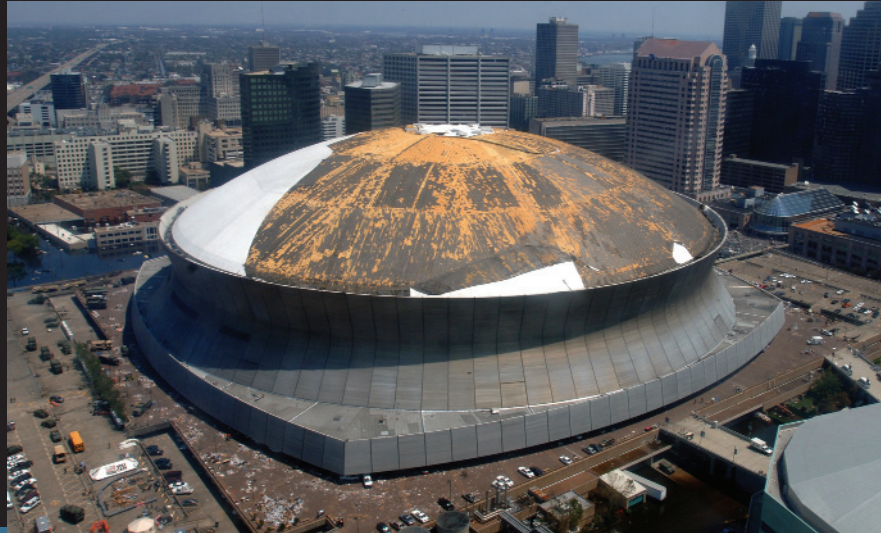




President's Council on Integrity and Efficiency
Executive Council on Integrity and Efficiency



Oversight of Gulf Coast Hurricane Recovery A Semiannual Report to Congress

April 1, 2006—September 30, 2006

COVER PHOTOS

New Orleans, LA—These before and after views show the work progress on the Louisiana Superdome seen in top aerial photo, taken on September 7, 2005, just weeks after Hurricane Katrina hit the city. The bottom photo taken on August 7, 2006 shows the new roof installed just before the reopening of the facility.



PRESIDENT'S COUNCIL on INTEGRITY & EFFICIENCY
EXECUTIVE COUNCIL on INTEGRITY & EFFICIENCY



November 2006

The Honorable Ed Whitfield
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Whitfield:

This report is the second in a series of semiannual reports on Gulf Coast hurricane recovery oversight. These two semiannual reports follow *Oversight of Gulf Coast Hurricane Recovery, A 90-Day Progress Report to Congress*, which was published on December 30, 2005.

Gulf Coast hurricane recovery oversight is truly an effort by the entire federal Inspector General (IG) community. This group, coordinated through the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE), is ensuring that the audit and investigative efforts and resources of the IG community are focused on disaster-related issues, ensuring accountability and the prevention of crimes and mismanagement. Today, approximately 480 IG personnel are working on recovery oversight.

Richard L. Skinner, the chair of the PCIE's Homeland Security Roundtable and the Department of Homeland Security Inspector General, coordinates these critical PCIE and ECIE IG activities. Under Mr. Skinner's leadership, federal IGs have been working tirelessly to ensure that: (1) agency internal controls are in place to prevent fraud, waste, and abuse; (2) IG investigative activities are coordinated with the Department of Justice's Hurricane Katrina Fraud Task Force; (3) agency stewardship plans for hurricane relief activities are in place and operating as intended; and, (4) the IG community is executing its hurricane relief oversight efforts in a coordinated fashion so that its resources are used as efficiently and effectively as possible.

This report includes a new section on lessons learned. Its purpose is to develop agency and program improvements to enhance disaster response, and to develop recommendations for improved IG coverage of disaster relief operations and programs. We plan to track solutions, implementing any recommendations.

Mr. Chairman, as discussed in this report, the IG community continues to be actively engaged in disaster recovery operations along the Gulf Coast. Our audits, reviews, and investigations of federal recovery programs, in our judgment, have and will continue to benefit the federal government's hurricane relief activities. In pursuing this task, we have received notable support from you and other members of the Congress and from committee staffs. Further, we have had the cooperation of agency officials with direct responsibility for the hurricane relief effort.

Finally, we have received excellent support from the Chairman of the PCIE and ECIE, Clay Johnson, the Deputy Director of the Office of Management and Budget. He took an active role in ensuring a robust oversight program.

It is a privilege for us to represent the efforts of the hundreds of dedicated IG professionals on the frontline of disaster response and recovery.

Sincerely,



Gregory H. Friedman
Inspector General
Department of Energy
Vice Chair, PCIE



Richard L. Skinner
Inspector General
Department of Homeland Security
Chair, PCIE/ECIE
Homeland Security Roundtable



Barry R. Snyder
Inspector General
Federal Reserve Board
Vice Chair, ECIE

TABLE OF CONTENTS

SECTION 1	Executive Summary	1
SECTION 2	Highlights of Oversight Activities	5
	Emerging Oversight Trends	7
	Contract Actions	8
	Law Enforcement Activities	11
SECTION 3	Audits, Inspections and Other Reviews	13
	Contract Reviews	16
	Management and Performance Reviews	17
	Departmental Summaries	18
	Inspections	67
SECTION 4	Investigations	73
	Departmental Investigative Case Summaries	75
SECTION 5	Lessons Learned	91
	PCIE ECIE After Action / Lessons Learned Review	93
	Lessons Learned and Potential Recommendations	96
SECTION 6	Gulf Coast Recovery Funding	107
	U.S. Emergency Supplemental Appropriations	109
	Disaster Relief Fund	113
	Mission Assignments	114
	Private Donations for Hurricane Recovery	116
	Departmental Funding Reports	116

APPENDICES	Appendix A (Web link) First Year Report to the Attorney General – September 2006 Office of the Hurricane Katrina Fraud Task Force	A1-A2
	Appendix B Hurricane Recovery Funding – The 1 st Emergency Supplemental (FY 2005)	B1-B4
	Appendix C Hurricane Recovery Funding – The 2 nd Emergency Supplemental (FY 2005)	C1-C6
	Appendix D (Web link) Hurricane Recovery Funding – The 3 rd Emergency Supplemental (FY 2006)	D1-D2
	Appendix E (Web link) Hurricane Recovery Funding – The 4 th Emergency Supplemental (FY 2006)	E1-E2
	Appendix F Private Donations for Hurricane Katrina and Rita Victims	F1-F4
	Appendix G Hurricane Financial Profiles by Program Area	G1-G6
	Appendix H Useful Web Site Links	H1-H4
	Appendix I PCIE ECIE Contributing Members	I1-I6
	Appendix J OIG Congressional Activities	J1-J6
	Appendix K PCIE / ECIE Oversight Audit and Investigative Models	K1-K4
	Appendix L Glossary	L1-L8
	Appendix M Acronyms and Definitions	M1-M8

EXECUTIVE SUMMARY

1



Gulfport, MS, August 15, 2006—Contractors are now replacing the temporary blue roofs with permanent roofs. Hurricane Katrina destroyed countless roofs along the Mississippi Gulf Coast. (Mark Wolfe/FEMA photo)

OVERSIGHT OF GULF COAST HURRICANE RECOVERY

Executive Summary

One year after three major hurricanes swept through the Gulf States in 2005, some federal recovery efforts are beginning to transition from individual assistance, such as temporary housing, to larger scale public assistance projects focused on infrastructure recovery. Meanwhile, other housing programs, such as community development block grants, remain in the early stages of distribution.

Record amounts of federal funds have been made available for the recovery, totaling \$87.75 billion as of September 30, 2006, which is an increase of slightly more than \$20 billion over the last semiannual reporting period, ending April 30, 2006.

Ongoing oversight of this massive recovery effort by the federal Inspectors General (IGs), continues to provide valuable lessons for those planning for future recovery efforts. Federal IGs from 22 departments and agencies have committed 480 full-time personnel to recovery oversight, as of September 30, 2006.

Before Hurricane Katrina, the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) had established a Homeland Security Roundtable, building on collective experience of the federal IGs, following the September 11th attacks.

The Roundtable became the natural vehicle to manage hurricane recovery oversight, under the direction of the Department of Homeland Security (DHS) IG, Richard Skinner. Mr. Skinner appointed Matt Jadacki, Deputy IG for Disaster Assistance Oversight, to lead this oversight effort. In addition to coordinating the IGs' oversight effort, which will involve several years of work, Mr. Jadacki has formed a Disaster Recovery Working Group to help IGs plan for their response to future disasters.

EMERGENCY FEDERAL FUNDING

Since September 2005, Congress approved four emergency supplemental appropriations totaling \$87.75 billion for the recovery effort. The most recent Emergency Supplemental Appropriations Act for Defense, the Global War on Terror and Hurricane Recovery, 2006, which became Public Law 109-234 on June 15, 2006, made available \$20.2 billion in additional Gulf Coast hurricane recovery appropriations. Of this funding, DHS received \$6.6 billion, of which \$6 billion is allocated to the Disaster Relief Fund. DoD received \$5.36 billion for a variety of programs, including U.S. Army Corps of Engineers (USACE) dredging and flood control projects, shipyard repairs, and other fund restorations. The Department of Housing and Urban Development (HUD) also received funds that will flow to the states in the form of HUD Community Development Block Grants (CDBG) for housing and other needs.

OVERSIGHT OF FEDERAL FUNDING

Audits and other reviews provide assurances that funds appropriated for disaster relief programs are being spent in an effective, efficient, and economical manner. As of September 30, 2006, agencies under review by the IGs had issued at least 8,408 contracts with a total value exceeding \$12 billion. Of the \$12 billion under contract, DHS accounted for \$7.59 billion; DoD, \$2.55 billion; and the General Services Administration (GSA), \$670 million. As of September 30, 2006, there were audits or reviews of 835 contracts, includ-

ing 348 completed and 487 ongoing audits. These 835 contracts had a total contract value of \$8.5 billion. Of this amount, auditors reported questioned costs of \$53.6 million of which \$33.3 million was determined to be unsupported. Also, the Office of Inspectors General (OIG) reported that from the contract reviews, \$80.9 million in taxpayer funds was put to better use.

AUDITING AND OTHER REVIEWS

Ongoing reviews offer a retrospective, and can influence change in a timely fashion. For example, the Government Accountability Office (GAO) and DHS OIG performed a joint audit of DHS purchase card contracts used after Hurricane Katrina. They determined that a weak control environment and breakdowns in key controls exposed DHS to fraud and abuse in its use of the purchase card. While DHS's draft Purchase Card Manual generally contained effective control procedures, it was not finalized due to disagreements over its implementation. This led to new DHS cardholder procedures.

Other reviews included a Department of Health and Human Services (HHS) assessment of nursing home emergency preparedness and response. The HHS OIG recommended that the Centers for Medicare and Medicaid Services strengthen federal certification standards for nursing home emergency plans. The study of selected nursing homes in five Gulf States reported that all experienced problems, including nursing home emergency plans not followed, missing evacuation plans, and lack of collaboration between state and local organizations.

A DHS OIG review of \$102 million distributed to the City of New Orleans as expedited funding for damages and debris removal determined that the city's accounting system did not properly allocate costs or document cost eligibility.

Another review by the Army Audit Service of 58 contracts, valued at approximately \$433 million, addressed the USACE's management of emergency repairs to levees and flood walls in the New Orleans area. Auditors determined that the USACE did a commendable job awarding contracts—openly competed approximately 92% of these funds—but recommended that future solicitations be advertised in national trade and media outlets to ensure adequate competition.

LAW ENFORCEMENT

OIG investigative teams have been deployed to each of the Federal Emergency Management Agency (FEMA) Joint Field Offices in Alabama, Mississippi, Louisiana, Texas, and Florida to investigate allegations of fraud, waste, and abuse. Since the hurricane relief and recovery process was initiated, federal IGs have reported that 1,756 cases were opened. This caseload has resulted in 439 indictments, 407 arrests, and 255 convictions. These figures are more than twice what were reported six months earlier on March 31, 2006, specifically 174 indictments, 152 arrests, and 48 convictions. As of September 30, 2006, the Hurricane Fraud Hotline received 22,647 contacts or allegations of fraud, waste and abuse.

Meanwhile, the Hurricane Katrina Fraud Task Force (HKFTF), managed by the Department of Justice, has reviewed and analyzed more than 6,000 fraud-related tips and complaints since September 2005. (See Appendix A for a HKFTF Web link.)

HIGHLIGHTS

2



New Orleans, LA—Residents in New Orleans' devastated 9th Ward have most of their polling places moved to locations that suffered less damage after Hurricane Katrina. (SBA photo)

OVERSIGHT OF GULF COAST HURRICANE RECOVERY

Highlights of Oversight Activities

While the one-year anniversary of Hurricane Katrina has passed, the work of rebuilding has, in many ways, just begun. Some estimate the rebuilding will last ten more years, while others say it could take a generation.

More than a year after the storms wrought devastation along the Gulf Coast, government relief efforts remain substantial, and oversight remains a formidable task. Twenty-two federal Inspector General (IG) organizations are focused on ensuring the \$87.75 billion made available in four separate emergency supplemental spending measures in 2005 and 2006 is properly used during the Gulf Coast hurricane recovery.

Just before Hurricane Katrina, the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) had established the Homeland Security Roundtable to deal with government-wide homeland security issues. After the hurricane hit, the Roundtable became the natural forum for the IG community to conduct its ongoing discussions of and planning for hurricane recovery oversight. Sharing the responsibility for overseeing its department's hurricane expenditures, each IG office draws from the experiences, input, and best practices of all the federal IGs.

As of September 30, 2006, approximately 337 government auditors and inspectors, 88 criminal investigators and 55 support personnel were devoted to the various reviews. The Department of Defense (DoD) had the largest contingent of auditors (134), and the Department of Homeland Security (DHS) had the largest contingent of criminal investigators (34).

EMERGING OVERSIGHT TRENDS

Assistance for Individuals and Communities

Depending on the type of assistance provided, and whether the assistance is going to individuals, communities, or state and local governments, the Office of Inspectors General (OIG) can make adjustments to their oversight approach to maximize their resources.

For example, in the near future Federal Emergency Management Agency's (FEMA) Individual Assistance (IA) program will make fewer payments to individuals, while FEMA's Public Assistance (PA) program will increase the amounts of funding for communities, counties, cities and state governments to execute large infrastructure contracts, or contracts for other recovery programs, that benefit many and not only individuals.

While this trend may be true at FEMA, the coming year at the Department of Housing and Urban Development (HUD) will be managing this trend in reverse. Soon, HUD's substantial investment in the recovery, in the form of Community Development Block Grants, will increase on behalf of individuals. These grants are made to the states and are distributed by the states to individuals in need of housing recovery assistance, as opposed to temporary shelter.

Thus, 14 months after the 2005 storms subsided, there are now fewer instances of victims applying for FEMA IA and more instances of communities, cities, counties, and states applying for PA funds. Eligibility for public assistance dollars, usually provided in the form of grants, may last for

many years following a catastrophic event. Currently, the DHS OIG expects that some limited eligibility for IA will likely extend for only another 18 months, or roughly until the end of 2007.

In addition, the National Flood Insurance Program (NFIP), will demand an investment of time and other resources by DHS OIG and Government Accountability Office (GAO) in the coming year. The NFIP will undergo a review by the DHS OIG to determine whether the claims process was managed according to laws and policies after the storms subsided.

CONTRACT ACTIONS

As the one-year mark after Hurricane Katrina passed, the flurry of contracts issued to address the immediate needs of the disaster has abated. Many of the initial contracts were activated from contingency contracts that had been prepared to provide immediate relief in an emergency. Other contracts followed routine procurement procedures, and have long-term value.

As of September 30, 2006, federal agencies had issued 8,408 contracts¹, with a total value exceeding \$12 billion. Of the \$12 billion under contract, DHS contracts accounted for \$7.59 billion; DoD contracts, \$2.55 billion; and the General Services Administration contracts, \$670 million.

As of September 30, 2006, there were 835 contracts² with completed or ongoing audits and reviews. These 835 contracts had a total contract value of \$8.5 billion. Unprecedented oversight is required for such a massive effort that involves the work of multiple government agencies across several states.

Table 2-1 on the next page presents a breakdown of all hurricane recovery-related contract actions, by agency.

Sole-Source Contracts

Although expedited contracting is often required immediately after a disaster, once the emergency period is over, the government should recompet some contracts to introduce competition into the process and ensure that the government is getting a fair price. This recompetition practice was not consistently followed in the post-2005 hurricane environment.

The IG's role in hurricane relief and recovery oversight includes contract reviews and investigations managed from field offices along the Gulf Coast. Being onsite helps to deter contractors that might improperly discharge their contracts during the crisis. Over time, contract actions should introduce full and open competition as the timeline moves from disaster response to recovery.

When a disaster or emergency occurs, the government is expected to respond expeditiously. In some cases, contracts that under other conditions would be openly competed may be awarded under a sole-source or limited competition basis. The number of sole-source contracts following a disaster response period should decline, as the urgency of the situation subsides and planning can be implemented.

1 This includes contracts and contract actions, such as task orders, modifications, delivery orders, etc.

2 Ibid.

CONTRACT ACTIONS, BY AGENCY

Agency	Total Contracts (3)	< \$500K	> \$500K	Contracts Greater Than \$500K by Competition Type				Value of Contracts (in thousands)		
				Full and Open	Limited	Sole Source	Other	< \$500K	> \$500K	Total
DHS	4412	3505	907	173	1	410	323	\$289,490	\$7,309,767	\$7,599,257
DOC	-	-	-	-	-	-	-	\$5,300	\$1,200	\$6,500
DoD (1)	-	-	-	-	-	-	-	\$94,568	\$2,460,066	\$2,554,634
DOE (2)	-	-	-	-	-	-	-	\$0	\$0	\$0
DOI	889	863	26	10	2	11	3	\$29,873	\$23,102	\$52,975
DOJ	83	75	8	-	-	3	5	\$4,861	\$12,100	\$16,961
DOL	6	4	2	-	-	2	-	\$2,712	\$2,048	\$4,760
DOT	71	56	15	7	2	6	-	\$7,655	\$391,863	\$399,518
ED	-	-	-	-	-	-	-	\$0	\$0	\$0
EPA	280	191	89	76	-	13	-	\$14,161	\$261,194	\$275,355
GSA	1886	1,658	228	35	27	153	13	\$71,865	\$598,856	\$670,721
HHS	202	169	33	23	-	10	-	\$15,243	\$72,113	\$87,356
HUD	21	11	10	-	4	3	3	\$1,060	\$18,325	\$19,385
NASA	37	29	8	6	2	-	-	\$4,920	\$176,704	\$181,624
SBA	-	-	-	-	-	-	-	\$0	\$0	\$0
SSA	14	13	1	-	1	-	-	\$1,454	\$600	\$2,054
TIGTA	19	19	-	-	-	-	-	\$356	\$0	\$356
TREAS	0	-	-	-	-	-	-	\$0	\$0	\$0
USDA	459	403	56	51	1	4	-	\$42,798	\$83,605	\$126,403
USPS	29	24	5	2	-	3	-	\$2,176	\$6,173	\$8,349
VA	-	-	-	-	-	-	-	\$0	\$0	\$0
Total	8408	7020	1388	383	40	618	347	\$588,492	\$11,417,716	\$12,006,208

Source: 11th PCIE ECIE Hurricane Katrina Report (as of September 30, 2006)

Note 1: The total dollar value of contracts was based on data provided by OSD AT&L and is current as of September 30, 2006. DoD reported that the number of contracts data has not been determined, but the Department may have it for the next report in April 2007.

Note 2: To date, DOE has received only a small portion of the funds allocated for hurricane-relief related funding.

Note 3: This includes contracts and contract actions, such as task orders, modifications, delivery orders, etc.

Table 2-1

Indeed, post-Katrina sole-source contracts in general have declined as a proportion of total contracts awarded (with values greater than \$500,000) within the past year, as seen in Table 2-2. In the first 90 days after Katrina, 58.8% of contracts were awarded sole source. That number declined to 50.5% within 180 days. The latest statistics show that it has declined further to 44.5%.

SOLE SOURCE CONTRACTS, BY AGENCY

Agency	First 90 days (As of 12/30/05)			First 180 days (As of 3/30/06)			First 360 days (As of 9/30/06)		
	Contracts >\$500k	Sole Source	Percentage	Contracts > \$500K	Sole Source	Percentage	Contracts >\$500 K	Sole Source	Percentage
DHS	579	378	65.28%	770	420	54.55%	907	410	45.20%
DOC	2	0	0.00%	-	-	-	-	-	-
DoD (1)	-	-	-	-	-	-	-	-	-
DOE	-	-	-	-	-	-	-	-	-
DOI	3	1	33.33%	9	2	22.22%	26	11	42.30%
DOJ	2	2	100.00%	4	3	75.00%	8	3	37.50%
DOL	2	0	0.00%	2	2	100.00%	2	2	100%
DOT	17	7	41.18%	15	6	40.00%	15	6	40.00%
ED	-	-	-	-	-	-	-	-	-
EPA	60	11	18.33%	87	13	14.94%	89	13	14.60%
GSA	197	130	65.99%	219	147	67.12%	228	153	67.10%
HHS	27	6	22.22%	28	6	21.43%	33	10	30.30%
HUD	7	4	57.14%	10	3	30.00%	10	3	30.00%
NASA	7	2	28.57%	7	2	28.57%	8	-	0.00%
SBA	-	-	-	-	-	-	-	-	-
SSA	1	-	0.00%	1	-	0.00%	1	-	0.00%
TIGTA	-	-	-	-	-	-	-	-	-
TREAS	-	-	-	-	-	-	-	-	-
USDA	-	-	-	46	-	0.00%	56	4	7.14%
USPS	1	1	100.00%	5	3	60.00%	5	3	60.00%
VA	-	-	0.00%	-	-	0.00%	-	-	-
Total	905	542	59.89%	1203	607	50.46%	1,388	618	44.52%

Source: 11th PCIE ECIE Hurricane Katrina Report (as of September 30, 2006)

Note 1: DoD reported that the number of contracts data has not been determined, but the Department may have it for the next report in April 2007.

Table 2-2

LAW ENFORCEMENT ACTIVITIES

OIG investigative teams have been deployed to the FEMA Joint Field Offices in Alabama, Mississippi, Louisiana, Texas, and Florida to investigate allegations of fraud, waste and abuse. Investigators are coordinating with their respective federal, state, and local law enforcement agencies and prosecutors as part of their fraud detection and protection initiatives. They have also initiated investigations into allegations received through the Hurricane Fraud Hotline and other sources.

Since the hurricane relief and recovery process was initiated, through September 30, 2006, the 22 federal IGs involved in hurricane recovery oversight have reported 439 indictments, 407 arrests, and 255 convictions. This is a large increase over the figures reported six months earlier on March 31, 2006, when they reported 174 indictments, 152 arrests, and 48 convictions. There have also been 22,647 contacts made to the Hurricane Fraud Hotline, an increase of more than 8,262 contacts over the 14,385 hotline contacts reported during the first six months.

Hurricane Katrina Fraud Task Force Activities

This national task force's Joint Command Center, established in Baton Rouge, LA, following hurricanes Katrina and Rita is headed by U.S. Attorney David R. Dugas of the Middle District of Louisiana. The task force has reviewed and analyzed more than 6,000 fraud-related tips and complaints in the one year since Katrina. Thirty-three agencies and Department of Justice (DOJ) components have representatives assigned to the Joint Command Center or designated as points of contact to fully integrate and coordinate the national law enforcement response to fraud and corruption. The task force reported indications that the prosecution of Katrina fraud cases was having a deterrent impact, with FEMA and the American Red Cross reporting the return of more than \$18.2 million in funds by recipients of Individual Assistance (IA) benefits.

Additionally, the task force is reviewing findings in *Expedited Assistance for Victims of Hurricanes Katrina and Rita: FEMA's Control Weaknesses Exposed the Government to Significant Fraud and Abuse*, published on June 16, 2006 by the GAO of potentially \$1.6 billion in allegedly fraudulent FEMA IA claims.

The 2006 New Orleans Conference

After a full year of vigorous activity, the task force held its first annual conference in New Orleans on September 13, 2006. The purpose of this conference was to take stock of the year's activity, establish and review important lessons learned, and discuss the future work of the task force. This conference brought together nearly 150 senior level and operational representatives from federal, state, and local law enforcement agencies, a group that now includes the offices of the Mississippi and Louisiana State Attorneys General, the Mississippi State Auditor's Office, the Louisiana IG, and other key state and local partners. The cross-cutting participation demonstrates the effectiveness of the task force's national response and its unprecedented effort in the fight against disaster-related assistance fraud.

AUDITS, INSPECTIONS, AND OTHER REVIEWS

3



Cameron, LA, May 20, 2006—FEMA asbestos inspectors George Legere, Walter Coleman, Jr., and Rocky Craigen check for asbestos in preparation for demolition. Crews and landfill operators need to know which hazardous materials are present. (Marvin Nauman/FEMA photo)

OVERSIGHT OF GULF COAST HURRICANE RECOVERY

Audits, Inspections, and Other Reviews

Since hurricanes Katrina, Rita, and Wilma struck America's Gulf Coast, the Inspectors General (IGs) for 22 federal departments and agencies responsible for auditing and evaluating the relief efforts in that region have coordinated their activities through the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE). The Government Accountability Office (GAO) is also helping to oversee the effort. Even though more than 14 months have passed since the storms devastated areas of the Gulf Coast, government relief efforts remain substantial, and so the auditors, inspectors, and investigators continue to face a formidable task. Audit and review statistical highlights for this reporting period include:

- As of September 30, 2006, the agencies under review by the IGs had issued at least 8,408 contracts with a total value exceeding \$12 billion. Of the \$12 billion under contract, the Department of Homeland Security (DHS) accounted for \$7.59 billion; the Department of Defense (DoD), \$2.55 billion; and the General Services Administration (GSA), \$670 million
- As of September 30, 2006, there were 835 contracts¹ with completed or ongoing audits and reviews. These 835 contracts had a total contract value of \$8.5 billion. Unprecedented oversight is required for such a massive effort that involves the work of multiple government agencies across several states (See Table 3-1 below)
- As of September 30, 2006, approximately 337 government auditors and inspectors were devoted to the various reviews, with the DoD having the largest number of auditors (134)
- The 835 contract audits included 348 audits completed and 487 ongoing audits. Of the \$8.5 billion in total contract value, auditors reported questioned costs of \$53.6 million, of which \$33.3 million was determined to be unsupported. Also, the OIGs reported that from the contract reviews, \$80.9 million in taxpayer funds were put to better use. Finally, the OIGs reported that as a result of these reviews, \$2.1 million was deobligated.

¹ This includes contracts and contract actions, such as task orders, modifications, delivery orders, etc.

CONTRACT REVIEWS, BY AGENCY

Agency	Number of Reviews			Value of Reviews (in thousands)		
	Total	In Process	Completed	Total	In Process	Completed
DHS	311	142	169	\$3,941,553	\$2,452,133	\$1,489,420
DOC	1	1	-	\$6,500	\$6,500	-
DoD	11	7	4	\$2,421,608	\$2,172,608	\$249,000
DOE	-	-	-	-	-	-
DOI	-	-	-	-	-	-
DOJ	1	-	1	\$5,200	-	\$5,200
DOL	6	5	1	\$4,760	\$3,325	\$1,435
DOT	1	1	-	\$247,023	\$247,023	-
ED	-	-	-	-	-	-
EPA	136	1	135	\$259,409	\$981	\$258,428
GSA	255	255	-	\$695,767	\$695,767	-
HHS	72	63	9	\$92,682	\$66,466	\$26,216
HUD	3	-	3	\$22,880	-	\$22,880
NASA	33	11	22	\$89,160	\$11,243	\$77,917
SBA	-	-	-	-	-	-
SSA	-	-	-	-	-	-
TIGTA	-	-	-	-	-	-
TREAS	-	-	-	-	-	-
USDA	-	-	-	-	-	-
USPS	4	1	3	\$8,349	-	\$8,349
VA	1	-	1	\$709,440	-	\$709,440
Total	835	487	348	\$8,504,331	\$5,656,046	\$2,848,285
Compared to: 1st 180 days (2)	535	289	246			

Source: 11th PCIE ECIE Hurricane Katrina Report (as of September 30, 2006)

Note 1: Data is not provided for comparison purposes. Some reviews represent audits of multiple grants, mission assignments, and other non-contract vehicles. Some reviews use Yellow Book standards.

Note 2: 9th PCIE ECIE Hurricane Katrina Report (as of March 30, 2006).

Table 3-1

As with the April 30, 2006, *PCIE ECIE Gulf Coast Hurricane Recovery Semiannual Report to Congress*, this report focuses on fraud and waste prevention, improving program operations, and protecting beneficiaries, with auditors and inspectors performing the following work:

- Reviewing controls
- Monitoring and advising department officials on contracts, grants, and purchase transactions before they are approved
- Meeting with applicants, contractors, and grantees to advise them of the requirements and to assess their capability to account for the funds
- Reviewing program operations, management practices, and beneficiary protections in programs made particularly vulnerable in the aftermath of the hurricanes.

In addition to contract reviews, auditors have reviewed purchase card procedures and conducted other management reviews. (See Table 3-2 on the next page.)

MANAGEMENT AND PERFORMANCE REVIEWS, BY AGENCY

Agency	Purchase Cards		Non-Contract Reviews					
	Transactions (\$) (in thousands)	% of Transactions Reviewed	Grants		Mission Assignments		Other	
			In Process	Complete	In Process	Complete	In Process	Complete
DHS	\$22,687	100%	22	32	2	-	19	9
DOC	\$289	0%	1	-	-	-	-	-
DoD	-	-	-	-	2	1	8	4
DOE	-	-	-	-	-	-	1	1
DOI	\$19,711	0%	-	-	-	-	1	-
DOJ	\$6,000	63%	-	1	-	-	-	1
DOL	\$717	0%	3	5	-	-	5	8
DOT	\$1,205	0%	2	2	2	4	1	2
ED	-	-	7	1	-	-	-	-
EPA	\$1,480	50%	-	-	0	5	-	-
GSA	\$107	0%	-	-	1	-	1	-
HHS	\$2,201	0%	1	-	-	-	2	1
HUD	-	-	-	-	-	-	3	-
NASA	\$135	91%	-	-	1	-	-	-
SBA	-	-	-	-	-	-	7	5
SSA	\$224	0%	-	-	1	-	-	-
TIGTA	\$79	0%	-	-	-	-	1	9
TREAS	-	-	-	-	-	-	2	-
USDA	\$20,601	0%	1	-	10	4	11	1
USPS	\$17,750	100%	-	-	-	1	-	10
VA	-	-	-	-	-	-	3	-
Total	\$93,186	-	37	41	19	15	65	51
Compared to:								
1st 180 days (3)	\$81,880	-	41	12	19	7	51	21

Source: 11th PCIE ECIE Hurricane Katrina Report (as of September 30, 2006)

Note 1: Data is not provided for comparison purposes. Some reviews represent audits of multiple grants, mission assignments, and other non-contract vehicles. Some reviews are Yellow Book audits.

Note 2: A total universe cannot be derived for purchase card transactions related to Hurricane Katrina.

Note 3: 9th PCIE ECIE Hurricane Katrina Report (as of March 30, 2006)

Table 3-2

Auditors and inspectors are responsible for identifying, as early as possible, instances of fraud, waste, and abuse. The hurricanes remain vivid memories for many Americans, particularly those who lived or still live in the affected region or who have family and friends there. The damage inflicted by these natural disasters on Americans should not be compounded by anyone involved in fraud, waste, or abuse of federal dollars. The PCIE ECIE auditors and inspectors providing hurricane oversight are dedicated to protecting the interests of those Americans who are only beginning to address the disruptions to their lives.

DEPARTMENTAL SUMMARIES

DEPARTMENT OF HOMELAND SECURITY

Management Advisory Reports

Debit Card Overdrafts

(GC-HQ-06-51, August 30, 2006)

Auditors determined that in September 2005, the Federal Emergency Management Agency (FEMA) issued at least 10,954 debit cards, valued at more than \$21.9 million, to hurricane evacuees at shelters in Dallas, Houston, and San Antonio. Each card had an initial value of \$2,000. FEMA later added value to some cards. By late September 2005, 284 cardholders had overdrafts or instances where cardholders received more funds than FEMA authorized. That number increased to more than 1,400 by December 2005 and to 2,300 (21% of cards issued) by July 2006.

The reasons for overdrafts varied. Of the overdrafts reviewed with a combined value of \$28,433, miscellaneous point-of-sale transactions accounted for about 67% of the number of overdrafts, but only 5% of the total amount overdrawn. Car rental agencies and hotels accounted for 22% of overdraft transactions and more than 71% of the total amount overdrawn. Cash withdrawals, although relatively few in number, accounted for 14% of the total amount overdrawn.

Auditors recommended that FEMA do the following:

- Formalize with the Treasury Department the terms and responsibilities for resolving overdrafts, including the recovery of funds
- Deactivate all debit cards and accounts as soon as practicable, after providing cardholders written notification
- Stop adding funds to debit cards.

Hurricane Katrina Activities, City of Austin, Texas

(GC-TX-06-32, April 6, 2006)

The city of Austin received \$44 million from the Texas Division of Emergency Management, a FEMA grantee, for emergency shelter, food, security, and interim housing for approximately 3,400 evacuees. Auditors determined that the city had an effective system to account for and ensure appropriate use of those funds. However, the award exceeded the city's needs by \$21.5 million; the city earned interest on the funds advanced; and it did not dispose of 50 personal computers purchased with the funds.

Auditors recommended that FEMA reduce the grant award by \$21.5 million, require the city to remit interest earned, and either recover the remaining value of the 50 computers or ensure the city uses them for other federally funded programs.

Starship Facility Renovation Project, Anniston, Alabama
(GC-HQ-06-52, September 6, 2006)

FEMA spent \$7 million to renovate buildings at the abandoned Fort McClellan military base in Anniston, Alabama, as housing for up to 660 Katrina evacuees, but fewer than 20 residents were in place before the project was discontinued in October 2005. Auditors determined that FEMA did not follow proper channels of authority nor did it exercise sound judgment in approving the facility for temporary housing. FEMA provided little guidance to the contractor, and contract oversight was inadequate.

Auditors recommended that FEMA do the following:

- Explore legal avenues to recover its investment in the facility
- Strengthen management of alternative housing for disaster victims and require that housing officials determine that facilities are acceptable before acquiring them
- Require that housing decisions be approved in writing and coordinated with field and headquarters recovery managers.

Assistance to Eligible Evacuees in Need of Housing
(GC-HQ-06-41, June 9, 2006)

FEMA reimbursed the American Red Cross for hotel and motel lodging of some Katrina evacuees. Auditors reviewed the reimbursement to determine whether lodging rates were reasonable, allowable, and necessary; whether evacuees who received lodging were eligible; and whether contracting practices were effective. During the DHS OIG review, the Red Cross identified unallowable charges it billed to FEMA for lodging Red Cross employees and volunteers. Red Cross provided weekly updates of unallowable charges and reimbursed FEMA for the unallowable charges.

Auditors recommended that FEMA determine the extent of unallowable charges, initiate collection procedures with the Red Cross, and establish controls to determine and prevent future unallowable charges under lodging contracts. A final report is pending.

Hurricane Wilma Activities for Miami-Dade County, Florida
(GC-FL-06-33, April 6, 2006)

Miami-Dade County received \$162.9 million from the Florida Department of Community Affairs, a FEMA grantee, for debris removal activities after Hurricane Wilma.

Auditors identified \$1.5 million in potential duplicate administrative charges related to the county's retention of 2.25% of contractors' invoice billings to help defray procurement costs. Auditors recommended that FEMA notify the county that the duplicate charges are ineligible for FEMA funding. Auditors also reported that \$72 million of the \$144 million awarded for debris removal activities should be de-obligated, because the final cost would be about 50% below the original estimate.

Review of Hurricane Wilma Activities for the City of Fort Lauderdale, Florida
(GC-FL-06-50, August 14, 2006)

The city of Fort Lauderdale received \$24.6 million from the Florida Department of Community Affairs, a FEMA grantee, for debris removal. Despite federal restrictions on time and material contracts, the audit report showed the city retained 14 contractors under arrangements that were in violation of the federal restrictions and paid them \$5.9 million for work that lasted 370 hours, 300 hours beyond the permissible limit. Moreover, contracts were awarded without determining whether more suitable arrangements existed without a ceiling price.

Auditors recommended that, in conjunction with the FEMA grantee, the Director of FEMA's Florida Long-Term Recovery Office do the following:

- Instruct the city, for future declarations, to comply with federal regulations and FEMA guidelines governing contracting
- Inform the city that \$1.1 million of the \$5.9 million in time-and-material contract charges represents unreasonable costs not eligible for FEMA funding.

Reimbursements for Other Needs Assistance Items
(GC-HQ-06-34, April 19, 2006)

Auditors reviewed payments to applicants as a result of hurricanes Katrina, Rita, and Wilma for items qualifying under "other needs assistance" (ONA) provisions (specifically, chain saws and generators) and determined that controls had not been implemented or were ineffective at preventing overpayments. Applicants received payments for the maximum allowed amount regardless of actual costs.

Auditors recommended that FEMA do the following:

- Develop and implement enhancements to the National Emergency Management Information System (NEMIS) to ensure that actual purchase amounts are recorded during field inspections and systematically compared to maximum amounts authorized
- Review and test system and manual review controls for claims that are processed manually
- Develop a plan to determine and recoup any future monies issued for amounts greater than actual purchase price or maximum amount allowed, whichever is lesser
- Research and institute a process for assisting individuals who have legitimate financial hardships but are unable to make the initial purchase for qualifying items.

Cannibalization of Travel Trailers by Bechtel
(GC-HQ-06-35, April 21, 2006)

Auditors confirmed that Bechtel National, Inc., a FEMA contractor, cannibalized 36 travel trailers and that others were not mission capable. Bechtel used the trailer parts, including batteries, propane tanks, and other small items, to repair trailers that were either damaged or not mission capable.

Auditors determined that Bechtel did not comply with contract requirements that it report to FEMA any property received in condition not suitable for use. Auditors also reported that FEMA did

not inspect the trailers before accepting them. Some deficient trailers may have been eligible under the manufacturer's warranty, but Bechtel's decision to cannibalize damaged trailers may have voided that warranty.

Auditors recommended that FEMA do the following:

- Require the contracting officer's technical representatives to physically inspect contractor storage sites to ensure that contractors report damaged and non-mission-capable trailers
- Determine the responsibility for the damaged trailers and take appropriate action to return or repair damaged trailers or to recover the repair cost through the warranty.

*Review of Hurricane Katrina Activities, City of Houston, Texas
(GC-TX-06-58, September 27, 2006)*

The city of Houston received \$252.6 million from the Texas Division of Emergency Management, a FEMA grantee, for interim housing, project management, and shelter costs. The award provided 100% FEMA funding for up to 100,000 evacuees in 34,000 apartments.

Auditors determined that the city did not properly account for certain interim housing costs, representing \$222.3 million of the \$252.6 million. Also, the city's efforts to correct its accounting problems led to escalating project management costs, and the city earned approximately \$1 million in interest on funds advanced by FEMA.

Auditors recommended that FEMA monitor project management costs to ensure expenditures are used only on approved activities. They also recommended that FEMA require the city to remit interest earned on the FEMA funds as required by federal regulation.

*New Orleans Residential Damage Assessments
(GC-HQ-06-53, September 27, 2006)*

The city of New Orleans Department of Safety and Permits considers appeals from homeowners related to residential damage assessments performed by the city and its contractors. Under the standard rules of FEMA's National Flood Insurance Program (NFIP), damage assessments that exceed 50% of market value require homeowners who rebuild to meet flood protection requirements.

Auditors determined that, of the appeals submitted with ratings above 50% following Katrina, the city lowered damage ratings below 50% for the overwhelming majority and did not maintain documentation to support about 95% of those properties with lower ratings. The city also did not perform site inspections of the damaged homes and did not have quality control measures for the appeals process. However, the initial inspections appeared to have been flawed because inspectors relied on external inspections only and used a questionable methodology. Therefore, auditors questioned the accuracy of both the initial inspection process and the appeals process.

Auditors recommended that FEMA require the city to retain supporting documentation for appeals, re-evaluate formulas for inspections, and consider re-inspecting a sample of all substantially damaged residences to determine the accuracy of initial inspections.



Houston, TX—Hurricane Katrina evacuees fill the floor of Houston's Astrodome, which became temporary home to thousands. (Andrea Booher/FEMA photo)

Review of St. Tammany Parish Payments to Contractors
(GC-LA-06-57, September 27, 2006)

Auditors acted on a congressional inquiry about allegations that St. Tammany Parish did not make timely payments to contractors for debris removal, and that contractors in turn did not pay subcontractors. It was alleged that the Parish did not pay on time because it was concerned that FEMA might not reimburse the Parish (FEMA policy prohibits contract payments contingent on FEMA reimbursement).

According to the audit report, contract work was substantially complete by March 2006, but the Parish had paid the prime contractor only 50% of the amount due as of August 2006; the prime contractor had paid the subcontractors even less than 50% of their billings. Parish officials said the payments were delayed because they were reviewing the bills for accuracy.

Auditors recommended that FEMA encourage the Parish to expedite the process and ensure that contractor payments are not contingent on FEMA reimbursement.

Review of Hurricane Katrina Activities, Dallas Housing Authority, Dallas, Texas
(GC-TX-06-43, June 16, 2006)

According to the audit report, the Texas Division of Emergency Management, a FEMA grantee, gave \$29 million to the Dallas Housing Authority (DHA) to provide approximately 10,800 hurricane evacuees with interim housing. The DHA had an effective system to account for and ensure the appropriate use of disaster grant funds. However, the DHA earned approximately \$206,000 in interest on grant funds advanced by FEMA and generated \$37,000 in program income through furniture sales to

evacuees. Federal regulations require subgrantees to remit interest and program income to FEMA.

Auditors recommended that FEMA require the DHA to remit interest earned and program income from furniture sales.

*Review of Hurricane Katrina Activities for Magnolia Electric Power Association
(GC-MS-06-49, August 2006)*

The Mississippi Emergency Management Agency (MEMA), a FEMA grantee, gave \$10.7 million to Magnolia Electric Power Association for emergency protective measures and debris removal. Auditors determined that the association's expenditures included \$88,933 of ineligible overtime salary costs for managers and supervisors. According to the audit report, following the hurricane's passage and approval of FEMA funding, the association modified its overtime policy to make managers and supervisors eligible for overtime pay during the period August 29–September 25, 2005. Auditors determined that those overtime payments were ineligible for FEMA funding.

Auditors recommended that the Federal Coordinating Officer for Hurricane Katrina in Mississippi, in coordination with MEMA, disallow the ineligible overtime costs.

*Review of Classification and Distribution of Hurricane Katrina Disaster Relief Costs
(GC-HQ-06-45, July 11, 2006)*

Auditors determined that FEMA charged direct costs for Alabama, Louisiana, and Mississippi relief efforts to an administrative cost category, resulting in overstated administrative costs and understated direct costs. They also determined that FEMA charged costs to the Mississippi disaster that should have been distributed among the three states. Therefore, FEMA provided inaccurate information to managers, Congress, and the public on how taxpayer funds were spent, according to the audit report.

Auditors recommended that FEMA revise the classification system to accurately determine direct program and administration costs and to establish additional accounts to ensure accurate reporting. They also recommended that FEMA develop a methodology to estimate and distribute costs among states when goods and services are not state-specific.

*Review of FEMA Policy for Funding Public Assistance Administrative Costs
(GC-HQ-06-40, April 28, 2006)*

FEMA's system of providing assistance via an administrative allowance for public assistance grants, along with a system of state management administrative grants to cover needs not met by the allowance, creates the potential for excess funding and a financial windfall for state grantees.

Auditors recommended that FEMA establish management cost rates to replace both the administrative allowance and the state management grants as required by the Stafford Act. In the interim, they recommended that FEMA require state grantees to establish budgets for administrative allowances, submit periodic financial status reports, and refund amounts not used under the administrative allowances.



New Orleans, LA, May 11, 2006— Workers begin removing private property debris in the 9th Ward and putting it in curbside piles for removal to debris dump sites. FEMA is funding private property debris clean up. (Marvin Nauman/FEMA photo)

Interim Review of City of New Orleans
(GC-LA-06-56, September 27, 2006)

The city received more than \$102 million in expedited funding for hurricane debris removal and infrastructure damages. According to the audit report, the city's accounting system did not properly allocate costs or document cost eligibility.

Auditors recommended that FEMA ensure that the city establish an accounting system that facilitates the reconciliation of final claims for specific projects, including only proper costs. They also recommended that contracts be amended to ensure compliance with federal requirements and that the city properly monitor contracting activities.

Interim Review of St. Bernard Parish
(GC-LA-06-54, September 27, 2006)

The Parish received more than \$31 million in expedited funding related to Katrina, along with other FEMA funding, to address debris removal and infrastructure challenges. Auditors determined that Parish management did not allocate costs properly or document cost eligibility. The Parish also did not comply with federal contracting procedures or maintain accountability for capital asset purchases.

Auditors recommended that FEMA, in coordination with the state and the Parish, ensures that the Parish established an accounting system to reconcile the final claims for specific projects, including only those costs properly allocable and eligible for those projects. Auditors also recommended that contracts be amended to ensure compliance with federal requirements.

JOINT DHS - GAO REPORT

Purchase Cards

Control Weaknesses Leave DHS Highly Vulnerable to Fraudulent, Improper, and Abusive Activity
(GAO-06-1117, September 28, 2006)

In September 2006, the DHS-IG published a joint audit report with the GAO regarding DHS' use of the federal purchase card for thousands of transactions related to hurricane relief operations. In that review, the team reported that inadequate staffing, insufficient training, and ineffective monitoring, along with inconsistent purchase card policies contributed to a weak control environment and

breakdowns in specific key controls. The GAO and DHS OIG reported a lack of documentation that key purchase card internal controls were performed. Based on a statistical sample, they estimated that 45% of DHS' purchase card transactions were not properly authorized, 63% did not have evidence that the goods or services were received, and 53% did not give priority to designated procurement sources. They also reported cardholders who failed to dispute improper charges, which resulted in losses to the federal government.

The weak control environment and ineffective internal control activities allowed potentially fraudulent, improper, and abusive or questionable transactions to occur. Although this work was not designed to identify, and they could not determine, the full extent of fraud, waste, and abuse, the team did identify numerous examples of potentially fraudulent, improper, and abusive or questionable transactions. In addition, poor control over accountable property acquired with purchase cards may have resulted in lost or misappropriated assets. To provide reasonable assurance that fraud, waste, and abuse related to the use of purchase cards is minimized, the team recommended that DHS (1) make changes to the draft purchase card manual and issue a final, agency-wide version; and, (2) establish policies and procedures to ensure more effective oversight and enforcement of the purchase card program. DHS concurred with GAO's recommendations. (Link to: <http://www.gao.gov/new.items/d061117.pdf>)

Ongoing Reviews

Review of FEMA's Solicitation and Award of Temporary Housing Maintenance and Deactivation Contracts

Auditors are examining 36 FEMA task order contracts to maintain and deactivate trailers in Alabama, Louisiana, Mississippi, and Texas following Hurricane Katrina. The auditors are focused on allegations by several unsuccessful bidders who have made the following complaints about FEMA to FEMA, Congress, and the media:

- Provided inconsistent information to bidders
- Awarded contracts to unqualified bidders
- Awarded contracts to contractors with excessive costs
- Did not properly consider small and minority-owned businesses
- Provided inadequate debriefings to unsuccessful bidders
- Awarded contracts to "low ball" bidders
- Intended to destroy documentation supporting unsuccessful bids.

Selected Components of FEMA's Individual and Households Program

With regard to FEMA's Individual Assistance program, auditors will examine whether the agency efficiently and accurately expedited assistance claims processed; how FEMA manages recertification for rental assistance; and how FEMA ensures recoupment of overpayments, duplicate payments, and payments to ineligible recipients.

FEMA's Technical Assistance Contracts

This audit will examine whether \$3 billion in sole-source contracts awarded to four companies for installation, operations, maintenance, and deactivation of temporary housing units, among other tasks, was properly awarded and executed. Auditors will determine the adequacy of contract documents, whether reasonable prices were paid, the effectiveness of the inspection and payment processes, the effective use of warranties, and how well FEMA adhered to effective contracting practices.

Contractor Billings for Hotels and Motels

Immediately after Hurricane Katrina, the American Red Cross provided hotel and motel rooms for evacuees until October 24, 2005, under a \$250 million contract. Subsequently, FEMA assumed responsibility for providing hotel and motel rooms and awarded a task order under a GSA contract.

Auditors will determine whether rates for temporary housing were reasonable, allowable, and measurable; whether evacuees were eligible to receive lodging; and whether FEMA and the Red Cross followed effective contracting practices.

FEMA Mission Assignments

Auditors are reviewing major FEMA mission assignments to five DHS components: Federal Protective Service, U.S. Coast Guard, U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, and the National Communications System. Auditors will determine whether:

- Those assignments, with a total value of \$775 million, were managed to satisfy mission requirements
- Funds were spent effectively and accurately accounted for
- Contracting followed proper procurement procedures
- Adequate documentation was maintained
- Purchased property was managed according to governing laws and regulations.

FEMA Sheltering and Transitional Housing for Evacuees

Auditors will determine whether FEMA's transitional housing program met needs and determine any weaknesses to be addressed. Hurricanes Katrina and Rita produced more than one million evacuees, many of whom still live in transitional housing.

FEMA's Property Management

Auditors will evaluate how personal property is acquired, received, issued, disposed of, controlled, and tracked by the Joint Field Offices (JFOs) agency logistics centers, territory logistics centers, and remote storage sites involved in disaster operations. Personal property received through international donations also will be included in this audit.

Potential for Duplication Among Federal Disaster Assistance Programs

The auditors will determine programs and areas within the federal government that are at risk of providing duplicate benefits to disaster victims. This is a high-level review rather than an effort to determine specific incidents of duplication.

Improved Intergovernmental Coordination and Data Sharing Among Federal Agencies

Auditors will determine how agencies coordinate and share data and how they might improve disaster response and recovery. Numerous federal agencies collect data that may benefit FEMA in activities, such as determining eligibility of individuals for assistance and preventing duplicate payments. Similarly, FEMA data might be useful to other agencies.

Planned Audits and Reviews

Review of Disaster Recovery Assistance Grants

Auditors will examine grantees and subgrantees nationwide, focusing on large grants (generally in excess of \$3 million) with suspected problems and areas of interest to Congress and FEMA. Audits will cover both open and recently closed applications and projects, and focus on costs as well as the eligibility of the grant applicant and the grant-funded work.

Assessment of FEMA's Readiness to Respond to the Next Catastrophic Disaster

Following Hurricane Katrina, many organizations identified serious problems that resulted in FEMA's failure to effectively respond. FEMA has worked to improve readiness and now claims to be better prepared to respond to the next disaster. Auditors will determine whether FEMA identified deficiencies in its response to Hurricane Katrina and implemented improvements.

FEMA Acquisition Management Review

FEMA was not systematically well-poised to provide the kind of acquisition support needed for a catastrophic disaster, such as Hurricane Katrina. Auditors will conduct an acquisition management review at FEMA, addressing the following issues, among others:

- Organizational alignment and leadership
- Policies and processes
- Acquisition workforce
- Information management

This review will determine where there are opportunities to improve the efficiency and effectiveness of FEMA's acquisition management and monitoring efforts in providing goods and services for disaster response and recovery. Auditors will generate reports on individual procurement issues and will be

followed by a capping report that measures FEMA's progress in improving acquisition capabilities.

Multilayered Disaster Contracts

In the aftermath of Hurricane Katrina, FEMA awarded more than \$7 billion in federal contracts to hundreds of companies. The IG community and GAO have reported that the management and oversight of these disaster contracts has been poor. Auditors will determine the extent of multilayered disaster contracts and document various problems.

FEMA's Storage and Maintenance of Housing Assets

Auditors will assess the overall cost-effectiveness of maintaining FEMA housing storage facilities as well as the overall capability, controls, and procedures in place to ensure housing assets are properly maintained to prevent deterioration. After hurricanes Katrina and Rita, more than \$2.5 billion was spent on travel trailers and mobile homes. FEMA's plans for future disasters include maintaining an inventory of housing assets in strategic areas of the country for expedited response to housing needs.

Accountability for Travel Trailers, Mobile Homes, and Modular Homes

In response to hurricane victims' housing needs, disaster assistance involved purchasing travel trailers, mobile homes, and modular homes. Auditors will review how FEMA manages these assets and evaluate internal controls to ensure that the housing purchased is properly accounted for and managed.

FEMA's Exit Strategy for Transitional Housing in the Gulf Coast Region

Auditors will assess DHS/FEMA's strategy for dealing with the current status of transitional housing sites; evaluate whether there is adequate coordination among federal agencies, local authorities, and voluntary organizations; and determine whether FEMA has formulated a coherent exit strategy. Currently, tens of thousands of FEMA-purchased manufactured homes and travel trailers are occupied by 100,000 evacuee families at scores of sites throughout Louisiana, Mississippi, and Alabama. FEMA pays for the security of these transitional housing sites.

Fraud Vulnerability of FEMA's Individuals and Households Program (IHP)

Auditors will determine vulnerabilities and control weaknesses that enable fraud in FEMA's IHP, which provides eligible applicants with cash grants for temporary housing, home repair or replacement, and other disaster-related needs. In response to hurricanes Katrina and Rita, more than \$6.7 billion in assistance has been awarded. Of this, GAO estimated that approximately \$1.0 billion involved potentially fraudulent applications.

FEMA's Debris Removal Program

The audit will assess FEMA's debris or debris removal program, including a recent retooling effort, and determine best practices. There have been long-standing problems associated with debris removal and

monitoring operations, exacerbated by the extent of hurricane damage.

FEMA's Public Assistance Mitigation Program

Auditors will determine how effectively FEMA is managing public assistance mitigation grants across the hurricane zone. FEMA provides public assistance grants to state and local governments to repair or restore infrastructure damaged by disasters.

FEMA's Hazard Mitigation Grant Program (HMGP)

This audit will determine how effectively FEMA and the states are managing the HMGP after hurricanes Katrina and Rita. The program provides grants to help states and local governments implement long-term hazard mitigation measures after a major disaster declaration.

FEMA's National Flood Insurance Program (NFIP)

Auditors will determine whether the NFIP's Write Your Own (WYO) program properly attributed damage from Hurricane Katrina to either flooding or wind. Under that program, participating companies offer flood insurance to eligible applicants and arrange for adjustment, settlement, payment, and defense of all claims arising from program policies. Each WYO company acts as a fiscal agent of the federal government.

Data Mining to Determine Duplication of Benefits

Auditors will determine whether recipients of FEMA Disaster Housing home repair grants also received benefits from the NFIP. They will determine whether duplicate assistance occurred among housing programs, such as rent, trailers, mobile homes, and hotels or motels. FEMA's Federal Insurance Administration manages the flood insurance program. The maximum coverage is \$250,000 per applicant.

DEPARTMENT OF COMMERCE

After hurricanes Katrina and Rita, three Department of Commerce (DOC) bureaus made a total of six financial assistance awards, involving about \$9.42 million in federal funding. These included:

- The Economic Development Administration (EDA) awarded four grants totaling \$8,840,000 to the states of Louisiana (\$4 million), Mississippi (\$4 million), and Alabama (\$450,000 and \$390,000) for economic recovery planning and technical assistance after Hurricane Katrina
- The DOC awarded a \$300,000 cooperative agreement amendment to the Houston Minority Business Development Center (MBDC) for supplemental funding to provide business development services to minority-owned businesses affected by Hurricane Katrina in the state of Louisiana and displaced minority firms from Louisiana that relocated in Texas. There was no non-federal matching

share requirement for the amendment

- The National Telecommunications and Information Administration (NTIA) awarded a grant with a federal share of \$283,320 to the Louisiana Educational Television Authority, under the Public Telecommunications Facility Program, for emergency replacement of transmission equipment. The grant required a non-federal matching share contribution of \$94,440, bringing the total estimated project cost to \$377,760.

After reviewing the EDA, MBDC, and NTIA award documents and regulations and discussing the awards with agency officials, auditors determined that the Department's actions to award the grants were reasonable. (Denver Regional Office of Audits: DEN-17829)

DEPARTMENT OF DEFENSE

Final Audits and Reviews

Department of Defense OIG

Financial Management of Hurricane Katrina Relief Efforts at Selected DoD Components
(D-2006-118, September 27, 2006)

According to the audit report, DoD components performed their FEMA mission assignments for hurricane relief in a timely manner, and DoD's accounting for the obligations and expenditures complied with applicable laws. However, auditors also determined the following:

- The Under Secretary of Defense (Comptroller)/Chief Financial Officer issued reimbursement guidance that conflicted with existing DoD directives
- DoD components could not readily reconcile obligations to individual FEMA mission assignments or funding documents
- DoD may have excess reimbursable funding authority related to the hurricane relief that should be de-obligated
- DoD did not bill FEMA in a timely manner, and the daily and monthly cost reports prepared by DoD components did not provide accurate data to DoD decisionmakers.

In response to the audit, the Under Secretary of Defense (Comptroller)/Chief Financial Officer established a Financial Management Augmentation Team consisting of members from each DoD component that provided hurricane relief support. The team is to assist U.S. Northern Command in testing and validating financial management processes and controls developed for reimbursable operations for Defense Support for Civil Authorities.

Ice Delivery Contracts Between International American Products, Worldwide Services, and USACE
(D-2006-116, September 26, 2006)

Auditors responded to a congressional request to determine whether two contracts between Interna-



Biloxi, MS, August 15, 2006—Restaurants along the Mississippi Gulf Coast are reopening following repairs to damage caused by Hurricane Katrina. (Mark Wolfe/FEMA photo)

tional American Products, Worldwide Services, and the U.S. Army Corps of Engineers (USACE) for procurement and delivery of ice were properly awarded and administered. In general, according to the audit report, USACE properly awarded and administered the contracts and appropriately evaluated all other proposals.

A second report is expected and will address other issues identified during the review.

Expanded Micro-Purchase Authority for Purchase Card Transactions Related to Hurricane Katrina (D-2006-111, September 27, 2006)

Auditors determined that purchase card transactions in support of hurricane relief generally were reasonable, appropriate, and consistent with DoD policies and procedures. For the period September 1–30, 2005, Army, Air Force, and Defense agency cardholders made 34,060 purchase card transactions in excess of \$2,500 each. However, auditors determined that program managers did not capture all relevant card transactions, did not identify hurricane-related transactions consistently, did not conduct timely follow-up transaction reviews as required, and did not issue required delegation of authority letters to cardholders with authorized increased single purchase limits for making hurricane-related purchases.

Auditors also determined that Army, Air Force, and Defense agency cardholders made hurricane-related purchases in excess of their purchase authority and that Army and Air Force cardholders made hurricane-related purchases without adequate supporting documentation and sufficient justification. As a result, Army, Air Force, and Defense agencies cannot determine the total number and dollar value of purchase card transactions associated with Hurricane Katrina. Furthermore, unless contingency related purchase card guidance is revised and card managers significantly improve guidance practices, Army, Air Force, and Defense agency purchase card program officials cannot mitigate the risk of fraud, abuse, or mismanagement related to future disaster rescue and relief operations.

Response to Congressional Requests on the Water Delivery Contract Between the Lipsey Mountain Spring Water Company and the United States Army Corps of Engineers (D-2006-109, August 29, 2006)

In response to a request from Rep. Christopher Shays, auditors reviewed the USACE contract with Lipsey Mountain Spring Water Company. The auditors determined that the procurement of emergency water was properly awarded; however, the company did not consistently meet time performance requirements. Auditors determined that the company may be incapable of supplying water in an emergency outside the continental United States.

In response to a request from Rep. Bennie Thompson to determine whether Lipsey Mountain Spring Water Company owed TRC, Inc., a subcontractor, several million dollars, an auditor determined that there was no longer such an obligation. A follow-up report will address other issues regarding water delivery contract administration.

Army Audit Agency

*Audit of Contracts for the Hurricane Protection System—New Orleans
(Report Number A-2006-0198-FFD, August 22, 2006)*

Auditors evaluated 58 contracts, valued at approximately \$433 million, which USACE awarded for emergency repairs to levees and flood walls in the New Orleans area. Auditors determined that USACE did a commendable job awarding contracts and executing projects to meet timelines under arduous circumstances. USACE openly competed about 92% of contract award dollars and obtained adequate competition despite short solicitation periods. The government paid reasonable prices for the work—averaging about 4% higher than the independent government estimate.

However, auditors recommended that contract solicitations be advertised in national trade and media outlets to ensure adequate competition on future contracts as the availability of contractors becomes scarce due to the increasing workload. Auditors also recommended that USACE develop a risk mitigation strategy within its acquisition strategy.

Naval Audit Service

*Department of the Navy's Government Purchase Cards Used for Hurricane Relief Efforts
(N2006-0042, August 25, 2006)*

According to the audit report, most purchase card transactions were not reported as required because there was no code or method in the automated database to identify purchases made under special circumstances such as hurricane relief. Auditors determined that the commercial purchase cards were generally used according to established guidance but that goods and services were not always properly accounted for. These weaknesses were attributed to the Navy Department's quick response to the relief effort.

Cash Accountability of Department of the Navy Disbursing Officers for Hurricane Relief Funds
(N2006-0047, September 22, 2006)

Auditors determined that disbursing officers provided adequate check cashing and advance pay to military and civilian personnel affected by Hurricane Katrina and appropriate payments to vendors for hurricane relief-related services. However, according to the audit report, opportunities exist to improve internal controls over cash accountability, in both disbursing and reporting.

Ongoing Audits and Reviews

DoD OIG

Audit of Disaster Recovery Related to Hurricane Katrina on Army Information Technology Resources
(Project Number D2006-D000AS-0135.000, February 13, 2006)

The audit is examining whether adequate disaster recovery controls and plans were in place to safeguard Army information technology resources. A draft audit report was issued July 20, 2006.

Audit of the Use of DoD Resources Supporting the Hurricane Katrina Disaster
(Project No. D2006-D000LA-0009.000, September 19, 2005)

Auditors are reviewing the use of DoD resources in hurricane relief efforts. A draft audit report was issued August 7, 2006.

Audit of the Effects of Hurricane Katrina on DoD Information Technology Resources in Affected Areas
(Project No. D2005-D000AS-0310.000, September 15, 2005)

This audit is reviewing the effects of Hurricane Katrina on DoD information technology resources.

Audit of the Army Corps of Engineers' "Operation Blue Roof" Project in Response to Hurricane Katrina
(Project No. D2006-D000CG-0081.000, November 9, 2005)

Responding to a congressional request, auditors are reviewing the administration and award of "Operation Blue Roof" contracts for hurricane relief. Field work is complete. A second report is expected to address other issues not covered by the congressional request.

Audit of Costs Incurred Under the CONCAP Contract Task Orders for Hurricane Relief Efforts
(Project No. D2006-D000CH-0110.000, January 9, 2006)

Auditors are reviewing the reasonableness of costs incurred on task orders for relief efforts after hurricanes Ivan and Katrina. They will examine the Navy's methods and procedures to ensure it paid fair and reasonable prices for labor and material.



New Orleans, LA—Work progresses on repairs to the 9th Ward Levee that was damaged by Hurricane Katrina. FEMA provided Public Assistance funds to repair New Orleans Levees to Category 4 status. (Marvin Nauman/FEMA photo)

Army Audit Agency

Audit of Army Fund Accountability for Hurricane Relief Efforts

(Project No. A-2006-FFD-0216.000, October 7, 2005)

This audit examines whether the Army established and implemented appropriate procedures and processes to account for funds received and costs incurred and to obtain reimbursements for allowable expenses.

Audit of Debris Removal Contracts

(Project No. A-2006-FFD-232.000, October 12, 2005)

Auditors are determining whether USACE established an appropriate acquisition strategy and provided adequate oversight of debris removal contracts.

Audit of Quality Assurance Service Contracts for Hurricane Operations

(Project No. A-2006-FFD-0354.000, December 12, 2005)

This audit evaluates USACE contract requirements for quality assurance personnel and assesses the adequacy of the acquisition strategy and government oversight of quality assurance service contracts.

Audit of Contract Data Reporting

(Project No. A-2006-FFD-0250.000, December 12, 2005)

Auditors are examining the USACE process for accurately reporting contract information related to hurricanes Katrina, Rita, and Wilma.

*Audit of Demolition Contracts**(Project No. A-2006-FFD-0484.000, May 3, 2006)*

Auditors are assessing whether USACE appropriately awarded and monitored contracts for demolition of structures in the New Orleans area.

*Audit of Contracts to Restore and Enhance Flood Protection System**(Project No. A-2006-FFD-0483.000, May 22, 2006)*

This audit evaluates the USACE acquisition strategy and monitoring of contracts to restore and enhance the flood protection system for New Orleans.

Naval Audit Service*Audit of Hurricane Katrina Relief Funds**(Project No. N2006-NFA000-0009.000, September 30, 2005)*

Auditors are reviewing the design and implementation of internal controls in the following areas: allocation, use, and tracking of Hurricane Katrina relief funds; accounting and reporting of costs and benefits; use of government purchase cards; contract requirements generation, award, administration, deliverables, and payment; disbursing officer cash accountability; management of reimbursable arrangements; controls and accountability over medical equipment; adequacy of support to Navy personnel and families; and other matters that emerge as work progresses.

*Audit of Department of the Navy's Use of Hurricane Katrina Relief Funds**(Project No. N2006-NFA000-0009.003, September 30, 2005)*

Auditors are examining whether relief funds were used according to laws and regulations and were properly accounted for and reported.

*Audit of Controls and Accountability Over Medical Supplies and Equipment—Hurricane Relief Efforts**(Project No. N2006-NFA000-0009.005, October 17, 2005)*

This audit examines whether management controls over medical supplies and equipment used in hurricane relief efforts were effective.

Auditors are examining whether management controls over service contracts were adequate to ensure the following:

- Contract services were properly justified, were of value to the Navy, and met government requirements concerning authorized use of service contracts
- Contract deliverables were clearly defined and properly measured for results, quality, and timeliness
- Contract deliverables met contract requirements for results, quality, and timeliness
- The appropriate contract type was used to provide services at the lowest cost and least risk to the government.



New Orleans, LA, March 11, 2006—FEMA debris inspector Drew Dunne, USACE inspector Tom Conway, and ECC inspectors Hillsay Careeer and Rata Murr give this house in the 9th Ward the final verification inspection for demolition for homes in the public right-of-way. All 9th Ward homes sitting in the public right-of-way must be demolished and receive several verification inspections including this final pre-demolition checklist inspection. (FEMA photo)

Air Force Audit Agency

Audit Planning, Hurricane Katrina Relief Efforts

(Project No. F2006-FB1000-0124.000, October 5, 2005)

Auditors are formulating audit objectives related to financial management, aviation fuel reimbursements, and reconstruction planning efforts.

Hurricane Katrina Federal Emergency Management Agency (FEMA) Reimbursements

(Project No. F2006-FB1000-0173.000, November 1, 2005)

Auditors are examining whether Air Force personnel effectively managed FEMA reimbursements. A draft audit report already has been issued.

Hurricane Katrina Supplemental Funds Management

(Project No. F2006-FD1000-0210.000, November 21, 2005)

Auditors will determine whether Air Force personnel effectively managed Hurricane Katrina-related supplemental funds.

PLANNED AUDITS AND REVIEWS

DoD Office of Inspector General

Temporary Roofs

Auditors will review subcontract and contract pricing for temporary roofs. Specifically, auditors will assess contractors' costs used to establish pricing, the percentage of contract cost for overhead, and the number of subcontractors used.

Mission Assignments

Auditors also plan to review the overall DoD mission assignment process.

Air Force Audit Agency (AFAA)

Keesler Air Force Base

AFAA plans to conduct a series of audits related to the reconstitution of Keesler Air Force Base in Mississippi.

DEPARTMENT OF ENERGY

Final Audit and Review Products

Follow-up Review of The Department of Energy's Response to Hurricanes Katrina and Rita (Report IG-0733, July 2006)

Auditors determined that, from November 2005 to May 2006, the Department of Energy (DOE) made significant progress toward implementing earlier OIG recommendations to enhance Emergency Support Function-12 (ESF-12) mission capabilities. Specifically, the Department clarified communications processes during ESF-12 deployments, addressed responder equipment needs, and augmented staffing levels to meet ESF-12 mission requirements.

However, auditors concluded there are additional opportunities to improve DOE efforts to determine emergency response assets ahead of natural disasters, for example:

- Expanding the inventory narrative to include sufficient detail about quantities and capabilities of available equipment, and helping crisis responders determine whether available equipment meets their needs
- Ensuring that the asset bases of all DOE entities, including the National Nuclear Security Administration, the Bonneville Power Administration, and the Strategic Petroleum Reserve, are included in DOE's inventory.

Ongoing Audits and Reviews

The Department of Energy's Use of the Strategic Petroleum Reserve in Response to Hurricanes Katrina and Rita

This audit will review (or evaluate) whether the Strategic Petroleum Reserve met its energy security mission during the response to hurricanes Katrina and Rita.

Planned Audits and Reviews

Auditors will evaluate actions taken to address lessons learned regarding the use of the Strategic Petroleum Reserve in the response to hurricanes Katrina and Rita.

DEPARTMENT OF THE INTERIOR

Final Audit and Review Products

The OIG did not issue any final audit products for the 180-day period ending September 30, 2006.

Ongoing Audits and Reviews

The OIG has one ongoing audit, which focuses on evaluating whether the Department is making the best use of funds and examining the appropriateness of current and future contracts.

Planned Audits and Reviews

Under the fourth Emergency Supplemental Appropriations Act (P.L. 109-234), DOI received \$213 million, primarily for reconstruction efforts. Auditors will evaluate related post-hurricane construction projects to determine whether they are reasonable and necessary. This will include a review of concession reconstruction to ensure that DOI interests are properly tracked and accounted for.

Auditors also will review whether DOI and its individual bureaus are ensuring that expenditures for hurricane relief efforts are reasonable, necessary, and properly recorded. Specifically, auditors will focus on whether:

- Bureaus had internal controls for emergency procurement
- Expenditures were directly related to hurricane relief efforts and were allowable within applicable guidelines
- Bureaus accurately accounted for hurricane expenditures
- Bureaus have adequate documentation to support reimbursable costs to FEMA.

DEPARTMENT OF JUSTICE

Final Audit and Review Products

*Oversight of Department of Justice Expenditures Related to Hurricane Rita—
Beaumont Federal Correctional Complex Roof Repair*
(06-34, June 23, 2006)

Auditors studied the Federal Bureau of Prisons' award of a \$5.2 million sole-source contract for roof repairs at the Beaumont, Texas, Federal Correctional Complex. According to the audit report, use of a sole-source contract was acceptable due to the contractor's status under Section 8(a) of the Small Business Act and according to a partnership agreement between the Department of Justice (DOJ) and the Small Business Administration. Auditors also determined that \$5.2 million was a fair and reasonable price for the repairs and that the contract was awarded on an "arm's-length" basis. No recommendations were made.

Department of Justice Hurricane-Related Purchase Card Transactions
(06-36, September 7, 2006)

Auditors examined purchase card purchases at eight DOJ components from August 2005 through December 2005. These transactions were \$3.8 million of the \$5.2 million that the DOJ components reported as hurricane-related purchase card expenditures during the period. They determined that nearly all hurricane-related purchase card transactions reviewed were authorized and valid, and the goods or services were received.

However, auditors identified internal control issues that should be corrected to ensure that future government funds are not at risk. Specifically, the ratio of cardholders to approving officials was too high at the Federal Bureau of Investigation and the Bureau of Alcohol, Tobacco, Firearms, and Explosives. They also determined that approving officials and cardholders need refresher training in purchase card use.

Ongoing Audits and Reviews

The OIG Audit Division did not have any ongoing audits related to the Gulf Coast hurricanes as of September 30, 2006.

Planned Audits and Reviews

The OIG does not anticipate starting any hurricane-related audits or reviews.

DEPARTMENT OF LABOR

Final Audit and Review Products

Individuals Received Unemployment Benefits in Louisiana While Receiving PSE Wages in Texas
(06-06-006-03-315, September 29, 2006)

Auditors reviewed individuals receiving unemployment benefits in Louisiana for the same weeks they received wages while enrolled in the Texas National Emergency Grant Public Service Employment (NEG PSE) program. According to the audit report, Louisiana overpaid 177 individuals \$126,663 in Unemployment Compensation (UC) or Disaster Unemployment Assistance (DUA) benefits for the same weeks that Texas reported they were enrolled in PSE. Louisiana's Management Information System (MIS) did not accurately reflect the status of PSE participants.

Auditors recommended that officials establish and collect benefit overpayments and update the MIS to accurately reflect PSE status. The Department of Labor (DOL) agreed to implement the recommendations.

Individuals Received Unemployment Benefits in Louisiana While Receiving PSE Wages in Louisiana
(06-06-007-03-315, September 29, 2006)

Auditors determined whether individuals received unemployment benefits in Louisiana for the same weeks they received wages while enrolled in Louisiana's NEG PSE program. According to the audit report, Louisiana overpaid \$105,170 in UC and DUA benefits to 105 claimants for the same weeks as the state reported they were enrolled in PSE. Also, Louisiana's MIS did not accurately reflect PSE participants' status.

Auditors recommended that officials establish and collect benefit overpayments and update the MIS to accurately reflect PSE status. DOL agreed to implement the recommendations.

Individuals Received DUA in Louisiana While Receiving UC in Mississippi
(06-06-009-03-315, September 13, 2006)

Auditors determined whether individuals received DUA in Louisiana while receiving UC in Mississippi. According to the audit report, Louisiana paid \$54,782 in DUA benefits to 45 individuals who also received UC from Mississippi.

Auditors recommended that officials establish and collect benefit overpayments. DOL agreed to implement the recommendations.

Individuals Received DUA in Both Louisiana and Mississippi
(06-06-010-03-315, September 29, 2006)

The audit examined whether individuals received DUA in both Louisiana and Mississippi. According to the audit report, Louisiana and Mississippi both paid DUA to the same 43 claimants, resulting in \$74,382 in overpayments.

Auditors recommended that officials establish and collect benefit overpayments. DOL agreed to implement the recommendations.

Texas and Mississippi Overpaid Unemployment Benefits to Some Texas PSE Participants
(06-06-011-03-315, September 29, 2006)

Auditors determined that Texas paid \$17,384 in DUA or UC benefits to 17 individuals and Mississippi paid \$4,498 in UC benefits to three individuals for the same weeks as Texas reported they were enrolled in PSE.

Auditors recommended that officials establish and collect benefit overpayments. DOL agreed to implement the recommendations.

Questionable Eligibility of College Students in Mississippi's NEG Training Program
(Report Number 04-06-008-03-390, September 28, 2006)

According to the audit report, based on students' self-certification of eligibility, some Mississippi job centers approved Workforce Investment Act (WIA) Individual Training Accounts for students who were already enrolled in college.

Auditors recommended that DOL work with Mississippi to ensure that NEG participants meet the eligibility requirements. DOL agreed to implement that recommendation.

Ongoing Audits and Reviews

DUA Social Security Number (SSN) Verification Data Analysis
(Project No. 06-A06-001-03-001)

Auditors are examining the impact on federal funds of the illegal use of SSNs for filing DUA claims (i.e., individuals using the SSNs of deceased individuals or using SSNs that the Social Security Administration has never issued).

DUA Claimant Eligibility in Louisiana and Mississippi

(Project No. 06-A06-001-03-001)

This audit examines whether DUA claimants were entitled to the payments they received and whether the states effectively implemented DUA payment controls and eligibility review procedures in addressing modified DUA eligibility rules.

Individuals Received Unemployment Benefits in Mississippi and Texas While Receiving PSE Wages in Louisiana

(Project No. 06-A06-001-03-001)

Auditors are examining whether individuals received unemployment benefits in Mississippi and Texas for the same weeks they received wages under Louisiana's NEG PSE program.

Louisiana DUA Debit Card Assessment

(Project No. 06-A06-001-03-001)

This audit examines the impact on federal funds of Louisiana's automatic pay system for debit cards that were never activated or were not delivered to the claimant.

Analysis of Louisiana's NDNH Database Match Outcomes

(Project No. 06-A06-001-03-001)

Auditors are determining the impact on state and federal funds of individuals continuing to collect unemployment benefits in Louisiana after accepting employment in another state.

Review of NEG and High Growth Initiative Grants—Texas

(Project No. 04-A06-008-03-390)

The audit will review whether NEG-funded programs are effective and whether the potential for fraud, waste, and abuse may be reduced.

Review of NEG and High Growth Initiative Grants—Mississippi

(Project No. 04-A06-001-03-390)

Auditors seek to ensure that NEG-funded programs are effective and to reduce the potential for fraud, waste, and abuse.

Review of NEG and High Growth Initiative Grants—Louisiana

(Project No. 04-A06-009-03-390)

The audit seeks to ensure that NEG-funded programs are effective and to reduce the potential for fraud, waste, and abuse.

Planned Audits and Reviews

An audit is planned to review the monetary impact on federal funds as a result of claimants in Louisiana who were initially eligible for UI but were paid DUA instead.

DEPARTMENT OF TRANSPORTATION

Final Audit and Review Products

Internal Controls Over Payments for Emergency Disaster Relief Transportation Services
(AV-2006-051, June 30, 2006)

According to the audit report, better internal controls are needed to ensure that the government receives the transportation services it pays for. Auditors determined that contracting officers relied on documentation provided by the contractor to verify that services were provided. Federal Aviation Administration (FAA) management agreed with the report and is in the process of addressing this issue through an online contract administration system.

Audit of the Mississippi Department of Transportation's (MDOT) Award of Selected Hurricane Katrina Emergency Repair Contracts
(MH-2006-065, September 6, 2006)

Auditors determined that the lack of standard construction contract provisions caused MDOT to award some contracts without the assurance of fair and reasonable prices, and that the Federal Highway Administration (FHWA) should strengthen its Emergency Relief Manual and related federal regulations to better assist states in awarding emergency highway repair contracts. FHWA concurred with the report and agreed to take corrective action.

Ongoing Audits and Reviews

Oversight of Airport Improvement Program (AIP) Hurricane Grants

Auditors are reviewing FAA's oversight of the funds provided to airports to complete repairs of damage caused by hurricanes Katrina and Rita.

Design and Price Analysis of the Emergency Transportation Services Contract

Auditors are examining whether FAA's modification of the Department's emergency transportation services contract will help ensure fair and reasonable costs to the government.

Opportunities to Free Up Unneeded Funds in States Affected by Hurricanes Katrina and Rita and Use Those Funds on Recovery Efforts

Auditors are determining whether Alabama, Florida, Louisiana, Mississippi, and Texas have DOT funds dedicated to congressionally directed highway projects that are no longer needed, and, if so, whether the funds can be directed to hurricane-related reconstruction.

Planned Audits and Reviews

Potential future audit issue areas include ensuring that FHWA emergency funds are spent according to program guidelines and focus on contract oversight for significant transportation infrastructure construction projects.

DEPARTMENT OF VETERANS AFFAIRS

Ongoing Audits and Reviews

VA Response and Recovery to Gulf Coast Hurricanes

(Assignment No. VA OIG; Project No. 2006-00595-R9-0057)

Auditors are reviewing whether the Veterans Health Administration had controls in place that were operating effectively to account for hurricane-related costs.

DEPARTMENT OF EDUCATION

Final Audit and Review Products

Hurricane Relief Funds Provided to Mississippi Institutions of Higher Learning

(Control No. A04G0014)

Auditors reviewed the Mississippi Institutions of Higher Learning's (IHL's) administration of its \$95 million appropriation in hurricane relief funding to assess the following:

- IHL's methodology for allocating hurricane relief funds to schools
- The adequacy of the information provided by schools to IHL
- IHL's controls in accounting for the hurricane relief funds and complying with laws and regulations.

Auditors determined that IHL has implemented methodologies to allocate hurricane relief funds to its institutions and to make hurricane relief assistance awards to eligible students through the Special Leveraging Educational Assistance Partnership Program. For the \$50.5 million in hurricane relief funds spent through this program as of July 20, 2006, IHL implemented an adequate internal control system.

A separate audit will assess IHL's full distribution of its hurricane relief funding.

Ongoing Audits and Reviews

Department Controls Over Hurricane Education Recovery Act Funding

(Audit No. A19G0003)

Auditors are assessing the adequacy of Department controls over Hurricane Education Recovery Act (HERA) funding for the Restart, Emergency Impact Aid, and Homeless Youth programs. Specifically, auditors are evaluating controls over the awarding of funds to grantees and, once authorized, controls to ensure that funds are expended according to grant terms and applicable laws, regulations, policies, and procedures.

Texas State Education Agency (SEA) and Local Education Agency (LEA) Controls Over HERA Funding
(Audit No. A06G0009)

The audit focuses on the adequacy of Texas SEA and LEA controls over HERA funding for the Emergency Impact Aid and Homeless Youth programs. For the two programs, auditors are determining whether the SEA and LEA have internal controls in place to ensure accurate displaced student count data; have adequate controls and criteria to make accurate allocations of funds; and have made expenditures according to the terms of the grant and applicable laws and regulations.

Louisiana SEA and LEA Controls Over HERA Funding
(Audit No. A06G0010)

The audit focuses on the adequacy of Louisiana SEA and LEA controls over HERA funding for the Emergency Impact Aid and Homeless Youth programs. For the two programs, auditors are determining whether the SEA and LEA have internal controls in place to ensure accurate displaced student count data; have adequate controls and criteria to make accurate allocations of funds; and have made expenditures according to the terms of the grant and applicable laws and regulations.

Mississippi SEA and LEA Controls Over HERA Funding
(Audit No. A04G0012)

The audit assesses the adequacy of Mississippi SEA and LEA controls over HERA funding for the Emergency Impact Aid and Homeless Youth programs. For the two programs, auditors are determining whether the SEA and LEA have internal controls in place to ensure accurate displaced student count data; have adequate controls and criteria to make accurate allocations of funds; and have made expenditures according to the terms of the grant and applicable laws and regulations.

Alabama SEA and LEA Controls Over HERA Funding
(Audit No. A05G0020)

Auditors will assess the adequacy of Alabama SEA and LEA controls over HERA funding for the Emergency Impact Aid and Homeless Youth programs. For the two programs, auditors are determining whether the SEA and LEA have internal controls in place to ensure accurate displaced student count data and have adequate controls and criteria to make accurate allocations of funds.

Georgia SEA and LEA Controls Over HERA Funding
(Audit No. A04G0015)

The audit assesses the adequacy of Georgia SEA and LEA controls over HERA funding for the Emergency Impact Aid and Homeless Youth programs. For the two programs, auditors are determining whether the SEA and LEA have:

- Internal controls in place to ensure accurate displaced student count data
- Adequate controls and criteria to make accurate allocations of funds.

Controls Over Hurricane Assistance Provided to the Louisiana Board of Regents
(Audit No. A06G0011)

Auditors are examining how the Louisiana Board of Regents allocated and used \$95 million provided for postsecondary institutions of higher education. Funds are to be used for student financial assistance, faculty and staff salaries, equipment, and instruments.

Planned Audits and Reviews

Restart Program

Auditors will examine how funds are expended under the Restart Program in Louisiana and Mississippi, which together received almost 90% of Restart Program funding.

Mississippi Institutions of Higher Learning

Auditors will complete their evaluation of the Mississippi IHL's administration of its complete amount of \$95 million hurricane relief appropriation.

HERA

Auditors will evaluate waivers to program regulations granted by the Department under HERA. The Department has authority to waive or modify statutory or regulatory provisions applicable to federal student aid programs for student and institutional eligibility provisions of the Higher Education Act (HEA), extend and waive HEA reporting deadlines, and modify required and allowable activities in certain competitive grant programs.

ENVIRONMENTAL PROTECTION AGENCY

Final Audit and Review Products

EPA Provided Quality and Timely Information on Hurricane Katrina Hazardous Material Releases and Debris Management

(2006-P-00023, May 2, 2006)

Auditors determined that the Environmental Protection Agency (EPA) established timely approaches for rapidly determining, prioritizing, and assessing the impact of hazardous material releases following Hurricane Katrina and for handling hurricane-generated hazardous debris and waste.

Hurricane Katrina created an estimated 86 million cubic yards of debris, caused more than 7 million gallons of oil to spill, and produced floodwaters that deposited hazardous substances in sediments. The storm affected 18 Superfund National Priority List sites and more than 400 industrial facilities that store or manage hazardous materials.

The auditors made no recommendations.

*Lessons Learned: EPA's Response to Hurricane Katrina**(2006-P-00033, September 14, 2006)*

Auditors determined that EPA and state responses to Hurricane Katrina generally improved on lessons learned from the 2001 World Trade Center collapse. Three earlier OIG reports addressed issues with the restoration of drinking water and wastewater treatment facilities and debris and hazardous waste removal in the hurricane zone. The earlier reports included recommendations for improving inter-agency coordination, better training, and enhanced logistics.

*Existing Contracts Enabled EPA to Quickly Respond to Hurricane Katrina; Future Improvement Opportunities Exist**(2006-P-00038, September 27, 2006)*

According to the audit report, EPA's existing contracts for responding to natural disasters worked as intended and allowed EPA to quickly respond to Hurricane Katrina. Nonetheless, auditors identified opportunities for additional improvements, including conducting a better review of contractor invoices to prevent payment of duplicate, unallowable, or unreasonable costs.

Auditors reported that EPA moved during the audit to have contractors repay unjustified amounts. Auditors made several recommendations for improving future performance.

Ongoing Audits and Reviews*EPA's Katrina Expenditure Oversight**(Assignment No. 2005-001709)*

Auditors are reviewing EPA's re-competed housing contract, which was used to obtain trailers to house EPA employees in the Hurricane Katrina response area. Auditors are determining whether the contract's statement of work unduly limited competition.

FEDERAL COMMUNICATIONS COMMISSION**Planned Audits and Reviews***Low-Income Program Support for Hurricane Katrina Victims*

Auditors will determine areas of risk, potential vulnerabilities, and compliance with program requirements and regulations related to the Federal Communications Commission's effort to provide eligible low-income evacuees and others who have no telephone service in the hurricane-affected area with wireless handsets and a package of 300 free air-time minutes.

GENERAL SERVICES ADMINISTRATION**Ongoing Audits and Reviews***Assessment of GSA's Response to Hurricane Katrina*

Under the 2004 National Response Plan, the federal government's unified approach to responding to natural or man-made disasters, GSA serves a central role in procuring equipment and services for

FEMA. GSA has awarded approximately \$1 billion in contracts on FEMA's behalf. To date, GSA auditors have examined 255 of GSA's procurement contracts for FEMA, totaling more than \$695 million. Auditors also have been reviewing charges against MAs as well as the related management controls and processes internal to GSA.

Auditors have shared some observations with management, via memoranda, specifying that the agency needs to have more consistent and updated policies and guidance in areas such as MAs, procurement tracking, reimbursement for services performed on behalf of FEMA, FEMA's obligation process for funding awards, and contractor responsibility determination.

Additionally, auditors will examine GSA's responsibility as landlord to federal agencies in the affected area. Initially, 84 facilities in four states were affected.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Final Audit and Review Products

Audit of Selected Procurements Under Contract 200-2005-11531 with Sanofi Pasteur, Inc.

(A-04-06-01024, June 15, 2006)

According to the audit report, the Centers for Disease Control and Prevention (CDC) complied with applicable parts of the Federal Acquisition Regulation (FAR) while issuing delivery orders to Sanofi Pasteur, Inc., for emergency shipments of vaccines to the Louisiana Department of Health and Hospitals and the Mississippi Department of Health. Further, CDC's claims for reimbursement from FEMA, totaling \$950,700, accurately reflected the costs actually incurred, as evidenced by vendor invoices.

There were no follow-up recommendations.

Audit of Selected Procurements Under Contract 200-2005-11533 with Merck Vaccine Division

(A-04-06-01025, June 12, 2006)

Auditors determined that CDC complied with applicable parts of the FAR while issuing delivery orders to Merck Vaccine Division for emergency shipments of vaccines to the Louisiana Department of Health and Hospitals and the Mississippi Department of Health. Further, CDC's claims for reimbursement from FEMA, totaling \$2,270,300, accurately reflected the costs actually incurred, as evidenced by vendor invoices.

There were no follow-up recommendations.

Audit of Selected Procurements Under Contract 200-2005-12567 with Merck Vaccine Division

(A-04-06-01026, June 15, 2006)

According to the audit report, CDC complied with applicable parts of the FAR while issuing delivery orders to Merck Vaccine Division for emergency shipments of vaccines to the Louisiana Department of Health and Hospitals and the Mississippi Department of Health. Further, CDC's claims for reimbursement from FEMA, totaling \$1,805,645, accurately reflected the costs actually incurred, as evidenced by vendor invoices.

There were no follow-up recommendations.

*Audit of Selected Procurements Under Contract 200-2005-12645 with GlaxoSmithKline
(A-04-06-01027, June 15, 2006)*

According to the audit report, CDC complied with applicable parts of the FAR while issuing a delivery order to GlaxoSmithKline (GSK) for emergency shipments of vaccines to the Louisiana Department of Health and Hospitals. Further, CDC's claims for reimbursement from FEMA, totaling \$925,000, accurately reflected the costs actually incurred, as evidenced by vendor invoices.

There were no follow-up recommendations.

*Audit of Selected Procurements Under Contract 200-2005-11532 with GlaxoSmithKline
(A-04-06-01028, June 15, 2006)*

According to the audit report, CDC complied with applicable parts of the FAR while issuing delivery orders to Merck Vaccine Division for emergency shipments of vaccines to the Louisiana Department of Health and Hospitals and the Mississippi Department of Health. Further, CDC's claims for reimbursement from FEMA, totaling \$916,700, accurately reflected the costs actually incurred, as evidenced by vendor invoices.

There were no follow-up recommendations.



Cameron, LA—The local environment was damaged when storage tanks like these in Cameron, LA, broke and leaked and mixed with other unknown chemicals from Hurricane Rita. The EPA, funded by FEMA, undertook a massive operation to identify and clean up any hazards. (Marvin Nauman/FEMA photo)

*Audit of Selected Procurements Under Contract #200-2005-11534 with Wyeth
(A-04-06-01029, June 15, 2006)*

According to the audit report, CDC complied with applicable parts of the FAR while issuing a delivery order to Wyeth for emergency shipments of vaccines to the Louisiana Department of Health and Hospitals. Further, CDC's claims for reimbursement from FEMA, totaling \$541,200, accurately reflected the costs actually incurred, as evidenced by vendor invoices.

There were no follow-up recommendations.

*Audit of Program Support Center's (PSC) Procurement Process for Contract #HHSP233200500328A
with Cardinal Health 200, Inc.
(A-03-06-00503, June 21, 2006)*

Auditors determined that the Program Support Center (PSC) complied with applicable sections of the FAR and Health and Human Services Acquisition Regulation while executing this procurement.

There were no follow-up recommendations.

*Audit of PSC's Procurement Process for Contract Action #HHSP233200500508G with Alaska
Structures, Inc.
(A-03-06-00504, June 26, 2006)*

According to the audit report, PSC complied with applicable sections of the FAR and Health and Human Services Acquisition Regulation while executing this procurement.

There were no follow-up recommendations.

*Audit of PSC's Procurement Process for Contract Action #HHSP233200600085U with
Analytic Services, Inc.
(A-03-06-00511, June 15, 2006)*

Auditors determined that PSC complied with applicable sections of the FAR and Health and Human Services Acquisition Regulation while executing this procurement.

There were no follow-up recommendations.

Ongoing Audits and Reviews

Auditing Vulnerable Hurricane-Related Procurements

Auditors are reviewing all hurricane-related contractual procurements over \$500,000, focusing on methods of procurement; costs incurred; and the quantity, quality, and timeliness of deliverables. Auditors will examine 72 procurements (all of them valued over \$500,000), with a total value of \$92.7 million. As of September 2006, nine audit reports had been issued, covering an audited value of \$26.2 million.

Transporting Medically Needy Evacuees

Auditors are examining the performance and monetary charges of a contractor responsible for

returning an estimated 6,000 evacuees to Texas, Louisiana, and Mississippi. The evacuees required en-route medical care and were unable to travel via commercial air or without medical assistance.

Duplicate Medicaid Payments to Providers (Medicaid)

Auditors are examining whether providers are submitting claims and being paid by multiple state Medicaid agencies for the same service for the same evacuee.

Duplicate Payments to Nursing Homes (Medicaid)

The audit examines whether multiple nursing homes in one state affected by the hurricanes are submitting claims and being paid by the state Medicaid agency for the same service for the same beneficiary.

Uncompensated Care (Medicaid)

Auditors are reviewing the funding of one state affected by Hurricane Katrina for uncompensated care under a Medicaid waiver. They will determine whether the state complied with the following guidance:

- Established procedures to prevent abuse, including an income test
- Established procedures to prevent payment to individuals who had other coverage or options available
- Considered alternative coverage methods, such as premium assistance for private insurance, for uninsured evacuees
- Maintained adequate documentation to support payments made from the fund.

Planned Audits and Reviews

Department Accounting for Federal Emergency Management Agency Mission Assignments

As of June 30, 2006, the spending authority for the Department of Health and Human Services (HHS) FEMA-requested MAs (tasks) totaled \$315.4 million. This spending authority is contained within 121 individual mission assignments with different magnitudes and objectives. Auditors will determine whether the agency is appropriately accounting for these costs.

Use of Emergency Preparedness Grants in Selected Gulf Coast States

Auditors will examine use of HHS emergency preparedness grants in Gulf Coast states to determine whether such funding, provided annually by the CDC and the Health Resources and Services Administration, was used for approved purposes and whether items funded by these grants were effective in hurricane response and recovery.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Final Audit and Review Products

Southwest Alliance of Asset Managers, LLC, Addison Texas;

Did Not Effectively Enforce the Lease Terms Over Payment of Property Utilities

(Audit Report: 2006-AO-1001, June 23, 2006)

Auditors reviewed whether Southwest Alliance complied with the Department of Housing and Urban Development's (HUD's) regulations, procedures, and instructions in the management of HUD's real estate-owned properties held off market for disaster victims. According to the audit report, Southwest Alliance generally complied with the terms of its contract, with one exception: it did not ensure that the disaster victims transferred the billing of property utility services into their names within seven days of occupancy, as required by the lease agreements. As a result, after occupancy by tenants, HUD paid \$79,306 in utility costs for 636 leased properties from September 2, 2005, through April 25, 2006.

Auditors recommended that Southwest Alliance be instructed to take appropriate action against the tenants who do not comply with the lease requirements over utility payments and that Southwest Alliance initiate collection actions against tenants to recover the \$79,306 HUD paid for utility costs.

Cityside Management Corporation, Hammond, Louisiana;

Did Not Enforce the Lease Terms Over Payment of Property Utilities

(Audit Report: 2006-AO-1002, August 31, 2006)

Auditors determined that Cityside complied with HUD's regulations, procedures, and instructions in managing HUD's real estate-owned properties held off market to house disaster victims, with one exception: it did not ensure that all disaster victims transferred the billing of property utility services into their names and paid charges for utility services in full, as required by the lease agreements. According to the audit report, Cityside did not enforce full tenant compliance with the lease terms over payment of property utilities when staff became aware of the issue. Instead, Cityside used \$17,744 in HUD funds to pay the monthly billings on 133 leased properties from October 13, 2005, to March 31, 2006.

Auditors recommended that Cityside be instructed to take appropriate action against tenants who do not comply with the instruction and requirements regarding utility payments, and to initiate collection actions against tenants to recover the \$17,744 that HUD paid for utility costs and any additional costs HUD incurred after March 31, 2006.

Departments' Procurement Office Did Not Maintain Complete Contract Files; Washington, DC

(Audit Report: 2006-AT-0001, August 29, 2006)

According to the audit report, the Procurement Office did not maintain complete files for contract actions in response to disaster-related relief. In 11 of 13 contract files reviewed, auditors determined that information was either missing or not prepared according to applicable regulations, policies, and procedures. Auditors determined that the Procurement Office lacked adequate controls to ensure that

files were complete when contracts needed to be awarded promptly. As a result, auditors determined HUD cannot be assured that contract files related to emergency contract actions were complete and complied with applicable statutes, regulations, policies, and procedures.

Auditors recommended that the Chief Procurement Officer develop and implement internal controls to ensure contract files are complete and comply with applicable statutes, regulations, policies, and procedures.

Ongoing Audits and Reviews

Community Development Block Grant (CDBG) Disaster Funding

Auditors are reviewing controls over the CDBG homeowners program that is funded through block grants to Mississippi and Louisiana.

Katrina Disaster Housing Assistance Program (KDHAP) Vouchers

Auditors are reviewing funds issued under the program.

Coordination With State Auditors

HUD auditors are working with state auditors in the affected area to coordinate various audit efforts.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Final Audit and Review Products

NASA's Management of Hurricane Katrina Disaster Relief Efforts

(ML-06-009, August 29, 2006)

Auditors determined that the National Aeronautics and Space Administration (NASA) established adequate internal controls for segregating, accumulating, and accounting for FY 2005 funds used for Hurricane Katrina recovery and reconstruction. Also, NASA's estimated funding was reasonable and the procedures and processes used to spend the funds, in general, were adequate to ensure use for their intended purposes.

Some deficiencies in contract administration were identified; NASA is acting on auditors' recommendations to correct the deficiencies.

NASA's Implementation of the National Incident Management System

(IG-06-016, August 29, 2006)

According to the audit report, NASA's emergency preparedness plans did not fully comply with the NASA National Incident Management System (NIMS) Implementation Plan. Auditors made several recommendations and NASA is taking corrective action.

Ongoing Audits and Reviews

Audit of FEMA Mission Assignments for Hurricane Katrina Disaster Relief Efforts

The objective is to review and report on NASA's accounting for FEMA mission assignment funds for Hurricane Katrina disaster relief efforts.

Planned Audits and Reviews

No additional audits are planned.

SMALL BUSINESS ADMINISTRATION

Final Audit and Review Products

Audit of Loan Disbursements Following the 2005 Gulf Coast Hurricanes Katrina, Rita, and Wilma
(6-29, September 19, 2006)

Auditors studied the low rate of disaster loan disbursements to determine impediments in the loan closing and disbursement processes after the disaster. Auditors reviewed processing data for 220 loans in the Small Business Administration's (SBA's) Disaster Credit Management System (DCMS). Of these loans, 37% had no problems. The problems with the remainder of the loans were attributed primarily to borrower actions, such as delays in filing closing documents and difficulties getting SBA assistance during the closing process, indecision or reluctance to assume the loans, and requests to modify loan terms and conditions or to update borrower information.

Because loan processing times were within expected ranges and were largely borrower driven, auditors made no recommendations. However, the OIG has initiated an audit of SBA's loan modification process associated with borrower relocations, and it may recommend improvements needed to process these actions more expeditiously.

The Disaster Credit Management System Upgrade Project Needs a Certification and Accreditation Prior to Production
(6-21, April 27, 2006)

Auditors determined that SBA's DCMS Upgrade did not include a planned certification and accreditation. SBA agreed to the auditors' recommendation that it perform a full certification and accreditation of the system before placing it into production.

Review of the Disaster Credit Management System—Performance Test Plan
(6-24, June 8, 2006)

A review of test plans for DCMS determined that SBA was only planning to test the system for a maximum of 2,000 concurrent users before accepting it, although the system was expected to support 10,000 concurrent users.

SBA agreed to auditors' recommendation that the agency modify its test plans and continue to improve and fine tune future system enhancements.

*Advisory Memorandum Report on Controls Relating to Duplication of Benefits to Gulf Coast States
(06-28, September 25, 2006)*

Auditors determined that SBA did not take adequate steps to coordinate aid distribution efforts with Mississippi Development Authority (MDA), identify disaster loans to be impacted by HUD grants, or properly test data transfer mechanisms to ensure that information shared between agencies is safeguarded and that duplicate benefit transactions are properly recorded for financial reporting purposes.

SBA agreed with the auditors' recommendations that it strengthen controls to ensure that data transferred between agencies is processed correctly; that loans are accurately adjusted before grant funds are disbursed; and that financial transactions are properly initiated, recorded, processed, and reported in the agency's financial statements.

*Flexible Staffing of SBA Personnel During Emergencies or Catastrophes to Aid Disaster Loan Processing
(06-31, September 25, 2006)*

Agency officials agreed to auditors' recommendations that SBA develop a catastrophic disaster plan that includes flexible staffing of SBA personnel agency-wide and that SBA determine infrastructure requirements needed to fully activate the flexible staffing catastrophic disaster plan.

Ongoing Audits and Reviews

Gulf Coast Hurricanes Loss Verification Process

This audit is examining whether the disaster loan loss verification process resulted in accurate property damage assessments and loan values.

Hurricane Katrina and Related OIG Investigations

Auditors are examining early default patterns and trends to support audit and investigative efforts in identifying fraud, waste, and abuse related to Katrina. The effort is evolving as potential risks surface through multiple sources, including the PCIE Task Force and hotline allegations.

PCIE Review of Gulf Coast Hurricane Small Business Procurements

As part of the PCIE Contracting Subgroup, the OIG already has issued a review guide for other OIGs assessing procuring agency compliance with small business contracting requirements in the wake of the 2005 hurricanes. The OIG will issue a report summarizing the results of reviews by other OIGs.

Audit of Borrower Relocation Process

Auditors are examining whether SBA has controls in place to effectively process and monitor loan modifications associated with borrower relocations.

Review of 8(a) Contracts Related to the 2005 Gulf Coast Hurricanes

This audit will examine whether 8(a) companies are receiving and performing 2005 Gulf Coast hurricane contracts according to 8(a) program and small business requirements.

Review of the Expedited Disaster Loan Application Process

Auditors are evaluating the quality and timeliness of loans approved under the Expedited Loan Application Process.

FY 2006 Financial Statement Audit

The annual financial statement audit is being performed by a Certified Public Accounting firm. The audit includes testing internal controls related to processing of disaster loans.

Planned Audits and Reviews

Review of the Disaster Loan Servicing Centers

This audit will determine whether loan servicing centers properly serviced and transferred loans to liquidation in a timely manner.

Review of Loan Progress Payments

Auditors will determine whether loan progress payments were properly supported and made according to SBA procedures.

Review of SBA's Disaster Staffing and Mobilization

This audit will examine whether Gulf Coast disaster staff levels were appropriate and whether staff were properly trained and deployed.

Duplication of Benefits With Disaster Assistance Programs and Insurance Benefits

Auditors will determine whether loan recipients received duplicate benefits from other agencies or from insurance proceeds and, if so, whether SBA loans were appropriately reduced.

Review of Disaster Assistance-Related Complaints and Referrals

The audit will determine whether complaints or referrals of program abuse or wrongdoing are valid and, if so, evaluate the impact on the SBA Disaster Assistance Loan program.

SOCIAL SECURITY ADMINISTRATION

Final Audit and Review Products

The Social Security Administration's Service Delivery to Individuals and Beneficiaries Affected by



New Orleans, LA, March 13, 2006—Hurricane Katrina disaster victims Loi and Hinh Thi Nguyen paint their new fishing boat that they purchased with a SBA loan. SBA provides disaster loans for primary residences, businesses, and non-profit organizations. (Marvin Nauman/FEMA photo)

Hurricanes Katrina and Rita

(A-06-06-26072)

According to the evaluation report, the Social Security Administration (SSA) took numerous steps to ensure continued service in the wake of the hurricanes, including implementing emergency procedures, locating employees and launching recovery operations at damaged facilities, continuing service delivery to beneficiaries and recipients, and expending funds to address the emergency. Auditors determined that approximately 1 million beneficiaries and recipients receiving approximately \$700 million in monthly benefit payments were affected, with more than 1,200 SSA employees displaced and numerous SSA facilities damaged and inoperable.

However, auditors also determined that SSA could improve its response in such situations by emphasizing the importance and use of its emergency contact procedures and national emergency toll-free number, ensuring that staffers follow procedures for issuing Social Security number (SSN) verification printouts, and implementing a centralized common accounting number to track costs when disasters occur.

Ongoing Audits and Reviews

Review of the Social Security Administration's Accountability of FEMA Funds Provided for Hurricane Relief Efforts

The objective is to evaluate the effectiveness of SSA's internal control procedures and accountability of funds provided by FEMA in response to hurricanes Katrina, Rita, and Wilma.

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Final Audit and Review Products

Tax Products and Computer Programs for Individual Income Tax Returns Were Accurately Updated for the 2006 Filing Season

(2006-40-088, May 5, 2006)

The Katrina Emergency Tax Relief Act (KETRA), signed into law September 23, 2005, contained \$3.3 billion in estimated tax relief for FY 2006. The Gulf Opportunity (GO) Zone legislation followed in December 2005, with an additional \$3.9 billion in estimated tax relief for FY 2006.

According to the audit report, the tax relief provisions were implemented correctly. There were no audit recommendations.

The Exempt Organizations Function Effectively Processed Requests for Tax-Exempt Status From Charitable Organizations Supporting Hurricane Relief

(2006-10-089, June 5, 2006)

On September 6, 2005, the Internal Revenue Service (IRS) announced it would expedite processing of applications for tax-exempt status of new organizations providing relief for victims of Hurricane Katrina.

Auditors determined that the Exempt Organizations (EO) function led to effective and timely application processing. The EO function established procedures to ensure that referrals of potentially abusive organizations were reviewed to determine whether the allegations should be sent to an EO Examinations function group for further development.

Auditors made no recommendations; however, key IRS management officials reviewed the report before it was issued and agreed with the facts, findings, and outcome measures.

Taxpayers Residing in the Hurricanes Katrina and Rita Disaster Areas Were Accurately Identified for Tax Relief

(2006-40-109, July 31, 2006)

The IRS has the authority to grant extensions to file certain tax returns and pay certain taxes, waive penalties, and abate interest for taxpayers affected by natural disasters such as hurricanes. According to the audit report, the IRS correctly identified taxpayers affected by the hurricanes and properly placed disaster indicators on their accounts to prevent balance-due notices from being issued.

Auditors determined that a small number of indicators generated manually (rather than by computer) had an incorrect beginning or ending date for the disaster-related tax relief period. As a result, taxpayers with these indicators on their accounts did not receive the full benefit of the disaster relief provisions.

Auditors advised the IRS of this during the review, and IRS management acted to correct those disaster indicators. Auditors also recommended that IRS employees regularly receive an updated job aid for manual disaster indicators and emphasize the importance of using the correct dates for interest

and penalty calculations. IRS management agreed with the additional recommendation and is taking corrective action.

Automated Underreporter Program Compliance Activities Were Properly Suspended for Taxpayers Affected by Hurricanes Katrina and Rita, but Notification Could Be Improved

(2006-40-104, August 25, 2006)

Auditors determined that the IRS ensured employees took prompt action to suspend Automated Underreporter (AUR) Program compliance actions and prevent notices from being issued to affected taxpayers.

However, according to the audit report, the IRS could improve its notification to taxpayers who had already received AUR notices to advise them of the tax relief period. Taxpayers who had not seen the IRS news releases or visited the IRS Web site may have been unaware they did not need to gather supporting documentation concerning the discrepancies by the date specified on the notice. They also may have been unaware of available disaster relief or how to obtain additional information.

To effectively communicate the tax relief granted during catastrophic disasters, auditors recommended the AUR Program send a notice directly to taxpayers who had previously received AUR correspondence, notifying them that compliance activities had been suspended because of a disaster.

IRS management disagreed with the recommendations, citing various logistical and cost challenges. Auditors disagreed with the IRS's reasoning and have called for the IRS to work with the U.S. Postal Service on a suitable solution to the notification issue.

Individual Tax Returns Were Timely Processed in 2006, but Opportunities Exist to Improve Verification of Certain Tax Deductions

(2006-40-164, September 20, 2006)

According to the audit report, during the 2006 filing season the IRS processed returns on schedule and issued refunds within the required 45 calendar days. Most key tax law changes for the 2006 filing season were implemented correctly, even though the filing season was unusual due to the significant tax law changes to assist taxpayers adversely affected by the Gulf Coast hurricanes.

However, auditors identified opportunities and made recommendations to improve the processing and accuracy of returns containing the following tax provisions:

- Taxpayers over the age of 70½ receiving improper Individual Retirement Account deductions
- Eligible taxpayers not taking full advantage of the sales tax deduction
- Single taxpayers continuing to claim a “dual benefit” of both the tuition and fees deduction and the Education Credit.

IRS management generally agreed with the audit recommendations and is taking corrective action.

Customer Service at Taxpayer Assistance Centers Showed Improvement During the 2006 Filing Season (2006-40-122, August 30, 2006)

Auditors determined that some personnel at the IRS's walk-in service Taxpayer Assistance Centers (TAC) were not properly addressing tax law questions related to the Katrina Emergency Tax Relief Act. Some TAC assistors answered questions incorrectly because they did not use the required tools. Other contributing factors included the complexity of the tax law and the number of potential questions. When TAC assistors did not or could not answer questions or refer taxpayers to other IRS sources, taxpayers ultimately were provided no service, according to the audit report.

Auditors recommended that the IRS develop or modify procedures to ensure that assistors properly answer taxpayers' questions, and develop guidelines and provide training to TAC managers and assistors on how to manage customer traffic and wait times. IRS management agreed with the recommendations and is taking corrective action.

Untimely Processing of Taxpayer Carryback Loss Claims Resulted in Significant Interest Costs (2006-40-139, August 31, 2006)

When taxpayers incur a significant loss from business activities or natural disasters, to the extent their deductions exceed their income, they can opt to carry the loss back to prior tax years and obtain a refund of taxes paid in those prior years by filing an Application for Tentative Refund (Form 1045) or an Amended U.S. Individual Income Tax Return (Form 1040X). The KETRA and GO Zone laws include provisions that eliminate the limitations on personal casualty or theft losses caused by the 2005 hurricanes.

Auditors determined that the IRS did not process some carryback claims and issue refunds within 45 calendar days of receipt of the form or the due date of the loss year return as required to avoid paying interest on the refund amounts.

The auditors' concern was heightened because the volume of carryback claims the IRS receives is likely to increase as a result of the hurricanes. The impact of inefficiencies in the IRS' procedures will be compounded as the inventory of claims grows.

Auditors made numerous recommendations to help improve the identification and processing of these claims. IRS management agreed and is taking corrective action.

Ongoing Audits and Reviews

Review of Hurricane Tax Relief Efforts for Compliance Activities (Review No. 200630006)

In response to the six separate federal disaster declarations that President Bush made for the 2005 hurricanes, the IRS used its administrative authority to grant broad tax relief for affected taxpayers. Relief was automatically granted to taxpayers who reside or have businesses in the hardest hit areas,

generally those designated by FEMA for “individual” relief, whose taxpayer accounts were to be frozen systemically. Additionally, relief was granted to taxpayers in areas designated by FEMA for “public” relief; however, these taxpayers had to determine their eligibility.

Auditors will review IRS examination and collection activities for taxpayers in the ZIP codes FEMA identified as “individual” affected areas, whose accounts were to be systemically frozen. Any problems in this area will need to be addressed to ensure that affected taxpayers are not unduly burdened by the IRS now or in future natural disaster recovery periods.

DEPARTMENT OF THE TREASURY

Ongoing Audits and Reviews

Office of the Comptroller of the Currency's Response to Hurricanes Katrina and Rita
(Project No. A-BK-06-001) and

Office of Thrift Supervisor's Response to Hurricanes Katrina and Rita
(Project No. A-BK-06-002)

The Office of the Comptroller of the Currency's (OCC's) and Office of Thrift Supervisor's (OTS's) audits both have the following two objectives:

- Determine the preparedness for and responsiveness of the OCC and OTS in addressing the needs of national banks, thrifts, and savings and loans and their customers during the hurricanes
- Determine OCC and OTS plans and abilities to assess and manage increased risks resulting from the hurricanes' impact on their regulated institutions and from the relaxation of certain operational, compliance, and reporting requirements. The OIG is focusing on the adequacy and effectiveness of OCC's and OTS's continuity of operations plans as well as their abilities to respond and monitor financial institutions following the hurricanes.

DEPARTMENT OF AGRICULTURE

Final Audit and Review Products

Controls Over Multifamily Housing Funds Provided for Hurricane Relief Efforts
(Audit 04601-0013-Ch)

The Rural Housing Service (RHS) placed 11,000 evacuees in 4,100 rural housing apartment units in 45 states and provided \$2.6 million in emergency rental assistance. Auditors determined that most victims needed only adequate housing and not rental assistance because that was provided by FEMA's Transitional Housing Assistance Program. According to the audit report, RHS's failure to coordinate with other agencies resulted in duplication of much of the \$2.6 million in emergency rental assistance provided by RHS. Auditors also determined the following:

- The RHS database contained generally inaccurate and incomplete information
- RHS lacked sufficient controls to identify victims using other individuals' FEMA identifying numbers to obtain assistance
- RHS did not properly monitor owners and management agents, so some owners required victims to

pay rent for Rural Rental Housing (RRH) units even though the owners had received rental assistance for those victims directly from RHS

- Some owners reclassified pre-existing tenants as hurricane victims when they had no change in income or other circumstances, resulting in unnecessary RRH rental assistance to those tenants.

As a result of the audit, RHS is implementing corrective actions to prepare for future disasters by developing policy and procedures for coordinating actions and sharing computer information related to housing assistance with other federal agencies that also provide such assistance. In addition, RHS will improve the agency's information system and related controls over the accuracy and completeness of data.

Non-recourse Marketing Assistance Farm-Stored Loans (03601-47-Te)

Marketing assistance loans (MAL) help farmers store crops at harvest when prices are low and sell them later at more advantageous prices. To address the hurricanes' effect on grain storage, on-ground storage was approved for commodities offered as MAL collateral for crop years 2005 and 2006.

Auditors determined that Farm Service Agency (FSA) controls generally were adequate, but the agency could improve how it secures loan collateral. Ambiguities in procedures and regulations led FSA to overvalue high-moisture collateral for 16 loans by 80 %, or nearly \$1.6 million; county offices did not consistently use commodity seals to determine collateral; and, even when regulations were clear, county offices did not always comply.

As a result of the audit, FSA agreed to do the following:

- Clarify procedures regarding MAL collateral value of low-quality, high-moisture commodities and the use of commodity loan seals
- Determine and recover potentially overstated value of such collateral
- Strengthen spot checks of loan collateral and procedures for completing and reviewing MAL documents
- Train the state and county office that committed errors administering MALs.

Ongoing Audits and Reviews

Hurricane Relief Initiative—Hurricane Indemnity Program and Tree Indemnity Program (03-601-0013-AT)

This audit examines whether the controls over the Hurricane Indemnity Program and the Tree Indemnity Program are adequate.

Risk Management Agency's 2005 Hurricane Relief Efforts in Florida (05-099-0028-AT)

Auditors are assessing the adequacy of controls over hurricane relief efforts.

Controls Over Single Family Housing Funds Provided for Hurricane Relief Efforts
(04-601-15-CH)

Auditors are evaluating accountability for single-family housing assistance that the United States Department of Agriculture provided to disaster victims.

Hurricane Relief Initiatives—Barge Movement and Transportation Differential Agreements
(03-601-0021-KC)

Auditors are examining whether Commodity Credit Corporation payments for barge movement, barge unloading, and transportation differential agreements removed barges from the New Orleans area, thereby reducing transportation demands for these barges on the upper Mississippi River.

Hurricane Relief Initiatives—Livestock and Feed Indemnity Programs
(03-601-0023-KC)

Auditors will assess adequacy of controls over the Livestock and Feed Indemnity Programs.

Hurricane Relief Initiatives—Emergency Forestry Conservation Reserve Program
(03-601-0024-KC)

This audit examines the adequacy of controls over the Emergency Forestry Conservation Reserve Program.

Hurricane Relief Initiatives—Natural Resources Conservation Service Emergency Watershed Protection Program and Dead Animal Debris Disposal Project and Farm Service Agency Emergency Conservation Program
(50-601-0051-KC)

Auditors are monitoring funding levels to evaluate the adequacy of management controls and review the reasonableness of reimbursements under the Emergency Watershed Protection Program (EWP) and the Emergency Conservation Program (ECP). They also will access waivers or revised procedures applicable to EWP and ECP and review Natural Resources Conservation Service (NRCS) efforts to assist agricultural producers in the disposal of dead animal debris.

Food and Nutrition Service (FNS) Disaster Food Stamp Program (DFSP) for Hurricanes Katrina, Rita—Louisiana, Mississippi, and Texas
(27099-49-Te)

The audit examines whether FNS Regional Offices are properly overseeing DFSP operations and whether state agencies are operating the DFSP according to waivers approved by the FNS Administrator.

Planned Audits and Reviews

Review of Crop Insurance Emergency Loss

Auditors will determine the adequacy of controls over this program.

Controls Over Housing Funds Provided for Hurricane Relief

The audit will assess the adequacy of controls over these housing funds.

Review of Loans for Telecommunications and Electrical Assistance

Auditors will determine whether the Rural Utilities Service administered Direct Rural Telecommunications loans according to regulations and whether funds were used for approved purposes.

UNITED STATES POSTAL SERVICE

Final Audit and Review Products

Review of Postal Service's Replacement and Repair of Facilities Affected by Hurricane Katrina (FA-MA-06-001, May 26, 2006)

Auditors reported that Postal Service facilities resumed operations as quickly as possible after Hurricane Katrina. The Facility Service Office (FSO) suspended rent payments for leased facilities deemed unusable as a result of the storm.

Auditors identified several ways to improve the Postal Service's response to future disasters, including improving facility accessibility, following standardized lockdown procedures, pre-arranging for use of mobile home and trailer haulers, improving communications, providing appropriately sized generators, and securing multiple national clean-up contracts. Postal Service management agreed to develop many of these procedures.

Postal Inspection Service's Procurement Transactions Related to Hurricane Katrina Response, Recovery, and Reconstruct Efforts (SA-AR-06-004, May 30, 2006)

According to the audit report, the Postal Service and the Postal Inspection Service had effective controls over procurement transactions related to Hurricane Katrina efforts. Procurement transactions were valid, authorized, and supported by the appropriate documentation; however, auditors determined that management could strengthen controls to ensure that International Merchant Purchase Authorization Card (IMPAC) cardholders review, sign, and date U.S. bank statements within five days of receipt, as required.

Postal Inspection Service Emergency Preparedness for Hurricane Katrina (SA-AR-06-005, June 5, 2006)

Auditors concluded that the Postal Inspection Service responded to Hurricane Katrina rapidly and successfully and took actions consistent with the Integrated Emergency Management Plan (IEMP).

No recommendations were made by the auditors.

Hurricane Katrina—The Effectiveness of the Postal Service Transportation and Logistics Network
(NL-AR-06-006, June 29, 2006)

Auditors determined that the Postal Service took timely action to suspend and terminate unneeded highway contract routes in the hurricane emergency zone, saving about \$2.8 million and freeing those funds for emergency transportation needs.

Auditors recommended and Postal Service management agreed to verify the termination of unneeded highway contract routes; coordinate with appropriate federal authorities to better leverage Postal Service capacity during future national emergencies; and revise or validate IEMP and other appropriate policies.

Postal Service Emergency Preparedness (EP) for Hurricanes Katrina and Rita
(SA-AR-06-007, August 3, 2006)

Auditors determined that while the Postal Service took noteworthy actions in responding to the hurricanes, opportunities exist to enhance emergency preparedness and response.

Auditors recommended and management agreed to do the following:

- Revise the IEMP to sufficiently address area and headquarters level functions
- Ensure field operations personnel complete, approve, validate, and implement IEMPs that incorporate standalone plans for hurricanes and lessons learned
- Develop an alternative incident management system to assist the Postal Service in managing emergencies throughout each stage of emergency preparedness
- Establish performance measures for all hazards to achieve emergency management goals that effectively enhance the Postal Service's EP and incorporate them into the core goals for headquarters, area, and field-level emergency managers.

Postal Service Actions to Locate and Track Employees After Hurricane Katrina
(HM-AR-06-005, August 28, 2006)

According to the audit report, Postal Service actions to initially locate employees in the days after Hurricane Katrina were timely and effective, given the devastation caused to the affected areas. The Mississippi District's actions to track employees' locations in the days and months following the hurricane were effective, but the Southwest Area's actions needed improvement.

Although the Postal Service has taken many corrective actions, auditors recommended and management agreed to help improve the Postal Service's ability to account for employees after a natural emergency.

OTHER HURRICANE RECOVERY AUDITS

Government Accountability Office

Enhanced Leadership, Capabilities, and Accountability Controls Will Improve the Effectiveness of the Nation's Preparedness, Response, and Recovery System

(GAO-06-618, September 2006)

The GAO team examining DHS's overall response to Hurricane Katrina observed that the disaster's scope and destruction severely tested all levels of government in the affected areas and the nation as a whole. The destruction almost immediately overwhelmed state and local first responders, and the response required outside action and support from many sources.

Auditors outlined three basic elements in preparing for, responding to, and recovering from any catastrophic disaster: leadership, capabilities, and accountability. DHS has made revisions to the National Response Plan designed to further clarify federal roles and responsibilities, but the effects of these measures has not yet been tested in an actual disaster.

According to the audit report, the development of capabilities needed for catastrophic disasters should be part of an overall national effort designed to integrate and define what needs to be done, where, by whom, and how well. Auditors reported that DHS has announced a number of actions to improve readiness and response for catastrophic disasters; however, there is little information available on the extent to which these changes were operational at the time of the September 2006 GAO report.

Recognizing that it is difficult to balance the demand for rapid response and recovery with the need for appropriate accountability after a disaster, the auditors cited some DHS failures to properly balance those needs. According to the audit report, DHS has taken steps to address some of the auditors' concerns, including working to compete more contracts for key services in advance of a disaster and improving its ability to verify individual claimant eligibility for disaster benefits and assistance.

The GAO report includes six specific recommendations to the Secretary of Homeland Security. The DHS generally agreed with the recommendations, describing actions taken to implement them. The report also includes a matter for congressional consideration. (Link to: <http://www.gao.gov/new.items/d06618.pdf>)

Inspections

The Department of Health and Human Services

The OIG completed one inspection report during this period. The office is continuing its inspection of three additional matters.

Completed Inspection

Nursing Home Emergency Preparedness and Response During Recent Hurricanes
(OEI-06-06-00020, August 2006)

This final report recommends that the Centers for Medicare & Medicaid Services (CMS) consider strengthening federal certification standards for nursing home emergency plans. The study of selected nursing homes in five Gulf States reported that all experienced problems—whether evacuating or sheltering in place—during the 2004 and 2005 hurricanes. Issues that often arose include the following:

- Nursing home administrators and staff did not follow their emergency plans
- Suggested provisions were missing from plans
- The need to enhance collaboration among state and local emergency medical entities.

CMS concurred with the report's findings. The centers are exploring ways to strengthen federal certification standards for emergency preparedness and to promote better coordination among federal, state, and local emergency management entities.

Ongoing Inspections

Emergency Response to Katrina: Use of the International Merchant Purchase Authorization Card
(OEI-07-06-00150)

The OIG is conducting an internal analysis about how HHS personnel deployed in response to Hurricane Katrina-used purchase cards. The study focuses on compliance with both established and emergency spending guidelines and procedures. It builds on OIG's March 2003 report "International Merchant Purchase Authorization Card Program: Review of Calendar Year 2001 Transactions," which reported that 44% of transactions sampled did not fully comply with requirements for using the purchase cards.

Commissioned Corps Deployment in Response to Hurricanes Katrina and Rita
(OEI-09-06-00030)

The U.S. Public Health Service Commissioned Corps' responses to hurricanes Katrina and Rita are being evaluated to determine whether the Corps could improve its performance in future public health emergencies and, if so, how. In the weeks after Hurricane Katrina, more than 1,400 officers worked with state, local, and private agencies in seven Gulf States. After one month, more than 700 remained in the Gulf States and evacuee areas to provide relief services. The deployment in response to the hurricanes was one of the largest in the Corps' 207-year history. It came as the Corps was working toward its ongoing goal of being 100% deployable.

Katrina-Related Medical Review Contract
(OEI-05-06-00140)

HHS program beneficiaries who lived in the Gulf States may have been evacuated to various places in the United States. To ensure that victims of Katrina received needed health care, HHS used the waivers in Sections 1115 and 1135 of the Social Security Act, 42 U.S.C. §§ 1315 and 1320b-5, to expand Medicaid coverage criteria. In this study, the services and payments made under Section 1115, Medicaid waivers for Katrina victims, are being described, and the extent to which providers enrolled in Medicaid under Section 1135 of the Social Security Act, 42 U.S.C. § 1320b-5, waiver authority is being determined.

Department of Housing and Urban Development

The OIG is using forensic auditors in the Gulf Coast region to review and evaluate the following resources:

- Management and marketing firms
- Public housing authorities
- Multifamily properties
- The Mississippi Development Authority
- Hurricane Katrina Fraud Task Force—Louisiana State University

Management and Marketing Firms

A company, Hooks Van Holm, received advance payments from HUD to rehabilitate and repair real estate-owned properties for disaster victims. Hooks Van Holm's contract with HUD was increased more than \$15 million to repair single-family properties set aside for Hurricane Katrina victims. The OIG reviewed the work performed to determine whether the contractor properly accounted for and made the necessary repairs, as specified. Interviews, reviews of documentation, and property inspections showed that the repair work was adequate and the contractor maintained proper documentation for the repairs.

Public Housing Authorities

HUD conducts inspections of public housing authorities to ensure that adequate procedures and controls are in place to safeguard Community Development Block Grant disaster recovery funding, which was used to repair and replace public housing units in New Orleans and elsewhere. The review will also determine whether costs and expenses are proper and documented.

HUD is conducting an ongoing review of all contracts awarded to the Housing Authority of New Orleans post-Katrina and of the authority's home ownership program.



New Orleans, LA, August 31, 2005— Members of the FEMA USAR (Urban Search and Rescue) task force remove residents from a nursing home affected by Hurricane Katrina. The entire city of New Orleans was being evacuated because of the floods caused by the breaks in the levees following Hurricane Katrina. (Jocelyn Augustino/FEMA photo)

Multifamily Properties

The OIG is reviewing HUD recertification and housing assistance payments procedures for selected multifamily properties located in the Gulf Coast. The OIG is also conducting an ongoing review of Sunlight Manor Apartments contracts to repair damage from Hurricane Rita and the property’s housing assistance payment procedures to ensure they were accounted for properly.

Mississippi Development Authority

HUD will conduct a review to determine whether the Mississippi Development Authority (MDA) or its contractor(s) used reports designed to detect fraud during the homeowner assistance grant application process. This is an ongoing review of the homeowner application process using reports supplied by MDA’s contractor. These reports identify homeowners who submitted multiple applications on the same property or for more than one property.

Hurricane Katrina Fraud Task Force—Louisiana State University

This is an ongoing review of complaints received by the Hurricane Katrina Fraud Task Force to determine whether it warrants further investigation. It includes an analysis of HUD Section 8 tenants using the National Emergency Management Information System (NEMIS) to determine which tenants received funding through FEMA.

Chalmette, LA, December 16, 2005—A free health clinic opened in a trailer for St. Bernard Parish residents located at the Super Wal-Mart parking lot on West Judge Perez Drive. The FEMA Disaster Medical Assistance Team (DMAT) and the U.S. Public Health Service provide the staffing of the facility. (Robert Kaufmann/FEMA photo)



United States Postal Service

The United States Postal Service (USPS) Office of Inspector General completed two inspections during this semiannual reporting period.

Postal Inspection Service's Procurement Transactions Related to Hurricane Katrina Response, Recovery, and Reconstruction Efforts

(Report Number SA-AR-06-004, May 30, 2006)

Overall, the USPS and the Postal Inspection Service had effective controls over procurement transactions related to Hurricane Katrina efforts. Procurement transactions were valid, authorized, and supported by the appropriate documentation. However, management could strengthen controls to ensure that holders of International Merchant Purchase Authorization Cards (IMPAC) review, sign, and date U.S. bank statements within five days of receipt as required. Management agreed that authorizing officials will ensure that all IMPAC holders review, sign, and date U.S. bank statements within five days of receipt, as required.

Postal Inspection Service Emergency Preparedness for Hurricane Katrina
(Report Number SA-AR-06-005, June 5, 2006)

The Postal Inspection Service responded to Hurricane Katrina rapidly and successfully under difficult and unprecedented circumstances, taking actions consistent with the Integrated Emergency Management Plan. More than 300 postal inspectors and postal police officers responded immediately to safeguard USPS employees, provide security, and ensure that infrastructures were secure and operational.

Postal Inspection Service officials requested and obtained right-of-way authority from FEMA to ensure that inspectors could fully conduct their mission, which included escorting fuel and other recovery-related goods, such as lights and generators, into Alabama, Louisiana, and Mississippi.

Further, the Postal Inspection Service initiated an educational campaign to prevent fraud schemes related to Hurricane Katrina relief efforts. By implementing the IEMP, updating policies, and providing ICS training, the Postal Inspection Service enhanced its emergency plan and response to Hurricane Katrina. No recommendations were made.

INVESTIGATIONS

4



New Orleans, LA, February 20, 2006—A FEMA Community Relations Specialist (R) assists a New Orleans Police Officer, residing on the Carnival Cruise Ship Ecstasy, in securing alternate housing. Disaster victims still housed on the ship have been assigned a FEMA representative to locate other venues to accommodate housing needs. (Robert Kaufmann/FEMA photo)

OVERSIGHT OF GULF COAST HURRICANE RECOVERY

Investigations

Federal Inspectors General (IGs) are investigating potential violations of law related to hurricane recovery efforts in the Gulf Coast region. Where concerns arise, criminal investigators determine whether a law has been violated. As members of the President's Council on Integrity and Efficiency (PCIE) and Executive Council on Integrity and Efficiency (ECIE), federal IGs submit monthly reports to DHS Office of Inspector General (OIG) with case summaries about their investigations.

Investigative teams have been deployed to each of the Federal Emergency Management Agency (FEMA) Joint Field Offices in Alabama, Mississippi, Louisiana, Texas, and Florida to investigate allegations of fraud, waste, and abuse. The investigators are coordinating with their respective, federal, state, and local law enforcement agencies and prosecutors as part of their fraud detection and protection initiatives and investigations.

Since the hurricane relief and recovery process was initiated, through September 30, 2006, the 22 federal IGs involved in hurricane recovery oversight have reported 439 indictments, 407 arrests, and 255 convictions. This is a significant increase over the figures reported six months earlier on March 31, 2006, when they reported 174 indictments, 152 arrests, and 48 convictions. There also have been 22,647 contacts to all of the various hotlines, an addition of 8,262 contacts to the 14,385 hotline contacts total reported during the first six months. (See Table 4-1 on the next page.)

DEPARTMENTAL INVESTIGATIVE CASE SUMMARIES

The following case summaries represent investigations reported by the federal IGs involved in hurricane recovery oversight.

Department of Homeland Security

DHS OIG Office of Investigations investigators continue to be active participants on the Department of Justice (DOJ) Hurri-



New Orleans, LA—Department of Justice officials arrived in New Orleans to meet with local law enforcement officials to create a bureau for violent crime being funded by FEMA. (Marvin Nauman/FEMA photo)

OIG INVESTIGATIONS STATISTICS

Agency	Cases Opened (2) 1st 180 days (3)	Cases Opened (2) 1st 360 days	Arrests 1st 180 days	Arrests 1st 360 days	Indictments 1st 180 days	Indictments 1st 360 days	Convictions 1st 180 days	Convictions 1st 360 days	Hotline Contacts 1st 180 days	Hotline Contacts 1st 360 days
	CNCS	-	1	-	-	-	-	-	-	-
DHS	466	1,239	117	315	140	338	40	203	4,533	12,711
DOC	-	1	-	-	-	-	-	-	1	2
DOD(1)	6	8	1	1	-	-	2	2	9,664	9,664
DOE	-	-	-	-	-	-	-	-	2	2
DOI	1	1	-	-	-	-	-	-	-	-
DOJ	6	8	-	1	-	1	-	-	-	-
DOL	206	260	14	28	13	39	1	24	10	14
DOT	10	18	2	4	3	3	1	1	1	1
ED	-	1	-	-	-	-	-	-	-	1
EPA	6	9	0	-	-	-	-	-	6	9
GSA	2	3	-	-	-	-	-	-	-	-
HHS	17	17	-	-	-	-	-	-	2	6
HUD	18	83	6	11	5	10	2	3	81	126
NASA	11	11	5	5	1	2	-	-	-	-
SBA	3	12	-	7	-	8	-	2	12	19
SSA	17	55	4	25	9	28	1	15	22	29
TIGTA	2	3	1	1	1	1	-	1	-	-
TREAS	-	3	-	2	-	2	-	2	-	-
USDA	11	16	2	7	2	7	1	2	1	6
USPS	3	7	-	-	-	-	-	-	50	56
VA	-	-	-	-	-	-	-	-	-	-
Total	785	1,756	152	407	174	439	48	255	14,385	22,647

Source: 11th PCIE Hurricane Katrina Report (as of September 30, 2006)

Note 1: DoD hotline contact numbers represent the Katrina Fraud Hotline contacts reported through March 2006, when the Hotline was transferred to DOJ management. Katrina Fraud Hotline numbers are found under DHS reporting. All other agency numbers represent their individual hotline operation.

Note 2: These Open Cases numbers reflect some joint investigations in which several OIGs are participating in the same case. See more information on non-OIG cases managed by the Hurricane Katrina Fraud Task Force at: http://www.usdoj.gov/katrina/Katrina_Fraud/docs/09-12-06AGprogressrpt.pdf

Note 3: 180-day data is from the 9th PCIE Hurricane Katrina Report (as of March 30, 2006). Also, these numbers reflect fraud and non-fraud case information or complaints, such as benefits, eligibility, etc.

Table 4-1

cane Katrina Fraud Task Force established by the U.S. Attorney General on September 8, 2005. As a result of hurricanes Katrina and Rita, the OIG has established offices in Baton Rouge, Louisiana; Biloxi, Mississippi; Mobile, Alabama; and Hattiesburg, Mississippi. These offices are staffed primarily with temporary investigators who are a cadre of on-response or disaster assistance employees.

During this 6-month reporting period, DHS Office of Investigations conducted 466 investigations, which resulted in 140 indictments, 117 arrests, and 40 convictions. The following are representative Katrina-related case summaries initiated through the Hurricane Fraud Hotline and other sources.

False Claims Involving Debris Removal

This is a jointly managed case with the Federal Bureau of Investigation (FBI) involving four individuals who participated in a scheme to file false documentation claiming truckloads of debris that did not exist. Three of the subjects worked for a contractor who was hired to perform work as the county's monitor for the debris removal operations throughout the county. One of their primary responsibilities was to document and approve truckloads of debris that were hauled and disposed of. The fourth individual was a subcontractor who had trucks involved in the debris cleanup. The investigation revealed that the monitors submitted false dump tickets in the subcontractor's name, the subcontractor received payments for these false loads, and the proceeds were split between the individuals. The total amount of the fraud is in excess of \$717,000. A Federal Grand Jury indicted each of the four subjects on one count of Title 18 USC § 1001, (*False Statements*) and one count of Title 18 USC § 371, (*Conspiracy*). Three of the four subjects have been arrested and no trial date has been scheduled.

Guilty Plea in \$100,000 FEMA Hurricane Relief Fund Fraud Scheme

The DHS OIG's investigation, which was conducted jointly with the U.S. Secret Service, U.S. Postal Inspection Service (USPIS), and Department of the Treasury OIG, determined that between September and December 2005, the subject applied for emergency FEMA funds in connection with hurricanes Katrina and Rita, using the names, birth dates, and Social Security numbers (SSNs) of other individuals. As a result of the scheme, FEMA mailed 38 U.S. Treasury checks, made out to the individuals the subject identified, to the subject's motel or private mailboxes that he rented. The subject then forged the signatures of the payees and deposited the checks into bank accounts that he had opened in the names of other people. On August 28, 2006, the subject pleaded guilty to a three-count information, charging violations of 18 U.S.C. § 1344 (*Bank Fraud*), 18 U.S.C. § 1341 (*Mail Fraud*), and 18 U.S.C. § 1957 (*Money Laundering*). Sentencing is scheduled for December 1, 2006.

Three Indicted for FEMA Hurricane Relief Fraud

The OIG conducted an investigation involving suspects who devised a scheme to defraud FEMA by misrepresenting themselves as evacuees from Hurricane Katrina. The false statements resulted in FEMA paying out \$33,432 in false claims. On August 30, 2006, a state grand jury indicted three suspects for a state violation of Securing and Executing a Document by Deception.

Hotel Owner Charged With Defrauding FEMA—Update

A joint investigation with the U.S. Secret Service resulted in a 39-count indictment against the owner of a hotel with 22 counts of 18 U.S.C. § 1343 (*Wire Fraud*) and 17 counts of filing false claims under 18 U.S.C. § 287 (*False Claims*). The owner was arrested and released on a \$75,000 bond. The owner is accused of wire fraud and filing false claims totaling at least \$232,000 in connection with the disaster relief lodging programs for hurricane evacuees funded by FEMA's Public Assistance Program. A Federal Magistrate concluded, based upon the testimony of a court-appointed psychiatrist at a hearing, that the defendant was currently incompetent to stand trial.

Two Temporary FEMA Employees Arrested—Update

A joint investigation with the FBI resulted in the arrest of two temporary FEMA employees under 18 U.S.C. § 201 (*Bribery of Public Officials and Witnesses*) for soliciting bribes from a contractor supplying food for residents displaced by Hurricane Katrina. Both ran a FEMA camp near New Orleans and asked for a \$20,000 bribe in exchange for inflating the catering contract.

The two employees pleaded guilty and on August 30, 2006, the first subject received 21 months in prison, 2 years probation, and a \$30,000 fine; and the second subject received 21 months in prison, 2 years probation, and a \$20,000 fine.

Texas Residents Arrested for FEMA Katrina Fraud—Update

A joint investigation with the Department of Labor (DOL) OIG, the U.S. Postal Service, and the Louisiana Department of Labor has resulted in the arrest of numerous Texas residents under 18 U.S.C. § 641 (*Theft of Public Money*) for stealing more than \$80,000 in FEMA funds by filing false claims. One resident devised a scheme to impersonate hurricane evacuees and defraud FEMA out of thousands of dollars. She filed the fraudulent claims with FEMA and the Louisiana Department of Labor using the identities, including names and SSNs, of other people, many of them with a similar surname as hers, without their consent. Co-conspirators were arrested on conspiracy charges to defraud the United States. Between June 1, 2006, and June 26, 2006, 12 subjects pleaded guilty and are awaiting sentencing.

Subject Sentenced for Defrauding FEMA—Update

The DHS OIG joint investigation with the DOL OIG revealed that a subject filed for and received more than \$70,000 from FEMA that the subject was not entitled to receive. The subject was a drug dealer who purchased individuals' biographical information in exchange for drugs. The subject then used their information to file claims for assistance through FEMA and the Louisiana Disaster Unemployment System. The subject pleaded guilty to violating 18 U.S.C. § 371 (*Conspiracy*) and 18 U.S.C. § 1708 (*Conspiracy to Commit Wire Fraud*), and was sentenced to 27 months confinement, \$17,836 restitution, and 3 years supervised release. (*The original arrest in this case was reported in the earlier reporting period—October 1, 2005 - March 31, 2006.*)

Fugitive Pleads Guilty to Filing False Claim for Disaster Assistance

The OIG disclosed that the subject, a fugitive who was being sought by the U.S. Marshals Service on a federal warrant for violating the terms of his supervised release, filed a false claim for Hurricane Rita disaster assistance. The subject claimed that he lived at an address in Beaumont, Texas, during the hurricane when, in fact, the subject was on federal probation in Houston, Texas. As a result of his false claim, the subject received a FEMA registration number and stayed in FEMA-funded hotels while being sought by the U.S. Marshals Service. The subject was arrested by the U.S. Marshals Service in North Carolina and returned to Houston, Texas. The subject pleaded guilty to violating one count of 18 U.S.C. § 287 (*Filing a False Claim*).

Subjects Charged with Filing Multiple False Claims for FEMA Assistance

The OIG investigations staff conducted a joint investigation with the USPIS, Social Security Administration (SSA) OIG, and the Small Business Administration (SBA) OIG, involving two subjects who fraudulently obtained more than \$48,000 in disaster assistance benefits by filing 39 separate applications, claiming to have suffered damages from hurricanes Katrina and Rita. Following their indictment for violating 24 counts of 18 U.S.C. § 1341 (*Mail Fraud*) and six counts of 18 U.S.C. § 1028A (*Aggravated Identity Theft*), the subjects were arrested without incident.

Fourteen Charged with FEMA Fraud

The DHS OIG Office of Investigations conducted an investigation and reported that 14 subjects in Los Angeles used fraudulent addresses and SSNs to obtain FEMA benefits to which they were not entitled following Hurricane Katrina. Specifically, each of these individuals fraudulently claimed to have resided in Abita Springs, Louisiana, when Hurricane Katrina struck in August 2005, when they actually resided in Los Angeles. These 14 subjects received 19 FEMA checks totaling \$38,716. The Los Angeles City Attorney charged these 14 Los Angeles residents with Grand Theft, a violation of the California Penal Code. Twelve of these individuals were also charged with Conspiracy. To date, 11 individuals have pleaded guilty. Sentences have included up to 30 days in jail, restitution, and community service.

Four Indicted for FEMA Hurricane Relief Fraud

The OIG conducted a joint investigation with the U.S. Secret Service (USSS) targeting four subjects who knowingly devised a scheme to defraud FEMA by misrepresenting themselves as evacuees from Hurricane Katrina. Their false statements resulted in FEMA paying out \$20,425 in false claims. On March 1, 2006, a federal grand jury indicted the four subjects for violations of 18 U.S.C. § 1343 (*Wire Fraud*), 18 U.S.C. § 1341 (*Mail Fraud*), and 18 U.S.C. § 641 (*Theft of Government Property*). On March 3, 2006, the subjects were arrested pursuant to the indictments. Three subjects pleaded guilty to one count of 18 U.S.C. § 1343 (*Wire Fraud*) and the other subject pleaded guilty to one count of 18 U.S.C. § 641 (*Theft of Government Property*). Sentencing is pending.

Eleven Indicted for FEMA Hurricane Relief Fraud

The DHS OIG investigations staff conducted a joint investigation with the FBI and the United States Postal Inspections Service (USPIS) that identified numerous subjects residing in Oregon who filed fraudulent FEMA disaster benefit applications following Hurricane Katrina. To date, the Office of Investigations has identified 11 subjects in Oregon who were responsible for filing 253 fraudulent Hurricane Katrina applications with FEMA, totaling \$470,406 in claims. On October 12, 2005, and on January 27, 2006, the 11 subjects were indicted and arrested for violation of 18 U.S.C. § 641 (*Theft of Government Property*). To date, eight suspects have pleaded guilty to one count of 18 U.S.C. § 641 (*Theft of Government Property*) and two suspects have pleaded guilty to a total of six counts of 18 U.S.C. § 1341 (*Mail Fraud*). Nine suspects have been sentenced to a total of 63 months confinement, 27 years probation, \$800 in fines, and \$441,184 in restitution. One suspect is awaiting sentencing and one suspect is still at large.

One Indicted for FEMA Hurricane Relief Fraud

The DHS OIG conducted a joint investigation with the DOL OIG, Housing and Urban Development OIG, Social Security OIG, Las Vegas Metro Police Department, the USSS, and the USPIS, which identified approximately 800 suspected fraudulent FEMA applicants residing in the Las Vegas Metropolitan Area. To date, the investigation has identified approximately 50 subjects who were responsible for filing fraudulent Hurricane Katrina applications with FEMA, totaling approximately \$264,000 in claims. On June 5, 2006, a subject was indicted and arrested for violation of 18 U.S.C. § 287 (*False Claims*) for participating in a scheme to defraud FEMA by obtaining hotel rooms claiming to have been a victim of Hurricane Katrina, and re-renting the rooms for the purposes of narcotics transactions and prostitution.

Applicant Filed Numerous False Disaster Assistance Claims

The DHS OIG's investigation disclosed that a subject filed 30 claims for disaster assistance using addresses in New Orleans, Louisiana; Pascagoula, Mississippi; Biloxi, Mississippi; and two locations in Alabama. The subject used different SSNs and different spellings of the first and last names on these claims. More than \$277,000 was paid in disaster assistance. A search warrant was conducted on the subject's residence and the majority of the home furnishings were seized. In addition, numerous properties, including land, were seized. A Federal Grand Jury indicted the subject on 66 counts of fraud against the government. The judge ordered the defendant be detained in custody pending trial.

Multiple Applicants Filed Numerous False Disaster Assistance Claims

This was a joint investigation with the USSS and USPIS where DHS OIG conducted numerous investigations into fraudulent disaster assistance claims in Florida. The scheme involved a few individuals acting as "brokers" by filing claims for family, friends, and associates, and in some cases receiving a

portion of the disaster funds as a commission or fee for filing the claim. The applicants would use false SSNs and false damaged addresses, usually in the New Orleans, Louisiana, area and various locations in east Texas. These claims were filed for hurricanes Katrina and Rita. The 25 individuals who were subsequently indicted and arrested did not live in Louisiana or Texas when the hurricanes made landfall. The total loss to the government as a result of these false claims was approximately \$206,000. All but one subject have entered guilty pleas and no trial date has been scheduled for the lone subject awaiting trial.

Applicant Filed False Disaster Assistance Claims

The DHS OIG's investigation disclosed that a subject had filed a claim for disaster assistance claiming to have a primary residence in Gulfport, Mississippi, when in fact the individual was a permanent resident in New York City. The subject received \$6,324 in individual assistance and \$26,000 was paid by FEMA for hotel rooms occupied by the subject. The subject was indicted by a state District Attorney's Office on two counts of grand larceny in the third degree, two counts of grand larceny in the fourth degree, and one count of Offering a False Instrument in the first degree. The subject is awaiting trial.

Department of Defense

As of September 30, 2006, the Defense Criminal Investigative Service (DCIS), the criminal investigative arm of the Department of Defense OIG, has received 22 criminal allegations related to hurricanes Katrina and Rita. DCIS was still examining three allegations as of October 1, 2006. DCIS agents have also examined five allegations concerning Meals Ready-to-Eat, which were referred by the Government Accountability Office. These allegations were determined to be unrelated to Hurricane Katrina. In addition, DCIS has opened eight cases dealing with bribery, kickbacks, false claims, and possible product substitution. One of the open cases has resulted in a successful judicial action.

Bribery Case Adjudicated

On June 28, 2006, two individuals were each sentenced to serve 12 months in prison and pay a \$5,000 fine, followed by a two-year term of supervised release. Both individuals had previously pled guilty to conspiring to commit bribery involving debris removal in Perry County, Mississippi. One subject worked as a Quality Assurance representative for the U.S. Army Corps of Engineers (USACE). He accepted cash bribes in exchange for creating false loads that the second subject, a contractor responsible for debris removal in Mississippi post-Katrina, did not haul or dump. DCIS collaborated with the FBI and the U.S. Army Criminal Investigation Command on this case.

Department of Justice

The Office of Inspector General Investigations Division opened two cases during the 180-day reporting period. As of September 30, 2006, the Investigations Division had opened eight cases concerning

hurricane-related benefit fraud. One investigation has resulted in the indictment of a Federal Bureau of Prisons senior correctional officer on charges that he falsely claimed to be a victim of Hurricane Katrina, receiving more than \$30,000 in disaster relief benefits.

Three other cases have been referred to the appropriate U.S. Attorney's Offices. One has been declined and the other two cases are pending a prosecution disposition.

Of the remaining four cases, one continues to be under investigation by the DOJ OIG. The other three were either declined for prosecution, and then forwarded for administrative action, or the case was closed because the allegations were not substantiated.

Hurricane Katrina Fraud Task Force

The nationwide Hurricane Katrina Fraud Task Force is based in Washington, DC, and operates from a command center in Baton Rouge, Louisiana. The numbers in Figure 4-1 below represent all law enforcement prosecutions, including DOJ, FBI, DHS OIG, and state and local statistics.

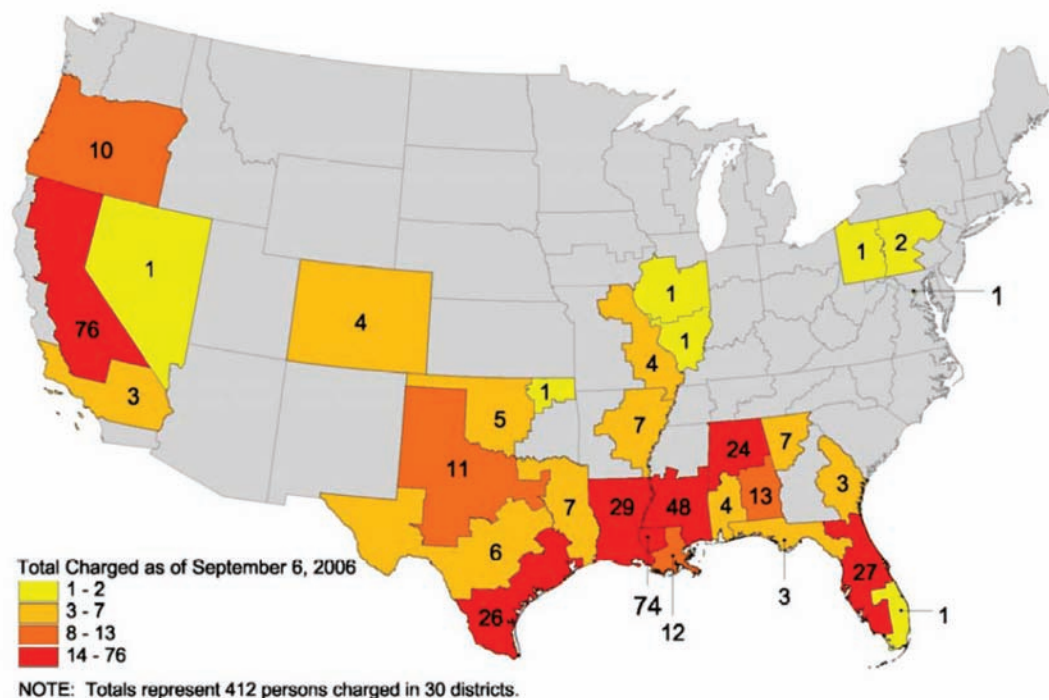
The most tangible proof of their commitment is the dramatic increase in the number of prosecutions stemming from hurricanes Katrina and Rita. As of October 17, 2005, the date of the first progress report, the task force had charged 36 people in 17 separate cases with hurricane-related fraud. As of September 6, 2006, more than 400 people have been federally charged with hurricane-related fraud.

New Orleans, LA—FCO/PFO Vice Admiral Thad Allen and FEMA Deputy Director of Gulf Coast Recovery Gil Jamieson address members of the DOJ Task Force at the New Orleans FEMA Area Field Office. (Marvin Nauman/FEMA photo)



FEDERAL CRIMINAL PROSECUTIONS, 2005, HURRICANE-RELATED

(9/1/05-9/6/06)



Source: U.S. Department of Justice
 Note: Totals represent 412 persons charged in 30 districts.

Figure 4-1

Department of Labor

The DOL OIG is playing a significant role in monitoring activities in the affected area. The Office of Investigations continues to investigate fraud involving the Unemployment Insurance (UI) and Disaster Unemployment Assistance (DUA) programs. To date, 39 individuals have been indicted on fraud charges as a result of the IG’s investigative work. The Office continues to receive referrals from Hurricane Katrina Fraud Task Force member agencies assigned to the PCIE/ECIE Hotline.

The Office initiated several significant enforcement actions during this reporting period. Three cases of disaster assistance fraud are summarized below.

Bayou Abatement: Labor Leasing Company Owner Charged with Using \$1.4 Million in Unpaid Employment Taxes for Cars, Boat, Swimming Pool, and Other Personal Expenses

The owner of an Indiana-based labor leasing company was charged August 8, 2006, with mail fraud and failure to account for and remit employee withholding taxes. The charges were related to the company’s disaster reconstruction work involving reconstruction contracts for hurricanes Francis and Katrina. In the alleged scheme, employees were hired to travel to Florida. The company paid the

employees hourly wages and purported to withhold their income and Social Security taxes. The owner allegedly withheld the taxes, but did not account for and pay the federal taxes to the Internal Revenue Service. The company was also required to pay unemployment compensation taxes and establish an unemployment compensation account with the state of Indiana. The owner is charged with neither registering with the state, nor paying into an unemployment compensation fund.

The charges further allege that the owner spent the \$1.4 million—that should have been paid to state and federal agencies—on personal expenses, including mortgage payments, automobiles, a boat, a swimming pool, home improvements, and jewelry. This is a joint investigation that includes the cooperation of federal and Indiana agencies.

Former Contractor Pleads Guilty to Defrauding Disaster Assistance Program (Ref: U.S. v. Wayne P. Lawless; Middle District, Louisiana)

Wayne Peter Lawless, a former contractor for the Louisiana National Guard at the Baton Rouge Career and Job Center, pled guilty July 17, 2006, to extortion under cover of official right for his role in the filing of approximately 80 false and fraudulent DUA and UI assistance claims related to Hurricane Katrina relief payments. Lawless helped file and process DUA and UI claims for people he knew were not qualified to receive this assistance. As a result, debit cards totaling more than \$141,942 were mailed to claimants at addresses provided by an accomplice.

Each false claim had the potential to collect \$3,822 in fraudulent benefits for a total of \$305,760. The Social Security Administration (SSA) OIG, Postal Inspection Service, and the FBI conducted this joint investigation.

Man Pleads Guilty to Disaster Assistance Fraud (Ref: U.S. v. Dee Jay Frazier; Middle District, Louisiana)

Dee Jay Frazier pled guilty July 6, 2006, to False Use of Social Security numbers for his scheme to obtain Louisiana DUA debit cards. Frazier fraudulently submitted 11 different claims for Louisiana DUA using various names and SSNs. DUA debit cards were mailed to Frazier at four different addresses in Denver, Colorado. When he was arrested, 29 weeks of DUA benefits had been loaded on each of the 11 cards, resulting in a total loss of approximately \$28,420. Frazier faces a maximum punishment of ten years imprisonment, a fine of \$500,000, or both. The SSA conducted this joint investigation with DOL investigators.

Department of Transportation

One full-time investigator was detailed to the Hurricane Katrina Fraud Task Force and the FBI's Public Corruption Task Force during this semi-annual reporting period. The Department of Transportation (DOT) Office of Investigations summarized information for the task force involving approximately 75 hurricane-related acquisition contracts monitored by the DOT's senior procurement executive. This information will be analyzed to identify potential fraudulent activity. For example, data will be

compared to filings from financial institutions to leads for possible procurement-related fraud and corruption. The information was also forwarded to the DOL for cross-checking against Federal Insurance Contributions Act (FICA) and other withholdings databases to identify possible organized crime activities.

Bus Company Owner Arrested

The OIG's investigation resulted in the indictment and arrest of the owner of Global Limo, which operated a bus that caught fire while evacuating residents of a Houston-area nursing home in advance of Hurricane Rita. Twenty-three elderly passengers died in the fire. The company was subsequently ordered out of service after an inspection by the Federal Motor Carrier Safety Administration (FMCSA) and has since ceased operations. As a result of OIG's investigation, both the company and its owner were indicted in the Southern District of Texas with one count of conspiracy to make false statements (18 U.S.C. § 371) and two counts of violating FMCSA regulations (49 U.S.C. § 521 (b)(6)). OI agents arrested the company owner at his residence in McAllen, Texas. He entered a plea of not guilty and was released on a \$75,000 signature bond.

Department of Education

The OI has an ongoing investigation concerning the possible misuse of recovery funds on construction contracts. At this time, the potential loss in this matter has not been determined.

Environmental Protection Agency

Since September 2005, the OIG's Office of Investigations has deployed six special agents on several missions to the affected Gulf States to meet with appropriate authorities. Environmental Protection Agency (EPA) agents from EPA Region 6 have continued to work closely with the Hurricane Katrina Fraud Task Force, learning the task force database protocol and capabilities, and meeting with EPA Region 6 procurement staff during several ongoing investigations.

The OIG has three open investigations, and it closed six investigations with an administrative action, during this reporting period.

The EPA is managing three open cases, which involve potential false claims, fraud, and use of non-certified materials.

The following cases that involve the EPA have been closed, including:

- A woman allegedly claimed to be an EPA representative as she approached citizens and took environmental samples in the New Orleans area, when no EPA employees were assigned for such activities in that area. The subject of the investigation could not be located.
- A business operator seeking a landfill permit alleged that a state official said that the business would not get a permit until it made a payment or arranged for some type of business ownership. The allegation was unsubstantiated.

- A contractor falsely claimed to have approval from an EPA on-scene coordinator to begin cleanup and rescue operations in New Orleans. Although the allegations were substantiated, the contractor used the approval only to enter designated disaster areas; no EPA-appropriated funding was paid to him. A Cease and Desist Order was issued to the contractor.
- The EPA IG investigated allegations that an EPA official had inappropriately influenced the award of an EPA contract in New Orleans. The allegations were determined to be unfounded.
- The EPA IG investigated allegations that a contract employee submitted false claims on EPA contracts by working and charging time for different cleanup contractors on the same date. The “contract employee” was actually two different individuals who happened to share the same name, each working for a different contractor. No double billing occurred.
- An EPA contractor allegedly charged labor hours beyond those worked by its employees, and the contractor charged for equipment not used in the cleanup effort for Jackson, Mississippi, and Mobile, Alabama. These costs were not billed to the EPA, with the exception of an overpayment in the amount \$1,877, which was being adjusted through administrative procedures.

General Services Administration

The Office of Investigations received four contract fraud allegations relating to hurricanes Katrina and Rita procurement activities. Three investigations have been opened involving procurement contracts by General Services Administration (GSA) contracting officials for FEMA. As a result of two of these investigations, FEMA received administrative recoveries of approximately \$1.5 million in billing errors by the contractor. In addition, a civil complaint has been filed, and approximately \$1.4 million has been garnished from the contractor. The third investigation is still under way.

The Office also has participated in the Hurricane Katrina Fraud Task Force since November 2005. On behalf of FEMA, GSA contracting officers have provided the task force with information about contracts that were either GSA contracts or facilitated by the GSA.

The Department of Health and Human Services

The OIG Office of Investigations currently has 11 open investigations that involve allegations of health care fraud, poor quality of care, and patient abandonment. The office is assisting the Louisiana Medicaid Fraud Control Unit in investigating circumstances surrounding nursing home deaths. As a participant in Hurricane Katrina Fraud Task Force meetings, the Office is also starting to receive and process complaints that arise at meetings.

Department of Housing and Urban Development

The Office of Investigations opened 66 cases during the period ending September 30, 2006, which resulted in five indictments and four arrests. Through its active participation in the Hurricane Katrina Fraud Task Force, Department of Housing and Urban Development (HUD) OIG collaborated with

other federal departments and agencies to jointly address allegations of fraud and public corruption.

Examples of HUD investigations include the following:

- A Texas public housing tenant was indicted and arrested after a Housing Authority employee reported that the tenant was allegedly ineligible for the Katrina Disaster Housing Assistance Program, because she had a lease for a residence in Texas when Hurricane Katrina hit the state of Louisiana.
- An Illinois woman was indicted and arrested after applying to receive disaster relief benefits, allegedly claiming to be homeless and that her two children had died as a result of Hurricane Katrina. The woman lived in Illinois and did not have two children at the time of the hurricane. In addition, she allegedly failed to report her husband's income as required on her application for rental assistance in Illinois.
- A Louisiana Section 8 tenant was indicted and arrested for allegedly claiming the effects of Hurricane Katrina damaged her personal property and as a result she needed to evacuate her home. An inspection of the Federal Housing Administration (FHA)-insured apartment complex where the woman lived revealed neither structural damage nor evidence that tenants were forced to evacuate.
- A Mississippi woman was indicted for allegedly falsifying her FEMA application with a Gulfport, Mississippi, address when she lived elsewhere in Section 8 housing.
- A Texas individual was indicted and arrested for allegedly claiming to be a hurricane victim to receive rental assistance benefits.

U.S. Small Business Administration

Most cases are being coordinated with a joint task force composed of multiple agencies and led by the DHS OIG. The Small Business Administration (SBA) OIG, in conjunction with this task force, has reviewed the following allegations:

- Unauthorized use of loan proceeds
- Overstatement of financial loss
- False statements about prior criminal records and financial liabilities.

The SBA is also investigating borrowers who allegedly filed applications for residential repairs even though they resided in locations not affected by the Gulf Coast hurricanes.

Working with other law enforcement agencies, the SBA has assisted in obtaining eight indictments and two pleas. It has 11 open cases in various stages of development.

As more loans are disbursed and the 12-month deferment of principal and interest payments for many disaster loans comes to an end, the SBA anticipates that fraud committed against the SBA Disaster Loan program will increase in the Gulf Coast region.

The Office continues to seek potential violators by conducting criminal history checks on a statistical sample of loans to ensure compliance with the SBA's policy of denying assistance to those of poor character. The Office also uses SBA disaster databases to develop information about potential duplicate payments, as well as other patterns of fraud. In addition, the office will work with the HUD OIG to

determine and prevent duplicate payments for borrowers who have been approved for SBA loans, but who have also received Community Development Block Grant money in the Gulf Coast region.

U.S. Social Security Administration

The OIG received a total of 34 allegations of potential fraud relating to hurricanes Katrina and Rita during the period of April 1, 2006, through September 30, 2006. The allegations are categorized as (1) SSN misuse, which includes identity theft, false claims, and other violations, and (2) theft or fraud related to Social Security benefit programs. During this period, 36 investigations were opened, and 18 cases closed. Most investigations are worked jointly with other agencies or local law enforcement.

SSA Office of Investigations has been an active participant in the DOJ Hurricane Katrina Fraud Task Force since it was established by the Attorney General in September 2005.

Investigative highlights include:

- As the result of a joint investigation by the Office with the Government Accountability Office (GAO), Department of Homeland Security Office of Inspector General (DHS OIG), and the USPS, an individual was arrested in the Dallas area for violations relating to identity theft and mail and wire fraud. In June 2006, a federal grand jury indicted this person for fraudulently obtaining more than \$35,000 in disaster assistance funds from FEMA. Accused of fraudulently filing 15 separate applications for disaster assistance funds at locations throughout Texas and Louisiana, this individual used different addresses, other individuals' SSNs, and allegedly made false statements to receive hurricanes Katrina and Rita disaster relief funds.
- In a similar case, also a joint investigation by SSA, GAO, DHS OIG, and USPS, federal agents arrested an individual after a 22-count criminal indictment for violations relating to identity theft and mail and wire fraud. The individual allegedly submitted 18 separate applications throughout Texas and Louisiana to receive hurricane disaster assistance relief funds. In May 2006, the individual was indicted by a federal grand jury for fraudulently obtaining more than \$36,000 in disaster assistance funds from FEMA.
- A joint investigation by the SSA with DHS OIG and the USSS revealed that a Baton Rouge, Louisiana, couple filed fraudulent FEMA applications for hurricane disaster aid. Using their true names, they provided false New Orleans addresses and SSNs. As a result, the husband fraudulently obtained \$4,000 in FEMA disaster funds. Both the husband and wife were charged. Originally charged in a multi-count indictment, all charges against the husband were dropped under a plea agreement, except for Title 18 U.S.C. § 287 (*Making False Claims*). In August 2006, he was sentenced to six months home confinement and five years probation. He was also ordered to pay FEMA \$4,000 in restitution and a special assessment of \$100 to the court.

Los Angeles was the site of several joint investigations between SSA OIG and DHS OIG targeting Los Angeles area residents suspected of submitting fraudulent applications for Hurricane Katrina

disaster relief by claiming residency in New Orleans during the hurricane, including these cases:

- Seven individuals misused SSNs to file fraudulent applications for disaster assistance. Each received a \$2,000 FEMA payment. All seven pled guilty to grand theft of FEMA funds. In August 2006, all seven individuals were sentenced to 36 months' probation, ordered to pay restitution of \$2,000, and assessed a fine of \$220. Six of these individuals were also required to perform 15 days of community service. The seventh person was sentenced to 30 days of incarceration.
- Two people fraudulently filed FEMA applications for disaster assistance, received a \$2,000 FEMA payment, and failed to notify the SSA of the payment so they continued to receive Supplemental Security Income (SSI) benefits. Both pled guilty to grand theft of SSI and FEMA funds, and in August 2006 they were sentenced to 36 months probation and assessed a fine of \$220. In addition, one of the individuals was assigned 15 days of community service and ordered to pay restitution of \$3,260; the other person was assigned 150 hours of community service and ordered to pay restitution of \$2,812.
- A woman filed three false FEMA applications for disaster relief by misusing two SSNs and received \$6,000 in FEMA funds. She entered a guilty plea for grand theft of FEMA funds. In August 2006 she was sentenced to 36 months probation and 30 days of community service; she was ordered to pay restitution of \$6,000, and fined \$220.

U.S. Department of the Treasury

During the semi-annual period, the Treasury Office of Investigations has had two significant prosecutions.

As part of the U.S. Attorney General's and the PCIE's anti-fraud commitment to combat hurricanes Katrina and Rita related schemes, the Treasury OIG participated in a joint investigation with the Metro Area Fraud Task Force, the USPIS, the USSS, and the DHS OIG of Jeffrey Rothschild. Rothschild was arrested on June 27, 2006, in El Paso, Texas, on charges of identification document fraud. Rothschild confessed to committing approximately \$100,000 in FEMA Katrina/Rita benefits fraud, \$40,000 to \$50,000 in credit card fraud, and an additional \$40,000 in a check kiting scheme, through the use of fraudulent or compromised identities.

On August 28, 2006, Jeffrey Rothschild pled guilty in the U.S. District Court for the District of Columbia to a three-count information charging bank fraud, mail fraud, and money laundering from September to December of 2005, in connection with a scheme to defraud FEMA of more than \$100,000 in relief funds intended for victims of hurricanes Katrina and Rita. All such funding payments are made through the Department's Financial Management Service bureau. Sentencing for Rothschild is scheduled for December 1, 2006. He faces between 84 and 105 months in prison under the federal sentencing guidelines.

The OIG also participated in a case against a Washington, DC resident, Charles Washington, for making a false statement on a FEMA application to obtain disaster relief from Hurricane Katrina. Washington falsely claimed that he rented and was living at a single-family residence in New Orleans,

Louisiana, during Hurricane Katrina and that his home was damaged and that he lost personal property as a result of the hurricane, receiving three Treasury checks totaling \$14,749.

Washington pled guilty on June 13, 2006, in the U.S. District Court for the District of Columbia, to a false statement charge. Washington faces a maximum of five years of imprisonment.

U.S. Department of Agriculture

The U.S. Department of Agriculture (USDA) OIG recently opened an investigation into an allegation of farm program fraud relating to hurricanes Katrina and Rita. Future resources will focus on USDA program fraud investigations.

Other investigations during this period originated from referrals by the U.S. Attorney's Offices in Mississippi and Louisiana and the Hurricane Katrina Fraud Task Force. Most of the cases involve government benefit fraud by individuals who submitted false claims or made false statements to obtain benefits fraudulently.

On April 2006, a man was sentenced in Portland, Oregon, to serve one day in prison and 36 months of supervised release, and he was ordered to pay \$447 in restitution and a \$100 special assessment. The man had submitted an application to the State of Louisiana Department of Human Services, listing a New Orleans address as his residence, and received \$447 in disaster food stamp assistance from September through November 2005. However, he did not live in the affected area. In January 2006, an individual pled guilty to making false statements on the food stamp application that the man had submitted.

In July 2006, a 72-year-old woman pled guilty in Mississippi to making false claims to FEMA. The woman; her daughter, who was in the state penitentiary at the time; and her daughter's boyfriend, who resided in a drug rehabilitation unit, were all ineligible for the approximately \$6,000 in FEMA benefits they received. Sentencing is pending.

United States Postal Service (USPS)

The Office of Investigations has addressed four open allegations and is involved with three active investigations. Of these seven investigative activities, five of the allegations and cases are related to fraud committed by USPS employees in the affected areas. These cases have not resulted in any significant criminal, civil, or administrative actions. The USPS also received six hotline contacts during this reporting period.

LESSONS LEARNED

5



New Orleans, LA—A boat lifted off its trailer is marked as property by its owner months after the storm subsided. (SBA photo)

OVERSIGHT OF GULF COAST HURRICANE RECOVERY

Lessons Learned Review

PCIE ECIE AFTER ACTION/ LESSONS LEARNED REVIEW

On August 15, 2006, under the auspices of the President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency (PCIE/ECIE) Homeland Security Roundtable, Matt Jadacki, the Special Inspector General (SIG) for Gulf Coast Hurricane Recovery, convened a meeting to begin an After Action/Lessons Learned Review.

Roundtable efforts have been focused on Hurricane Katrina since September 2005. Twenty-two Offices of Inspectors General (OIGs) have participated in reviewing their department or agency's role in the federal government's response to the hurricane. This review was launched to ascertain and act on the lessons learned from the federal response to the unprecedented 2005 hurricanes Katrina, Rita, and Wilma.

"Shortly after the first three months following the 2005 storms, a number of lessons learned reports were issued by various organizations, including the White House," said Mr. Jadacki. "These reports were quite helpful in determining what immediate and short-term solutions could be put in place while the recovery period was still ongoing."

"The PCIE review has a different purpose," he said. "At this stage, the lessons learned and issues identified regarding the federal response to the 2005 storms can be evaluated now with the rigors of completed audits, inspections, and formal investigations. This will provide policymakers and government officials more confidence that the agency or program adjustments or reforms they are considering are valid."

The goal of this effort is to continue to develop agency and program improvements and recommendations for improved OIG coverage of disaster relief operations, and then to track solutions implementing these recommendations. Beginning October 1, 2006, the After Action/Lessons Learned Review will evolve under the new Disaster Relief Working Group. It will continue to track needed agency oversight, policy adjustments, recommendations, and potential reforms.

Methodology

The lead agencies were asked to present to the Roundtable on October 5, 2006, the issues to be addressed within their focus area and a proposed plan for moving forward to the PCIE ECIE Roundtable. Each of the lead agencies solicited comments from the federal IG community, as a whole, or a community segment, to determine issue areas and expectations, and to develop their timeline. For example, a questionnaire was developed to canvass agency personnel on their familiarity with the National Response Plan (NRP), other response issues, shortcomings, and recommendations.

Focus Areas

It was decided that the After Action/Lessons Learned Review would focus on lessons learned in eight key areas. The study areas and lead agencies are presented in Table 5-1 on the following page.

The focus elements described below were identified by the Lessons Learned team. They formed the basis for the canvassing and interviews that took place in the fall of 2006.

AFTER ACTION/LESSONS LEARNED REVIEW

Focus Area	Lead Agency
Law Enforcement	Office of Personnel Management (OPM) OIG, First Responders Department of Justice (DOJ) OIG, Anti-Fraud
Contracts	General Services Administration (GSA) OIG
Data Sharing	Department of Homeland Security (DHS) OIG
State and Local Liaison	Department of Health and Human Services (HHS) OIG Department of Housing and Urban Development (HUD) OIG
Training	DHS OIG
Funding and Staffing	Small Business Administration (SBA) OIG and DHS OIG
Reporting	Department of Defense (DoD) OIG
Mission Assignments	DHS OIG

Source: DHS OIG

Table 5-1

Law Enforcement

- Build more effective working relationships with federal OIG personnel and with Department of Justice (DOJ), Federal Bureau of Investigation (FBI), and other state and local law enforcement officials
- Develop an inventory of criminal investigators, organized by skill or specialty sets, willing to deploy to catastrophic event locations
- Formalize the task force arrangement, before a crisis occurs, among the agencies with NRP responsibilities, to formalize the task force arrangement that can anticipate crisis situations and satisfy specialty requirements of the OIG community.

Contracts

- Make better use of the Federal Procurement Data System (FPDS) to determine disaster contracts and to facilitate audits and investigations
- Develop a database of existing contracts to obtain goods and services expeditiously during emergency situations.

Data Sharing

- Determine what data are available for IG and law enforcement purposes and who needs access to the information and why
- Determine how data access should be managed and shared
- Identify and resolve restrictions and other impediments to data access.

State and Local Liaison

- Increase outreach, coordination and communication with the state and local audit community, including leveraging their work to avoid duplication and relying on another IG's work on grantees or subgrantees
- Use and consider the timeliness and effectiveness of single audits to address cost reasonableness, performance, and eligibility issues
- Determine how to improve data sharing on federal programs with state and local officials, e.g., joint applicant briefings.

Training

- Identify oversight personnel training needs to prepare the IG community to deal with declared disasters
- Develop courses to provide disaster management training; topics to include the NRP, the National Incident Management System, and Mission Assignments (MAs).

Funding and Staffing

- Identify options for making additional funding available sooner
- Identify options to recruit and hire additional staff more quickly, e.g., Stafford Act authority for direct hire.

Reporting

- Clarify what needs to be reported across the IGs, and the frequency of reporting
- Establish consistent terminology to avoid inconsistency and duplication.

Mission Assignments (MAs)

- Evaluate the MA process, systems, and controls
- Identify training needs for staff involved in executing the phases of an MA
- Evaluate funds management, status, and traceability
- Determine how to improve field staff coordination
- Clarify and improve the billing, reimbursement, and closeout processes.

LESSONS LEARNED AND POTENTIAL RECOMMENDATIONS

Initial responses from the IG community produced the following lessons learned and potential recommendations.

Law Enforcement

In recent years, catastrophic events in the United States have demonstrated the importance of a rapid and effective first response by law enforcement. Most recently, during the aftermath of Hurricane Katrina in 2005, the law enforcement resources deployed from federal agencies, as well as state and local governments, protected lives and property, and provided security to the rescue and recovery efforts. However, the Hurricane Katrina experience also highlighted the importance of preparedness and coordination among law enforcement entities in addressing these events.

First Responders—In the law enforcement area, the Office of Personnel Management (OPM) had already pursued drafting a memorandum of understanding (MOU) with the Department of Justice on behalf of the IG community; i.e., an MOU that would offer law enforcement resources to the Attorney General in times of regional or national emergency. OPM had circulated the draft MOU among the PCIE ECIE community for comment.

The proposed MOU between the IG community and DOJ would set uniform procedures for the designation, selection, and assignment of volunteer first responders from the IG community. However, comments received by OPM in response to the draft MOU have highlighted the need to resolve funding issues.

Anti-Fraud Measures—In addition to OPM's effort, DOJ OIG offered to address anti-fraud lessons learned. In 2005, the DOJ launched a series of anti-fraud measures. The DOJ contacted the PCIE ECIE Hurricane Katrina Fraud Task Force regarding what lessons could be learned concerning anti-fraud and what measures should be taken before the next major natural disaster. The OIG asked the PCIE ECIE members to comment on the effectiveness of their agency's anti-fraud measures when awarding post-hurricane relief; new anti-fraud measures to prevent fraud when distributing post-disaster relief; distribution of benefits; procurements; and grant awards.

Lessons Learned: Twelve OIG organizations responded to the survey. The principal points gathered from the survey are summarized below.

Balancing the Need for Immediate Relief with the Need for Internal Controls—Respondents said federal agencies must perform a delicate balancing act between meeting the goal of expediting emergency assistance and the goal of ensuring integrity in the process. Many survey responders commented that their agency had adequate internal controls in place, but those controls were waived to expedite relief.

Additional Verification Procedures—Many OIGs commented that additional verification procedures would help prevent fraud. The DHS OIG noted that when not bypassed, Federal Emergency Management Agency (FEMA) had a number of controls in place to help reduce the risk of improper

payments. These controls included reviews to identify and process appropriately those applicants who supplied duplicate Social Security numbers; verification of certain information through third-party data sources; physical inspections by FEMA contractors; and reviews of applicant-provided supporting documentation such as receipts.

Warnings and Integrity Briefings—A number of OIGs noted the importance of warning any potential defrauders of the consequence of their actions. Many OIGs reported that DOJ's aggressive approach to prosecuting hurricane relief fraud cases and its publication of its zero tolerance policy, including a false statement warning on applications for benefits, contracts, and grants proved to be a strong deterrent.

Information Sharing and Coordination Within and Among Agencies—The majority of OIGs surveyed stressed the importance of sharing information, including within the OIG itself, between the OIG and the agency it is overseeing, among federal agencies, and with state and local agencies. For example, the Environmental Protection Agency (EPA) OIG reported that it considered coordination between the Offices of Investigations and Audit within the OIG to be an important internal control to prevent fraud on funds being expended.

In addition, a number of OIGs reported the need for better coordination among federal agencies, both prior and subsequent to distribution of benefits. Several agencies stressed the need to find a way to improve data sharing. The Housing and Urban Development Office (HUD) OIG reported that it had successfully entered into a data sharing agreement with FEMA, which should allow the two agencies to expose potential duplication of benefit awards.

The DHS OIG similarly commented that consideration should be given to amending the Computer Matching and Privacy Protection Act (CMPPA) to exempt Inspectors General from the lengthy review and approval process currently required to perform data matching for fraud detection.

In addition, a number of OIGs stressed the importance of sharing information with state and local agencies. The EPA OIG reported that its greatest investigative tool was coordinating with state and local agencies to investigate the complaints it received. This coordination allowed the EPA OIG to identify witnesses and subjects throughout the affected Gulf States.

Internal Controls—The OIGs reported a variety of internal controls that could improve the integrity of post-disaster awards of benefits, grants, and procurement.

Several OIGs noted that training focused on emergency procurement would benefit both the contracting officers responsible for the actions and the auditors and investigators reviewing the process. In addition, the EPA OIG noted that the EPA created a Quality Control Board to review procurements. The OIG participated on this board as a nonvoting, advisory member. The board reviewed procurements quickly after award, identified vulnerabilities and issues, and addressed problems on a real-time basis.



New Orleans, LA—Just outside the city, a backyard pool rests in a flood victim's front yard. (SBA photo)

A number of OIGs reported that on-site review in the disaster area was critical to the prevention of fraud. They said federal agencies should maximize the use of auditors on all solicitations exceeding \$1 million dollars to ensure contractor cost or pricing data used in support of estimates and assertions are current, accurate and reasonably priced.

Successful Investigative Techniques—The majority of the OIGs reported that they used the same type of investigative methods as in traditional investigations, but that they adapted the techniques to fit the special circumstances in which the federal assistance was granted. For example, the SBA OIG reported that it worked in conjunction with the DHS OIG to conduct approximately 90 consensual monitorings of subjects who filed suspected fraudulent claims in the FEMA benefit programs and the SBA programs.

Contracts

Over the years, the federal audit community has identified numerous deficiencies and proposed multiple recommendations to federal agencies to improve its oversight over procurements. Responding to Hurricane Katrina procurements added additional complexity to an already strained system and exacerbated long-standing problems. The following are the draft lessons learned during the federal response in 2005 and 2006.

Tracking and Reporting Contract Information Is Needed—In responding to Hurricane Katrina, federal agencies awarded numerous contracts to respond in the immediate aftermath of the hurricane, as well as to assist in the recovery of the disaster. Throughout the response and recovery, there have been multiple calls for contract documents and data from numerous sources seeking a wide array of information including the following:

- Information on the amount and type of goods and services being provided
- The socioeconomic information about the contractors engaged
- Information on the sources of funding of federal agencies issuing contracts, specifically those with multiple sources of funding, such as FEMA mission assignments, special appropriations, and agencies' normal appropriations
- Comprehensive lists of contract data identifying the contract universe and electronic copies of contracts to enable reviews, assessments, and investigations to take place quickly to help reduce fraud, waste, and abuse.

However, this type of information was not readily available for the contracts that were issued in the response and recovery for Hurricane Katrina. Instead, federal agencies used ad-hoc approaches or agency-specific databases to collect this data.

A common database and electronic copies of documents are needed for all agencies to facilitate the dissemination of contract data as well as the oversight of contractors. One system that could be useful to track the needed information would be the Federal Procurement Data System-Next Generation (FPDS-NG)¹.

Potential Recommendation: The PCIE community recommends that federal agencies ensure that procurement information is entered accurately into FPDS-NG within three days of contract award. All agencies should use a system that allows them to upload or import data from their tracking or financial system into the federal government-wide system without requiring manual reentry.

Better Strategic Planning Is Needed to Address Disaster Acquisitions—The government's response to the hurricanes depended heavily on contractors to deliver ice, water, and food supplies; patch rooftops; and provide housing to displaced residents and temporary facilities to local government agencies. Audits by the Inspectors General and the Government Accountability Office (GAO) identified deficiencies in the award and execution of many of the individual contracts, including the following:

- Agencies scrambled to purchase supplies, commodities, equipment, and other resources to support emergency and disaster response efforts from numerous vendors because, prior to the 2005 storms, their requirements assessments were inadequate
- Some key federal agencies involved in responding to the disaster did not have adequate acquisition plans for carrying out their assigned responsibilities
- In several cases, small businesses may have been excluded from participating in the recovery efforts because they could not enter into the multitiered subcontracts except at the very bottom, where profitability was very low

¹ Congress passed, and the President signed, the Federal Funding Accountability and Transparency Act (P.L. 109-282), sponsored by Senators Coburn and Obama on April 6, 2006. This legislation requires the Office of Management and Budget (OMB) to create a database that allows the public to track \$1 trillion in grants, contracts, earmarks, projects and loans. It is not known if this will track with FPDS-NG.

- Insufficient knowledge of the market, unsound ordering practices, and poor interagency communications led to excessive or wasteful expenditures
- Call or standby contracts with prenegotiated prices, quantities, terms and conditions, and specifications could have greatly facilitated post-disaster procurement operations, but they were not implemented
- In many instances, the government did not pay a reasonable price for its purchases because, in part, competition was limited.

Potential Recommendation: The federal government should develop better contracting strategies that maximize the use of advance contracts to the extent practical and cost-effective. Pre-existing contracts that are negotiated before disasters strike and coordinated with state and local governments could help mitigate the above problems. By having these contracts in place prior to the disaster, the contract personnel would not have to perform responsibility determinations or price analysis under emergency time frames. It also provides the contracting personnel with the ability to develop knowledge of products and services over an extended period so these analyses can be more easily conducted on an ongoing and continuous basis.

Contract Monitoring Is Crucial to Minimizing Fraud, Waste, and Abuse— Effective monitoring ensures that goods and services are delivered according to the agreed schedule, cost, quality, and quantity provisions in the contract. Effective monitoring relies on having sufficient numbers of trained and properly deployed personnel to oversee contractor performance. At the time Hurricane Katrina struck, many of the federal procurement offices were already understaffed and FEMA had only one-third of the staff needed to perform day-to-day office functions. The OIGs' observation indicated that the number of monitoring staff available was not sufficient, nor were they effectively deployed to provide sufficient oversight.

Inadequate staff, and turnover of staff, affected the ability to provide the consistency needed to ensure applying adequate controls. Miscommunication and inadequate transition resulted in invoices being signed without verification of receipt of goods or services, as well as significant cost and price variations. There was a breakdown in documentation for the receipt of goods and delivery of services. This intensified when the contracting officer operated from a different location from the contracting officer's technical representative (COTR) or apart from the delivery location. Larger numbers of better-trained staff, remaining on-site for longer periods of time, are needed to write and monitor contracts.

Potential Recommendation: The PCIE community recommends that agencies provide sufficient numbers of trained field-level contracting staff and COTRs to meet mission requirements. DHS should also establish an assessment process to monitor planning efforts for disaster-related procurement needs and to monitor and maintain surge capacity for disaster contracting. Adequate funding should be devoted to acquisition oversight to help prevent significant fraud, waste, and abuse in disaster contracts.

New Orleans, LA—One of the file rooms at the Social Security Administration offices in New Orleans after hurricane Katrina hit. (SSA photo)



Data Sharing

Information sharing among federal agencies responding to Hurricane Katrina was complicated by two predominant factors:

Authority and mechanisms need to be set to share information protected by the Privacy Act among agencies providing disaster assistance, including those agencies responsible for public safety and security.

Data Matching Delays—There is a lengthy process required by the Computer Monitoring and Privacy Protection Act (CMPPA) to allow data matching activities that are used to determine improper and fraudulent disaster assistance payments.

The Privacy Act and other confidentiality statutes or agency regulations often restrict the disclosure of data maintained by federal agencies. This complicates the sharing of data among federal agencies to determine disaster assistance eligibility or identify improper payments. Additionally, law enforcement officials were not given direct access to FEMA records to locate missing children and identify the whereabouts of registered sex offenders and fugitive felons.

The CMPPA prevented the initiation of several proactive fraud investigations because it requires a protracted review and approval process before data mining can be performed to determine improper or fraudulent disaster assistance payments.

Data Sharing Agreements—To date, only DHS and HUD have executed a matching agreement to identify individuals who received improper or excess housing assistance. Other federal agencies are currently drafting agreements to identify fraud and improper payments. Establishment of the Hurricane Katrina Fraud Task Force has been effective in facilitating the coordination of fraud investigations, but the ability to perform data matching would provide an invaluable tool to aid these investigations.

To address the information sharing challenges revealed in the hurricane aftermath, the PCIE is

closely examining what changes are warranted to improve information sharing for disaster response and recovery oversight.

State and Local Liaison

The Department of Health and Human Services (HHS) OIG staff contacted audit offices in several Gulf Coast states to determine ways to increase coordination and communication among the state and local auditors and the federal audit community when responding to a catastrophic disaster or event. In addition, HHS OIG canvassed federal Inspectors General (IGs) on how the federal audit community could better coordinate audits during catastrophic events such as Hurricane Katrina.

Potential Recommendation: Audit Response Plan. Working through the membership of the National Intergovernmental Audit Forum, an audit task force should be established to develop an audit response plan. This association of audit executives from federal, state, and local governments provides a vehicle to address common challenges within the audit community. Lessons learned from Hurricane Katrina and corrective actions needed should be discussed. Because the state auditors in Louisiana have been involved in a proactive auditing role in response to Hurricane Katrina, they could serve as a source of information. Additionally, state auditors may be able to provide “institutional knowledge.” One state auditor reported that the original, ten-year-old state plan with FEMA included an agreement that the state auditors would assist auditing expenditures at a preset limit.

To prepare for an audit response to the next disaster, the audit community should perform advanced coordination and planning similar to the advanced coordination and planning in other areas of disaster planning. Several state audit officials and IGs suggested that the PCIE ECIE develop an audit response plan to include:

- Coordination
- Communication
- Funding

Step 1: Coordination

The first step in developing an audit response plan is to determine, within each state and federal audit office, a single point of contact in the event of a disaster. Each federal agency has certain areas of responsibility in a major incident. The federal agency works with familiar state counterparts because they work together during disaster training and exercises. Similar contact points should be established in the audit community.

Step 2: Communication

Communication, during and after disasters, needs the most improvement. Several of the state auditors noted that federal auditors seemed to be spread throughout the state and did not coordinate with the federal audit community and state auditors.

- To provide better communication, identify a single audit point of contact in each state and federal agency.
- Establish an emergency Web site for auditors to use as a point of reference. This site could provide background information, such as points of contact at each audit agency. The Web site could be useful to auditors as a tool in planning and communication in response to the disaster.

State auditors also noted that funds for disaster relief and recovery flowed into their states from several sources, but there was no system to track funds properly. The Web site could be used to communicate agency funds flowing into each state.

Step 3: Funding Support to the States for Disaster Assistance Audits

Funding issues must also be addressed in the audit planning process. State audit agencies are not funded specifically for disaster assistance work and do not have the resources to provide audit assistance beyond those areas already included in their work plan.

- Federal funds should be sought to help states participate in planning for disasters, including travel and salary costs and performing additional audit work in response to disasters. Funding through FEMA disaster programs should be pursued as an option.
- Identify the types of skills and knowledge that state government auditors might provide to federal auditors. Generally, state auditors have single audit expertise. They also possess knowledge of and access to state records and systems. State auditors can provide expertise in data mining and are familiar with their payment systems.

Training

The following training segments for oversight and management were identified:

- National Response Plan (FEMA and agency roles)
- National Incident Management System
- Safety and Health information
- The Stafford Act, including the Mission Assignments process
- Federal Acquisition Regulation (FAR) supplemental requirements for emergencies
- Auditing disaster recovery funding and reimbursements including the training in real-time audits that are being distributed at the same time the audit is being conducted
- Examples of fraud schemes identified in the Gulf Coast hurricanes
- Guidance on developing audit procedures to detect fraud.

Funding and Staffing

Based on experience with Hurricane Katrina and the other Gulf Coast hurricanes during 2005, the SBA/DHS team is attempting to determine improvements in funding and staffing processes to respond

more quickly and effectively to future disasters. A summary of survey responses from 19 federal oversight agencies are located below.

Survey Question: Did your organization receive any supplemental funding for work related to the aftermath of the Gulf Coast hurricanes (Katrina, Rita and Wilma)?

Response: Yes, 3; No, 16

The respondents who did receive funding indicated that the funds were either late, below requested levels, or both.

Six of the respondents said they had to cancel or defer non-Katrina related work (e.g., audits, investigations, or evaluations) or activities (e.g., training and team meetings) to focus resources on oversight of Hurricane Katrina relief, while three said they would have undertaken more response or recovery work or started it sooner if additional resources had been available or more timely.

Survey Question. Did you increase staffing as a result of the 2005 hurricanes?

Response: Only one respondent indicated that they had increased staffing.

Balancing Work Priorities—It is a challenge for organizations to respond adequately or quickly to a major catastrophe such as Hurricane Katrina without deferring, constraining, or canceling other high-priority work. Even in instances where supplemental funding is available for increased oversight in response to a disaster, funding delays result from the normal appropriations process.

Because most respondents did not increase staffing as a result of Hurricane Katrina, the ability to recruit and hire additional staff quickly for oversight activities related to the disaster does not appear to be an obstacle for the PCIE ECIE as a whole.

Potential Recommendation: The PCIE ECIE should work with Office of Management and Budget and Congress to explore ways to make needed funding available to oversight agencies more quickly following a major disaster. One possible approach could be increased use of MAs. For example, make funds from the FEMA Disaster Relief Fund (DRF) available directly to oversight agencies for expanded oversight activities related to the disaster. Another approach could be for oversight agencies to receive a certain percentage of DRF funds received by the agency's parent organization.

Reporting

The PCIE ECIE community's semi-annual hurricane recovery reports to Congress are an important way to describe the work performed by the federal IGs. While the IG community indicated that reporting categories sufficiently covered the work performed, there are inconsistencies in reporting categories by the individual IGs.

Improve Data Collection—The PCIE ECIE community should improve data collection to ensure that reliable and consistent data are reported to Congress and the public. The individual IGs are not



Bywater, LA—A resident of this New Orleans township replants shrubs around their new town sign in July 2006. (SBA photo)

always using the same reference points to portray the information or audit work performed. While most of the IGs state that the directions for data reporting have been sufficient to complete the reports, in many cases comparison among the agencies' data was like comparing "apples to oranges."

For example, there were differences in audit language; specifically, the term "contract action" and "review" versus "audit." An audit and a review are not the same thing: one audit could include multiple contract actions, which will inevitably take longer, and another would include a review of one contract action.

Potential Recommendation: Reporting Reconciliation—IG investigations staff should also improve their investigative and hotline statistics, to ensure against double-counting case numbers, particularly in cases when multiple agencies are involved. Likewise, online statistics should be scrutinized because not all hotline contacts result in referrals and not all referrals result in investigations. Although IG staff may understand the information presented, supplemental definitions would benefit data users outside the community.

As the process for collecting and tabulating the information matured, the reporting products clearly improved. The Executive Review Board was a good example of improving the reporting process.

Mission Assignments

Respondents report that the overall MA process was generally effective. However, coordination, communication, guidance, and actions by FEMA and participating agencies all need improvements,

especially in accounting for funds and property. Also, timely coordination and cooperation within the OIG community on reviews of MAs could be improved.

Through MAs, FEMA tasks and reimburses other federal agencies (OFAs) for providing services under the Stafford Act.

For more detail on MAs, see the glossary at the end of this report.

MA Accountability—Agency accountability and control over MA funds could be improved in the following areas:

- Tracking and reporting of MA funds and expenditures
- Timely submission of documented billings to FEMA
- Prompt identification of funds for deobligation
- Property management.

Potential Recommendation: Additional FEMA guidance on MAs could address agency reimbursement requests and required supporting documentation; accounting for credit card purchases; prompt identification of potential deobligations; and property subject to return to FEMA.

FEMA initially obligated more than \$8 billion in MAs and tasked at least 70 agencies to perform various disaster relief services in connection with the 2005 hurricanes. Twenty Inspectors General conducted reviews of MAs and identified issues for further review.

Potential Recommendation: Develop a PCIE Disaster Action Plan that would provide procedures for coordinating the oversight of major disasters to include predisaster assessments concerning preparedness, on-site reviews of internal controls and coordination, and post-disaster reviews with an emphasis on field reviews of active MAs and joint reviews for high-risk areas.

FUNDING

6



New Orleans, LA, August 14, 2006—The twin span bridge in New Orleans a year after it was badly damaged by Hurricane Katrina. The Federal Government, through FEMA, has provided billions of dollars to help rebuild infrastructure. (Ed Edahl/FEMA photo)

Gulf Coast Recovery Funding

The response and recovery effort following the 2005 Gulf Coast hurricanes continues to receive federal funding support. Congress has appropriated \$87.7 billion in four emergency supplemental acts since September 2005: two in September 2005, one in December 2005, and the most recent one in June 2006 (see Table 6-1). The Center on Philanthropy at Indiana University continues to track private funding in cash and in-kind gifts. The private donations received, as of June 30, 2006, are \$3.51 billion.

EMERGENCY SUPPLEMENTAL APPROPRIATIONS

Four emergency supplemental appropriations bills were signed into law in response to the 2005 Gulf Coast hurricanes:

- Public Law (P.L.) 109-61, Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, September 2, 2005
- P.L. 109-62, Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, September 8, 2005
- P.L. 109-148, Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006, December 30, 2005
- P.L. 109-234, Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, June 15, 2006.

In September 2005, Congress passed the first two supplemental acts, P.L. 109-61 and P.L. 109-62, appropriating \$60 billion to the Disaster Relief Fund (DRF), which is managed by the Federal Emergency Management Agency (FEMA), under the Department of Homeland Security (DHS) and provides funding to other federal agencies using mission assignments (MAs).

In December 2005, the third emergency supplemental (P.L. 109-148) redirected \$29 billion of the previously approved \$62.3 billion, contained in the first two emergency supplemental bills, toward economic development, restoration of federal facilities, and tax relief.

Also, the third supplemental, P.L. 109-148, initially appropriated \$28.6 billion, but \$23.4 billion was rescinded by decreasing the DRF. Thus the “net” appropriation for P.L. 109-148 was \$5.2 billion and the “net” cumulative total over the first three supplemental acts is \$67.5 billion.

HURRICANE-RELATED EMERGENCY SUPPLEMENTAL FUNDING PROFILE (in thousands)

Department/ Agency	P.L. 109-61	P.L. 109-62	P.L. 109-148	P.L. 109-234	Subtotals
DHS (FEMA DRF ¹)	\$10,000,000	\$49,985,000	-\$23,409,000	\$6,000,000	\$42,576,000
DHS (Other)	-	\$15,000	\$285,000	\$662,000	\$964,000
Dept. of Commerce	-	-	\$404,000	\$150,000	\$554,000
DoD/USACE	\$500,000	\$1,800,000	\$8,653,000	\$5,358,380	\$16,311,380
Dept. of Education	-	-	\$1,600,000	\$295,000	\$1,895,000
Dept. of Interior	-	-	\$70,000	\$260,000	\$335,000
Dept of Health and Human Services	-	-	\$640,000	\$12,000	\$652,000
Dept. of Housing and Urban Development	-	-	\$11,890,000	\$5,200,000	\$17,099,000
Dept. of Justice	-	-	\$229,000	\$8,500	\$237,500
Dept. of Labor	-	-	\$125,000	\$16,000	\$141,000
Dept. of Transportation	-	-	\$2,798,000	\$702,362	\$3,500,362
Dept. of Veterans Affairs	-	-	\$593,000	\$761,919	\$1,354,919
Small Business Administration	-	-	\$446,000	\$542,000	\$988,000
Dept. of Agriculture	-	-	\$779,000	\$152,400	\$931,845
Other Agencies	-	-	\$130,000	\$85,000	\$215,000
Totals	\$10,500,000	\$51,800,000	\$5,233,000	\$20,205,561	\$87,755,006

Source: Public Laws 109-61, 109-62, 109-148, 109-234

Note 1: Disaster Relief Fund

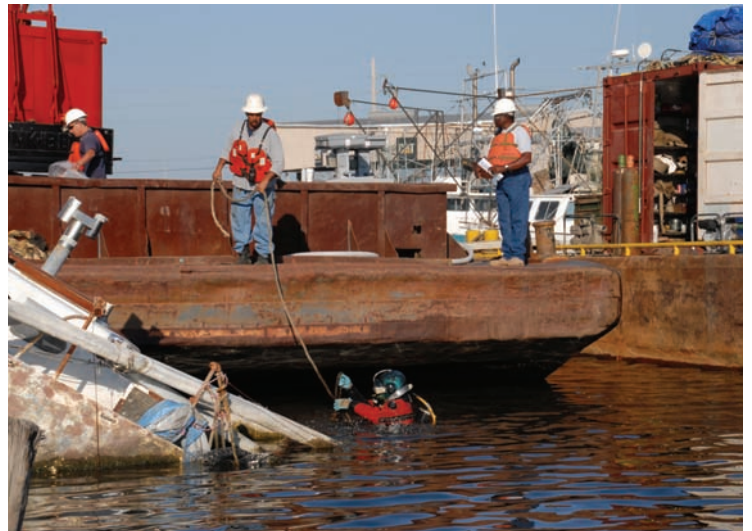
Note 2: This table does not reflect the increases in FEMA's National Flood Insurance borrowing authority, specifically (a) P.L. 109-65 increased borrowing authority from \$1.5 billion to \$3.5 billion; (b) P.L. 109-106 increased borrowing authority from \$3.5 billion to \$18.5 billion; and (c) P.L. 109-208 increased borrowing authority from \$18.5 billion to \$20.8 billion.

Table 6-1

Fourth Emergency Supplemental Act

The fourth Emergency Supplemental Act, P.L. 109-234, became law on June 15, 2006, and directed \$20.2 billion across a large number of federal agencies, including the inspectors general (IGs) for DHS, the Department of Defense (DoD), Department of Housing and Urban Development (HUD), and the U.S. Department of Agriculture (USDA). The DHS received the largest amount of appropriations of all the agencies.

DHS's \$6.66 billion appropriation is primarily for FEMA's DRF; as well as additional funds for Customs and Border Protection and the U.S. Coast Guard. In addition, the appropriation enabled DHS to do the following:



New Orleans, LA, April 10, 2006—A diver passes a line under a Hurricane Katrina sunken boat and prepares to hand it to a barge workman. The U.S. Coast Guard is removing sunken boats and ships that are in the 320 miles of navigable waterways. (Marvin Nauman/FEMA photo)

New Orleans, LA—Individuals and beneficiaries affected by the Gulf Coast hurricanes gather during July 2006 at a Social Security Administration office to receive services. (SSA photo)



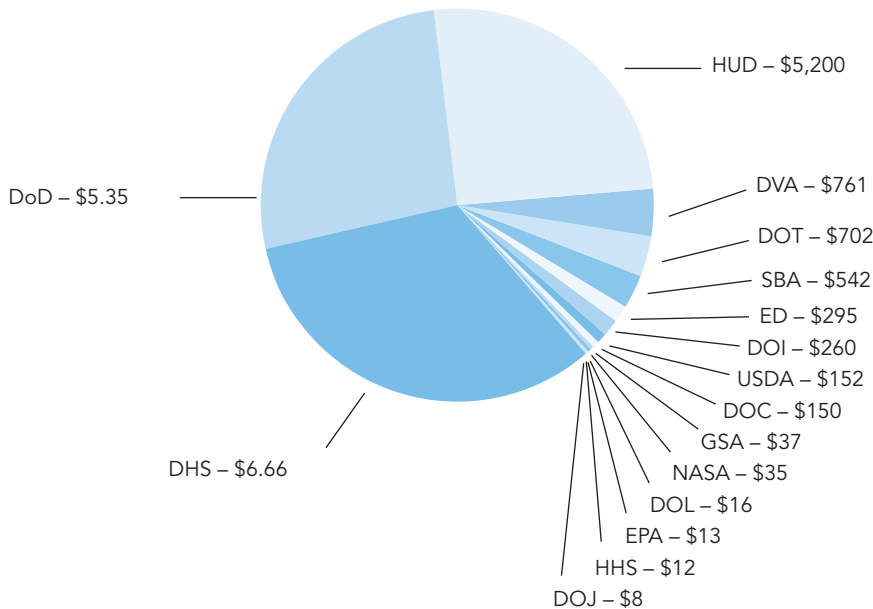
- Make appropriations for the Disaster Assistance Direct Loan Program Account for the cost of direct loans to assist local governments affected by the hurricanes in providing essential services
- Permit FEMA to provide funds to a state or local government or assume an existing agreement from such a government unit to pay for utility costs that resulted from providing temporary housing units to evacuees from the hurricanes
- Direct the Secretary of Homeland Security to consider the costs for alternative housing pilot programs in the areas hardest hit by the hurricanes to be eligible under the FEMA Individual Assistance Program.

Other appropriations from the fourth Emergency Supplement for necessary expenses related to the 2005 hurricanes are represented in Figure 6-1 on the next page and include the following:

- \$150 million to the Department of Commerce (DOC) for operations, research, facilities, procurement, acquisition, and construction for the National Oceanic and Atmospheric Administration (NOAA)
- \$5.36 billion to the DoD for military personnel; operations and maintenance; procurement and ship-building and conversion; research, development, test, and evaluation; the Defense Working Capital Fund and the National Defense Sealift Fund; General Fund payment; surcharge collections; sales of commissary stores; the Defense Health Program; and the Office of the Inspector General. Nearly half of the DoD appropriated funds are for the U.S. Army Corps of Engineers (USACE) to develop a plan for deep draft navigation of the Mississippi River; construction; operations and maintenance to dredge navigation channels and other USACE repair projects; flood control and coastal emergencies
- \$295 million to the Department of Education (ED) for necessary expenses related to hurricane relief and recovery and for hurricane education recovery
- \$265 million to the Department of Interior (DOI) for water and related resources, Fish and Wildlife Service; National Park Service; Historic Preservation Fund; the U.S Geological Survey for surveys, investigations, and research; royalty and offshore minerals management
- \$8.5 million the Department of Justice (DOJ) for salaries and expenses for general legal activities and for U.S. Attorney's offices nationwide
- \$16 million to the Department of Labor (DOL) for hurricane relief and recovery efforts for the Employment and Training Administration, the Corporation for National and Community Service, and the Civilian Community Corps

HURRICANE RECOVERY: FOURTH SUPPLEMENTAL APPROPRIATIONS

(in millions)



Total: \$20.2 Billion

Source: Public Law 109-234

Figure 6-1

- \$702.4 million to the Department of Transportation (DOT) for the Federal Highway Administration’s Emergency Relief Program
- \$13 million to the Environmental Protection Agency (EPA), including for the Leaking Underground Storage Tank Program
- \$37 million to the General Services Administration (GSA) for hurricane relief and recovery efforts for the Federal Buildings Fund
- \$12 million to the Department of Health and Human Services (HHS) for hurricane relief and recovery efforts for the Human Resources and Services Administration and the Centers for Disease Control and Prevention
- \$5.2 billion to the HUD Community Development Fund for states with a Presidentially declared disaster. Prior to obligating funds, states must submit plans to HUD detailing the proposed use of all funds, including eligibility criteria and how the use of such funds will address long-term recovery and infrastructure restoration. HUD will ensure that such plans give priority to infrastructure development and rehabilitation and to the rehabilitation and reconstruction of the affordable rental housing stock, including public and other HUD-assisted housing and to establish procedures to prevent recipients from receiving any duplication of benefits, including quarterly reports to the Congress regarding steps to prevent fraud and abuse of funds
- \$35 million to the National Aeronautics and Space Administration (NASA) for necessary expenses related to hurricane consequences including the Stennis Space Center and the Michoud Assembly Facility

- \$542 million to the Small Business Administration (SBA) for the Disaster Loans Program
- \$152 million to USDA for the National Forest System; the working capital fund; salaries and expenses; buildings and facilities; the emergency watershed protection program; and the rural community advancement fund
- \$761.9 million to the Department of Veterans Affairs (DVA) for the planning, design, and construction of a new Armed Forces Retirement Home in Gulfport, Mississippi (directs the Secretary of Veterans Affairs to clean up and transfer all land parcels of the Department’s land in Gulfport to the city of Gulfport)
- \$11.7 million for IG organizations in four Departments: HUD, DHS, DoD, and USDA. These funds will be spent for hurricane-related audits, reviews, and investigations above the annual appropriations for these organizations. (See Table 6-2 below.)

DISASTER RELIEF FUND

FEMA’s Disaster Relief Fund (DRF) is the major source of federal disaster recovery assistance for the state and local governments when a disaster occurs. In the June 15, 2006, Emergency Supplemental Act, the DRF received an infusion of \$6 billion for hurricane-related assistance. The supplemental appropriations made to DRF remain available until expended. In the 13 months since the storms damaged the Gulf Coast, \$43.24 billion has been appropriated to the DRF by the four emergency supplemental appropriations acts.

HURRICANE RECOVERY: FOURTH SUPPLEMENTAL APPROPRIATIONS INSPECTORS GENERAL FUNDING

DHS	\$2,000,000
DoD	\$326,000
HUD	\$9,000,000
USDA	\$445,000
Total for OIG	\$11,771,000

Source: Public Law 109-234

Table 6-2

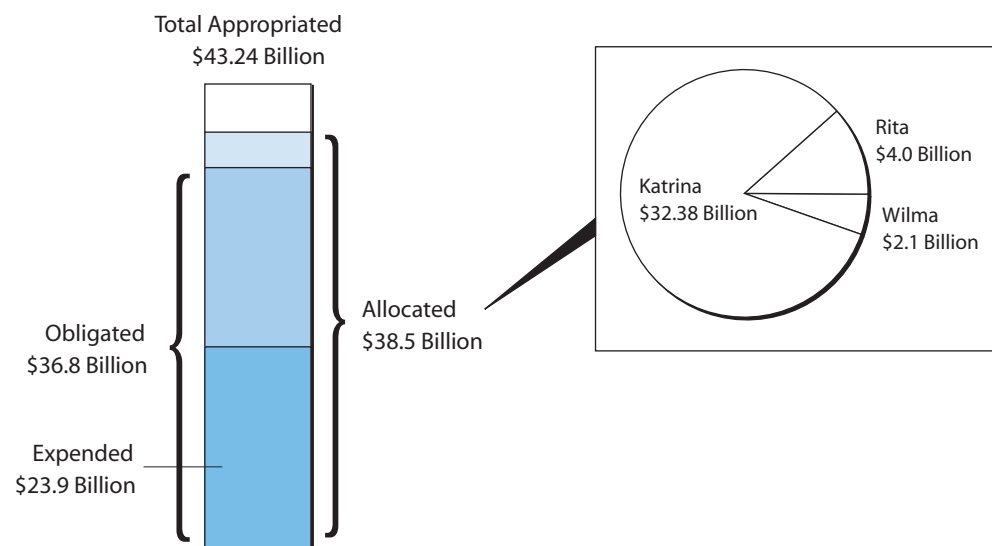
Figure 6-2 presents the status of DRF allocations (planned spending), obligations, and expenditures as of September 30, 2006. The figure shows that, of the funds appropriated to FEMA, \$38.5 billion has been allocated, \$36.8 billion has been obligated, and \$23.9 billion has been expended. Since March 31, 2006, when \$23.1 billion was obligated, an additional \$13.7 billion was obligated and \$15.8 billion was expended.

MISSION ASSIGNMENTS (MAs)

Through mission assignments, FEMA tasks and reimburses other federal agencies for providing services under the Stafford Act. There are three categories of mission assignments:

- Technical assistance (TA), where other federal agencies provide expertise to states; 100% of this assistance is federally funded; and there is no state cost share
- Direct federal assistance (DFA), where the state requests the assistance; the assistance is subject to state cost share (unless waived in response time frame) and goods and services are provided to the state to save lives and protect property
- Federal operations support (FOS), where 100% of the assistance is federally funded; there is no state cost share; and there is Fed-to-Fed field operations support. This category reflects agreements with

STATUS OF THE 2005 HURRICANE-RELATED DISASTER RELIEF FUND (in billions of dollars)



Source: FEMA Weekly Disaster Relief Fund Report (as of 9-30-2006)

Figure 6-2

federal agencies to perform services, such as providing search-and-rescue operations; providing health and medical support; assisting with disease prevention and control; transporting disaster victims; and delivering food, water, and other essential commodities to disaster victims.

Table 6-3 below provides a breakdown of MAs executed, by agency, for each hurricane.

FEMA 2005 HURRICANE RECOVERY MISSION ASSIGNMENTS, BY AGENCY

Department / Agency	Katrina Mission Assignments	Rita Mission Assignments	Wilma Mission Assignments	Total Mission Assignments
USACE	\$3,983,830,516	\$650,115,000	\$293,772,000	\$4,927,717,516
DoD	\$1,123,593,889	\$48,480,000	\$3,550,000	\$1,175,623,889
DHS	\$466,830,726	\$56,820,685	\$30,681,512	\$554,332,923
DOT	\$426,169,213	\$62,022,000	\$20,083,000	\$508,274,213
EPA	\$321,886,200	\$44,545,000	\$440,000	\$366,871,200
USFS	\$178,545,288	\$180,905,000	\$5,580,000	\$365,030,288
HHS	\$161,637,800	\$83,290,000	\$9,395,000	\$254,322,800
HUD	\$82,945,000	\$120,000	-	\$83,065,000
GSA	\$77,988,268	\$540,000	\$130,000	\$78,658,268
DOJ	\$55,629,600	-	\$45,000	\$55,674,600
Other	\$104,639,088	\$24,836,600	\$2,380,884	\$131,856,572
Total	\$6,983,695,588	\$1,151,674,285	\$366,057,396	\$8,501,427,269

Source: FEMA Weekly Disaster Relief Finance Report (as of September 30, 2006).

Note: Arranged by the top ten Mission Assigned agencies based on Hurricane Katrina Assignments by FEMA.

Table 6-3

PRIVATE DONATIONS FOR HURRICANE RECOVERY

In addition to federal appropriations, significant private funds have been donated to assist in recovery efforts. The total amounts and uses of private donations, \$3.5 billion as of June 30, 2006, are shown in Figure 6-3 below. This information is provided by Giving USA 2006, a publication of the Giving USA Foundation researched and written by the Center on Philanthropy at Indiana University.

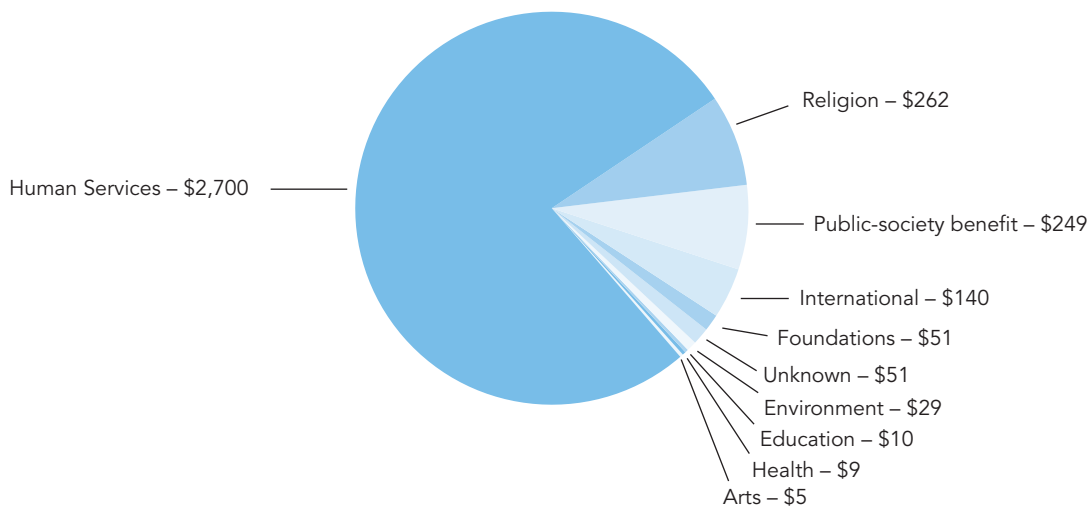
DEPARTMENTAL FUNDING REPORTS

Department of Housing and Urban Development

As requested by President Bush, \$4.2 billion in additional funding was allocated to the state of Louisiana to fund long-term recovery and restoration efforts. HUD conducted panel meetings with the other Gulf States to discuss allocation requests and unmet needs. HUD Secretary Alphonso Jackson announced emergency Community Development Block Grant (CDBG) funding allocations for the remaining four Gulf States as follows:

- Texas, \$428 million
- Mississippi, \$423 million
- Alabama, \$21 million
- Florida, \$100 million.

USES OF PRIVATE DONOR FUNDS FOR 2005 HURRICANE RECOVERY
(in millions of dollars)



Source: Giving USA 2006 and University of Indiana Center on Philanthropy

Figure 6-3

In addition, HUD opened 20 new homes in the Fischer development in the New Orleans area and has worked to redevelop other public housing developments to accommodate returning residents. HUD contributed \$500,000 to the city's Neighborhoods Rebuilding Plan (or charrette) process, which is a community-driven effort to help guide the revitalization of the city's neighborhoods that addresses each community's priorities and plans.

FEMA Disaster Relief MAs to Housing and Urban Development

The funding for FEMA's disaster relief MAs is detailed below.

Katrina Disaster Housing Assistance Program (KDHAP)—\$79 million funded to FEMA to relocate almost 102,000 families in the principal disaster area, specifically

- Public housing agencies in 44 states helped to relocate evacuees
- Housing Authority of New Orleans relocated 14,000 families and issued 119 Housing Choice Vouchers and 1,721 Disaster Vouchers
- HUD transitioned KDHAP to Disaster Voucher Program.

Real Estate Owned (REO) Properties—\$29 million advanced to HUD-contracted management and marketing firms

- 6,500 houses in 11 states were taken off the market for rehabilitation and use by evacuees
- 2,600 were houses readied for evacuee housing
- REO properties offered for sale to evacuees at a discount
- 68 sales contracts were accepted from hurricane evacuees
- Nine REO properties were sold at a discount to evacuees.

Disaster Voucher Program—\$390.3 million was funded directly to HUD

- Portable Section 8 vouchers
- Program to expire September 30, 2007
- Criteria: living in unit that was part of the HUD rental assistance program before the hurricane; living in emergency shelters and/or homeless
- More than 27,000 families assisted
- More than 20,000 units leased
- More than \$113 million disbursed for assistance.

Previously Allocated CDBG Disaster Recovery Assistance Grants—\$11.5 billion to five Gulf States

- \$6.21 billion for Louisiana
- \$5 billion for Mississippi
- \$74.5 million for Texas
- \$82.9 million for Florida
- \$74.3 billion for Alabama.

CDBG Disaster Recovery Assistance Grants—\$5.2 billion additional funding to five Gulf Coast states

- \$4.2 billion for Louisiana
- \$423 million for Mississippi
- \$428.6 million for Texas
- \$100 million for Florida
- \$21.2 million for Alabama.

Gulf States' Plans for Disaster Recovery Assistance

The Gulf States' approved plans for CDBG disaster recovery assistance are summarized below, by state.

Louisiana

- \$10.4 billion in hurricane-related CDBG federal funding
- Primary administering agencies are the Louisiana Recovery Authority and the Louisiana Office of Community Development
- “The Road Home” Housing Program, funded at \$8 billion
- Homeowner Assistance Program (a homeowner compensation plan), funded at \$6.3 billion
- Restoration of homeless housing shelter capacity, funded at \$26 million
- Workforce and Affordable Rental Housing Program, funded at \$1.5 billion
- Other developer incentives, funded at \$21 million
- Local government code enforcement program, funded at \$11 million
- Economic development programs, funded at \$332.5 million
- Administration, funded at \$189.8 million.

Mississippi

- \$5.4 billion in hurricane-related CDBG federal funding
- Primary administering agency is the Mississippi Development Authority
- Homeowner Assistance Grant Program, funded at \$3.2 billion
- Public Housing Program, funded at \$105 million
- Ratepayer and Wind Pool Mitigation Programs, funded at \$410 million
- Gulf Coast Regional Infrastructure Program, funded at \$500 million

- Economic Development and Community Revitalization Program, funded at \$300 million, under discussion with HUD.

Texas

- \$503 million in hurricane-related CDBG federal funding
- Primary administering agencies are the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs
- \$74.5 million for housing, infrastructure, public service, and public facility
- There is discussion and planning with HUD for new allocations.

Florida

- \$182.9 million in hurricane-related CDBG federal funding
- Primary administering agency is the Florida Department of Community Affairs, Division of Housing and Community Development
- \$82.9 million for housing, infrastructure, and durable construction
- There is discussion and planning with HUD for new allocations.

Alabama

- \$95.6 million in hurricane-related CDBG federal funding
- Primary administering agency is the Alabama Department of Economic and Community Affairs
- \$74.4 million for housing, infrastructure, and economic development
- There is discussion and planning with HUD for new allocations.

Grant Activities

The Federal Communications Commission (FCC) has announced that it will use \$211 million of funds from the Universal Service Fund (USF) to assist with recovery efforts in the Gulf Coast area. This includes \$51 million in USF assistance from the low-income program. Among its efforts, the FCC will provide wireless handsets and a package of 300 free minutes to persons eligible for FEMA disaster assistance and to people in the affected area without telephone service. Persons eligible for FEMA disaster assistance may also receive support to pay the costs of reconnecting consumers to a network as the disaster-struck area is rebuilt. The FCC OIG will conduct an audit to identify areas of risk, potential vulnerabilities, and compliance with program requirements and regulations as outlined by the FCC's Katrina relief proposals.

APPENDIX

First Year Report to the Attorney General – September 2006

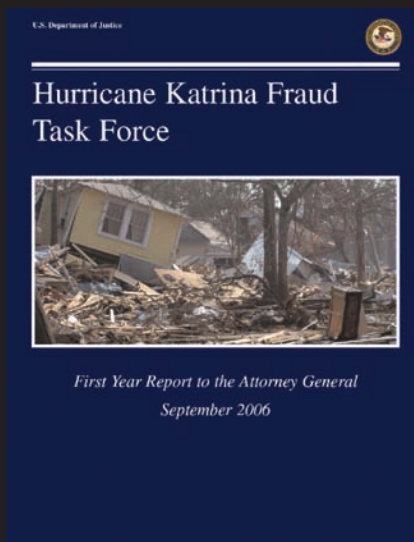
Office of the Hurricane Katrina Fraud Task Force Washington,
D.C. (September 30 , 2006)

A

The following Web link will direct you to the Department of Justice Hurricane Katrina Fraud Task Force outlines the progress made by the non-OIG federal, state, and local law enforcement organizations, as of September 30, 2006.

To obtain this report, link to:

http://www.usdoj.gov/katrina/Katrina_Fraud/docs/09-12-06AGprogressrpt.pdf



D A T E D O C T O B E R 3 1 , 2 0 0 6

APPENDIX

Hurricane Recovery Funding– 1st Emergency Supplemental (FY 2005)

B

This is Public Law 109-61, which originated from House Resolution 3645 to provide emergency funding to meet immediate needs arising from the consequences of Hurricane Katrina. This was an emergency supplemental appropriations act for the Fiscal Year ending September 30, 2005. H.R. 3645 became Public Law 109-61 on September 2, 2005.

H. R. 3645

One Hundred Ninth Congress
of the
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday,
the fourth day of January, two thousand and five*

An Act

Making emergency supplemental appropriations to meet immediate needs arising from the consequences of Hurricane Katrina, for the fiscal year ending September 30, 2005, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2005, namely:

DEPARTMENT OF HOMELAND SECURITY

EMERGENCY PREPAREDNESS AND RESPONSE

DISASTER RELIEF

For an additional amount for “Disaster Relief”, \$10,000,000,000, to remain available until expended: *Provided*, That the amount provided herein is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

DEPARTMENT OF DEFENSE

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, DEFENSE-WIDE

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for “Operation and Maintenance, Defense-Wide”, \$500,000,000 for emergency hurricane expenses, to support costs of evacuation, emergency repairs, deployment of personnel, and other costs resulting from immediate relief efforts, to remain available until September 30, 2006: *Provided*, That the Secretary of Defense may transfer these funds to appropriations for military personnel, operation and maintenance, procurement, family housing, Defense Health Program, and working capital funds: *Provided further*, That funds transferred shall be merged with and be available for the same purposes and for the same time period as the appropriation or fund to which transferred: *Provided further*, That this transfer authority is in addition to any other transfer authority available to the Department of Defense: *Provided further*, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: *Provided further*, That the Secretary of Defense

H. R. 3645—2

shall, not more than 5 days after making transfers from this appropriation, notify the congressional defense committees in writing of any such transfer: *Provided further*, That the amount provided herein is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

This Act may be cited as the “Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, 2005”.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

APPENDIX

Hurricane Recovery Funding– 2nd Emergency Supplemental (FY 2005)

C

This is Public Law 109-62, which originated from House Resolution 3673 to provide emergency funding to meet immediate needs arising from the consequences of Hurricane Katrina. This was an emergency supplemental appropriations act for the Fiscal Year ending September 30, 2005. H.R. 3673 became Public Law 109-62 on September 8, 2005.

H. R. 3673

One Hundred Ninth Congress
of the
United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday,
the fourth day of January, two thousand and five*

An Act

Making further emergency supplemental appropriations to meet immediate needs arising from the consequences of Hurricane Katrina, for the fiscal year ending September 30, 2005, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 2005, namely:

DEPARTMENT OF DEFENSE—MILITARY

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, DEFENSE-WIDE

(INCLUDING TRANSFERS OF FUNDS)

For an additional amount for “Operation and Maintenance, Defense-Wide”, \$1,400,000,000 for emergency hurricane expenses, to support costs of evacuation, emergency repairs, deployment of personnel, and other costs resulting from immediate relief efforts, to remain available until September 30, 2006: *Provided*, That the Secretary of Defense may transfer these funds to appropriations for military personnel, operation and maintenance, procurement, family housing, Defense Health Program, and working capital funds: *Provided further*, That not to exceed \$6,000,000 may be transferred to “Armed Forces Retirement Home” for emergency hurricane expenses: *Provided further*, That funds transferred shall be merged with and be available for the same purposes and for the same time period as the appropriation or fund to which transferred: *Provided further*, That this transfer authority is in addition to any other transfer authority available to the Department of Defense: *Provided further*, That upon a determination that all or part of the funds transferred from this appropriation are not necessary for the purposes provided herein, such amounts may be transferred back to this appropriation: *Provided further*, That the Secretary of Defense shall, not more than 5 days after making transfers from this appropriation, notify the Committees on Appropriations in writing of any such transfer: *Provided further*, That the amounts provided herein are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

H. R. 3673—2

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

OPERATION AND MAINTENANCE

For an additional amount for “Operation and Maintenance” for emergency expenses for repair of storm damage to authorized projects in the Gulf states affected by Hurricane Katrina, \$200,000,000, to remain available until expended: *Provided*, That the Chief of Engineers, acting through the Assistant Secretary of the Army for Civil Works, shall provide, at a minimum, a weekly report to the Committees on Appropriations detailing the allocation and obligation of these funds, beginning not later than September 15, 2005: *Provided further*, That the amount provided herein is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

FLOOD CONTROL AND COASTAL EMERGENCIES

For an additional amount for “Flood Control and Coastal Emergencies”, as authorized by section 5 of the Flood Control Act of August 16, 1941 (33 U.S.C. 701), for emergency expenses for repair of damage to flood control and hurricane shore protection projects in the Gulf states caused by Hurricane Katrina, \$200,000,000, to remain available until expended: *Provided*, That the Chief of Engineers, acting through the Assistant Secretary of the Army for Civil Works, shall provide, at a minimum, a weekly report to the Committees on Appropriations detailing the allocation and obligation of these funds, beginning not later than September 15, 2005: *Provided further*, That the amount provided herein is designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

DEPARTMENT OF HOMELAND SECURITY

EMERGENCY PREPAREDNESS AND RESPONSE

DISASTER RELIEF

(INCLUDING TRANSFERS OF FUNDS)

For an additional amount for “Disaster Relief”, \$50,000,000,000, to remain available until expended: *Provided*, That up to \$100,000,000 may be transferred to and merged with “Emergency Preparedness and Response, Public Health Programs” for the National Disaster Medical System to support medical care as authorized by the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 (42 U.S.C. 300hh–11): *Provided further*, That \$15,000,000 shall be transferred to and merged with “Departmental Management and Operations, Office of Inspector General” for necessary expenses of the Office of Inspector General for audits and investigations as authorized by law for Hurricane Katrina response and recovery activities: *Provided further*, That the Secretary of Homeland Security shall provide, at a minimum, a weekly report to the Committees on Appropriations detailing the allocation and obligation of these funds,

H. R. 3673—3

beginning not later than September 15, 2005: *Provided further*, That the amounts provided herein are designated as an emergency requirement pursuant to section 402 of H. Con. Res. 95 (109th Congress).

GENERAL PROVISION

SEC. 101. For procurements of property or services determined by the head of an executive agency to be used in support of Hurricane Katrina rescue and relief operations—

(1) the emergency procurement authority in subsection 32A(c) of the Office of Federal Procurement Policy Act (41 U.S.C. 428a(c)) may be used; and

(2) the amount specified in subsections (c), (d), and (f) of section 32 of the Office of Federal Procurement Policy Act (41 U.S.C. 428) shall be \$250,000.

This Act may be cited as the “Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, 2005”.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

APPENDIX

Hurricane Recovery Funding— 3rd Emergency Supplemental (FY 2006)

D

Public Law 109-148 originated from House Resolution 2863, which provided emergency funding to meet immediate needs arising from the consequences of Hurricanes Katrina, Wilma, and Rita (2005). This was an emergency supplemental appropriations act for the Fiscal Year ending September 30, 2006. H.R. 2863 became Public Law 109-148 on December 30, 2005.

To review the text for Emergency Supplemental 3, go to:

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_public_laws&docid=f:publ148.109 (See page 119).

APPENDIX

Hurricane Recovery Funding— 4th Emergency Supplemental (FY 2006)

E

Public Law 109-234 originated from House Resolution 4939, which provided emergency funding to meet continuing needs arising from the consequences of Hurricanes Katrina, Wilma, and Rita (2005). This is an emergency supplemental appropriations act for the Fiscal Year ending September 30, 2006. H.R. 4939 became Public Law 109-234 on June 15, 2006.

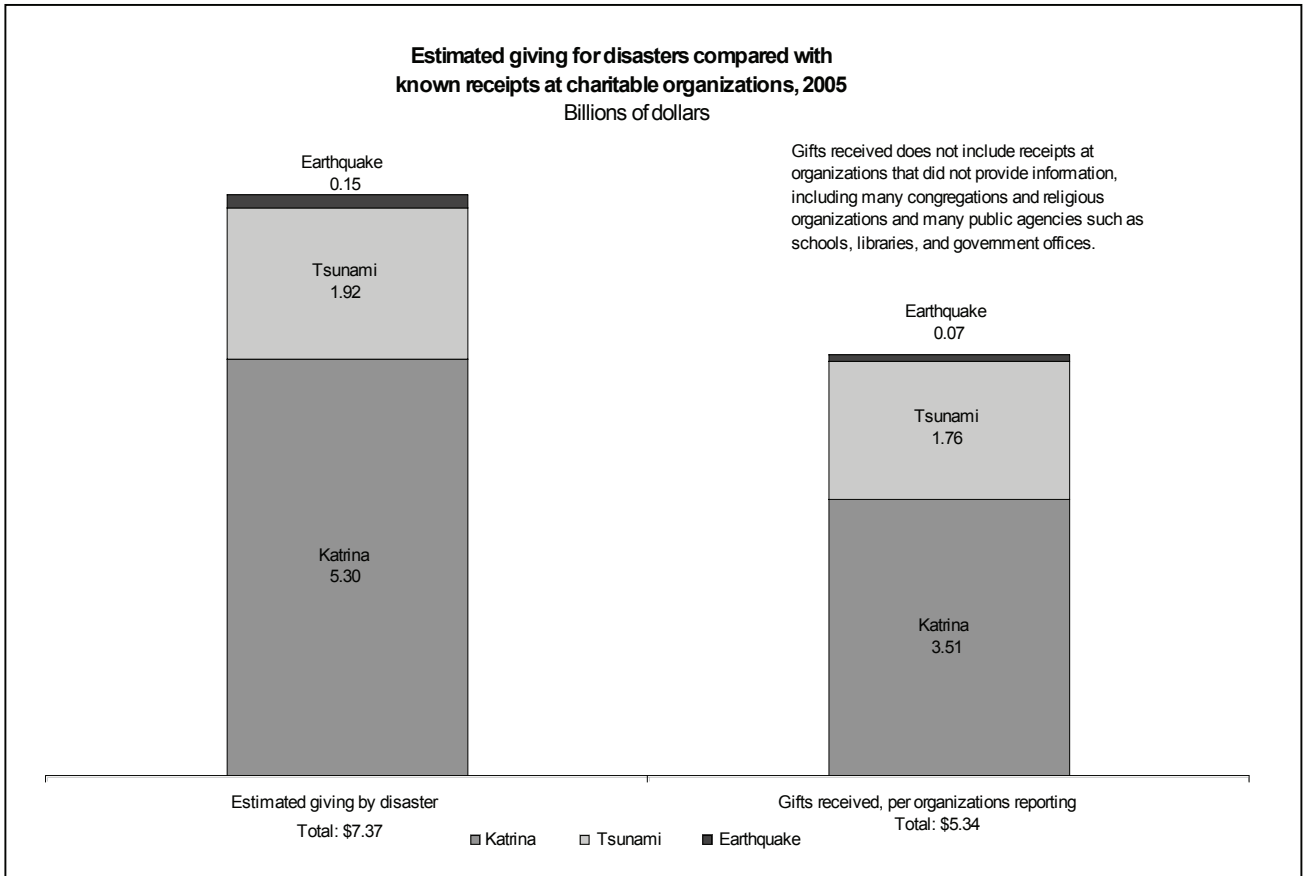
To review the text for Emergency Supplemental 4, go to:
http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_public_laws&docid=f:publ234.109.pdf
(see pages 27-63).

APPENDIX

Private Donations for Hurricane Katrina and Rita Victims

F

This appendix provides information, as of June 20, 2006, on private donations from individuals, foundations, and corporations for relief and recovery efforts in response to Hurricanes Katrina and Rita. This information was research and prepared by the Center of Philanthropy at Indiana University and Giving USA.



Source: Giving USA and the University of Indiana Center for Philanthropy

APPENDIX

Hurricane Financial Profiles by Program Area

G

This appendix provides the Federal Emergency Management Agency's Hurricane financial profile, by program area, for each of the 2005 hurricanes: Katrina, Rita, and Wilma.

HURRICANE KATRINA FINANCIAL PROFILE (AS OF 09-27-2006)

Program Area	Program Name	Allocations	Un-Obligated Commitments	Obligations	Un-Obligated Allocations(c)	Un-Liquidated Obligations	Expenditures	Allocation Available
1-HUMAN SERVICES	2503 – Unemployment	423,459,491	-	410,183,399	13,276,092	12,593	410,170,806	13,276,092
	2504 – Crisis Counseling – NIMH	70,531,403	-	43,035,862	27,495,541	9,554,648	33,481,214	27,495,541
	2576 – Legal Services	348,073	80,316	265,610	82,463	138,344	127,267	2,147
	2592 – Inspections	236,146,214	19,610,366	237,404,040	(1,257,826)	100,330,936	137,073,104	(20,868,192)
	4149 – Other Needs Assistance	1,858,789,314	-	1,814,678,793	44,110,521	12,089,044	1,802,589,749	44,110,521
	414X – Housing Assistance	4,125,365,741	5,883	4,123,166,540	2,199,201	16,004,827	4,107,161,713	2,193,318
	4152 – Crisis Counseling – SCC	40,720,750	-	40,151,560	569,190	16,056,168	24,095,392	569,190
	Immediate Needs Assistance	-	-	277,910	(277,910)	277,910	-	(277,910)
	Manufactured Housing	7,552,375,914	738,245,945	6,763,959,953	788,415,961	1,503,917,743	5,260,042,210	50,170,016
	Total	14,307,736,900	757,942,510	13,433,123,667	874,613,233	1,658,382,213	11,774,741,455	116,670,723
2-INFRASTRUCTURE	2594 – Inspections	943,203,029	273,960,790	667,908,250	275,294,779	336,243,822	331,664,428	1,333,989
	416X – Public Assistance	6,154,432,124	-	6,075,752,992	78,679,132	3,019,647,280	3,056,105,713	78,679,132
	Total	7,097,635,153	273,960,790	6,743,661,242	353,973,911	3,355,891,102	3,387,770,140	80,013,121
3-MITIGATION	2593 – Inspections	32,722,196	4,778,536	24,362,095	8,360,101	14,646,689	9,715,407	3,381,565
	4173 – Hazard Mitigation	23,208,933	-	23,208,933	-	21,741,306	1,467,627	-
	Total	55,931,129	4,778,536	47,571,028	8,360,101	36,387,995	11,183,034	3,581,565
4-OPERATIONS	2507 – Missions – TA	26,178,856	-	24,687,256	1,491,600	20,985,669	3,701,587	1,491,600
	2508 – Missions – DFA	4,614,828,917	-	4,605,328,916	9,500,001	3,220,360,744	1,384,968,172	9,500,001
	Total	4,641,007,773	4,778,536	4,630,016,172	10,991,601	3,241,346,413	1,388,669,759	10,991,601
5-ADMINISTRATION	11XX – Salaries & Benefits	442,671,951	-	422,162,801	20,509,150	-	422,162,801	20,509,150
	21XX – Travel	222,445,788	2,864,421	217,041,803	5,403,985	11,614,786	205,427,017	2,539,564
	22XX – Transportation	45,774,335	218,283	41,953,267	3,821,068	5,200,114	36,753,153	3,602,785
	23XX – Rent, Comm, Utilities	303,647,625	26,671,808	278,500,179	25,147,447	61,770,566	216,729,613	(1,524,361)
	24XX – Print & Repro	5,659,608	375,836	5,079,444	580,165	2,791,462	2,287,981	204,329
	2501 – Missions – FOS	2,189,305,833	-	2,181,337,115	7,968,718	1,519,955,385	661,381,730	7,968,718
	25XX – Other Services	2,017,595,759	235,316,811	1,742,009,102	275,586,657	636,858,857	1,105,150,246	40,269,846
	26XX – Supplies & Materials	547,152,930	17,154,623	519,905,582	27,247,348	115,888,845	404,016,736	10,092,725
	31XX – Equipment	212,946,356	10,393,619	198,141,136	14,805,220	21,741,077	176,400,059	4,411,601
	32XX – Land & Structures	11,945,466	2,360,461	9,301,589	2,643,877	510,778	8,790,811	283,416
4101 – Urban Search & Rescue	75,195,470	-	75,195,469	1	40,975,119	34,220,350	1	
Total	6,074,341,121	295,355,862	5,690,627,487	383,713,636	2,417,306,989	3,273,320,497	88,357,773	
GRAND TOTAL	32,176,652,076	1,332,037,698	30,544,999,596	1,631,652,482	10,709,314,712	19,835,684,885	299,614,783	

HURRICANE RITA FINANCIAL PROFILE (AS OF 09-27-2006)

Program Area	Program Name	Allocations	Un-Obligated Commitments	Obligations	Un-Obligated Allocations(c)	Un-Liquidated Obligations	Expenditures	Allocation Available
1-HUMAN SERVICES	2503 – Unemployment	23,167,496	-	21,545,421	1,622,075	-	21,545,421	1,622,075
	2504 – Crisis Counseling – NIMH	3,855,225	-	3,855,225	-	2,308,237	1,546,988	-
	2576 – Legal Services	-	-	-	-	-	-	-
	2592 – Inspections	104,914,470	30,808	104,883,467	31,003	44,026,839	60,856,628	195
	4149 – Other Needs Assistance	106,800,500	-	106,800,000	500	1,751,675	105,048,325	500
	414X – Housing Assistance	915,291,548	-	915,285,649	5,899	3,634,361	911,651,288	5,899
	4152 – Crisis Counseling – SCC	1,557,215	-	1,557,215	-	1,330,840	226,375	-
4154 – Other Needs Assistance	72,880,000	-	71,880,000	1,000,000	1,247,859	70,632,141	1,000,000	
	Manufactured Housing	189,023,029	7,185,165	157,014,666	32,008,363	41,554,679	115,459,987	24,823,198
Total		1,417,489,483	7,215,973	1,382,821,643	34,667,840	95,854,490	1,286,967,153	27,451,867
2-INFRASTRUCTURE	2594 – Inspections	30,402,900	9,735,063	20,525,058	9,877,842	3,319,395	17,205,663	142,779
	416X – Public Assistance	737,783,137	-	734,613,996	3,169,141	283,073,105	451,540,891	3,169,141
	Total	768,186,037	9,735,063	755,139,054	13,046,983	286,392,500	468,746,554	3,311,920
3-MITIGATION	2593 – Inspections	16,324,974	558,068	12,161,943	4,163,031	9,122,759	3,039,185	3,604,963
	4173 – Hazard Mitigation	28,487,238	-	28,487,238	-	28,330,054	157,184	-
	Total	44,812,212	558,068	40,649,181	4,163,031	37,452,813	3,196,369	3,604,963
4-OPERATIONS	2507 – Missions – TA	750,000	-	750,000	-	455,371	294,629	-
	2508 – Missions – DFA	661,077,800	-	659,747,600	1,330,200	335,255,152	324,492,448	1,330,200
Total		661,827,800	-	660,497,600	1,330,200	335,710,523	324,787,077	1,330,200
5-ADMINISTRATION	11XX – Salaries & Benefits	64,634,410	-	61,215,772	3,418,639	-	61,215,772	3,418,639
	21XX – Travel	35,222,840	4,155	34,871,011	351,828	950,862	33,920,150	347,674
	22XX – Transportation	3,761,000	65,000	1,680,810	2,080,190	309,366	1,371,443	2,015,190
	23XX – Rent, Comm, Utilities	26,893,174	2,131,272	24,175,057	2,718,117	6,723,028	17,452,029	586,845
	24XX – Print & Repro	1,163,000	35,000	959,236	203,764	637,547	321,689	168,764
	2501 – Missions – FOS	384,518,781	-	384,353,276	165,505	315,411,104	68,942,172	165,505
	25XX – Other Services	510,015,374	43,594,464	455,497,405	54,517,970	204,399,163	251,098,241	10,923,505
	26XX – Supplies & Materials	49,484,580	1,239,962	45,462,057	4,022,523	11,454,171	34,007,886	2,782,560
	31XX – Equipment	14,588,983	1,599,576	11,929,809	2,659,174	2,597,553	9,332,257	1,059,598
	32XX – Land & Structures	465,000	75	404,900	60,100	177,524	227,376	60,025
4101 – Urban Search & Rescue	22,400,226	120,000	22,280,226	120,000	15,468,415	6,811,811	-	
Total		1,113,147,368	48,789,504	1,042,829,559	70,317,810	558,128,733	484,700,825	21,528,305
GRAND TOTAL		4,005,462,900	66,298,608	3,881,937,037	123,525,864	1,313,539,059	2,568,397,978	57,227,255

HURRICANE WILMA FINANCIAL PROFILE (AS OF 09-27-2006)

Program Area	Program Name	Allocations	Un-Obligated Commitments	Obligations	Un-Obligated Allocations(c)	Un-Liquidated Obligations	Expenditures	Allocation Available
1-HUMAN SERVICES	2503 – Unemployment	6,050,125	-	6,050,125	-	-	6,050,125	-
	2504 – Crisis Counseling – NIMH	8,246,808	-	8,246,808	-	-	8,246,808	-
	2576 – Legal Services	5,000	-	5,000	-	-	5,000	-
	2592 – Inspections	48,379,400	-	46,354,901	2,024,499	7,283,594	39,071,307	2,024,499
	4149 – Other Needs Assistance	183,000,000	-	158,999,943	24,000,057	15,473,526	143,526,417	24,000,057
	414X – Housing Assistance	163,715,000	-	157,695,000	6,020,000	9,327,571	148,367,429	6,020,000
4152 – Crisis Counseling – SCC	2,628,148	-	2,424,122	204,026	725,617	1,698,505	204,026	
Manufactured Housing	88,392,875	1,059,710	82,220,094	6,172,781	12,487,296	69,732,798	5,113,071	
Total	500,417,356	1,059,710	461,995,993	38,421,363	45,297,604	416,698,389	37,361,653	
2-INFRASTRUCTURE	2594 – Inspections	51,741,806	8,580,800	43,152,079	8,589,727	6,730,126	36,421,953	8,927
	416X – Public Assistance	1,096,050,000	-	1,095,582,918	467,082	390,585,399	704,997,518	467,082
Total	1,147,791,806	8,580,800	1,138,734,997	9,056,809	397,315,525	741,419,471	476,009	
3-MITIGATION	2593 – Inspections	1,000,000	-	954,629	45,371	513,696	440,933	45,371
	Total	1,000,000	-	954,629	45,371	513,696	440,933	45,371
4-OPERATIONS	2507 – Missions – TA	700,110	-	700,000	110	328,310	371,690	110
	2508 – Missions – DEA	233,328,384	-	233,238,384	90,000	117,703,220	115,535,164	90,000
Total	234,028,494	-	233,938,384	90,110	118,031,530	115,906,854	90,110	
5-ADMINISTRATION	11XX – Salaries & Benefits	37,113,330	-	36,826,388	286,942	-	36,826,388	286,942
	21XX – Travel	15,124,700	147,335	14,971,873	152,827	754,510	14,217,360	5,492
	22XX – Transportation	15,125,440	2,200,000	12,625,440	2,500,000	8,063,796	4,561,644	300,000
	23XX – Rent, Comm, Utilities	7,877,605	470,788	7,385,252	492,353	837,730	6,547,522	21,565
	24XX – Print & Repro	548,500	10,837	267,231	281,269	51,909	215,322	270,431
	2501 – Missions – FOS	145,229,012	-	135,809,959	9,419,053	99,296,024	36,513,935	9,419,053
	25XX – Other Services	31,382,000	1,884,398	21,073,451	10,308,549	14,918,407	6,155,044	8,424,150
	26XX – Supplies & Materials	91,472,744	3,966,780	85,844,978	5,627,766	71,771,755	14,073,223	1,660,986
	31XX – Equipment	4,066,400	922,353	3,013,796	1,052,604	1,348,470	1,665,326	130,251
	32XX – Land & Structures	99,225	12,038	82,255	16,970	-	82,255	4,932
4101 – Urban Search & Rescue	6,216,000	-	5,963,794	252,206	5,342,310	621,485	252,206	
Total	354,254,956	9,614,529	323,864,417	30,390,539	202,384,911	121,479,500	20,776,008	
GRAND TOTAL	2,237,492,612	19,255,039	2,159,488,420	78,004,192	763,543,266	1,395,945,157	58,749,153	

APPENDIX

Useful Website Links

H

This appendix provides useful website links, related to hurricane relief and recovery activities mentioned in this report.

Useful Links for Hurricane Recovery and Oversight:

Hurricane Contracting Information Center (Dept. of Commerce)

<http://www.rebuildingthegulfcoast.gov/>

Department of Education – Hurricane Help for Schools

<http://hurricanehelpforschools.gov/index.html>

Department of Homeland Security (OIG) Katrina Oversight Page

[http://www.dhs.gov/dhspublic/interapp/editorial/Copy_\(2\)_of_editorial_0602.xml](http://www.dhs.gov/dhspublic/interapp/editorial/Copy_(2)_of_editorial_0602.xml)

Department of Homeland Security (Emergency and Disasters)

<http://www.dhs.gov/interweb/assetlibrary/katrina.htm>

Department of Housing and Urban Development (OIG)

<http://www.hud.gov/offices/oig/hotline/index.cfm>

Department of Justice Katrina Fraud Task Force

http://www.usdoj.gov/katrina/Katrina_Fraud/

Department of Justice Katrina Fraud Task Force Progress Report 9/30/06

http://www.usdoj.gov/katrina/Katrina_Fraud/docs/09-12-06AGprogressrpt.pdf

FBI Katrina/Rita Information Page

<http://www.fbi.gov/katrina.htm#vgn-hurricane-katrina-fraud-task-force-vgn>

Department of Transportation: Status of Transportation-Related Recovery Efforts

<http://www.nhtsa.dot.gov/USDOTReliefSite>

Roadway Information Related to Hurricanes Rita and Katrina (DOT)

<http://www.fhwa.dot.gov/trafficinfo/katrina.htm>

Environmental Protection Agency - Disaster Response

<http://www.epa.gov/katrina/index.html>

PCIE/ECIE

<http://www.ignet.gov/pande/hsr/oigplanoverview.pdf>

PCIE/ECIE: Hurricane Relief Oversight

<http://www.ignet.gov/pande/hsr1.html#relief>

Small Business Administration: Disaster Recovery

http://www.sba.gov/disaster_recov/index.html

SBA Office of Inspector General (e.g., to obtain copies of reports mentioned in the SAR)

<http://www.sba.gov/ig>

White House: Hurricane Recovery, Rebuilding the Gulf Coast Region

<http://www.whitehouse.gov/infocus/hurricane>

NON-FEDERAL SITES

Center for Philanthropy, Indiana University (Katrina and Rita private donations)

http://www.philanthropy.iupui.edu/Hurricane_Katrina.html

Alabama Department of Economic and Community Affairs

<http://www.adeca.alabama.gov/>

Florida: Department of Community Affairs

<http://www.floridacommunitydevelopment.org>

State of Louisiana: Hurricane Information

<http://katrina.louisiana.gov/>

State of Louisiana: Office of Community Development, Disaster Recovery Unit

<http://www.state.la.us/cdbg/drhome.htm>

LouisianaRebuilds: Louisiana Non-Partisan Public-Private Partnership for Louisiana residents affected by Hurricanes Katrina and Rita

<http://www.louisianarebuilds.info/>

Louisiana Recovery Authority

<http://www.lra.louisiana.gov/>

Louisiana Recovery Authority: Louisiana Long-Term Recovery Planning

<http://www.louisianaspeaks.org>

Louisiana Disaster Recovery Unit

<http://www.state.la.us/cdbg/drhome.htm>

Mississippi Development Authority

<http://www.mshomehelp.gov>

Mississippi: Hurricane Katrina Homeowner's Grant Program

<http://www.mshomehelp.gov>

Texas: Department of Housing and Community Affairs

<http://www.tdhca.state.tx.us>

APPENDIX

PCIE/ECIE Contributing Members



This appendix provides the contact information for all 22 PCIE/ECIE members who contributed to this semi-annual report.

PCIE/ECIE Contributors to the Semi-annual Report (Updated 9/30/06)

DEPARTMENT OF HOMELAND SECURITY (DHS)

Richard L. Skinner, Inspector General
245 Murray Dr. SW
Building 410
Washington, DC 20528
(202) 254-4100
Web site: [http://www.dhs.gov/dhspublic/interapp/
editorial/editorial_0330.xml](http://www.dhs.gov/dhspublic/interapp/editorial/editorial_0330.xml)
Hotline: (800) 323-8603

DEPARTMENT OF COMMERCE (DOC)

Johnnie E. Frazier, Inspector General
14th and Constitution Avenue, NW
HCHB 7898-C
Washington, DC 20230
(202) 482-4661
Web site: <http://www.oig.doc.gov/oig>
Hotlines: (202) 482-2495 (800) 424-5197
Hearing impaired: (800) 854-8407

DEPARTMENT OF DEFENSE (DOD)

Thomas S. Gimble, Acting Inspector General
400 Army Navy Drive
Arlington, VA 22202
(703) 604-8300
Web site: <http://www.dodig.mil>
Hotlines: (703) 604-8569 (800) 424-9098
Hotline Web site: [www.dodig.mil/HOTLINE/fwa-
compl.htm](http://www.dodig.mil/HOTLINE/fwa-compl.htm)

DEPARTMENT OF ENERGY (DOE)

Gregory H. Friedman, Inspector General
1000 Independence Avenue, SW
Washington, DC 20585
(202)586-4393
Fax: (202) 586-4902
Web site: <http://www.ig.energy.gov>
Hotlines: (202) 586-4073 (800) 541-1625
Hotline email: www.ig.energy.gov/hotline.htm

DEPARTMENT OF THE INTERIOR (DOI)

Earl E. Devaney, Inspector General
1849 C Street, NW
Washington, DC 20240
(202) 208-5745
Web site: <http://www.oig.doi.gov>
Hotline: (800) 424-5081

DEPARTMENT OF JUSTICE (DOJ)

Glenn A. Fine, Inspector General
950 Pennsylvania Avenue, NW, Room 4706
Washington, DC 20530
(202) 514-3435
Web site: <http://www.usdoj.gov/oig>
Hotline: (800) 869-4499
Hotline e-mail: oig.hotline@usdoj.gov

DEPARTMENT OF LABOR (DOL)

Gordon S. Heddell, Inspector General
200 Constitution Avenue, NW, Room S5502
Washington, DC 20210
(202) 693-5100
Web site: <http://www.oig.dol.gov>
Hotlines: (202) 693-6999 (800) 347-3756

**DEPARTMENT OF TRANSPORTATION
(DOT)**

Todd J. Zinser, Acting Inspector General
400 7TH Street, SW, Room 9210
Washington, DC 20590
(202) 366-1959
Web site: <http://www.oig.dot.gov>
Hotlines: (202) 366-1461 (800) 424-9071

DEPARTMENT OF VETERANS AFFAIRS (VA)

George Opfer, Inspector General
810 Vermont Avenue, NW
Washington, DC 20420
(202) 565-8620
Web site: <http://www.va.gov/oig>
Hotline: (800) 488-8244
Hotline e-mail: VAOIGHOTLINE@VA.GOV

DEPARTMENT OF EDUCATION (ED)

John P. Higgins, Jr., Inspector General
400 Maryland Avenue, SW
Washington, DC 20024
(202) 245-6900
Web site: <http://www.ed.gov/about/offices/list/oig>
Hotline: 800-MIS-USED
Hotline e-mail: oig hotline@ed.gov

**ENVIRONMENTAL PROTECTION AGENCY
(EPA)**

Bill A. Roderick, Acting Inspector General
1200 Pennsylvania Avenue, NW
Mailcode 2410T
Washington, DC 20460
(202) 566-0847
Web site: <http://www.epa.gov/oig>
Hotlines: (202) 566-2476 (888) 546-8740
Hotline e-mail: OIG_hotline@epa.gov

**FEDERAL COMMUNICATIONS
COMMISSION (FCC)**

Kent R. Nilsson
Acting Inspector General
Federal Communications Commission
445 12th Street, S.W., Room 2-C762
Washington, DC 20554
Phone: (202) 418-0476
Fax: (202) 418-2811
E-Mail: Kent.Nilsson@fcc.gov

**GENERAL SERVICES ADMINISTRATION
(GSA)**

Brian D. Miller, Inspector General
18th and F Streets, NW
Washington, DC 20405
(202) 501-0450
Web site: <http://oig.gsa.gov>
Hotlines: (202) 501-1780 (800) 424-5210

**DEPARTMENT OF HEALTH AND HUMAN
SERVICES (HHS)**

Daniel Levinson, Inspector General
330 Independence Avenue, SW, Room 5250
Washington, DC 20201
(202) 619-3148
Web site: <http://oig.hhs.gov>
Hotline: (800) 447-8477
Hotline e-mail: Hotline@oig.hhs.gov

**DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT (HUD)**

Kenneth M. Donohue, Inspector General
451 Seventh Street, SW
Washington, DC 20410
(202) 708-0430
Web site: <http://www.hud.gov/offices/oig>
Hotline: (800) 347-3735

**NATIONAL AERONAUTICS AND SPACE
ADMINISTRATION (NASA)**

Robert W. Cobb, Inspector General
300 E Street, NW, Room 8U70
Washington, DC 20546
(202) 358-1220
Web site: <http://oig.nasa.gov>
Hotline: (800) 424-9183
Hotline Web site:
<http://oig.nasa.gov/cyberhotline.html>

SMALL BUSINESS ADMINISTRATION (SBA)

Eric M. Thorson, Inspector General
409 Third Street, SW
Washington, DC 20416
(202) 205-6586
Web site: <http://www.sba.gov/IG>
Hotline: (800) 767-0385

**SOCIAL SECURITY ADMINISTRATION
(SSA)**

Patrick P. O'Carroll, Jr., Inspector General
Room 300, Altmeyer Building
6401 Security Boulevard
Baltimore, MD 21235
(410) 966-8385
Web site: <http://www.ssa.gov/oig>
Hotline: (800) 269-0271

**TREASURY INSPECTOR GENERAL FOR
TAX ADMINISTRATION (TIGTA)**

J. Russell George, Inspector General
1125 15th Street, NW
Washington, DC 20005
(202) 622-6500
Web site: <http://www.treas.gov/tigta>
Hotline: (800) 366-4484

U.S. TREASURY (TREAS)

Harold Damelin, Inspector General
1500 Pennsylvania Avenue NW
Washington, DC 20220
(202) 622-1090
Web site: <http://www.ustreas.gov/inspector-general/>
Hotline: (800) 359-3898

DEPARTMENT OF AGRICULTURE (USDA)

Phyllis K. Fong, Inspector General
1400 Independence Avenue, SW
Room 117-W, Jamie L. Whitten Building
Washington, DC 20250
(202) 720-8001
Web site: <http://www.usda.gov/oig>
Hotlines: (202) 690-1622 (800) 424-9121
Hearing impaired: (202) 690-1202

U.S. POSTAL SERVICE (USPS)

Dave Williams, Inspector General
1735 North Lynn Street
Arlington, VA 22209-2005
(703) 248-2300
Web site: <http://www.uspsoig.gov>
Hotline: (888) 877-7644

*To date, some Offices of Inspector General and their departments and agencies have not received any hurricane relief-related funding or only a small portion of the funds; therefore, future efforts of these OIGs will depend on the amount of money received and how those funds are used.

APPENDIX

OIG Congressional Activities

J

This appendix provides a list of hurricane recovery PCIE/ECIE OIG congressional activities.

AS OF SEPTEMBER 30, 2006

HURRICANE RECOVERY OIG CONGRESSIONAL ACTIVITIES (AS OF SEPTEMBER 30, 2006)

Date	Committee/Subcommittee	Type	Subject	Departments
9/7/06	Senate Appropriations Subcommittee on Homeland Security	Hearing	Risk Management and Preparedness and Lessons Learned from Katrina	DHS
8/28/06	House Appropriations Subcommittee on Homeland Defense	Briefing	Hurricane Recovery Oversight	DHS
8/15/06	House Government Reform Subcommittee on Government Efficiency and Financial Management	Briefing	Hurricane Recovery Prompt Payment Issues	DHS
7/27/06	Senate Committee on Environment and Public Works	Hearing	Stafford Act Review	DHS, USACE, EPA
7/27/06	House Committee on Government Reform	Hearing	DHS Acquisition Process	DHS, GAO
6/27/06	House Appropriations Subcommittee on Survey and Investigations	Briefing	Hurricane Recovery Oversight	DHS
6/26/06	House Committee on Homeland Security	Briefing	Hurricane Recovery Oversight	DHS
6/14/06	House Committee on Homeland Security	Hearing	Hearing: Waste, Fraud, and Abuse in the Aftermath of Hurricane Katrina	DHS, GAO, US Red Cross
5/25/06	House Armed Services Subcommittee on Terrorism, Unconventional Threats, and Capabilities	Hearing	DoD Preparedness for Hurricanes	DoD, USA, USAF
5/24/06	House Committee on Government Reform	Hearing	2006 Hurricane Season and Preparedness	DHS, DoD, DOC, HHS
5/18/06	House Appropriations Subcommittee on Survey and Investigations	Briefing	Hurricane Recovery Oversight	DHS
5/10/06	House Government Reform Subcommittee on Government Management, Finance, and Accountability	Hearing	After Katrina: Role of DoJ Katrina Fraud Task Force and Agency IGs in Preventing Waste, Fraud, and Abuse	HUD
5/4/06	House Committee on Government Reform	Hearing	Katrina, Contracting and Legal Issues	DHS, GAO, DHS, GSA, USACE

5/3-4/06	House Energy and Commerce Subcommittee on Oversight and Investigations	Briefings	Hurricane Recovery Oversight	DHS
4/23-26/06	House Government Reform Subcommittee on Government Management, Finance, and Accountability	CODEL	Gulf Coast tour, IG and Katrina Task Force briefings.	DHS, DOJ
4/21/06	Senate Committee on Homeland Security and Government Affairs	Field Hearing	FEMA's Manufactured Housing Program: Haste Makes Waste," Hope, AR	DHS
4/10/06	Senate Homeland Security and Governmental Affairs Subcommittee on Federal Financial Management, Government Information, and International Security	Hearing	Katrina and Contracting: Blue Roof, Debris Removal, Travel Trailer Case Studies	DHS USACE, AAA, DoD
3/30/06	Senate Special Committee on Aging	Study Assigned	Evacuating Nursing Homes During a Disaster	HHS
3/22/06	Senate Homeland Security and Governmental Affairs Committee	Staff Briefing	OIG's Performance Review of FEMA's Disaster Management Activities in Response to Katrina	DHS
3/8/06	Senate Committee on Homeland Security and Governmental Affairs	Hearing	Improving the Nation's Disaster Response System	Senator Mikulski, DHS, GAO
3/8/06	Senate Appropriations Committee	Hearing	Additional \$4.2 billion in Community Development Block Grant funds for Louisiana; additional \$202 million for the Disaster Voucher Program	HUD
2/15/06	Senate Committee on Banking, Housing, and Urban Affairs	Hearing	Mortgage Assistance, Community Development Block Grants, Rental & Fair Housing Assistance	HUD, FEMA, FDIC, SBA, DHS

2/13/06	Senate Committee on Homeland Security and Government Affairs	Hearing	Hurricane Katrina: Waste, Fraud, and Abuse Worsen the Disaster	DHS, DOJ, GAO
11/2/05	House Select Bipartisan Committee to Investigate Preparation for and Response to Hurricane Katrina	Hearing	The role of federal agency contracting in disaster preparedness and response.	DHS, FEMA, USACE, GAO
10/6/05	House Appropriations Subcommittee on Homeland Security	Hearing	Katrina Oversight	DHS
10/6/05	House Transportation and Infrastructure Subcommittee on Economic Development, Public Buildings, and Emergency Management	Hearing	Recovering After Katrina: Ensuring that FEMA is up to the Task	DHS
9/28/05	House Energy and Commerce Subcommittee on Oversight and Investigations	Hearing	OIG Oversight Plans Regarding Hurricane Katrina Relief and Recovery	DHS, DOC, DoD, DOE, EPA, FCC, GAO, HHS

Source: PCIE/ECIE, September 30, 2006, semiannual data call to Congress and federal agencies.

APPENDIX

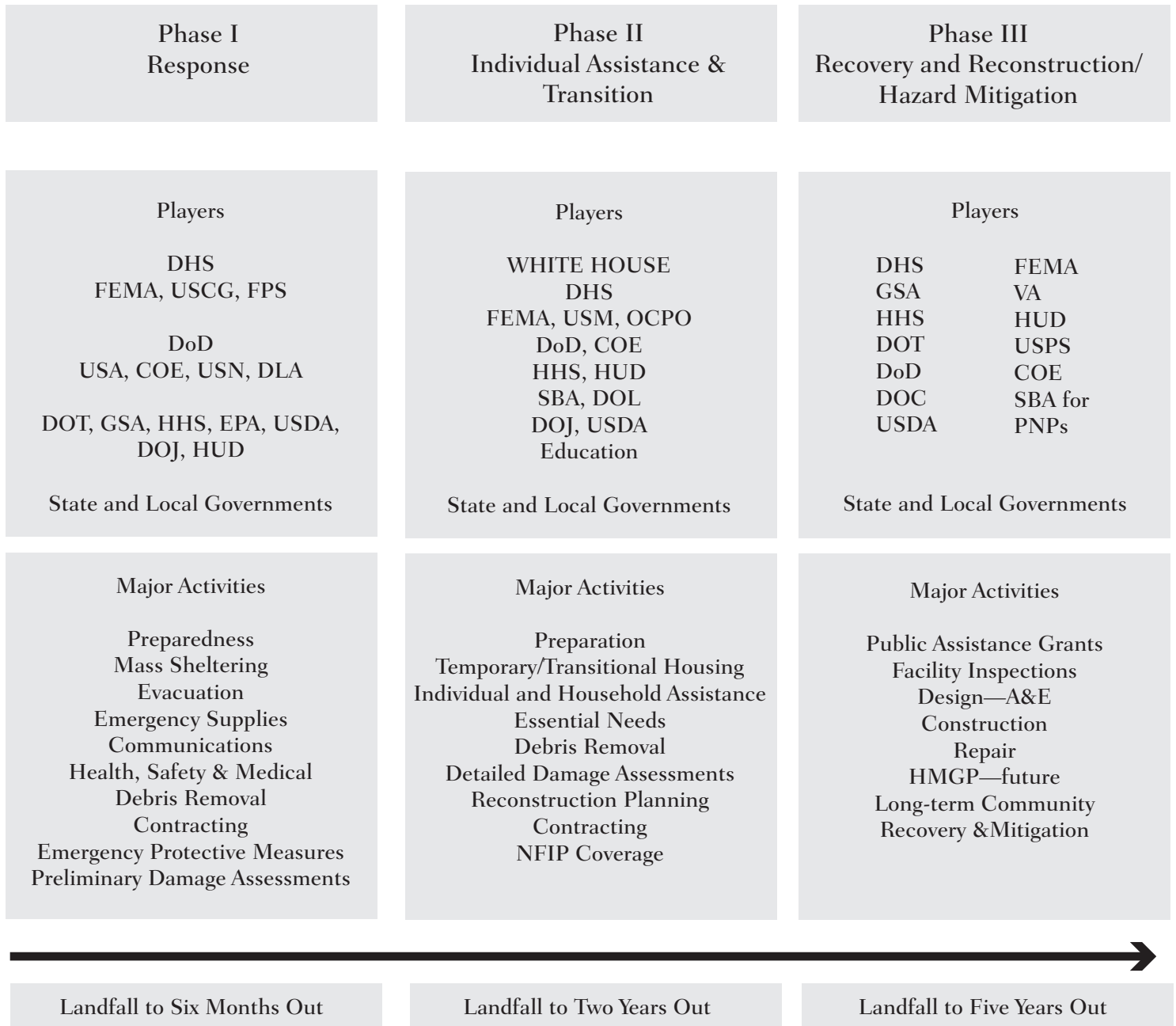
PCIE/ECIE Oversight Audit and Investigative Models

K

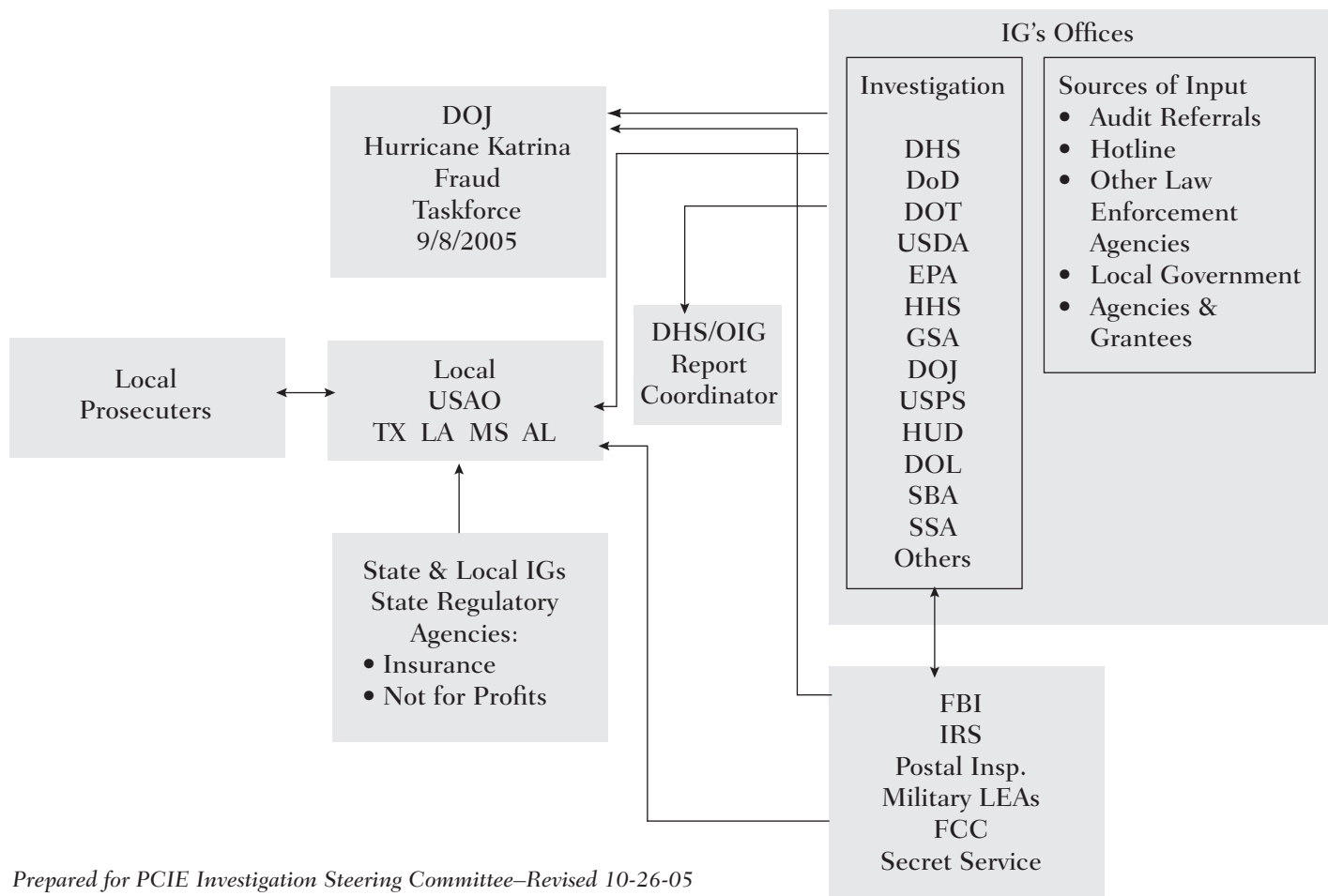
This appendix presents the audit model provided to federal agencies in October 2005 to help coordinate oversight work. The model uses a program-by-program focus based on post-disaster time phasing.

This appendix also includes the investigations coordination model provided to federal agencies in October 2005 to help coordinate oversight of federal, state, and local law enforcement actions and establish information sharing among all agencies.

PCIE ECIE Hurricane Oversight Audit Model



PCIE ECIE Hurricane Relief Investigation Coordination Model



Prepared for PCIE Investigation Steering Committee—Revised 10-26-05

APPENDIX

Glossary

L

In this Appendix is a list of frequently used terms.

Glossary

ALLOCATIONS

Allocations refer to funds that are set aside for declarations based on estimated needs for the next 30 days or fewer.

APPORTIONMENT

Apportionment refers to the Office of Management and Budget's distribution of amounts available for obligation in an appropriation or fund account. Apportionments divide amounts available by specific time periods (usually quarters, now tri-annum), activities, projects, objects, or a combination thereof. The amounts apportioned are a large limitation on the amount of obligations that may be incurred. The apportionment process is intended to prevent obligation of funds in a manner that would require supplemental or deficiency appropriations and to achieve the most effective and economical use of amounts made available for obligation.

APPROPRIATIONS

Appropriations refer to the funding authority approved by the Congress and signed by the President to expend a given amount of funds to carry out federal programs. The Appropriations Act specifies an amount of funding in each appropriation (fund) account of an agency. There are several types of appropriations:

- One-year—available for incurring obligations only during a specified fiscal year
- Multiple-year—available for incurring obligations for a definite period in excess of one fiscal year
- No-year—available for incurring obligations for an indefinite period of time until the objectives have been accomplished
- Unexpired—available for incurring obligations during the current fiscal year and which authority has not expired
- Expired—the appropriation is no longer available for obligation, but it is still available for disbursement to pay existing obligations
- Definite—refers to the amount stated in the Appropriations Act as a specific sum of money
- Indefinite—refers to an amount that is not stated in the Appropriations Act as a specific sum of money but can be determined only at some future date, such as an appropriation of the receipts from a certain source
- Permanent—automatically made each year over a period of time by virtue of standing legislation, without annual action by Congress
- Current—requires periodic action by Congress, usually annually, in or immediately preceding the fiscal year.

AUTHORIZING LEGISLATION

Authorizing legislation enacted by Congress establishes or continues the legal operation of a federal program or agency, either indefinitely or for a specific period of time, or sanctions a particular type of obligation or expenditure within a program. Authorizing legislation is sometimes referred to as substantive legislation.

Authorizing legislation is normally a prerequisite for appropriations. It may place a limit on the amount of budget authority to be included in appropriations acts, or it may authorize the appropriation of “such sums as may be necessary.” In some instances, authorizing legislation may provide authority to incur debts or to mandate payment to particular persons or political subdivisions of the country.

BUDGET AUTHORITY

Budget authority is the amount of money that the law allows an agency to commit to be spent in current or future years. An agency may choose not to spend its total budget authority in a fiscal year, but it may not exceed its budget. Budget authority is what permits a department to expend funds or commit the government to a contract.

CASE DISPOSITION

Case disposition refers to the status of a case: resolved, open or closed. The term “resolved” generally means that the component agrees with the recommendation and the OIG agrees with the planned corrective action. The term “closed” generally means that the action the component has taken adequately addresses the recommendation.

COMMITMENTS

Commitments are funds reserved in the financial system based on specific requisitions in anticipation of their obligation.

DIRECT DISASTER PROGRAMS, DISASTER SUPPORT PROGRAMS

Direct disaster programs provide resources to specifically address the short-, medium-, and long-term consequences of declared disasters, emergencies, and fire management assistance grants that affect both individuals and communities. Direct disaster programs also include predeclaration activity (e.g., prepositioning equipment and people before a hurricane strikes).

Disaster support programs allow the Federal Emergency Management Agency to maintain critical, ongoing disaster operations and support infrastructure that enables the timely delivery of all FEMA disaster assistance programs. The resources for disaster support programs encompass ongoing operational capabilities that are not readily attributable to any one specific declared disaster.

EXPENDITURES

The actual spending of money is different from the appropriation of funds. Congress first makes the appropriations; then the disbursing officers of the administration make expenditures, that is, spend money. The two amounts are rarely identical in any fiscal year. In addition to some current budget authority, expenditures may represent budget authority made available one, two, or more years earlier.

HAZARD MITIGATION

Agencies conduct long-term hazard mitigation measures after a major disaster declaration. The purpose of the program is to reduce the loss of life and property due to natural disasters and to enable mitigation measures to be implemented during the immediate recovery from a disaster.

HUMAN SERVICES CATEGORIES

There are six categories of human services, including:

- **Unemployment.** Disaster unemployment assistance is offered to individuals who are unemployed as a result of a President-declared disaster and not covered by any other unemployment compensation.
- **Crisis counseling.** Professional counseling services (including financial assistance to state or local agencies or private mental health organizations to provide such services or train disaster workers) are available to victims of major disasters in order to relieve mental health problems caused or aggravated by a major disaster or its aftermath. The Stafford Act states: “Provides immediate, short-term crisis counseling services to victims of Presidentially declared disasters.”
- **Legal services.** The Young Lawyers Division of the American Bar Association, through an agreement with FEMA, provides legal advice for low-income individuals regarding cases that will not produce a fee. (See also the Stafford Act at <http://www.fema.gov/about/stafact.shtm>)
- **Inspections.** Physical inspections are conducted to assess disaster damage.
- **Other needs assistance (ONA).** Medical, dental, funeral, personal property, transportation, moving and storage, Group Flood Insurance, and other disaster-related needs may be provided, with a total cap for Individual Assistance of \$26,200 per applicant. Funding is on a federal-state cost-share basis, with FEMA's share at 75 percent, and the state share at 25 percent. Some ONA depends on an applicant's loan-repayment ability.
- **Housing assistance.** Lodging expenses reimbursement (for a hotel or motel), rental assistance, home repair cash grant (up to \$5,200) and home replacement cash grants up to \$10,500, may be provided, with a total cap for Individual Assistance of \$26,200 per applicant. When rental properties are unavailable, direct assistance may be in the form of a government-provided housing unit.

INDIVIDUAL FEDERAL DISASTER ASSISTANCE

There are six categories of human services, including:

- **Temporary Housing (a place to live for a limited period of time):** Money is available to rent a different place to live, or a government provided housing unit when rental properties are not available.
- **Repair:** Money is available to homeowners to repair damage from the disaster to their primary residence that is not covered by insurance. The goal is to make the damaged home safe, sanitary, and functional.
- **Replacement:** Money is available to homeowners to replace their home destroyed in the disaster that is not covered by insurance. The goal is to help the homeowner with the cost of replacing their destroyed home.
- **Permanent Housing Construction:** Direct assistance or money for the construction of a home. This type of help occurs only in insular areas or remote locations specified by FEMA, where no other type of housing assistance is possible

OTHER THAN HOUSING NEEDS

Money is available for necessary expenses and serious needs caused by the disaster. This includes:

- Disaster-related medical and dental costs.
- Disaster-related funeral and burial cost.
- Clothing; household items (room furnishings, appliances); tools (specialized or protective clothing and equipment) required for one's job; necessary educational materials (computers, school books, supplies).
- Fuels for primary heat source (heating oil, gas, firewood).
- Clean-up items (wet/dry vacuum, air purifier, dehumidifier).
- Disaster damaged vehicle.
- Moving and storage expenses related to the disaster (moving and storing property to avoid additional disaster damage while disaster-related repairs are being made to the home).
- Other necessary expenses or serious needs as determined by FEMA.
- Other expenses that are authorized by law.

MISSION ASSIGNMENTS

Through mission assignments, FEMA tasks and reimburses other federal agencies for providing services under the Stafford Act. There are three categories of mission assignments.

- Technical assistance (TA), where other federal agencies provide expertise to states; 100 percent of this assistance is federally funded; and there is no state cost share.
- Direct federal assistance (DFA), where the state requests the assistance; the assistance is subject to state cost share (unless waived in response time frame); and goods and services are provided to the state to save lives and protect property.
- Federal operations support (FOS), where 100 percent of the assistance is federally funded; there is no state cost share; and there is Fed-to-Fed field operations support. This category reflects agreements with federal agencies to perform services, such as providing search-and-rescue operations; providing health and medical support; assisting with disease prevention and control; transporting disaster victims; and delivering food, water, and other essential commodities to disaster victims.

OBLIGATIONS

Obligations refer to orders placed, contracts awarded, services received, and similar transactions during a given period that will require payments during the same or future period. These amounts include outlays for which obligations have not been previously recorded, and reflect adjustments for differences between obligations previously recorded and actual outlays to liquidate those obligations.

STAFFORD ACT

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act) authorizes the President to issue a major disaster declaration to accelerate the delivery of a wide range of federal aid to states that are overwhelmed by hurricanes or other catastrophes. Financing for the aid is appropriated to the Disaster Relief Fund (DRF), which is administered by the Department of Homeland Security. Funds appropriated to the DRF remain available until they are expended (a “no-year” account). The Stafford Act authorizes temporary housing, grants for immediate needs of families and individuals, the repair of public infrastructure, emergency communications systems, and other forms of assistance.

Because the Stafford Act provides the President with permanent authority to direct federal aid to stricken states, Congress does not need to enact new legislation to meet immediate needs. Congress appropriated more than \$10 billion to the Disaster Relief Fund in FY 2005, largely in response to the four hurricanes that struck Florida in the fall of 2004. The appropriations legislation for FY 2006 includes approximately \$2 billion for the DRF in both the House and Senate versions of H.R. 2360 that was in conference at the time Hurricane Katrina struck. Congress can elect to consider supplemental appropriations should additional money be required to meet the requests for assistance. See: <http://www.fema.gov/about/stafact.shtm>

APPENDIX

Acronyms and Definitions

M

Acronyms

Acronym	Definition
AAA	Army Audit Agency
ACF	Administration for Children and Families
AFAA	Air Force Audit Agency
AIG	Airport Improvement Grant
AoA	Administration on Aging
APHIS	Animal and Plant Health Inspection Service
ARC	Appalachian Regional Commission
BIA	Bureau of Indian Affairs
BJA	Bureau of Justice Assistance
BOP	Bureau of Prisons
BPA	Basic Purchasing Agreement
BuRec	Bureau of Reclamation
CAS	Customer Account Services
CCB	Child Care Bureau
CCC	Commodity Credit Corporation
CCR	Central Contractor Registration
CDBG	Community Development Block Grant
CDCP	Centers for Disease Control and Prevention
CDP	Office of Community Development
CIA	Central Intelligence Agency
CMS	Centers for Medicare and Medicaid
CMS	Centers for Medicare and Medicaid Services
CNCS	Corporation for National and Community Service
COOP	Continuity of Operations Plan
COTR	Contracting Officer Technical Representative
DADDP	Dead Animal Debris Disposal Program
DAO	Disaster Area Office
DAPDC	Disaster Assistance Processing and Disbursement Center
DBA	Davis-Bacon Act
DCAA	Defense Contract Audit Agency
DCIS	Defense Criminal Investigative Service
DCMS	Disaster Credit Management System
DFA	Direct Federal Assistance
DFSP	Disaster Food Stamp Program
DHA	Dallas Housing Authority

Acronym	Definition
DHS	Department of Homeland Security
DISA	Defense Information Systems Agency
DLA	Disaster Loan Assistance
DMCS	Disaster Management Credit System
DOC	Department of Commerce
DoD	Department of Defense
DOE	Department of Energy
DOI	Department of Interior
DoJ	Department of Justice
DOL	Department of Labor
DOS	Department of State
DOT	Department of Transportation
DRC	Disaster Relief Codes
DRF	Disaster Relief Fund
DUA	Disaster Unemployment Assistance
DVP	Disaster Voucher Program
ECIE	Executive Council on Integrity and Efficiency
ECP	Emergency Conservation Program
ED	Department of Education
EDA	Economic Development Administration
EEOC	Equal Employment Opportunity Commission
EO	Exempt Organization
EOC	Emergency Operations Center
EPA	Environmental Protection Agency
ERG	Economic Recovery Grants
ESF	Emergency Support Function
ETA	Employment and Training Administration
EWP	Emergency Watershed Protection Program
EWP	Emergency Watershed Protection Program
FAA	Federal Aviation Administration
FAG	Family Assistance Grant
FAR	Federal Acquisition Regulation
FBI	Federal Bureau of Investigation
FCC	Federal Communications Commission
FCSIC	Farm Credit System Insurance Corporation.
FDIC	Federal Deposit Insurance Corporation

Acronym	Definition
FEMA	Federal Emergency Management Agency
FHA	Federal Highway Administration
FHWA	Federal Highway Administration
FICA	Federal Insurance Contributions Act
FISCAM	Federal Information System Controls Audit Manual
FMAG	Fire Management Assistance Grant
FMSCA	Federal Motor Carrier Safety Administration
FMSHRC	Federal Mine Safety and Health Review Commission
FNS	Food and Nutrition Service
FOS	Federal Operations Support
FPDS NG	Federal Procurement Data System – Next Generation
FPS	Federal Protective Service
FRA	Federal Railroad Administration
FS	Forestry Service
FSA	Farm Service Agency
FSS	Federal Supply Schedule
FTA	DOT Federal Transit Administration
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
GCHR	Gulf Coast Hurricane Recovery
GO	Gulf Opportunity Zone
GSA	General Services Administration
HAC	Housing Area Command
HANO	Housing Authority of New Orleans
HCIC	Hurricane Contracting Information Center
HERA	Hurricane Education Recovery Act
HGJTG	High-Growth Job Training Grants
HHS	Department of Health and Human Services
HKCATF	Hurricane Katrina Contract Audit Task Force
HKFTF	Hurricane Katrina Fraud Task Force
HKFTFCC	Hurricane Katrina Fraud Task Force Command Center
HOME	Home Ownership Made Easy
HRRC	Hurricane Recovery and Response Center
HSB	Head Start Bureau
HSOC	Homeland Security Operations Center
HSR	Homeland Security Roundtable
HSRA	Health Services Resource Administration

Acronym	Definition
HSWG	Homeland Security Working Group
HTR	Hurricane Tax Relief (TIGTA)
HUD	Department of Housing and Urban Development
IA	Individual Assistance
IEMP	Integrated Emergency Management Plan (USPS)
IG	Inspector General
IHP	Individuals and Household Program
IIMG	Interagency Incident Management Group
IMPAC	International Merchant Purchase Authorization Card
IRS	Internal Revenue Service
ISP	Office of Inspection and Special Reviews
JAG	Edward Byrne Memorial Justice Assistance Grants (DOJ)
JFO	Joint Field Office
KDHAP	Katrina Disaster Housing Assistance Program
KETRA	Katrina Emergency Tax Relief Act
LEA	Local Education Agency
LIHEAP	Low Income Home Energy Assistance Program
LOLA	Louisiana Office of the Legislative Auditor
LRA	Louisiana Recovery Authority
MA	Mission Assignments
MARAD	Maritime Administration
MBDA	Minority Business Development Agency
MBDC	Minority Business Development Center
MDA	Mississippi Development Authority
MDES	Mississippi Department of Employment Security
MSC	Military Sealift Command
MSPB	Merit Systems Protection Board
NAR	National Association of Realtors
NAS	Naval Audit Service
NASA	National Aeronautics and Space Administration
NCUA	National Credit Union Administration
NDNH	National Directory of New Hires
NEG	National Emergency Grant
NEMIS	National Emergency Management Information System
NFIP	National Flood Insurance Program
NIST	National Institute of Standards and Technology

Acronym	Definition
NLRB	National Labor Relations Board
NOAA	National Oceanic and Atmospheric Administration
NRCS	Natural Resources Conservation Service
NRF	National Relief Fund
NRP	National Response Plan
NTIA	National Telecommunications and Information Administration
ODA	Office of Disaster Assistance
OI	Office of Investigations
OIG	Office of Inspector General
OJP	Office of Justice Programs
OMB	Office of Management and Budget
ONA	Other Needs Assistance
OPHEP	Office of Public Health Emergency Preparedness
OPM	Office of Personnel Management
ORCA	Office of Rural Community Affairs
OSHA	Occupational Safety and Health Administration
OTS	Office of Thrift Supervision
PA	Public Assistance
PCIE	President's Council on Integrity and Efficiency
PHA	Public Housing Agency
PIS	Postal Inspection Service
PSE	Public Service Employment
PTFP	Public Telecommunications Facility Program
RCG	Reintegration Counselor Grants
REO	Real Estate Owned
RFQ	Request for Quotation
RHS	Rural Housing Service
RMA	Risk Management Agency
RRH	Rural Rental Housing program (USDA)
SAMHSA	Substance Abuse and Mental Health Services Administration
SBA	Small Business Administration
SEA	State Education Agency
SIG	Special Inspector General
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number

Acronym	Definition
START/ERRS	Superfund Technical Assessment and Response Team/Emergency and Rapid Response Services
TA	technical assistance
TAC	Taxpayer Assistance Center
TAC	Technical Assistance Contractor
TDHCA	Texas Department of Housing and Community Affairs
TIGTA	Treasury Inspector General for Tax Administration
TREAS	U.S. Treasury Department
TVA	Tennessee Valley Authority
UC	unemployment compensation
UI	unemployment insurance
USA	U.S. Army
USACE	U.S. Army Corps of Engineers
USAF	U.S. Air Force
USDA	United States Department of Agriculture
USF	Universal Service Fund
USMC	U.S. Marine Corps
USN	U.S. Navy
USPHS	U.S. Public Health Service
USPS	United States Postal Service
VA	Department of Veterans Affairs
VA-NPSC	Virginia National Processing Service Center
WIA NEG	Workforce Investment Act – National Emergency Grant
WYO	Write Your Own program

ADDITIONAL INFORMATION AND COPIES

To obtain additional copies of this report, call the Department of Homeland Security Office of Inspector General (OIG) at (202) 254-4100, fax your request to (202) 254-4285, or visit the Department of Homeland Security OIG web site at www.dhs.gov/oig or the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency Homeland Security Roundtable web site at <http://ignet.gov/pande/hsr1.html#relief>.

HURRICANE FRAUD HOTLINE

If you have knowledge of fraud, waste, abuse, or allegations of mismanagement involving hurricane operations, you can:

- **CALL** the Hurricane Fraud Hotline at (866) 720-5721
- **FAX** the Hurricane Fraud Hotline at (225) 334-4707
- **EMAIL:** HKFTF@leo.gov
- **OR WRITE:** Hurricane Fraud Task Force, Baton Rouge, LA 70821-4909

Calls can be made anonymously and confidentially.