200 mph) that followed a similar path through the gulf in 1960 had higher peak winds.

### **So why did Katrina cause so much damage, overwhelm so many and threw the US into a frenzy of finger pointing chaos? It was primarily her' scope and scope creep.**

Her radius (distance from her center to the point of maximum winds) was 30 miles – three times wider than Camille, and the breaking of levees that followed. She also approached over the shallow northern shelf of the Gulf of Mexico generating a more powerful storm surge – the water that's pushed ashore. The surge topped out in Plaquemines Parish south of New Orleans at 30 ft. and in New Orleans at 25 ft. The larger answer is she over whelmed her victims and first responders, traumatized a country, and sent a warning message to those living on any path of a future hurricane or tsunami or on the fault line of the next earthquake.

To fully understand Katrina and her aftermath, you need to have a basic understanding of trauma management. Three things (Guilt, Fear, and A sense of being out of control) underlie the trauma we experience before, during, and after any life threatening event. Every normal person watching Katrina felt guilty for not knowing what to do or how they might help. We all feared for the victims, their families, responders, pets left behind, and what such a disaster might mean to ourselves and loved ones. There was a world wide sense of being out of control exasperated by instant, on-the-spot coverage that started days before landfall August 29, 2005 and fed the world a constant reminder of futile rescue attempts. **Outright lies, misinformation, and an intense focus by the media on the devastation deepened the trauma.** We saw swamped school buses and stranded victims and heard of the raping, murders, snipers and gang executions going on at the shelters.

**In fact**, when the voluntary evacuation order went out a contra flow traffic plan was implemented (turned inbound interstate lanes outbound) and 1.2 million of the 1.5 million metro population of New Orleans were evacuated in 38 hours. The standard evacuation plans estimate it should take 72 hours to relocate that many. Within 2 hours the National Guard and Coast Guard helicopters were in the air and dozens of successful missions were flown the first day. **By the end of the week 50,000 National Guard troops had rescued 17,000 people and 4000 Coast Guard personnel saved more than 33,000.** *The choppers on the ground covered by the impassioned news media were at staging areas standing ready for duty.* **When the Superdome was cleared, six bodies not 200 were found. Four died of "natural" causes. One was ruled a suicide and one a drug overdose.** *Of the four recovered from the convention center, three died of natural causes*

and one died of stab wounds. **In fact**, the response to Hurricane Katrina was by far the largest and fastest rescue effort in U.S. history, with nearly 100,000 emergency personnel arriving on the scene within tree days of the storm's landfall.

Seasoned credit union professions and volunteers from all levels of the credit union movement responded to Katrina through their "Movement," "System," "Network" and "Organizational Chains of Command." *I say this tong-in-cheek because of the terminology fights across the movement during the 80s, 90s, and through Y2K. Fights that fragmented a movement that now must recommit to its "People Helping People" philosophy, adopt standard NIMS terminology and implement a movement wide Incident Command System that compliments the ICS required of law enforcement, fire fighters, emergency government and homeland security personnel. The credit union movement was and always will be a cooperative movement and it is precisely because of that "cooperative movement philosophy that they'll continue to outshined all other organizations before, during and after any national emergency or large scale disaster.*

While credit union movement' terminology might be irrelevant, terminology and response protocols used by incident commanders and responders must be standardized to minimize confusion and miss-understanding. Failing to understand either the Incident Command System (ICS) or speak the National Incident Management System (NIMS) language will result in inefficient and ineffective response efforts and lives lost.

- **Studies after Katrina indicate Incident Command nor NIMS were used at the local level or regional levels, consequently the overall response was chaotic, inefficient and in many ways ineffective.** Professional first responders in both the public and private sector have subsequently issued dictates making Incident Command and NIMS training a top priority. Legislation and subsequent regulations now require all law enforcement, fire fighters, and emergency governments to use Incident Command and NIMS as a standard in the future. For example, the first words spoken by law enforcement when responding to a fender bender must be; "I TAKE COMMAND!" If the fender bender remains a minor incident it will be handled as a "Single Command" with the officer handling Safety, Information, and Liaison duties. If the incident grows into something more serious, the officer will declare it to be a "Unified Command" and designate a Chief of Operations, Chief of Planning, Chief of Logistics, and Chief of Finance. The goal is to limit the number of his/her direct reports to between seven and twelve trained first responders. For more information on Incident Command and NIMS go to the R&D library at [www.RMLearningCenter.com](http://www.RMLearningCenter.com).

### **Benefits of "Organizational Structure" and The Risk Management Process:**

Risk Management is a three step process. You must first identify or be aware of an impending disaster, than measure its immediate scope and the potential for scope creep and than launch an appropriate response. I recommend you read our papers on "declaring" the level of a disaster and the "impact" of an incident on response protocols. Risk Management efforts are most effective and efficient when there is a "closed loop"

feedback system between those on the front lines and their support personnel i.e. those issuing alerts, updating response protocols, and managing supply lines.

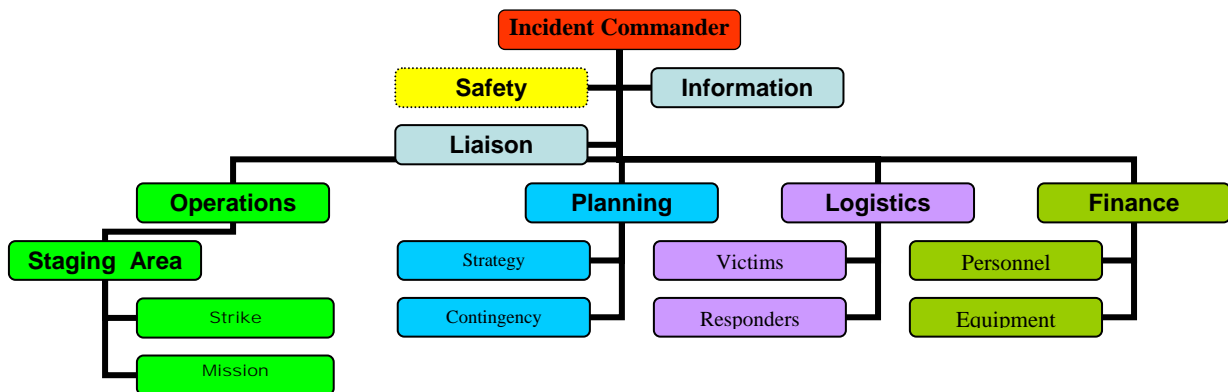
*For a better understanding of Risk Management Closed Loop Feedback Systems, review the Strategic Action Plans used during the design, development, and deployment of CUNA Mutual's International Risk Managers. Contact your League Representative and CUNA Mutual Account Relationship Managers for additional information.*

- **During a disaster** you must maintain a closed loop feedback systems between first responders and their Incident Commander and/or the Emergency Operations Center (EOC). It also means maintaining closed loop feedback systems between all public and private sector first responders, support personnel, and community leaders.
- **During peace time** this means creating and maintaining a closed loop feedback training systems between frontline Risk Managers and those providing RM education and training. For example, at the credit union level Credit committees must be trained to monitor the impact flooding, tornados, hurricanes, wildfires, earthquakes, and man made environmental disasters can have on the credit union's Business and Real Estate loans. Supervisory committees must be trained to implement the latest and greatest internal and audit controls, and Board members must be trained to monitor the legal and liability risks associated with providing a safe, sound and secure work environment, as well as avoiding law suites based on an inappropriate or poorly conceived response to the disaster. *Refer to faculty briefings on the public to private sector training roadblocks.*
- **Federally insured financial institutions** in the US are required to designate a "Security Officer" who is responsible for the design, development, testing and servicing of appropriate security systems. *In CUNA Mutual's international markets this person is known as the Credit Union Risk Manager (CURM).* In addition to testing and maintaining the physical, alarm, and surveillance systems the CURM acts as a Risk Management resource for the Supervisory Committee, Board of Directors, security guards, and all operation personnel providing on-site training to discourage robbery, forgery, fraud and dishonesty.
- **The International Risk Management "closed loop" feedback systems** link CURMs and League' Risk Managers to Chapter' officials at the regional level, and to World Council' (WOCCU) and CUNA Mutual' Risk Managers at the international level. *This positions credit unions better than any other organization anywhere in the world, anytime in history to prepare for and respond to a natural disaster or terrorist attack.*

## Adapting Incident Command to Financial Cooperatives:

We've seen how credit union' organizational structure facilitated managing risks during hurricanes Ivan, Katrina, Rita, and Wilma (*Refer to our RMLC library and papers on the "Virtual" Incident Command used during Ivan in Jamaica and the RMLC response protocols we issued during the 2005 hurricanes and wildfires in Oklahoma, Colorado, Kansas, Texas and Florida. Also, read the session summaries from the Western States Volunteers Conference in Las Vegas in February 2006*). It is this inherent cooperative spirit and structure that has made the Incident Command System work so well throughout the credit union movement.

The Incident Command System (ICS) has basically seven key accountabilities overseen by the Incident Commander (IC). Use the following diagram as a template. Remember, the ICS is designed to expand and contract (concertina effect) as needed so while each will vary depending on the type of incident and scope, all unified commands will include the following seven accountabilities (Safety, Information/Communications, Liaison, Operations, Planning, Logistics, and Finance).



## Incident Command System – It's a Public and Private Sector' Partnerships

**One of life's fundamental principles is; "We are all ultimately responsible for our own safety, security, and well being." Period!** If we choose to ride out a hurricane or tornado when we've been given fair warning, we're going to have to accept the consequences. Another fact of life is the first person at the scene will be whoever might be near and that will usually be a friend, family member or neighbor. *This means to be rescued you might want to be on good terms with those close by and do what you can to prepare them to come to your aid until the professional "public" responders have arrived.*

Challenges grow as the scope of the incident becomes a community wide event. The scope can be immediate such as when a tornado touches down or a terrorist attacks, or it can be caused by "**Scope Creep**" such as when a hurricane intensifies and just keeps on going or a wild fire burns out of control.

Preparing for, responding to, and recovering from large scale natural disasters and terrorist attacks requires a coordinated response from both the public and private sectors. **Public to private partnerships need to be formed so as public resources are depleted a private sector response moves in to reinforce recovery efforts.**

From a public sector standpoint, responsibility for citizen safety starts at the local level and moves out based on requests for aide and assistance. In the US and around the world aide must first be requested and is usually governed by a pre-approved “mutual aide” agreement. *That is why in the US and in most countries it’s the local fire chief who takes command during a disaster and why, at the end of the crisis, it’s the local government who’ll be held responsible for picking up the tab. In most countries it’s called “Home Rule.” That is, in a Democracy, elected local governments rule and therefore are held accountable for the costs of recovery. This underscores why the Chief of Finance in the Incident Command System must keep accurate records of all responding assets.*

We learned much and will continue to learn from Katrina. For example, she proved that coordination of responding resources, flexibility in execution, and the ability to adjust when under fire were the three most important factors leading to mission success or failure. She also proved hurricanes trigger an increase in Pure Risks (burglaries, robberies, looting, vandalism, forgery, embezzlement, gang reprisals, kidnapping, etc.) and Speculative Risks (extortion, fraud, scams, and embezzlement in disaster relief programs). At the end of the day, she validated the credit unions approach to Disaster Recovery, Business Continuity, and Contingency Planning. And, she gave us a wake up call telling us to refocus on event planning, incident management, and forming public to private partnerships.

### **It was the best of times – it was the worst of times!**

Anyone in their right mind would not consider going through a hurricane as “the best of times.” Yet, any experience that brings out the best in us can’t be all bad. In addition to Maslow’s theory on the “Hierarchy of Needs” (*Refer to my white papers*) he said, “Satisfaction is the alleviation of anxiety.” Therefore the threat of disaster offers us an opportunity before to plan with a satisfaction in a plan well written, respond during with the satisfaction in a plan well executed, and after with a satisfaction in a job well done. *For examples of his theory, I recommend you read the Best Practices – Disaster Recovery Lessons Learned published by Credit Union Magazine and Florence Roger’s white paper (Florence was the CEO of the Federal Employees CU during the Oklahoma City bombing. She continues to be one of my most treasured RM mentors, a lady of great wisdom and experience).*

Learning is one thing, remembering, sharing, and implementing best practices will be the real challenge. Surveys indicate the half-life of education (the time it takes to forget ½ of what we learned) is something less than six months especially when it comes to lessons that traumatized or shattered our confidence. **Consequently, we need to adopt a Risk Management “Strategic Action Plan” that accurately documents what we’ve**

**learned, reduces it to a language we all understand, and systematically shares appropriate response protocols community, region, country, and world wide.** The credit union movement is ideally positioned to execute such a plan through its Chapter meetings, League training programs, National and International associations and financial cooperative regulators. Credit unions have and will continue to live up to their fiduciary and philosophical duties under any circumstance no matter what the crisis.

Yet it's not just organizational structure that positions credit unions for success, it's our philosophy. Call it sharing, networking, or just people helping people. Credit unions have demonstrated throughout history that they can respond without hesitation to the physiological, belongingness, and self actualization needs of hurricane, tsunami, earthquake, and wildfire victims. At the heart of our soul is our "Not for profit, Not for charity, But for service" traditions. Thanks to the Internet, we're now even better equipped to share best practices, respond more quickly, and act more decisively than in the past.

### **Lessons and "best practices" learned from Hurricanes Katrina, Rita, Wilma, Ivan and other large scale, community wide disasters:**

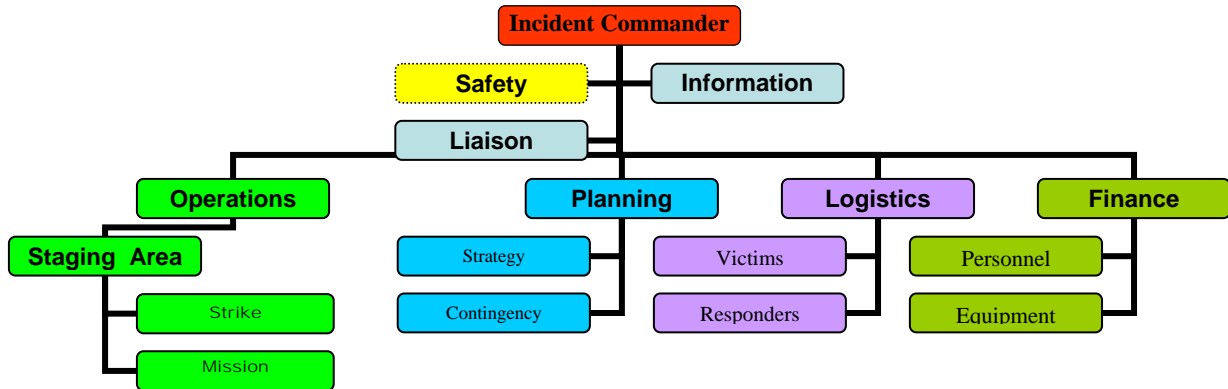
Two primary lessons are taught during every community wide disaster. First, it is imperative to have a well tested "disaster recovery" plan to ensure your survival, and second, it's imperative to have public to private "business continuity" partnerships in place to support the recovery process. Katrina tested and in most cases reaffirmed the credit union's evolution from disaster recovery planning in the 70s, to business continuity planning in the 80s, contingency planning in the 90s and event planning/Incident Command training since Y2K. The credit unions that had tested branch banking, joint service centers, and mutual aid agreements in place prior to Katrina responded more efficiently and effectively and recovered more quickly than those who relied on traditional disaster recovery protocols.

**The credit union movement would be well served taking advantage of its organizational structure and teaching community leaders the differences between Disaster Recovery, Business Continuity, Contingency Planning, Event Planning, and Incident Management. Focus should be on forming grassroots chapter to chapter private to public partnerships that perform as a unit during a crisis much like the military performs when fighting a war. Refer to my white papers on "veteran" and the Incident Command System.**

**I'll use the ICS organization/flow chart to catalog Katrina's best practices. Remember "green" lights, signs, etc. help designate Incident Command posts, vehicles, and the emergency operations center (EOC).**

## Credit Union' Best Practices during Hurricanes, Wildfires, and other Disasters

The "basic" Incident Command Organization/flow Chart



### **Incident Commander:**

The credit union should designate one person to be Incident Commander (IC). I recommend the credit union CEO or Board Chairman because they tend to have both pre approved authority to act and ability to act immediately. During Katrina there was often confusion as to who was in command. Needless to say authority and responsibility transfers when the IC passes command to someone else. *Refer to IC tutorials for specifics on changing command and IC briefings.*

The IC must immediately take command and demonstrate by his/her actions that he/she is taking over command and control of the situation. They should tour the scene, assess the damages, determine the initial scope, the potential for scope creep, whether a single or unified command will be needed and declare the level of the disaster. During Katrina there was always doubt as to who was "in command" what the scope was or what it might be. The incident commander must act decisively and act aggressively to set the tone from the top that he/she is in control of the situation.

If a unified command might be needed, the Incident Commander should immediately designate his/her four chiefs (Operations, Planning, Logistics, and Finance) and instruct them to get ready to respond. For example, the Chief of Logistics should designate locations for the Emergency Operations Center (EOC), the Chief of Planning should draft an action plan for the first six hours, the Chief of Finance should prepare to record responding personnel and equipment, and the Chief of Operations should begin to set up a staging area near the incident. *Refer to staging area tutorials, our tri-fold for first responders, and the best practices section of this document.*

As soon as the scope of the incident has been determined, the Incident Commander should alert Risk Managers at credit unions within their chapter, their Credit Union



League, and their national trade association. Exchange landline, cell phone, fax, and email contact information and request appropriate assistance. For example, during the hurricanes of 2005 the Texas Credit Union League emailed credit unions days in advance with email and toll free numbers members could use to keep informed. The IC should also verify contact information with their sponsors, bonding/insurance companies, and critical service providers (data processors, utilities, emergency services, etc.).

When a unified command is established make sure the credit union league has the name, credential and contact information for chiefs of operations, planning, logistics, and finance. The goal is to make the ICS as efficient and effective as possible. For example, the Chief of Logistics at the League can work directly with the Chief of Logistics at the credit union to set up the EOC, and staging areas. The Chiefs of Finance can work together as a chapter to establish liquidity needs throughout the area.

### **Safety:**

1. The first focus should be on credit union staff, employees, volunteers, and their families. There were times during Katrina that focus was first on providing victims with member services. While this is credit union tradition, unless the individual knows they and their loved ones are safe, any effort to perform will be limited at best. *This is why we give so much attention to our locate – lockdown – and link protocols.*
2. Before anyone is allowed to respond, they must first be properly equipped and trained for their mission. (*Refer to our tri-fold for first responders*).
3. Before anyone is allowed to respond you should have an understanding of their physical limitations, medical disabilities, and performance skills when under duress. During Katrina, many volunteers step forward knowing full well they were putting themselves in harms way not only due to Katrina but their willingness to ignore their own limitations.

### **Information/Communications:**

Katrina taught us that depending on traditional communication links is foolhardy during a disaster. First most systems failed not unlike they failed in New York on 911. Second, 100 years of dodging the hurricane bullet had lulled too many into a false sense of security. Third, those in command were often the same who failed to prepare the area for the impending disaster so finger pointing, blame shifting, and outright miss information was the order of the day. While the media can be an asset, their focus on the devastation and first responder failures did much to increase the guilt, fear and sense of being out of control.

1. Katrina taught us to have back ups to our backups. Lessons learned on 911 were reaffirmed. For example, Sprint launched a focused response to include

- channeling thousands of cell phones and support technology into the region. (*Refer to faculty briefings and the Sprint/Nextel web site for details*).
2. Katrina taught us the need for improved satellite and remote surveillance systems.
  3. Incident Commanders need to be schooled on handling the media to include interview backdrops, focusing on facts, handling questions and answers, and knowing what and how to respond.
  4. All organizations public and private must speak with one voice.
  5. Credit unions published flyers and posted emergency contact numbers on we sites for insurance companies, FEMA, the Red Cross, and other emergency services organizations.
  6. The media need to pre position stationary and remote surveillance and avoid intentionally putting their employees in harms way which encourages those who want to ride out the storm for their 15 minutes of fame.
  7. Credit unions set up command centers at their offices equipped with personal computers, telephones, and fax machines for members to use.
  8. Credit unions set up one emergency call in number on which they provided updated information on the recovery process and progress.
  9. To ensure members were reached, credit unions issued press releases, placed ads in local newspapers, sent out flyers, and direct mail, and placed banners outside branch offices alerting members to when they would be reopened.
  10. Credit unions also used in-house video systems and internet cameras to customize information going out to members.
  11. Credit unions used pop ups to provide employees and their families with recovery suggestions, and alert them to resources in their area.

### **Liaison:**

The Incident Commander might act as his/her own “Liaison” during a single command. For example, he waits for a tow truck to remove a vehicle after an accident. During a “unified” command the liaison directs traffic to make sure responding assets reach their designated staging area. The Liaison can also act as the go-between the Incident Commander, Command Staff (Chief of Operations, Planning, Logistics, Finance) and Staging area managers.

### **Chief of Operations**

1. Operation Chiefs and their alternates should be well schooled in Incident Command and managing incident operations. I recommend studying the RMLC Incident Command tutorials and contacting your local fire chief and Director of Emergency Government for the latest ICS training. The Operations Chief should know who the local Director of Emergency Government, Fire Chief and Sheriff are, and be familiar with their first responders and response protocols to include policies for housing in place and evacuations. *Refer to RMLC instructions for first responders, evacuees, and victims.*
2. The assumption is first responders are already at the scene and the Incident Commander has ordered a “Unified” command. The Logistics Chief should have

designated a location for the Emergency Operations Center (EOC) and initial staging areas. And, the Planning Chief should have written an initial response plan for the first few hours. Therefore, the first duty of the Operations Chief will be to assemble response assets at the staging area(s) and decide on a variety of “strike” or “mission” operations.

3. Typically, Operations will focus on four areas (Life Safety, Communications, Property Protection, Transportation/Evacuations, and Reconstruction).
4. First focus on life threatening situations to include:
  - a. Neutralizing any threat to responders such as taking out snipers, containing toxic chemicals, putting out fires, etc.
  - b. Then focus on triage and evacuations to extricate victims from the scene and transport them to care facilities.
  - c. Finally, based on your “housing in place” and evacuation decisions, implement transportation and evacuation protocols. *Refer to our tri-folds titled “Instructions for Evacuees” and “Instructions for Victims” and “Instructions for First Responders.”*
5. In some respects, “communications” is almost as important as responding to non-life threatening triage. You need only remember the Sago Mine disaster and the miss communications that followed to know what damage can be done when the news media picks up on a miss communication between first responders. There were false reports of survivors when in fact all 12 than 13 families lost their loved ones. The Operations Chief should focus on the following:
  - a. Make sure all information released is factual, clearly communicated, verified and authorized by the Incident Commander. The incident should have one spokesperson trained in dealing with the media.
  - b. Access to Operations and Staging Areas should be limited to authorized response personnel and all inquiries for comment should be directed to the Incident Commander. **Credit unions should consult with their Public Relations professionals at their Credit Union League and National Associations.***
  - c. Know that you’ll not be able to avoid the media. If called for a comment, ask for a call back number and take time to assemble your thoughts and clear your comments with those designated by the Incident Commander.
    - i. Avoid saying ‘No Comment’ rather if you don’t know admit it and offer to research the question.
    - ii. Issue the facts ASAP especially if the facts are really bad as withholding such information only erodes your credibility and increases the trauma. The best way to reduce fear is to provide victims with facts about the incident. The best way to increase the sense of being in control is to be considered a reliable and reputable source of information. Credit union members want to

hear from their credit union leaders that their savings are safe and their future is in good hands.

- d. Before your next disaster, school personnel at your credit union in dealing with the media. The media can be a valuable tool in getting the word out to members and instructions to responders. Papers and television anchors want visuals, radio anchors what comments. Give it to them, but do it through trained public relations professionals.
6. After life safety issues are address, an important role of Operations is to meet the victims liquidity needs which might include getting them access to their SD boxes, line of credit, etc. They need reassurance that their funds are safe and they'll be available if needed.
7. **The keys to a fast, efficient, effective and complete recovery are in the partnerships credit unions maintain between themselves, sponsors groups, and critical resource providers in both the public and private sectors. The credit union movement therefore is ideally structured to respond to any disaster no mater what the scope.** The goal of operations should be to unite credit union within their chapters, leagues, and national trade association and focus them on the region victimized by the disaster. Using the Incident Command System and an incident management tool and the National Incident Management System (NIMS) and the common language, credit union around the world credit union can move as well trained militia during any disaster or terrorist attack. The partnerships inherent to the world credit union movement from chapters through the World Council of Credit Unions (WOCCU) stand as a role model for the world and a template for incident command.
8. The benefits of “branch banking” were underscored time and again throughout hurricane season 2005. Without a doubt, the most frequently mentioned lesson from Katrina is how valuable branch banking systems were when meeting the liquidity needs of victims, evacuees, and first responders.
9. Setting up a reliable phone-tree system will keep everyone in touch and reduce the number calling one number or relying on one line for information.
10. Credit union employees should exchange cell and home phone numbers and if possible carry a credit union directory of numbers/home addresses and a local telephone directory throughout the incident.
11. During Katrina credit unions offered shelter at offices equipped with kitchens and open space for people to sleep. They also assisted those with generators to get fuel and ensure generators were properly located and safely used. Leagues helped identify fuel sources.
12. Signage is important. It should be simple, easy to read and upbeat. Print should be large enough to see from a distance and signs should be posted high enough so it can be seen over the shoulder of the person in front of you. Color coding, design, using shapes similar to road signs can help i.e. black on white rectangular for informational, yellow triangle for warning, red octagon for STOP, etc.
13. Mainframe backup tapes should be tested with core processors and with the Fed and taken off site as safe distance and direction from impending danger.

14. Keeping in touch with employees and members during and after a disaster should be a top priority. Focus on facts and scheduled updates. For example, post hourly updates at a designated location in each shelter, update outgoing messages and answering machines, etc. Focusing on facts reduces fear because it tells victims what to expect. It also sends a message that someone is in control.
15. Credit unions with mobile units found they could not only move operations out of harms way but follow their members during evacuations and set up near and in shelters where members congregated. As oppose to maintaining a hot site, mobile units seam to provide more options and provide an ability to move out of harms way. This is especially true when dealing with a hurricane or wildfire. *They are however, more vulnerable to attacks by vandals and terrorists. If mobile units are an option you'd like to consider, they should be equipped with appropriate security and staffed by specially trained personnel. Contact your bonding company and League for assistance in setting up and operating a mobile unit.*

### **Chief of Planning**

1. Planning Chiefs and their alternates should be well schooled in Incident Command and incident planning. I recommend studying the RMLC Incident Command tutorials and contacting your local fire chief and Director of Emergency Government for the latest ICS training.
2. All disaster recovery, business continuation, contingency, event, and incident command plans should be reviewed annually, tested, and approved by both the credit union CEO and Board of Directors.
3. Credit unions indicated they conduct drills twice a year and involve all employees. Some conduct drills to include employees filling boxes with supplies they feel they'd need to provide member services for the next seven days. Katrina taught us to plan for a longer period in a stand-alone environment. The national standard is to plan for a minimum 72 hours standing alone until rescuers arrive.
4. Trauma management training is a must! Members call with not only their credit union needs but personal and emotional needs. Credit unions need to be prepared to handle such calls if nothing more than knowing how to be good "non judgmental listeners." *Refer to trauma management white papers.*
5. Planning should follow a time line before, during, and after the disaster. For example, when hurricane was 200 miles off shore banks started to close. The ICS plan writers write time period plans during and after the incident. *Refer to ICS tutorials for plan writers.*
6. Credit unions need to plan for crises that last longer than a few days. A tsunami, earthquakes, hurricanes, tornados, wild fires, and pandemics could result in being out of your building for months.
7. Keeping in touch with employees, members and the general public during and after a disaster should be a top priority. Planners should design and maintain systems that provide employees and members with updates. Focus on facts and schedule updates. For example, plan to post hourly updates at a designated location in each shelter and update outgoing messages on answering machines, etc. Scheduling briefings gives victims a sense of being in control.

8. Planners need to know more about their staffs special needs both to do their job and to maintain their individual life style. For example, someone with dependents at home will not be able to work extended hours and someone on medication might have to tend to their own needs before responding to the credit unions personnel problems. **Cross training personnel should be part of every contingency plan.**
9. When the power went out, generators were only used during business hours to save fuel. Plan writers should have guidelines both for safety and use of alternative power supplies.
10. After Y2K and 911 many credit unions hired staff members dedicated to business resumption. They strongly recommend this to others.
11. Credit union chapters should consider establishing mobile response units.
12. Credit unions installed back up emergency generators and rented generators from outside the area to be used by members.
13. Chapters should also create an employment log of retired and experience staff resources.
14. Credit unions have to pre plan alternative chains of command and pre authorize first responders to act until relieved of their duties.
15. The Incident Command System teaches planners to plan according to the specific incident and for time periods requested by the Incident Commander. When, like during Katrina, the scope of the incident immediately overwhelms responders, and scope creep can not be controlled or predicted, the Chief of Planning should write an open ended plan for the worst case scenario. For example, credit unions should write a plan that takes them back to hand posting and pre numbered duplicate cash receipt vouchers.

### **Chief of Logistics:**

1. Logistics Chiefs and their alternates should be well schooled in Incident Command and incident logistics. I recommend studying the RMLC Incident Command tutorials and contacting your local fire chief and Director of Emergency Government for the latest ICS training.
2. **Logistic should first focus on setting up an EOC and staging areas followed by identifying appropriate solutions for “housing in place” sheltering, and evacuations. Note, evacuation routes and alternatives need to be planed well in advance taking into consideration population density, construction zones, available transports, etc. Refer to tri-fold titled “Instructions for evacuees.”**
3. Credit unions provided hotel rooms and expense accounts near the credit union office for employees working overtime or having problems commuting to work.
4. Some credit unions set up beds at the office for security personnel and stocked kitchens so they didn’t have to leave their post.
5. Using credit union facilities for shelter provided additional security while the power was out and electronic security systems and access controls were out of service.
6. Use bulletin boards at shelters to keep in touch with employees, members and the general public.

7. When the power went out, generators were only used during business hours to save fuel. Logistics should have guidelines both for safety, location, and use of alternative power supplies.
8. Staffing during an extended crisis requires credit unions to plan around the personal needs of their employees. Staff with disabled, special needs, and elderly family members will have different priorities during a community wide disaster due to their loss of day care and other support systems.
9. Credit unions should keep a roster of retired employees and experienced employees in the area to include identifying members and volunteers who might be able to offer their support during a crisis.
10. Credit union Logistics should have a plan to locate, transport, shelter, and feed personnel brought in during a crisis.
11. Credit unions that use mobile units need to pre-plan parking lot safety and security, access controls and surveillance, etc. *Contact your Risk Manager and Security Officer for physical, alarm, and operational security recommendations.*
12. Credit unions have built relationships with sponsors, local schools, community organizations, churches, etc. which paved the way to share facilities during a crises.
13. Logistics need to plan for extended stays at alternative locations. This might include signing longer term contracts for housing, staffing, technology, and equipment for alternative sites. Distance, time to move, set up time all has to be taken into consideration. Katrina taught us the value of shared branches, joint service centers, and per arranged partnerships.
14. During Katrina, credit unions using the same core processor worked together to get back up and running. The Logistics Chief should work with the Finance Chief to find the most efficient location for staging and recovery. This is usually as close as possible to the scene of the incident. This allows for the integration of critical functions and coordination of recovery processes and personnel. From a trauma management standpoint, it's important to keep victims close to their home, work, and recovery efforts.

### **Chief of Finance**

1. Finance Chiefs and their alternates should be well schooled in Incident Command and Finance management. I recommend studying the RMLC Incident Command tutorials and contacting your local fire chief and Director of Emergency Government for the latest ICS training.
2. **A critical first step is to establish appropriate internal and audit controls over all financial operations. This includes issuing and auditing pre-numbered, duplicate cash receipt vouchers, channeling deposits through control accounts, separating and rotating critical functions such as posting to accounts, and imbedding internal auditors in the finance area to spot check verify transactions and accounting records. This internal auditor should report direct to the credit union's internal auditor or Supervisor Committee Chairman.**
3. Credit union disaster recovery teams need authorization to purchase items such as plastic tarps to cover equipment and records, hotel and meals for responding

personnel, etc. The Finance Chief should have a liquidity management plan for the Damage Assessment Team (DAT), Disaster Recovery Team (DRT), and designated first responders.

4. During Katrina, credit unions using the same core processor worked together to get back up and running. Finance chiefs should maintain a list of credit unions in the chapter that use the same core processors. This might allow them to consolidate critical functions and coordinate recovery/data processing personnel at the credit union, chapter, and league level. Disaster recovery programs offered by processors should be designed to adjust with the scope of the disaster so recovery teams can stay as close as possible to the incident scene. This reduces travel, lodging, personnel, and other recovery costs. The Chief of Finance should work closely with the Chief on Logistics when selecting staging area and recovery sites.
5. Credit unions contacted victims and offered special loan rates, signature loans ranging from \$3,000 to \$10,000 with 60 month terms and 90 day deferred payment plans
6. Credit unions offered payment extensions on existing loans and advanced normal payrolls knowing they'd eventually be reimbursed.
7. Some posted payroll deductions even though they knew sponsor groups might have lost their ability to submit payroll deduction transfers.
8. Credit unions need to teach liquidity management to members so members know how to estimate their need for cash, credit and debt cards.
9. Credit unions also have to have a liquidity management plan appropriate for the scope of the disaster and flexible enough to adjust to scope creep.
10. Debit and credit cards were issued to authorized personnel for both business and personal use.
11. Credit unions sponsored a variety of fund raisers and special collections which brought in both currency and personal items such as toiletries, toys, books, magazines, food, etc. for the homeless and designated shelters.
12. Credit unions arranged for grocery stores to cash small checks for members and assisted in management their liquidity.
13. Credit unions arranged for other credit unions to cash member checks at no cost to the member.
14. The duration of the crisis will have a devastating impact on costs as the supply and demand curve changes. Katrina proved for the most part that credit unions failed to consider the extra expenses associated with a large scale disaster. The wider the effected area the more costly it is to acquire recovery assets not to mention personnel.
15. Credit unions need to annually go over their insurance package and consider transferring these risks through business interruption, extra expense, flood, and other appropriate insurance tools.
16. There are many steps that are taken to ensure transactions are properly executed such as requiring additional signatures on checks, requiring specific identification before releasing funds, etc. While these steps should always be taken under normal situations, the credit union' Chief of Finance should be authorized to by pass normal operating protocols and take whatever additional risks might be



necessary during a “declared” disaster. That is why we place such emphasis declaring the level of any disaster or crisis situation.

17. Finance should have a layered game plan for when “out of the ordinary” services will be provided. For example, credit unions that stayed open after banks closed provided check cashing for anyone presenting a check. Additional identification was placed on the front of checks cashed to include driver’ license numbers, date of birth, physical addresses, telephone numbers, etc.
18. *The list of Credit Union League and chapter responses to Katrina is endless. Most incident reports I’ve read included many complements for the support victim credit unions received from their chapter, league, and national trade association. I recommend you contact League representative for a summary of all they did before, during, and since Katrina. Ask your League for a summary of their efforts during the last crisis in your state.*

### **Staging Area Managers**

1. Credit unions that use mobile units should be familiar with staging area security and parking surface requirements. Refer to tutorials on setting up and managing staging areas.
2. Refer to RMLC tutorials on setting up and management staging areas.

**This paper was prepared for students at CUNA Management School and International Credit Union Risk Managers attending the WOCCU Conference in Dublin, Ireland!**

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