



Homeland
Security

September 21, 2005

The Honorable Tom Davis, Chairman
Committee on Government Reform
U.S. House of Representatives
2157 Rayburn Building
Washington, DC 20515-6143

Dear Chairman Davis:

Thank you for your letter regarding oversight of Hurricane Katrina spending. You asked that I submit to the Committee our plan to coordinate the work of the Inspectors General, and whether additional resources or authority will be necessary to allow appropriate coordination.

The circumstances created by Hurricane Katrina provided an unprecedented opportunity for fraud, waste, and abuse, and some estimate that the cost to recover from the storm and rebuild the affected areas could reach \$200 billion. As a result, our office immediately assigned 12 personnel to monitor operations at FEMA's Emergency Operations Center to stay current on all disaster relief operations and provide on-the-spot advice on internal controls and precedent setting decisions. Furthermore, this week we deployed three teams of six auditors and three investigators to the Joint Field Offices in Baton Rouge, Louisiana; Montgomery, Alabama; and Jackson, Mississippi. The auditors and investigators will focus on preventing problems before they occur. Through a proactive program of internal control reviews and contract/grant audits, the auditors will provide assurances that disaster relief funds are being spent wisely. As part of their "fraud awareness" initiatives, the investigators will coordinate with respective federal, state, local law enforcement agencies. We will be working very closely with the media as well to send a message to the public that we have a "zero tolerance" policy for fraud, waste, and abuse. As necessary, the investigators will begin investigations of allegations received through our "Hotline" relative to Katrina relief operations. Over the next three months, the total DHS OIG staff assigned to this effort will more than double as we aggressively hire additional auditors and investigators under limited term appointments. Based on audit and investigative demands, and providing additional funds become available, we are prepared to increase our staffing to provide oversight of Katrina operations even further. I have just selected an Assistant Inspector General for Katrina Oversight with extensive FEMA and OIG experience to manage the overall effort on a full time basis.

In addition, as the Chairman of the President's Council on Integrity and Efficiency Homeland Security Roundtable, I have met with the Inspectors General from the 12 other departments and agencies issued the largest mission assignment allocations from the Federal Emergency Management Agency (FEMA). Those departments and agencies include:

- Department of Defense
- Department of Transportation
- Environmental Protection Agency
- Department of Health and Human Services
- General Services Administration
- Department of Justice
- Department of Agriculture
- United States Postal Service
- Department of Housing and Urban Development
- Department of Commerce
- Tennessee Valley Authority
- Department of Interior

Initial mission assignment allocations to DHS and the above agencies totaled just over \$7 billion, over 99 percent of the funds allocated. We requested the above IGs to provide our office with copies of their plans for overseeing their respective agency's Katrina recovery efforts, and each has done so. Those plans, combined with the DHS OIG's efforts, represent the immediate dedication of over 300 auditors, investigators, and inspectors to this important task. Additional resources will be added as needed. An overview of the OIG oversight plans, which we submitted to OMB today, is enclosed. The detailed individual plans are under review by DHS-OIG as part of our coordination effort. Each OIG will be reporting their progress to our office biweekly, and, in turn, we will provide consolidated biweekly status reports to key Administration officials and Congressional committees. In addition, each IG will be issuing individual reports to the head of their respective departments and agencies as weaknesses or problem areas needing attention are identified.

Finally, we will be leveraging our efforts with those of the state and local audit organizations in Louisiana, Mississippi, and Alabama. Already, Louisiana's Legislative Auditor and Inspector General have dedicated 36 auditors to review transactions flowing through the state's Office of Emergency Preparedness.

We do not believe that additional authorities are needed to allow appropriate coordination of these efforts. However, it is clear that additional resources will be needed and we will be preparing additional requests for funding through the supplemental appropriation process. We also envision that the other IGs will be seeking reimbursement for their extraordinary expenses associated with oversight of Hurricane Katrina operations.

We appreciate the confidence you have shown in our office, and in the Inspectors General community, to provide this important oversight. We believe that, together, we are uniquely qualified and positioned to provide the most timely and effective oversight of Hurricane Katrina

activities, and to ensure that the affected people, organizations, and governments receive the full benefit of the funds being spent and to be spent on disaster response and recovery programs.

Should you have any questions concerning our Hurricane Katrina activities, please call me, or, pending the arrival on October 3rd of the Assistant Inspector General for Katrina Oversight, your staff may contact Richard Berman, Assistant Inspector General for Audits, at 202-254-4100.

Sincerely,

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General

Enclosure

cc: Clay Johnson, Chair, PCIE
David Walker, Comptroller General
Gregory Friedman, Vice Chair, PCIE
PCIE/ECIE Members