



OVERSIGHT OF GULF COAST HURRICANE RECOVERY

A Semiannual Report to Congress
October 1, 2007 - March 31, 2008

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



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



August 2008

The Honorable Bart Stupak, Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
US House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Stupak:

This is the fifth in a series of semiannual reports on Gulf Coast hurricane recovery oversight. The report details the efforts that are a part of the oversight of the activities and expenditures directly linked to the recovery from the devastating 2005 hurricane season.

Inspector General oversight continues with the ultimate goal of identifying fraud, waste, and abuse, and ensuring that the assets and resources employed in the recovery are used efficiently and effectively. The efforts of the Inspector General community continue to benefit the Federal government's hurricane relief activities. Additionally, the Homeland Security Roundtable, which became the natural forum for the Inspector General community's oversight of hurricane recovery efforts, has initiated similar efforts on issues related to recent natural disasters, such as the flooding in the Midwest and fires in California.

It is a privilege to represent the efforts of the many dedicated Inspector General professionals involved in the oversight of the disaster response and recovery. We continue to look forward to serving the American people, especially those who are affected by national disasters. Thank you for your support.

Sincerely,

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Inspector General
Department of Energy
Vice Chair, PCIE

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Inspector General
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Chair, PCIE/ECIE Homeland Security Roundtable

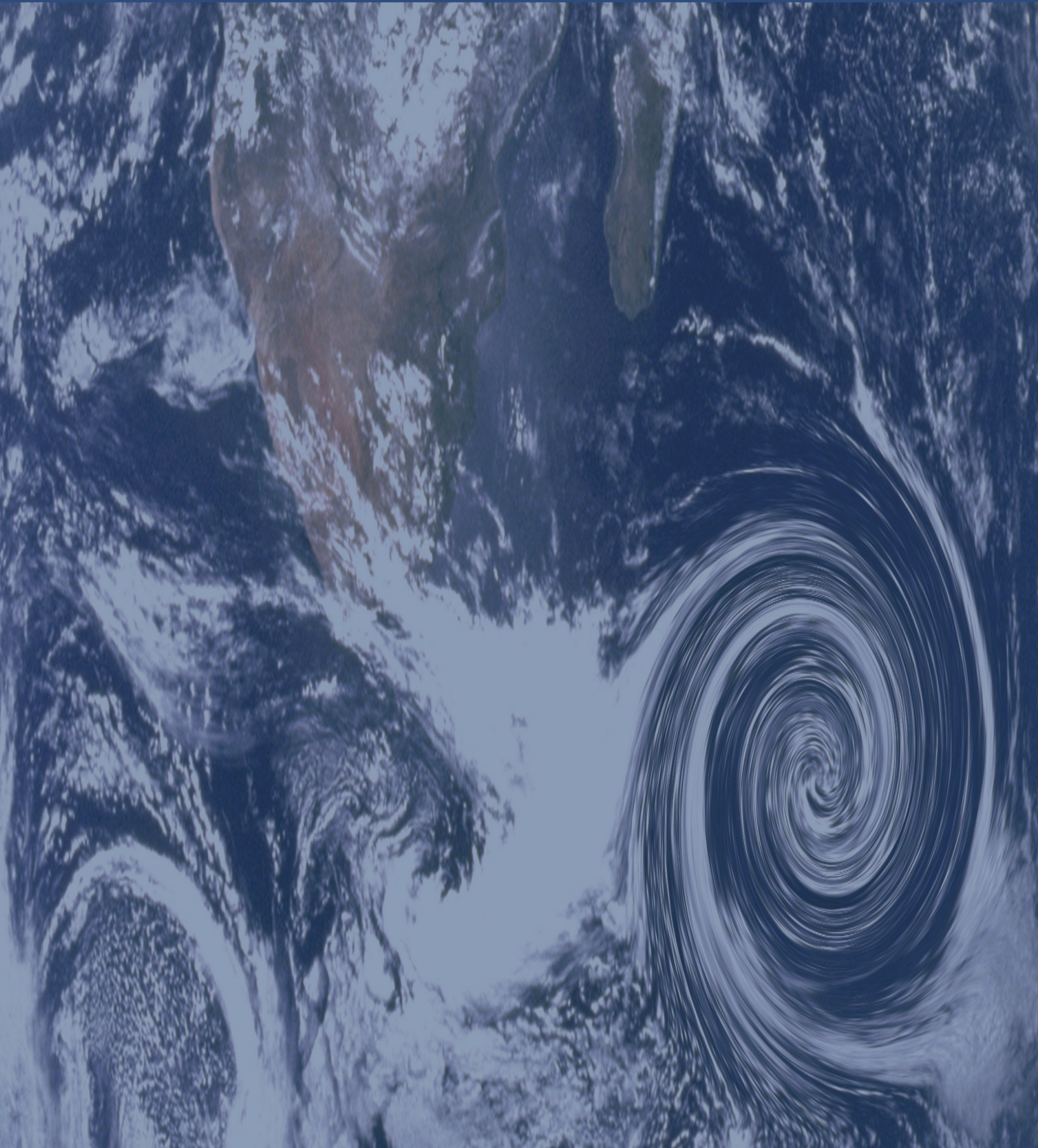
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Section 1 | Report Overview



Report Overview

◆ Purpose

- To communicate the Federal Inspector General community’s continuing progress in identifying fraud, waste, and abuse with respect to Gulf Coast hurricane recovery efforts.
- The focus of this report is Audits, Inspections, and Other Reviews, as well as Investigations and the impact they have had on improving disaster relief efforts.

◆ Background and context

- This report is the fifth in a series of semiannual reports on Gulf Coast hurricane recovery oversight.
- Thirty-one months have passed since the storms hit in August 2005, and oversight activity focuses on “Recovery and Reconstruction”.

PCIE ECIE Hurricane Oversight Audit Model

Today: 2½ years

Duration	Landfall to Six Months Out	Landfall to Two Years Out	Landfall to Five Years Out
Phase	Response	Transition & Recovery	Recovery and Reconstruction/Hazard Mitigation
Players	DHS, USCG, FPS, DoD, USACE, USN, DLA, USA, HHS, USDA, HUD, DOJ, DOT, GSA, EPA, State and Local Governments	White House, DHS, USM, OCPO, DoD, USACE, HHS, USDA, HUD, DOJ, ED, SBA, DOL, EPA, State and Local Governments	DHS, DoD, USACE, HHS, USDA, HUD, SBA, GSA, VA, DOT, USPS, DOC, PNPs, State and Local Governments
Major Activities	Preparedness Mass Sheltering Evacuation Emergency Supplies Communications Health, Safety & Medical Debris Removal Contracting Emergency Protective Measures Preliminary Damage Assessments	Preparation Temporary/Transitional Housing Individual and Household Assistance Essential Needs Debris Removal Detailed Damage Assessments Reconstruction Planning Contracting NFIP Coverage	Public Assistance Grants Facility Inspections Design- A&E Construction Repair HMGP – future Long Term Community Recovery and Mitigation

Section 1 Report Overview

- To date, Congress has appropriated almost \$132.1 billion and the Federal Emergency Management Agency (FEMA) has expended approximately \$33.7 billion on Gulf Coast disaster relief efforts.
- The role of the Inspector General community is to detect and identify fraud, waste, and abuse in disaster assistance funds.
- To coordinate the Inspector General community across Federal agencies, the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) established the Homeland Security Roundtable. In the wake of the Gulf Coast hurricanes, the Roundtable became the natural forum for the Inspector General community to conduct its ongoing discussion of and planning for hurricane recovery oversight.

◆ Report Structure

- Each Federal agency heavily involved in the current stage of Gulf Coast Hurricane Recovery has submitted a report of their actions over the period of October 1, 2007, to March 31, 2008. These are compiled and summarized on the following pages.

Participating departments and agencies include the following:

CNCS	Corporation for National and Community Service
DHS	Department of Homeland Security
DoD	Department of Defense
DOJ	Department of Justice
DOL	Department of Labor
ED	Department of Education
EPA	Environmental Protection Agency
GSA	General Services Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
SBA	Small Business Administration
SSA	Social Security Administration
TREAS	Treasury
USDA	Department of Agriculture

Section 2 | Executive Summary



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The Federal Inspector General Community Has Upheld The Government’s “Zero Tolerance” Policy For Hurricane Related Fraud, Crimes, Mismanagement, and Abuses.

An overview is as follows:

- ◆ **Hurricane relief efforts are at the 31-month mark. The immediate “Transition and Recovery” phase activities have been largely replaced by those characterized as “Recovery and Reconstruction”.** Agencies’ participation is evolving in step with this cycle. Moving forward, the expectation will be to see more investigations in process and completed.
- ◆ **The magnitude of Audits, Inspections, and Reviews, as well as Investigations illustrates the government’s continuing commitment to disaster relief.** These efforts are ensuring that the hurricane victims receive the benefits from the programs that have been put in place to help them. Cumulatively: 2,975 Investigations have been opened resulting in:
 - 1,186 Arrests
 - 1,362 Indictments
 - 874 Convictions
- ◆ **Federal government-wide Inspector General efforts have clearly detected and stopped a variety of crimes.** Hundreds of cases of fraud, theft, and false claims have been detected and stopped so that relief can continue to be directed to victims. In many cases, restitution was demanded.
- ◆ **As a result of Inspector General efforts, the United States is better poised for future disasters.** The Federal government has improved the ability to react to future disasters by improving processes and procedures such as emergency procurements, expedited payments and disbursements, and individual assistance.
- ◆ **Inspector General efforts have improved communication and collaboration across all agencies and from the Federal to state and local levels of government.** This is a direct result of efforts such as the Disaster Recovery Working Group and the establishment of Gulf Coast Regional offices.
- ◆ **The Inspector General community remains committed.** Staying the course not only continues to expose crimes, but also communicates the message that the government has a zero tolerance policy for hurricane related crimes.

Section 3 | Audits, Inspections, and Other Reviews



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Overview of Audits, Inspections, and Other Reviews

The purpose of this section is to illustrate how the Inspector General community focuses on fraud and waste prevention, improving program operations, and protecting beneficiaries. Inspector General efforts are weighted heavily toward prevention and include:

- ◆ Reviewing controls, program operations, management practices, and beneficiary protections;
- ◆ Monitoring and advising department officials on contracts, grants, and purchase transactions; and
- ◆ Meeting with applicants, contractors, and grantees to advise them of the requirements and to assess their ability to account for funds.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

3.1 DHS Overview

- ◆ Department of Homeland Security's (DHS') audit activities continue to result in improved processes, reduced costs, and ensured adherence to contracting and performance standards. Two management reports were issued covering FEMA's preparedness for the next catastrophic disaster and their use of proceeds from the sales of emergency housing units. In addition, five disaster assistance grant audits were completed this reporting period.
- ◆ During this reporting period, DHS Office of Inspector General made recommendations to improve critical areas of hurricane recovery, including debris removal, alternative housing, emergency services, and information sharing.
- ◆ Ongoing and planned audits continue to focus on addressing fraud, waste, and abuse, while at the same time, recognizing that improvements can be made to aid preparedness for future catastrophic disasters.

FINAL AUDITS

FEMA's Preparedness for the Next Catastrophic Disaster

OIG-08-34, March 2008

SUMMARY

- ◆ A review of FEMA's preparedness for a catastrophic disaster was performed at the request of Congress. Nine areas were identified as critical to this preparation. The audit evaluated the progress FEMA has made in each of these areas since Hurricane Katrina struck in August 2005.
- ◆ Overall, FEMA has made moderate progress in five of the nine key areas:
 - Overall Planning,
 - Coordination and Support,
 - Interoperable Communications,
 - Logistics, and
 - Acquisition Management.
- ◆ Modest progress has been made in three areas:
 - Evacuations,
 - Housing, and
 - Disaster Workforce.
- ◆ Limited progress has been made in the area of Mission Assignments.
- ◆ Challenges to progress included budget shortfalls, reorganizations, inadequate information technology systems, and confusing or limited authorities.

RESULTS

FEMA agreed with the recommendations in the report and is actively working to improve systems, processes, and procedures that will better position it to respond to a catastrophic disaster.

Review of FEMA's Use of Proceeds From the Sales of Emergency Housing Units

OIG-08-23, February 2008

SUMMARY

- ◆ During 2005 and 2006, FEMA used proceeds from the sales of used travel trailers and mobile homes to partially finance the operations of a number of Emergency Housing Unit sites in seven states.
- ◆ More than \$13.5 million was used for ineligible expenditures under General Services Administration regulations on the use of sales proceeds. These expenditures included contracts to support and equip storage sites, travel expenses, and other items.

RESULTS

FEMA agreed with the recommendations and is taking action to address the issues identified in the report.

Disaster Assistance Grants

SUMMARY

- ◆ Objectives:
 - To determine:
 - The eligibility of the grantee or subgrantee and of the work funded by the grant, and
 - Whether grantees or subgrantees accounted for and expended FEMA funds according to Federal regulations.
- ◆ The *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, Public Law 93-288, as amended, governs disasters declared by the President of the United States. Title 44 of the Code of Federal Regulations provides further guidance and requirements for administering disaster assistance grants awarded by FEMA to individuals, states, and local governments.

RESULTS

Reviews completed:

- ◆ Audit of Hurricane Katrina Activities, City of Pascagoula, Mississippi, DA-08-02, November 26, 2007.
- ◆ Audit of Hurricane Katrina Activities, City of Ocean Springs, Mississippi, DA-08-03, December 18, 2007.
- ◆ Audit of Louisiana Grant Management Award Public Assistance Program, DD-08-01, January 17, 2008.
- ◆ Audit of Hurricane Katrina Activities - Review of Southern Pine Electric Power Association, DA-08-04, February 4, 2008.
- ◆ Audit of Hurricane Katrina Activities - Jackson County, Mississippi, DA-08-05, February 13, 2008.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

ONGOING AUDITS

Formaldehyde Issues Related to FEMA's Emergency Housing Program

OBJECTIVE

To determine:

- ◆ The efficacy of the process used by FEMA to collect and respond to health and safety concerns of trailer occupants;
- ◆ Whether FEMA adequately notified occupants of potential health and safety concerns; and
- ◆ Whether FEMA has the proper controls and processes in place to deal with health and safety concerns of those living in trailers following disasters.

BACKGROUND

As mandated by Congress, an evaluation of FEMA policies and procedures regarding formaldehyde in trailers purchased by the agency to house disaster victims will be performed.

FEMA Disaster Acquisition Workforce

OBJECTIVE

To determine whether:

- ◆ FEMA's disaster acquisition workforce strategy is adequate to satisfy the needs created by a catastrophic disaster;
- ◆ There is an up-to-date disaster acquisition policy that includes workforce requirements for procurement, contract monitoring, and contract management; and
- ◆ Acquisition staff is properly trained.

BACKGROUND

- ◆ Well-managed acquisitions enable FEMA to respond effectively to disasters. A properly trained and staffed acquisition workforce is key to managing acquisitions effectively.
- ◆ At the time Hurricane Katrina struck, FEMA did not have sufficient numbers of trained contracting staff and contracting officer's technical representatives to meet mission requirements.
- ◆ In addition, an assessment process was not in place to monitor planning efforts for disaster-related procurement needs and to monitor and maintain surge capacity for disaster contracting.
- ◆ Funding for acquisition oversight of disaster contracts was inadequate. While FEMA has made some progress resolving staffing shortfalls, it may not be enough to be ready for the next catastrophic disaster.

FEMA's Public Assistance Project Management Process

OBJECTIVE

- ◆ To determine the effectiveness of FEMA's process for monitoring Public Assistance (PA) projects, including the use of project worksheets, and
- ◆ To identify opportunities for improving the current process, as applicable.

BACKGROUND

- ◆ PA grants are awarded to subgrantees of states to repair infrastructure, such as buildings and highways, damaged by disasters.
- ◆ FEMA's primary tool for authorizing and monitoring PA projects is the project worksheet. It is used to document the scope of work and cost estimates and to authorize payments for individual projects.
- ◆ Incomplete, inaccurate, untimely, or out-of-date project worksheets significantly increase the risk that grantees and subgrantees will not effectively manage projects. Poor project management leads to cost overruns, completion delays, and numerous other problems.
- ◆ FEMA has been criticized, particularly since Hurricane Katrina, for not having an effective method of authorizing and monitoring PA projects and for making project management more difficult for grantees and subgrantees.

FEMA's Emergency Housing Unit Program

OBJECTIVE

To determine the:

- ◆ Efficacy of the program including:
 - Funding,
 - Staffing,
 - Contracting,
 - Acquisition management, and
 - Property accountability;
- ◆ Utility of maintaining FEMA storage facilities; and
- ◆ Effectiveness of procedures in place to ensure the proper safeguarding of the housing assets.

BACKGROUND

- ◆ FEMA provides temporary housing such as travel trailers, mobile homes, and other types of modular housing to disaster victims. During Hurricanes Katrina and Rita, over \$2.5 billion was spent on travel trailers and mobile homes.
- ◆ FEMA's future disaster plan includes maintaining an inventory of housing assets at storage facilities in strategic areas of the country to allow expedited responses to housing needs.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

FEMA's Debris Removal Program

OBJECTIVE

To determine whether the changes and revisions to the debris removal and monitoring program address the weaknesses, issues, and concerns that have been identified in previous reviews and improve the performance of the program.

BACKGROUND

- ◆ Removing debris created by Hurricanes Katrina and Rita will be an extremely costly and time-consuming endeavor throughout the Gulf Coast. Numerous reviews are being conducted to determine the feasibility of debris removal operations performed by local governments because the costs are reimbursed under FEMA's PA grant program.
- ◆ There have been long-standing issues associated with debris removal and monitoring operations, these concerns are exacerbated by the size of the debris problem in the Gulf Coast.
- ◆ In response to these issues, FEMA is retooling its debris removal program and implementing new policies and procedures.

Data Mining to Identify Duplication of Benefits

OBJECTIVE

To determine whether:

- ◆ Recipients of FEMA's Disaster Housing Home Repair grant assistance have also received benefits from the National Flood Insurance Program (NFIP); and
- ◆ Duplication of assistance to victims has occurred among the various housing programs including rent, trailers, mobile homes, and hotels.

BACKGROUND

- ◆ FEMA has numerous assistance programs available to aid victims in recovering from damages sustained in presidentially declared disasters. FEMA's Disaster Housing Program provides eligible applicants with assistance in the form of cash grants to make repairs to their home, as well as other types of assistance for victims who need to rent. FEMA also provides travel trailers and mobile homes to victims displaced by a disaster. Other housing options include hotels, motels, and apartments.
- ◆ The Federal Insurance Administration within FEMA manages the NFIP that provides flood insurance to property owners within participating communities. The maximum coverage that can be obtained is \$250,000.
- ◆ There are a number of databases that house connected information relative to benefits issued. One database maintains active and cancelled flood policies, as well as claims paid. Another database keeps records of rental assistance that FEMA provides and several other databases maintain benefits paid for hotels, motels, and apartments. It is necessary that all databases are examined to determine whether duplicate benefits have been issued.

Survey of the Disaster Relief Fund's Support Account

OBJECTIVE

To determine whether FEMA is using the Disaster Relief Fund (DRF) for eligible expenses.

BACKGROUND

- ◆ FEMA uses the DRF Support Account to fund disaster-related activities that cannot easily be charged to a specific disaster.
- ◆ In the past 11 fiscal years, expenditures from the Support Account have escalated from \$109 million in FY 1997 to over \$1 billion in FY 2007.
- ◆ Although Congress intended the DRF to be broad and flexible, the continued increase in Support Account spending necessitates the need to establish and maintain a strong control environment and proper accountability over these funds.

FEMA's Property Management

OBJECTIVE

To determine whether personal property is acquired, received, issued, disposed of, controlled, and tracked by the Joint Field Offices, Agency Logistics Centers, Territory Logistics Centers, and Remote Storage Sites in an effective, efficient, and economical manner.

BACKGROUND

- ◆ Disaster assistance operations involve numerous acquisitions of personal property by FEMA as well as other agencies.
- ◆ Internal controls will be assessed to ensure that personal property purchased during disaster operations is properly accounted for and managed.

Compendium of Federal Disaster Assistance Programs

OBJECTIVE

To produce a baseline report that identifies programs and areas within the Federal government that are at risk of providing duplicate benefits to disaster victims.

BACKGROUND

- ◆ An inventory of Federal disaster assistance programs is being prepared in order to assess their potential for duplication of benefits. This is a high-level review rather than an effort to identify specific incidents of duplication.
- ◆ Case studies will be used to demonstrate the importance of applying safeguards to these programs in an effort to prevent both intentional and inadvertent duplication of benefits. Some instances of overlapping programs have already surfaced such as individuals receiving cash for both rental assistance and housing provided by different Federal agencies.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

Project H.O.P.E. – Helping Our People in Emergencies

OBJECTIVE

To determine whether Project H.O.P.E. was accomplishing the following objectives:

- ◆ Expending funds according to the scope of the grant award;
- ◆ Being properly monitored to ensure that all participants were operating within approved guidelines, as defined by the Department of Health and Human Services' Center for Mental Health Services and FEMA; and
- ◆ Carrying out approved activities to meet the intent of the Crisis Counseling Program (CCP).

BACKGROUND

At the request of a U.S. Senator, the Office of Inspector General is evaluating the CCP grant made to Florida's Department of Children and Families for the implementation of Project H.O.P.E. in response to Hurricanes Katrina and Wilma. This will include reviewing whether funds had been used effectively to benefit disaster victims.

Hurricane Katrina Multitier Contracts

OBJECTIVE

To determine the extent of multilayered disaster contracts regarding Hurricane Katrina and document the various problems associated with them.

BACKGROUND

- ◆ In the aftermath of Hurricane Katrina, FEMA awarded over \$7 billion in Federal contracts to hundreds of companies.
- ◆ The Inspector General community and the Government Accountability Officer (GAO) have reported that the management and oversight of these disaster contracts could be greatly improved.
 - Gulf Coast businesses, especially small businesses, allege that they are being excluded from participating in the recovery efforts because they cannot enter into the multitiered subcontracts, except at the bottom where profitability is very low.
 - Pricing details, for both prime and subcontracts, are not readily available to the public or to Congress. Without visibility over contracting, Congress and the American people are unable to determine for themselves whether tax dollars are being spent efficiently and effectively.

3.1

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

OBJECTIVE

To determine:

- ◆ How well FEMA is managing its temporary housing program efforts,
- ◆ What role other Federal agencies should have in transitional housing, and
- ◆ Whether FEMA has devised a road map for transferring the transitional housing sites to local governments.

BACKGROUND

- ◆ Tens of thousands of FEMA-purchased manufactured homes and travel trailers are occupied by 100,000 Gulf Coast evacuee families in scores of transitional housing sites throughout Louisiana, Mississippi, and Alabama, where FEMA pays for security.
- ◆ According to FEMA's Office of Gulf Coast Recovery, the transitional housing sites that will be operating for five or more years are already plagued with violence, drugs, and gang activity. A July 2006 report on the situation at 20 of FEMA's transitional housing sites by the *Save the Children* organization painted an unattractive picture of dysfunctional communities.
- ◆ The lack of alternative housing in the Gulf Coast region suggests that these transitional housing sites may be permanent.

FEMA's Section 406 Mitigation Program

OBJECTIVE

To determine how effectively FEMA is managing public assistance mitigation grants across the hurricane-damaged Gulf Coast.

BACKGROUND

FEMA provides public assistance grants to state and local governments to repair or restore infrastructure damaged by disasters. A component of that program allows for funding mitigation measures, that the state or local government determines to be necessary to meet a need for governmental services and functions in the area affected by the major disaster.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

FEMA's Hazard Mitigation Grant Program

OBJECTIVE

To determine how effectively FEMA and the states are managing the Hazard Mitigation Grant Program after Hurricanes Katrina and Rita.

BACKGROUND

- ◆ Authorized under Section 404 of the *Stafford Act*, the Hazard Mitigation Grant Program provides grants to states and local governments to implement 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.
- ◆ To date, FEMA had committed about \$3 billion in program funds to states along the Gulf Coast for Hurricanes Katrina and Rita. States may apply for up to 7.5% of the total disaster grants awarded by FEMA. In addition, some states may qualify for a higher percentage if they meet higher mitigation planning criteria.

FEMA's National Flood Insurance Program

OBJECTIVE

To determine whether the Write-Your-Own companies (WYO) program was effective in properly attributing the damage from Hurricane Katrina to either flooding or windstorm.

BACKGROUND

- ◆ FEMA manages the NFIP, and has arrangements with individual private sector property insurance companies through the WYO program. Participating companies offer flood insurance coverage to eligible applicants and arrange for the adjustment, settlement, payment, and defense of all claims arising from policies of flood insurance issued under this program. The WYO company acts as a fiscal agent to the Federal government.
- ◆ When Hurricane Katrina made landfall in August 2005, there was damage from wind and flooding.
- ◆ It is unclear to what extent, in adjusting and settling claims resulting from Hurricane Katrina, insurers under the WYO program improperly attributed damages to flooding. These are generally covered under the insurance provided by the NFIP, whereas damages from windstorms are generally covered under the insurance of the individual private sector property insurers, or insurance pools in which such insurers participated.

FEMA's Technical Assistance Contracts

OBJECTIVE

To determine the adequacy of contract documents, price reasonableness, the effectiveness of the inspection and payment processes, the effective use of warranties, and FEMA's adherence to effective contracting practices.

BACKGROUND

- ◆ In the aftermath of Hurricane Katrina, FEMA awarded sole source contracts to four companies for the installation, operations, maintenance, and deactivation of temporary housing units and other tasks. The total value of these contracts is anticipated to be almost \$3 billion.
- ◆ Though all four companies were among the top 50 construction contractors in the country, the contract files did not contain documentation describing the process used to select these firms over others. Additionally, some of the task orders on these contracts were not definitive for several months. FEMA initially did not have trained and experienced staff to monitor the costs or performance of these contracts.

FEMA Mission Assignments

OBJECTIVE

To determine whether:

- ◆ Mission assignment requirements were satisfied,
- ◆ Funds were accurately accounted for and spent efficiently,
- ◆ Contracting followed proper procurement procedures,
- ◆ Adequate documentation was maintained, and
- ◆ Purchased property was managed according to governing laws and regulations.

BACKGROUND

- ◆ In any declared disaster or emergency, FEMA may direct other Federal agencies, through mission assignments, to perform activities to support state and local governments.
- ◆ The agencies can request reimbursement from FEMA for eligible costs incurred during performance of the mission as the work is completed.
- ◆ FEMA awards to the five DHS components receiving the largest mission assignments are under review. Awards totaling \$775 million were made to: Federal Protective Service, U.S. Coast Guard, Customs and Border Protection, Immigration and Customs Enforcement, and National Communication System.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

FEMA Sheltering and Transitional Housing for Evacuees

OBJECTIVE

- ◆ To determine to what extent FEMA's transitional housing program met the needs of hurricane victims.
- ◆ To identify areas that need to be addressed for future disasters.
- ◆ To identify the actions FEMA is taking to be better prepared to provide housing to victims of future catastrophic disasters and recommend ways to prevent problems that occurred during the response to Hurricane Katrina.

BACKGROUND

Hurricanes Katrina and Rita produced more than one million evacuees. Many are still living in transitional housing.

Assessment of FEMA's Disaster Workforce

OBJECTIVE

To determine the progress FEMA has made toward enhancing its disaster workforce since Hurricane Katrina, particularly in light of the inputs from the numerous FEMA studies, the DHS-OIG Inspections report, and the 2006 Reform Act.

BACKGROUND

- ◆ One of the critical areas that affected FEMA's ability to effectively respond to the enormous challenges presented by Hurricane Katrina was the limited depth and strength of the FEMA Disaster Workforce. There have been 12 studies in the 13 years prior to Hurricane Katrina that examined these areas.
- ◆ Following the 2005 hurricane season, FEMA again initiated a study of this subject. In addition, an inspections review that addressed this same issue, and the *Post Katrina Emergency Management Reform Act of 2006* called for the rebuilding of FEMA's permanent and reserve workforces through some very specific actions and strategies.
- ◆ With input from these many sources, FEMA has worked to improve its readiness and now claims to be better prepared to respond to the next catastrophic disaster.

PLANNED AUDITS

FEMA's Housing Strategy for Future Disasters

OBJECTIVE

To determine the efficacy of FEMA's:

- ◆ Interagency housing coordination,
- ◆ Strategic plans for providing emergency housing to future disaster victims, and
- ◆ Strategy for addressing the persistent transitional housing issues.

3.1

BACKGROUND

- ◆ Despite the availability of housing units in other Federal agencies' inventories, FEMA purchased more than 140,000 emergency housing units, including travel trailers, mobile homes, and modular housing kits in response to Hurricanes Katrina, Rita, and Wilma.
- ◆ Many of the purchased units were never used, some were inappropriate and could not be used in the intended areas, and most of the modular kits were never assembled and have since deteriorated in unprotected storage.
- ◆ FEMA extended its disaster housing mission past the 18 months authorized in the *Robert T. Stafford Act*, as amended. The President requested that FEMA and the Department of Housing and Urban Development (HUD) create a process to transition long-term disaster housing to HUD. Legal concerns about the Stafford Act restrictions have delayed the process for transition.
- ◆ In response to the National Disaster Housing Strategy that was mandated in the *Department of Homeland Security Appropriations Act, 2007*, FEMA has promised a different approach in the future to avoid such problems.

FEMA's Management of Mission Assignments

OBJECTIVE

To determine the extent FEMA is:

- ◆ Establishing mission assignment requirements and identifying appropriate capabilities to fulfill those assignments.
- ◆ Coordinating and monitoring the implementation of mission assignments.

BACKGROUND

- ◆ FEMA uses mission assignments to coordinate the deployment of resources from other Federal agencies and is responsible for administering expenditures from the DRF.
- ◆ Key elements of the successful execution and management of mission assignments involve:
 - Establishing mission assignment requirements;
 - Identifying what entity or entities can best fulfill those requirements;
 - Coordinating and monitoring mission assignment implementation;
 - Verifying expenditures and accounting for procured property; and
 - Administratively closing mission assignments according to established procedures.

FEMA's Use of Interagency Agreements

OBJECTIVE

To determine whether FEMA is:

- ◆ Following established policies and procedures in initiating and administering interagency agreements;
- ◆ Appropriately monitoring implementation;
- ◆ Ensuring that expenditures from the DRF are verified and procured property is accounted for and recorded; and
- ◆ Closing interagency agreements according to established procedures in a timely manner.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

(continued)

BACKGROUND

- ◆ FEMA executes interagency agreements with other Federal agencies to obtain goods and services for disaster work that is expected to last longer than the 60 days as defined in regulations for mission assignments.
- ◆ As with any acquisition, FEMA is responsible for ensuring that:
 - Procurement is appropriate and controls are in place;
 - Sufficient oversight is performed and expenditures are verified; and
 - Work is completed according to the terms of the agreement and administratively closed following established procedures.

State Administration of FEMA's Public Assistance Projects

OBJECTIVE

Determine whether states (grantees) are:

- ◆ Providing adequate guidance to subgrantees to ensure that they are aware of grant requirements and eligibility of costs;
- ◆ Sufficiently monitoring the activities of subgrantees;
- ◆ Submitting Administrative Plans and quarterly progress reports that include required procedures and elements for proper grant administration; and
- ◆ Using the administrative allowance for authorized purposes.

BACKGROUND

- ◆ States, as grantees, are responsible for ensuring that FEMA subgrantees are aware of requirements imposed on them by Federal statutes and regulations and are required to monitor subgrantee activities to ensure compliance with applicable Federal requirements.
- ◆ Under FEMA's PA program, states are provided an allowance to cover the extraordinary costs incurred by state employees in managing PA projects. Eligible costs include overtime pay and per diem and travel expenses but not regular time. Such management activities include:
 - Preparing project applications,
 - Formulating project worksheets,
 - Validating small projects, and
 - Conducting final inspections.
- ◆ States are required to submit Administrative Plans to FEMA on how they plan to administer grants under the PA program. Each plan must include specific procedures regarding all phases of grant management and must be approved by the appropriate FEMA Regional Office.
- ◆ States are also required to report quarterly to FEMA on the status of all open large PA projects. Progress reports are critical to the states and FEMA in determining the status of projects, including the stage of project completion, incurred costs, and any problems that could result in delays, cost overruns, or noncompliance with Federal grant conditions.
- ◆ Over the past several years, reviews of disaster-related costs claimed by FEMA subgrantees have consistently disclosed poor grant accounting, improper contracting practices, and costs charged to the grants that were not eligible for FEMA reimbursement.

Effectiveness of FEMA’s Remedial Action Management Program

OBJECTIVE

To determine the extent FEMA is using its Remedial Action Management Program to implement lessons learned from Hurricane Katrina and other disasters to improve its readiness for the next catastrophic disaster.

BACKGROUND

- ◆ FEMA has used after-action reports, facilitator-led discussions called “hot washes,” and third-party reviews following disasters to identify “lessons learned” and solutions to problems that occurred during disaster response and recovery operations.
- ◆ However, corrective actions were not consistently implemented or tracked.
- ◆ In 2003, FEMA implemented the Remedial Action Management Program designed to consolidate, assign, track, and monitor the remediation of problems that were identified following disasters.

Review of FEMA’s Acquisition and Sourcing for Goods and Services Necessary for Disaster Response

OBJECTIVE

Determine to what extent FEMA has:

- ◆ Catalogued key disaster response resources;
- ◆ Developed a strategy for the effective mobilization and deployment of critical resources from a variety of sources in response to incidents;
- ◆ Developed and tested a system that key stakeholders can readily use to determine what resources are available, and which sources they should use in order to efficiently and effectively send needed goods and supplies;
- ◆ Communicated effectively with key stakeholders so that everyone understands the procedures for mobilizing and deploying critical disaster response resources; and
- ◆ Developed procedures to minimize unnecessary duplication.

BACKGROUND

- ◆ For all incidents, it is essential to prioritize and clearly communicate incident requirements so that resources can be efficiently matched, typed, and mobilized to support operations. Large-scale events, in particular, may require sophisticated coordination and time-phased deployment of resources from the private sector; nongovernmental organizations; foreign governments and international organizations; and local, tribal, state, and federal government entities.
- ◆ Mobilization and deployment will be most effective when supported by planning that addresses the universe of available resources, including:
 - Prepositioned FEMA resources,
 - Mission assignments/prescribed mission assignments,
 - Interagency agreements,
 - Advance readiness contracts, and
 - State-owned or state-controlled resources and a strategy for determining when to use which resources.
- ◆ Where sourcing duplication exists, a case study analysis will be conducted to determine whether there are major differences in prices/agreements and whether there are guidelines for choosing which source to use.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

3.1

Interagency Agreement with U.S. Department of Housing and Urban Development for the Disaster Housing Assistance Program

OBJECTIVE

To determine whether certain elements of the proposed modifications relating to compensation for program services could result in duplicate or improper payments.

BACKGROUND

- ◆ FEMA entered into an interagency agreement with HUD to administer the Disaster Housing Assistance Program. The agreement required HUD to act as a servicing agent to provide temporary long-term housing rental assistance and case management to identified individuals and households displaced by Hurricanes Katrina and Rita.
- ◆ FEMA program officials responsible for the Disaster Housing Assistance Program contacted the DHS Office of Inspector General with concerns relating to the potential for duplication of fees being paid, as well as administrative fees being paid for services not rendered.

Review of Contracts Awarded by the Mississippi Transitional Recovery Office

OBJECTIVE

Determine whether contracts awarded by FEMA Mississippi Transitional Recovery Office (TRO) were awarded and administered according to Federal Acquisition Regulation and FEMA guidelines.

BACKGROUND

As of June 12, 2007, FEMA contracting officers at the Mississippi TRO had awarded 38 contracts totaling an estimated \$278 million. These contracts covered a broad range of goods and services including items such as pad leases for temporary housing units, armed guard security, base camps, and meals ready-to-eat. It is essential that all acquisitions be handled in an efficient, effective, and accountable manner.

Section 3.2 Department of Defense Audits, Inspections, and Other Reviews

3.2

3.2 DoD Overview

- ◆ Department of Defense (DoD) audits have resulted in:
 - Managing and using relief funds for their intended purposes;
 - Identifying and addressing internal control deficiencies; and
 - Implementing quality assurance plans effectively.
- ◆ These efforts contribute to the strengthening and preparation of the military for future national emergencies.

FINAL – DoD OFFICE OF INSPECTOR GENERAL

U.S. Army Corps of Engineers Administration of Emergency Temporary Roofing Repair Contracts

D-2008-037, December 20, 2007

SUMMARY

The United States Army Corps of Engineers' (the Corps) internal controls on emergency temporary roofing repair contracts were not adequate regarding the quality assurance procedures for the temporary roofing mission. The Corps relies on Corps and other government volunteers to perform the quality assurance function for the temporary roofing mission. As a result, the Corps may not be able to inspect damaged and repaired roofs in a timely manner and the Corps could be subject to overbilling.

RESULTS

- ◆ The Corp properly awarded temporary roofing contracts for the 2006 U.S. hurricane season. The Corps awarded contracts to small and small disadvantaged businesses and encouraged the use of local contractors. In addition, the Corps awarded the contracts after adequate competition and price consideration.
- ◆ A recommendation to develop a formal plan to deploy sufficient numbers of quality assurance personnel to improve an important internal control and help ensure that the temporary roofing mission was accomplished more efficiently. However, the internal control weakness was not considered material.

Section 3.2 Department of Defense Audits, Inspections, and Other Reviews

FINAL – ARMY AUDIT AGENCY

Program Management to Restore and Enhance the Southern Louisiana Hurricane Protection System

A-2008-0033-FFD, December 17, 2007

SUMMARY

- ◆ The audit evaluated the organization and processes the Corps used for managing about \$6.5 billion of projects to restore and enhance the hurricane protection system for southern Louisiana.
- ◆ The Corps was to enhance the system to the 100-year flood protection level necessary to achieve certification required for participation in the National Flood Insurance Program.
- ◆ To manage the effort, the Mississippi Valley Division established Task Force Hope and two separate execution organizations: the Hurricane Protection Office and the Protection and Restoration Office.

RESULTS

- ◆ Auditors concluded that organizational staffing, processes, and procedures were not adequate to ensure that projects were managed properly, completed on schedule, and executed in a cost-effective manner. The following recommendations were made:
 - Staff Task Force Hope with sufficient long-term government personnel to provide adequate oversight.
 - Finalize design guidelines and enforce compliance to establish consistency in the design of projects. Architect-engineer contracts did not require compliance with guidelines, which can cause potential design flaws and rework if consistency is not maintained.
 - Execute support functions more cost-effectively. Support functions such as public affairs, were performed by multiple offices that were not fully integrated.
 - Establish an archiving standard and process to maintain control over technical information about the design of projects.
 - Define the criteria for project sequencing and ensure that requirements in the *National Environmental Policy Act* and Executive Order 12898 (Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations) are considered when determining the sequence and priority execution.
 - Establish realistic milestones and strategy to communicate the risks of delays and resource requirements.
- ◆ By addressing these actions, the Corps can better ensure that projects are executed cost-effectively and in a quality manner.

FINAL – NAVAL AUDIT SERVICE

Controls Over Shipbuilding and Conversion – Navy Funds Hurricane Relief Efforts

Report No. N2008-0004, October 29, 2007

SUMMARY

Auditors did not identify internal control weaknesses that were considered material.

RESULTS

The limited review showed that internal controls were adequate to ensure that Navy plans for spending Shipbuilding and Conversion Navy funds appropriated for extraordinary hurricane-related shipbuilding and ship repair costs met Congressional intent and were in compliance with applicable laws and regulations.

ONGOING – DoD OFFICE OF INSPECTOR GENERAL

Audit of the Mission Assignment Process During the Gulf Coast Hurricane Relief Efforts

Project No. D2007-D000CG-0117.000, January 18, 2007

OBJECTIVE

To evaluate the DoD process for:

- ◆ Receiving mission assignments,
- ◆ Delegating mission assignments to the appropriate components, and
- ◆ The subsequent reconciliation of mission assignments.

Audit of Costs Incurred Under the CONCAP Contract Task Orders for Hurricane Relief Efforts

Project No. D2006-D000CH-0110.000, January 9, 2006

OBJECTIVE

- ◆ To review the reasonableness of costs incurred on task orders for relief efforts after Hurricanes Ivan and Katrina.
- ◆ To examine the Navy's methods and procedures to ensure it paid fair and reasonable prices for labor and material.

Audit of DoD Accounting to Support DoD Personnel During Times of Civil Emergency

Project No. D2006-D000FE-0104.000, January 4, 2006

OBJECTIVE

To review whether controls are in place to ensure the accuracy of payments to DoD military personnel during a civil emergency; specifically, whether DoD military personnel assigned to civil emergency duties do not receive duplicate payments from DoD and other Federal agencies for the same entitlements.

Section 3.2 Department of Defense Audits, Inspections, and Other Reviews

3.2

ONGOING – ARMY AUDIT AGENCY

Followup Audit of Program Management to Restore and Enhance the Hurricane Protection System – U.S. Army Corps of Engineers, Mississippi Valley Division

Project No. A-2008-FFD-0451.000, February 14, 2008

OBJECTIVE

- ◆ To determine whether the recommendations from the original report were implemented, and if so, did the recommendations correct the initially reported deficiencies.
- ◆ To determine if previously reported monetary benefits were realized.

Followup Audit of Debris Removal Contracts – U. S. Army Corps of Engineers

Project No. A-2008-FFD-0308.000, February 7, 2008

OBJECTIVE

- ◆ To determine whether the recommendations from the original report were implemented, and if so, did the recommendations correct the initially reported deficiencies.
- ◆ To determine if previously reported monetary benefits were realized.

Demolition Contracts

Project No. A-2006-FFD-484.000, May 31, 2006

OBJECTIVE

- ◆ To determine whether the acquisition strategy provided the best value to the government.
- ◆ To examine the adequacy and implementation of quality assurance and quality control plans.

ONGOING – AIR FORCE AUDIT AGENCY

Audit Planning – Hurricane Disaster Planning

Project No. F2007-FD1000-0392.000, February 12, 2007

OBJECTIVE

Auditors will assist the Air Force in determining the effectiveness of preparations for future hurricane seasons. Auditors will discuss and examine whether Air Force personnel implemented effective hurricane disaster planning measures for future contingencies and assess the appropriateness of future audit areas.

Section 3.3 Department of Housing and Urban Development Audits, Inspections, and Other Reviews

3.3

3.3 HUD Overview

- ◆ The U.S. Department of Housing and Urban Development (HUD), Office of Inspector General, successfully established the Gulf Coast regional offices of audit and investigations in the Gulf Coast disaster areas to prevent, detect, and combat fraud, waste, and abuse of HUD program disaster funds.
- ◆ HUD received supplemental appropriations of approximately \$20 billion. HUD has approved numerous state action plans and distributed billions of dollars in the form of HUD Community Development Block Grants (CDBG) for housing and other needs.
- ◆ In addition, HUD has responsibility for temporary housing assistance for approximately 45,000 FEMA households from the declared disaster areas, under a FEMA Interagency Agreement of FEMA funds in the new Disaster Housing Assistance Program (DHAP).
- ◆ HUD has also provided a variety of public housing program funds for repair and reconstruction of severely damaged public housing properties, most notably in Biloxi, Mississippi, and New Orleans, Louisiana.
- ◆ The HUD Office of Inspector General Office of Audit (OA) continues to be diligent in their efforts to pursue fraud, waste, and abuse in the audits of the \$20 billion in HUD's Emergency Supplemental funding provided to the Gulf Coast states.
- ◆ The HUD Office of Inspector General OA Gulf Coast Region has completed five audits of the supplemental funding with questioned costs of over \$16 million.
- ◆ Currently, auditors are evaluating the Housing Authority of New Orleans (HANO) as part of a congressional request. It should be noted that OA is monitoring the funding for Louisiana's "Road Home" program, which exceeds \$9 billion, and the amount obligated for Mississippi's homeowner program, which totals \$2.5 billion.

FINAL REPORT

HUD Had a Less Than One Percent Error Rate in Housing Ineligible Participants for KDHAP and DVP Disaster Housing Assistance

2008-AO-0001, December 4, 2007

SUMMARY

- ◆ HUD Office of Inspector General, Washington, DC, audited HUD's Katrina Disaster Housing Assistance Program (KDHAP) and Disaster Voucher Program (DVP) administered by public housing agencies.
- ◆ Objectives:
 - To determine whether HUD properly determined the eligibility of KDHAP/DVP participants.
 - To determine whether HUD implemented adequate measures to prevent KDHAP/DVP participants from receiving duplicate housing assistance from other HUD housing programs.
- ◆ HUD did not always ensure that only eligible KDHAP/DVP participants received disaster housing assistance. This resulted in the misspending of \$760,317 in Federal funds, as of August 31, 2007, for 84 KDHAP/DVP participants who were ineligible for disaster assistance.
- ◆ Should the ineligible costs continue incurring, HUD could spend an additional \$153,808 on ineligible participants from September 2007 to the end of the program. However, these 84 participants count as less than 1% of the total number of participants.

Section 3.3 Department of Housing and Urban Development Audits, Inspections, and Other Reviews

(continued)

RESULTS

The Office of Inspector General recommended that HUD

- ◆ Take the appropriate actions deemed necessary to recover or write-off the Federal funds that were misspent on 84 ineligible participants,
- ◆ Immediately cease paying funding on the participants ineligible for KDHAP and/or DVP, and
- ◆ Take appropriate actions to remove any other ineligible participants from the Disaster Information System.

Louisiana's Road Home Housing Manager, ICF, Did Not Always Provide Contract Deliverables as Required

2008-AO-1001, December 19, 2007

SUMMARY

- ◆ Objective: To determine whether ICF provided contract deliverables in accordance with the terms and conditions of its contract with the state of Louisiana.
- ◆ HUD Office of Inspector General audited the performance of the state of Louisiana's Road Home program housing manager, ICF Emergency Management Services, Baton Rouge, Louisiana.
- ◆ Louisiana is a Community Development Block Grant (CDBG) disaster recovery grantee under the *Department of Defense Appropriations Act of 2006*.
- ◆ ICF did not always provide contract deliverables in accordance with the terms and conditions of its contract with the state, resulting in the rejection of deliverables.
- ◆ Specifically, Louisiana rejected 6 of 80 deliverables provided by ICF. Of the rejected deliverables, the homeowner management information system deliverable was most critical, since it was the core processing mechanism needed for the progress of the homeowner assistance program.
- ◆ Collectively, the management information system, in conjunction with Louisiana's perpetual modification requirements to the system, and inadequate monitoring of system modification requirements during phase one of the program contributed to delaying the distribution of grants to eligible homeowners.

RESULTS

The Office of Inspector General recommended that HUD:

- ◆ Require Louisiana to set realistic goals for ICF, taking timely appropriate action against ICF when performance problems arise, as stipulated by the contract, and
- ◆ Verify whether Louisiana is adequately implementing its new monitoring policies and procedures.

State of Louisiana, Baton Rouge, Louisiana, Road Home Program, Funded 418 Grants Coded Ineligible or Lacking an Eligibility Determination

2008-AO-1002, January 30, 2008

SUMMARY

- ◆ Objectives:
 - In order to determine grant eligibility, the Office of Inspector General identified possible eligibility issues through a review of the electronic data.
 - To immediately address the issues, the Office of Inspector General developed an additional objective to determine eligibility for those grants coded ineligible or lacking an eligibility determination.
- ◆ HUD Office of Inspector General audited the state of Louisiana's additional compensation grant component of the Road Home homeowner assistance program, managed by the state's contractor, ICF Emergency Management Services, LLC, Baton Rouge, Louisiana.
- ◆ The Office of Inspector General initiated the audit in conjunction with the Office of Inspector General Gulf Coast Region's audit plan and examination of relief efforts provided by the Federal government in the aftermath of Hurricanes Katrina and Rita.
- ◆ Since ICF did not have system controls in place to prevent improper disbursements the state coded 418 out of 22,135 grants (2%), as ineligible or lacking an eligibility determination, totaling \$15.8 million.
- ◆ File reviews of 26 (6%) of the 418 grants, determined that, as of October 13, 2007, Louisiana had misspent Federal funds for 17 ineligible and two unsupported grants. The remaining seven grants were eligible or had input or coding errors.

RESULTS

The Office of Inspector General recommended that HUD require the Louisiana to:

- ◆ Repay amounts disbursed for ineligible grants to its Road Home program,
- ◆ Either support or repay amounts disbursed for unsupported grants,
- ◆ Review all of the remaining 392 grants coded ineligible or lacking an eligibility determination and either support or repay the \$14.6 million disbursed for them, and
- ◆ Implement system controls to prevent future improper disbursements.

Review of Duplication of Participants Benefits under HUD's Katrina Disaster Housing Assistance Program and Disaster Voucher Program

2008-AO-080, March 28, 2008

SUMMARY

- ◆ The Office of Inspector General audited HUD's KDHAP and DVP administered by various public housing agencies.
- ◆ Objective: To determine whether HUD established controls to ensure that the HANO pre-Hurricane Katrina Housing Choice Voucher program participants did not receive duplicate assistance under KDHAP and/or DVP.

Section 3.3 Department of Housing and Urban Development Audits, Inspections, and Other Reviews

(continued)

- ◆ In most cases, HUD ensured that KDHAP/DVP participants receiving assistance were not also receiving assistance under HANO's Housing Choice Voucher program. However, there were 4 of 51 cases where the participants received duplicate assistance:
 - In all four cases, this occurred because HUD allowed Housing Choice Voucher Homeownership program (Homeownership program) participants to execute and receive KDHAP/DVP payments on their behalf while continuing to receive mortgage payments under the Homeownership program.
 - HANO has continued to pay participants Homeownership program assistance payments after Hurricane Katrina to avoid placing the participants into foreclosure. Since the Housing Choice Voucher and KDHAP/DVP program regulations prohibit families from receiving assistance while receiving another housing subsidy or receiving assistance for more than one unit or a unit in which they do not reside, \$13,147 in Homeownership program funds was misspent.
 - Two of the four participants also received CDBG funding totaling \$161,090 to rebuild their property, and the other two applied for assistance but had not received it as of October 2007.
 - Finally, all four participants also had received duplicate rental assistance funding from FEMA totaling \$14,655 as of September 2006. In addition, there is a risk that additional duplicate participants exist that were not detected by the testing methodology, as Social Security number information in HANO's register was not always reliable.

RESULTS

The Office of Inspector General recommended that the HUD's Director of Housing Choice Voucher Programs:

- ◆ Take appropriate actions to recover the ineligible funding totaling \$13,147 for four duplicate participants,
- ◆ Prevent duplicate payments by working with the lenders to rework the mortgages and suspending payment, or seek a waiver for the duplicate payment prohibition for Homeownership program participants, and
- ◆ Work with FEMA and HUD's Office of Community Planning and Development to ensure that their assistance did not duplicate HUD's rental assistance and recover any ineligible duplicate assistance payments, which currently totals \$14,655.

The State of Mississippi's and/or Its Contractor's Procedures for and Controls over the Homeowner's Assistance Grant Program Generally Ensured Eligibility and Prevented Duplication of Benefits

2008-AO-1801, March 6, 2008

SUMMARY

- ◆ The Office of Inspector General audited the Homeowner's Assistance Grant Program (Program), a component of the state of Mississippi's administration of the \$5.058 billion in CDBG disaster recovery funds provided to the state in the aftermath of Hurricane Katrina
- ◆ Mississippi allocated \$3 billion to help homeowners in southern Mississippi recover from Hurricane Katrina.
- ◆ Objectives:
 - To determine whether Mississippi and/or its contractor allowed only eligible homeowners to participate in the Program.
 - To determine whether Mississippi implemented adequate controls to prevent the homeowners from receiving duplication of benefits.

3.3

- ◆ Mississippi and its contractor had controls to ensure that only eligible homeowners participated in the Program. One of the 103 applicants reviewed was not eligible for the Program because the applicant did not meet one or more of the five eligibility requirements. The ineligible applicant received \$16,871 in grant assistance.
- ◆ Mississippi and its contractor had adequate controls to prevent homeowners from receiving duplicate benefits for the same damage. Of the 103 applicants reviewed, only one received a duplication of benefits totaling \$3,700.

RESULTS

The Office of Inspector General recommended that the HUD require the authority to repay the Program \$20,571 for ineligible costs.

ONGOING AUDITS

Road Home Program

OBJECTIVE

To determine the impact of the Additional Compensation Grant and the eligibility of its recipients.

PLANNED AUDITS

Housing Authority of New Orleans

OBJECTIVE

To determine whether the Housing Authority of New Orleans (HANO) carried out its housing activities in accordance with HUD requirements; including procurement, Section 8 and public housing activities, and financial condition.

State of Mississippi Small Rental Program

OBJECTIVE

To determine whether controls are adequate to ensure:

- ◆ Funds are only expended for eligible participants, and
- ◆ Awards are properly calculated.

OBJECTIVE

To determine whether E-grants system data provide reported results that are accurate and adequately supported.

Section 3.3 Department of Housing and Urban Development Audits, Inspections, and Other Reviews

3.3

Economic Development – Small Business Loan Program

OBJECTIVE

To determine if duplicate loans were given on behalf of HUD and the Small Business Administration (SBA). The audit will make sure HUD loans do not duplicate SBA assistance. This will be a joint audit review with SBA Office of Inspector General.

Texas Homeowner Program

A-06-07-00079

OBJECTIVE

To determine whether controls are in place to ensure:

- ◆ Funding is used for intended purposes, and
- ◆ Awards are provided to eligible applicants and properly calculated.

Section 3.4 Corporation for National and Community Service Audits, Inspections, and Other Reviews

3.4

3.4 CNCS Overview

One audit has been completed.

FINAL AUDIT

Audit of the Allowability of Hurricane Relief Mission Assignment Costs Claimed by Corporation Grantees

08-05, November 28, 2007

SUMMARY

The audit of 2005 Hurricane Relief Mission Assignment costs claimed by grantees and AmeriCorps National Civilian Community Corps (NCCC) campuses resulted in questioned costs totaling \$428,157 and identified certain areas that warrant corrective action.

RESULTS

The following areas were identified:

- ◆ The Corporation for National and Community Service (Corporation) submitted costs for reimbursement to the FEMA without conducting a complete reconciliation of supporting documentation provided to the Corporation by the grantees.
- ◆ The Corporation reimbursed one grantee \$96,368 in excess of expenses claimed for mission assignment deployments to Texas, Mississippi, and Louisiana.
- ◆ The Corporation allowed grantees to charge \$331,789 in grantee salaries and member living allowances without seeking prior approval from FEMA as required, and without obtaining grantee staff time sheets to support the costs.
- ◆ The Corporation's policy for reviewing and approving mission assignment costs was not implemented as scheduled.

Section 3.5 Department of Labor Audits, Inspections, and Other Reviews

3.5

3.5 DOL Overview

At the request of the Chairman of the House Domestic Policy Subcommittee, the Department of Labor conducted an audit of the Employment Standards Administration's Wage and Hour Division New Orleans Office to determine how well it processed workers' complaints in the aftermath of Hurricane Katrina. Currently, there are no ongoing hurricane-related audits or reviews, and no further work is planned.

FINAL AUDIT

New Orleans District Office's Processing of Worker Complaints Received in the Aftermath of Hurricane Katrina

04-08-002-04-420, March 31, 2008

SUMMARY

- ◆ Objective: To determine whether the Employment Standards Administration, Wage and Hour Division, New Orleans District Office:
 - Was adequately staffed after Hurricane Katrina;
 - Used intake procedures that impeded workers' ability to file complaints;
 - Adequately communicated with complainants; and
 - Performed outreach to gather and investigate complaints made by migrant workers.
- ◆ The audit found that Wage and Hour adequately staffed the New Orleans office to serve the needs of the New Orleans workforce after Hurricane Katrina. Findings were that:
 - Wage and Hour lacked an emergency plan that specifically addresses how to serve the workforce in a similar disaster;
 - The New Orleans Office did not maintain a record of all the inquiries it received and the decisions made on those inquiries;
 - The New Orleans Office did not adequately communicate with some complainants; and
 - The New Orleans Office's community outreach efforts did not produce a large number of complaints or investigations; however, the office initiated more directed investigations, for a total of 402, in FY 2007, compared with 58 in FY 2005.

RESULTS

- ◆ Recommendations made to the Department were to ensure that:
 - The Wage and Hour Continuity of Operations Plan (COOP) specifically addresses how Wage and Hour will serve a workforce in the event of a similar disaster;
 - Wage and Hour district offices maintain a record of all inquiries received; and
 - Wage and Hour investigators comply with the policy on regular communication with complainants.
- ◆ The Department agreed to improve the agency's COOP and acknowledged violations regarding noncommunication with complainants, but did not agree to maintain a record of all inquiries received.

Section 3.6 Department of Education Audits, Inspections, and Other Reviews

3.6

3.6 ED Overview

- ◆ During this reporting period, the Department of Education Office of Inspector General continued its effort to assess whether *Hurricane Education Recovery Act* (HERA) dollars were expended as required by Federal law, regulations, and department guidance.
- ◆ HERA authorized new grant programs in order to deliver on two major goals:
 - To assist school districts and schools in meeting the educational needs of students displaced by Hurricanes Katrina and Rita.
 - To help schools closed as a result of the hurricanes reopen as quickly and effectively as possible.
- ◆ These grant programs and other funding sources include:
 - Immediate Aid to Restart School Operations (Restart) – funded at \$750 million.
 - Assistance for Homeless Youth – funded at \$5 million.
 - Temporary Emergency Impact Aid (EIA) for Displaced Students – initially funded at \$645 million.
 - Additional funding in the amount of \$200 million was provided for postsecondary education institutions.
 - Funding in the amount of \$235 million for the EIA program and \$50 million for postsecondary institutions and students was allocated via the *Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery 2006*.
 - An additional \$30 million for higher education programs plus an additional \$30 million for HERA was signed by President Bush in May 2007.
- ◆ Prior to and during disbursement of these funds, the Office of Inspector General worked closely with the Department of Education to help establish effective accountability measures to prevent fraud, waste, and abuse of funds.
- ◆ Over the last six months, two audit reports have been issued regarding hurricane-related funding, with the following findings:
 - The Department of Education, State Education Agencies (SEAs) and Local Education Agencies (LEAs) established procedures to distribute hurricane-related funds in accordance with applicable laws and regulations.
 - Some of the reported data was inaccurate, particularly in the areas of displaced student counts which provide the basis for EIA funding.

Section 3.6 Department of Education Audits, Inspections, and Other Reviews

3.6

FINAL AUDITS

Georgia Department of Education's Emergency Impact Aid Program Controls and Compliance

A04G0015, October 30, 2007

SUMMARY

- ◆ The effects of Hurricanes Katrina and Rita resulted in the temporary or permanent closure of schools. In response to the disaster, the EIA program provided funds to SEAs to cover the cost of educating displaced students. To receive aid, eligible SEAs were required to provide quarterly enrollment counts of displaced students.
- ◆ The Department obligated over \$55 million in EIA funds to the Georgia Department of Education (GDOE) to disburse to its affected LEAs.
- ◆ Objectives:
 - To determine whether GDOE and three selected LEAs established adequate systems of internal control to provide accurate displaced student counts,
 - To examine whether GDOE made accurate allocations of EIA funds to the LEAs, and
 - To identify whether the LEAs used the EIA funds for allowable expenditures.
- ◆ The audit revealed that while GDOE had adequate procedures in place to make accurate allocations of EIA funds to the LEAs, GDOE and the LEAs did not have adequate systems of internal control to provide accurate EIA displaced student counts.
- ◆ GDOE's displaced student counts for the time period reviewed included ineligible students, students whose documentation did not support their classification as displaced students, and students counted more than once in the same quarter.

RESULTS

Approximately \$9.8 million in EIA funding received by GDOE was questioned. GDOE disagreed with some of the recommendations.

Louisiana Department of Education's Compliance with Selected Hurricane Education Recovery Act – Immediate Aid to Restart School Operations Program Requirements

A06H0018, January 31, 2008

SUMMARY

- ◆ The Restart program supplied funding to SEAs in Alabama, Louisiana, Mississippi, and Texas. The funding provided assistance or services to LEAs and nonpublic schools to help defray expenses related to reopening schools and reenrolling students in elementary and secondary schools affected by Hurricanes Katrina or Rita.
- ◆ The Louisiana Department of Education (LDE) received over \$445 million of the \$750 million Congress appropriated for the Restart program.
- ◆ Objectives:
 - To determine whether LDE established a system of internal controls that provided reasonable assurance that Restart funds were appropriately allocated, and
 - To determine whether selected LEAs used Restart funds for expenditures that were allowable under the terms of the grant and applicable laws and regulations.

RESULTS

The audit found that LDE and the LEAs appropriately allocated and expended the Restart funds.

Section 3.7 General Services Administration Audits, Inspections, and Other Reviews

3.7

3.7 GSA Overview

The General Services Administration (GSA), Public Buildings Service (PBS), is responsible for safeguarding the government's real property assets and for providing space and services to its customers. An audit of their response to Hurricane Katrina has been completed.

FINAL AUDIT

Audit of the Public Building Services' Response to Hurricane Katrina

A070075/P/R/R08003, March 20, 2008

SUMMARY

- ◆ Objective: To review the effectiveness of actions taken by PBS to safeguard assets and to prepare tenants after Hurricane Katrina.
- ◆ The audit found that, while on some levels the organization was both efficient and effective, PBS had limited disaster-related standard operating procedures and building-specific disaster plans. This resulted in the possibility of PBS paying higher costs for some repair work due to the extended use of a time and material contract, as well as inflated post disaster construction rates.
- ◆ After Hurricane Katrina, conditions impeded PBS' ability to exercise the Fire and Casualty Damage clause within the required 15 days that would have allowed the government to terminate partially destroyed leases for space rendered untenable. Instead, PBS agreed to lease buyout agreements costing over \$5 million.
- ◆ Furthermore, the post hurricane market conditions and uncertain customer requirements led PBS to award some temporary leases in the New Orleans area with terms that were longer than customers needed and no termination rights. This ultimately resulted in vacant space and buyout agreements, as well as incurring additional leasing costs for both existing leases and post hurricane leasing actions.

RESULTS

The audit recommended that PBS:

- ◆ Continue and enhance efforts that have been made since Hurricane Katrina;
- ◆ Develop a comprehensive checklist and enhance assessment tools to use during future disaster responses;
- ◆ Alter the boilerplate Fire and Casualty Damage lease clause to allow for situations where it is unable to access leased buildings; and
- ◆ Follow up with lessors to ensure refunds are received as appropriate for terminated leased space that is sold or re-let after government buyouts.

Section 3.8 Health and Human Services Audits, Inspections, and Other Reviews

3.8 HHS Overview

There are 14 ongoing audits, outlined in the ongoing audit section below, related to Hurricane Katrina's effects on the five hospital systems that testified on August 1, 2007, before the Committee on Energy and Commerce, Subcommittee on Oversight and Investigations. These audits relate to the Medicare and Medicaid beneficiaries serviced by the hospitals.

FINAL REPORTS

Review of Hurricane Katrina Uncompensated Care Costs Claimed by Mississippi for the University of Mississippi Medical Center

A-04-07-06004, December 31, 2007

SUMMARY

- ◆ In response to Hurricane Katrina, Section 6201 of the *Deficit Reduction Act of 2005* authorized Federal funding for the total costs of medically necessary uncompensated care furnished to evacuees and affected individuals without other coverage in eligible states. The Act provides for care to such individuals under Section 1115 projects.
- ◆ The University of Mississippi Medical Center (the Medical Center) received \$17.9 million in uncompensated care reimbursement. The state agency generally claimed reimbursement for services provided by the Medical Center in accordance with the approved Section 1115 demonstration and uncompensated care pool plan.
- ◆ There were 200 claims sampled; of these claims 196 claims were allowable. The remaining four claims, totaling \$22,379, were improper because the individuals who received the services had health care coverage under other programs.

RESULTS

- ◆ The review recommended that the state agency:
 - Refund to the Centers for Medicare and Medicaid Services (CMS) the \$22,379 paid to the Medical Center for improper uncompensated care claims; and
 - Consider reviewing the Medical Center's claims that were not included in the sample to ensure that no other health care coverage was available, and make refunds to CMS if appropriate.
- ◆ The state agency did not fully agree with the recommendations but said that it would make the proper adjustments in cooperation with CMS.

Review of Hurricane Katrina Uncompensated Care Costs Claimed by Mississippi for Forrest General Hospital

A-04-07-06017, October 29, 2007

SUMMARY

- ◆ In response to Hurricane Katrina, Section 6201 of the *Deficit Reduction Act of 2005* authorized Federal funding for the total costs of medically necessary uncompensated care furnished to evacuees and affected individuals without other coverage in eligible states. The Act provides for care to such individuals under Section 1115 projects.
- ◆ Mississippi was one of the states to receive funding.
- ◆ As of December 5, 2006, the state agency reported \$63.5 million in uncompensated care reimbursement to 772 health care providers. Forrest General Hospital received \$7.9 million of this reimbursement.

RESULTS

The state agency claimed reimbursement for services provided by the hospital in accordance with the approved Section 1115 demonstration and uncompensated care pool plan. Therefore, recommendations were not made.

Medical Assistance Provided by the District of Columbia to Hurricane Katrina Evacuees

A-03-07-00202, February 21, 2008

SUMMARY

- ◆ Section 1115 of the *Social Security Act* permits the Secretary to authorize demonstration projects to promote the objectives of the Medicaid program. Under Section 1115, CMS approved the District of Columbia's request for Medicaid demonstration authority to provide the benefits included in its Medicaid state plan to eligible Hurricane Katrina evacuees for a maximum of five months ending no later than June 30, 2006.
- ◆ CMS limited coverage under the hurricane-related Section 1115 demonstration project to evacuees from specified counties and parishes in four states affected by the hurricane, and required that the District verify residency and other eligibility factors to the greatest extent possible.
- ◆ As of March 31, 2007, the District of Columbia Department of Health, Medical Assistance Administration (the state agency) claimed expenditures on behalf of evacuees on the quarterly Form CMS-64.9 Waiver, totaling \$246,006, for medical assistance provided to evacuees from Louisiana and Mississippi.
- ◆ The state agency generally claimed reimbursement for services provided to Hurricane Katrina evacuees in accordance with its approved hurricane-related Section 1115 demonstration project. Of the \$246,006 claimed, \$201,106 was allowable. However, after audit adjustments for minor reporting and calculation errors totaling \$304, the state agency claimed a net total of \$44,900 in unallowable reimbursement.

RESULTS

It was recommended that the state agency refund \$44,900 in unallowable reimbursement and revise its Form CMS-64.9 Waiver reports for Louisiana and Mississippi by adjustment amounts provided by the audit. The state agency agreed with the recommendations.

Section 3.8 Health and Human Services Audits, Inspections, and Other Reviews

Medical Assistance Provided by Delaware to Hurricane Katrina Evacuees

A-03-07-00201, February 11, 2008

SUMMARY

- ◆ Section 1115 of the *Social Security Act* permits the Secretary to authorize demonstration projects to promote the objectives of the Medicaid program. Under Section 1115 of the *Social Security Act*, the CMS approved Delaware's request for Medicaid demonstration authority to provide the benefits included in its state plan to eligible Hurricane Katrina evacuees for a specified period.
- ◆ CMS limited coverage to evacuees from specified counties and parishes in four states. Although Delaware was allowed to rely on evacuees' self-attestations of eligibility, it was required to verify residency and other eligibility factors to the greatest extent possible.
- ◆ As of March 31, 2007, the Delaware Health and Social Services office, Division of Medicaid and Medical Assistance (the state agency), claimed a total of \$173,436 for medical assistance services provided to evacuees from the home states of Louisiana and Mississippi.
- ◆ The state agency generally claimed reimbursement for services provided to Hurricane Katrina evacuees in accordance with its approved hurricane-related Section 1115 demonstration project. Of the \$173,436 claimed, \$164,145 was allowable. However, after audit adjustments for minor reporting and calculation errors totaling \$31, the state agency claimed a net total of \$9,291 in unallowable reimbursement.

RESULTS

It was recommended that the state agency refund the \$9,291 in unallowable reimbursement and revise its Form CMS-64.9 Waiver reports for Louisiana and Mississippi by the audit adjustment amounts. In response to the draft report, the state agency said that it could not refute the findings.

ONGOING AUDITS with DRAFT REPORT ISSUED

Medical Assistance Provided by Maryland to Hurricane Katrina Evacuees

A-03-07-00200, March 10, 2008

SUMMARY

- ◆ Section 1115 of the *Social Security Act* permits the Secretary to authorize demonstration projects to promote the objectives of the Medicaid program. Under Section 1115, CMS approved Maryland's request for Medicaid demonstration authority to provide the benefits included in its Medicaid state plan to eligible Hurricane Katrina evacuees for a maximum of five months ending no later than June 30, 2006.
- ◆ CMS limited coverage under the hurricane-related Section 1115 demonstration project to evacuees from specified counties and parishes in four states affected by the hurricane and required that Maryland verify residency and other eligibility factors to the greatest extent possible.
- ◆ As of March 31, 2007, the Maryland Department of Health and Mental Hygiene (the state agency) claimed a total of \$1,342,932 for medical assistance provided to evacuees from Alabama, Louisiana, and Mississippi.
- ◆ The state agency did not always claim reimbursement for services provided to Hurricane Katrina evacuees in accordance with its approved hurricane-related Section 1115 demonstration project. Of the \$1,342,932 claimed, \$930,924 was allowable. The remaining \$412,008 was unallowable.

RESULTS

It was recommended that the state agency refund the \$412,008 in unallowable reimbursement and revise its Form CMS 64.9 Waiver reports for Louisiana, Mississippi, and Alabama by the audit adjustments.

Medical Assistance Provided by Virginia to Hurricane Katrina Evacuees

A-03-07-00211, March 24, 2008

SUMMARY

- ◆ Section 1115 of the *Social Security Act* permits the Secretary to authorize demonstration projects to promote the objectives of the Medicaid program. Under Section 1115, CMS approved Virginia's request for Medicaid demonstration authority to provide the benefits included in its Medicaid state plan to eligible Hurricane Katrina evacuees for a maximum of 5 months ending no later than June 30, 2006.
- ◆ CMS limited coverage under the hurricane-related Section 1115 demonstration project to evacuees from specified counties and parishes in four states affected by the hurricane and required that Virginia verify residency and other eligibility factors to the greatest extent possible.
- ◆ As of March 31, 2007, the Virginia Department of Medical Assistance Services (the state agency) claimed a total of \$522,907, including \$436,908 for medical assistance provided to evacuees from Alabama, Louisiana, and Mississippi, and \$85,999 for administrative costs associated with the hurricane-related Section 1115 demonstration project.
- ◆ The state agency did not always claim reimbursement for services provided to Hurricane Katrina evacuees in accordance with its approved hurricane-related Section 1115 demonstration project. Of the \$522,907 claimed, \$450,010 was allowable. The remaining \$72,897 was unallowable.

RESULTS

It was recommended that the state agency refund a total of \$72,897 in unallowable reimbursements — \$63,308 for administrative costs and \$9,589 in claims for medical assistance services — and revise its Form CMS-64.9 Waiver reports for Alabama, Louisiana, and Mississippi by the audit adjustment amount.

Medical Assistance Provided by Pennsylvania to Hurricane Katrina Evacuees

A-03-07-00210, March 17, 2008

SUMMARY

- ◆ Section 1115 of the *Social Security Act* permits the Secretary to authorize demonstration projects to promote the objectives of the Medicaid program. Under Section 1115, CMS approved Pennsylvania's request for Medicaid demonstration authority to provide the benefits included in its Medicaid state plan to eligible Hurricane Katrina evacuees for a maximum of five months ending no later than June 30, 2006.
- ◆ CMS limited coverage under the hurricane-related Section 1115 demonstration project to evacuees from specified counties and parishes in four states affected by the hurricane and required that Pennsylvania verify residency and other eligibility factors to the greatest extent possible.

Section 3.8 Health and Human Services Audits, Inspections, and Other Reviews

(continued)

- ◆ As of March 31, 2007, the Pennsylvania Department of Public Welfare (the state agency) claimed a total of \$1,398,777 for medical assistance services provided to evacuees from Alabama, Louisiana, and Mississippi.
- ◆ The state agency did not always claim reimbursement for services provided to Hurricane Katrina evacuees in accordance with its approved hurricane-related Section 1115 demonstration project. Of the \$1,398,777 claimed, \$846,922 was allowable. However, the remaining \$551,855 was unallowable.

RESULTS

It was recommended that the state agency refund \$551,855 in unallowable reimbursement and revise its Form CMS-64.9 Waiver reports for Alabama, Louisiana, and Mississippi by the audit adjustment amounts.

ONGOING AUDITS

Review of East Louisiana State Hospital's Hurricane Related Uncompensated Care Claims and Review of Southeast Louisiana Hospital's Hurricane-Related Uncompensated Care Claims

A-06-07-00024 & A-06-08-00023

OBJECTIVE

To determine whether the state agency claimed reimbursement for services provided by the audited hospitals in accordance with Federal and state laws and regulations and with the approved provisions of the Uncompensated Care Pool (UCCP) plan.

BACKGROUND

- ◆ In response to Hurricane Katrina, Section 6201 of the *Deficit Reduction Act of 2005* authorized Federal funding for the total costs of medically necessary uncompensated care furnished to evacuees and affected individuals without other coverage in eligible states, in other words, states that provided care to such individuals in accordance with Section 1115 projects.
- ◆ Pursuant to Section 1115 of the *Social Security Act*, CMS approved Louisiana's request for demonstration authority related to Hurricanes Katrina and Rita. For Hurricane Katrina evacuees and affected individuals, CMS approved an uncompensated care pool to reimburse providers for medically necessary services provided to individuals without other coverage. The pool was 100% Federally funded. CMS subsequently authorized the state to operate an uncompensated care pool for Hurricane Rita evacuees.
- ◆ In accordance with the state's UCCP plan, CMS authorized reimbursement for uncompensated care provided from August 24, 2005, through January 31, 2006, to Hurricane Katrina evacuees and affected individuals, and from September 23, 2005, through January 31, 2006, to Hurricane Rita evacuees who did not have other coverage.
- ◆ As of December 31, 2006, the Louisiana Department of Health (the state agency) and audited hospitals reported \$123.2 million in uncompensated care reimbursement to 834 health care providers. East Louisiana state hospital received \$21.3 million of this reimbursement. Southeast Louisiana state hospital received \$8.2 million of this reimbursement.

Review of Disaster-Related Claims – The Mobility Depot

A-06-07-00079

OBJECTIVE

To determine whether recommendations for financial adjustments are needed.

BACKGROUND

- ◆ Pursuant to Section 1861(s)(6) of the *Social Security Act* (The Act), durable medical equipment (DME) is considered a medical or other health service and is covered under the Medicare Part B program. DME is reimbursable if the equipment meets the definition of DME, is necessary and reasonable for the treatment of a patient's illness or injury or to improve the functioning of his or her malformed body, and is used in the beneficiary's home.
- ◆ Pursuant to Section 1135(b) of the Act, the Secretary of HHS waived certain requirements to ensure that sufficient health care items and services were available to meet the needs of individuals who were enrolled in Medicare and affected by Hurricanes Katrina and Rita.
- ◆ The beneficiaries identified on the 40 selected disaster-related Medicare claims submitted by Mobility Depot were eligible for replacement DME and provided with allowable Medicare replacement DME.

Review of Alabama's Uncompensated Care Pool Costs Under Section 1115 Katrina Demonstration Waivers

A-04-08-03040

OBJECTIVE

To identify and assess the state of Alabama's controls over payments for uncompensated care claims. A sample of uncompensated care paid claims will be used to determine if the costs are allowable pursuant to Federal requirements.

BACKGROUND

- ◆ On September 22, 2005, the CMS approved Alabama's Hurricane Katrina multi-state Section 1115 demonstration. This approved demonstration allowed Alabama to provide coverage to Hurricane Katrina evacuees and affected individuals and authorized the state to use a UCCP plan. CMS approved Federal funding for Alabama's UCCP plan to cover medical services furnished to low-income individuals who do not meet eligibility requirements for Medicaid or State Children's Health Insurance Program.
- ◆ As of August 8, 2007, the Alabama State Medicaid Agency reported \$1.7 million in uncompensated care reimbursement to 574 health care providers. Three hospitals received about 43% of the \$1.7 million reimbursement. The University of South Alabama Children and Women's Hospital received \$326,658, the University of South Alabama Medical Center received \$181,500, and Mobile Infirmity Association received \$215,573.

Section 3.8 Health and Human Services Audits, Inspections, and Other Reviews

Reviews of Hurricane Katrina's Effects on the Five Hospital Systems that Testified on August 1, 2007 – Hospital Testimony Before the Committee

OBJECTIVE

To determine whether the amounts of selected expenses and revenues that the hospital presented in the testimony were accurate and supported by its financial records, as requested by the committee.

BACKGROUND

The reports are as follows:

- ◆ Review of Expenses and Revenues Presented in Congressional Testimony by West Jefferson Medical Center, A-01-07-00521.
- ◆ Review of Expenses and Revenues Presented in Congressional Testimony by East Jefferson General Hospital, A-06-08-00009.
- ◆ Review of Expenses and Revenues Presented in Congressional Testimony by Tulane Medical Center, A-06-08-00011.
- ◆ Review of Expenses and Revenues Presented in Congressional Testimony by Touro Infirmary, A-06-08-00012.
- ◆ Review of Expenses and Revenues Presented in Congressional Testimony by Ochsner Hospitals, A-01-08-00507.

Reviews of Hurricane Katrina's Effects on the Five Hospital Systems that Testified on August 1, 2007 – Hospital Profitability Analysis

OBJECTIVE

To conduct a profitability analysis:

- ◆ Of the five testifying hospital systems, and
- ◆ For several sets of peer hospitals over the same timeframes – as requested by the committee.

BACKGROUND

The reports are as follows:

- ◆ Review of Profitability Analysis of New Orleans Testifying Hospitals, A-07-07-002733.
- ◆ Review of Profitability Analysis Comparing the New Orleans Testifying Hospitals to Peer Hospitals, A-07-07-02734.

Reviews of Hurricane Katrina's Effects on the Five Hospital Systems that Testified on August 1, 2007 – Wage Index Reports

OBJECTIVE

To determine whether the hospital complied with Medicare requirements for reporting wage data in its Fiscal Year 2005 Medicare cost report.

BACKGROUND

The reports are as follows:

- ◆ Review of West Jefferson General Hospital's Reported Fiscal Year 2005 Wage Index Data, A-01-08-00516.
- ◆ Review of East Jefferson General Hospital's Reported Fiscal Year 2005 Wage Index Data, A-01-08-00515.
- ◆ Review of Tulane Medical Center's Reported Fiscal Year 2005 Wage Index Data, A-01-08-00518.
- ◆ Review of Touro Infirmary's Reported Fiscal Year 2005 Wage Index Data, A-01-08-00513.
- ◆ Review of Ochsner Hospitals' Reported Fiscal Year 2005 Wage Index Data, A-01-08-00519.

Reviews of Hurricane Katrina's Effects on the Five Hospital Systems that Testified on August 1, 2007 – Stabilization Funds Distribution

OBJECTIVE

To determine how much funding was distributed and if the funds were distributed in accordance with the contracts.

BACKGROUND

Two HHS grants were awarded to Hurricane Katrina-affected areas. The reports are as follows:

- ◆ Review of the Louisiana Wage Index Stabilization Grant, A-06-08-00025.
- ◆ Review of the Workforce Stabilization Grant for the Greater New Orleans Area, A-06-08-00026.

Section 3.9 Small Business Administration Audits, Inspections, and Other Reviews

3.9 SBA Overview

- ◆ Audits continue to focus on loan origination, disbursement, repayment, servicing, and liquidation activities related to the Gulf Coast hurricanes, including whether:
 - Loan applications were processed in accordance with Small Business Administration (SBA) procedures;
 - Uses of loan proceeds were verified before loans were fully disbursed;
 - Duplicate benefits were appropriately identified and recovered; and
 - Loan servicing and liquidation activities were appropriately staffed and effectively managed.

FINAL AUDITS AND REVIEWS

Adequacy of Documents Supporting Disaster Loan Disbursements

#08-07, January 28, 2008

SUMMARY

- ◆ This report was the last in a series resulting from a review of SBA's efforts to expedite loan disbursements during its "90-in-45" Campaign. The campaign was initiated in the fall of 2006 to disburse funds on approximately 90,000 loans approved for the Gulf Coast hurricanes within 45 days.
- ◆ The audit was initiated in response to an employee complaint.
- ◆ The review disclosed that nearly half (19) of 40 loans reviewed were disbursed by SBA without securing proper documentation needed to protect SBA's interest in collateral and to document that insurance proceeds were used to offset the SBA loans. In total, 55 documents were missing for the 19 loans in question.
- ◆ Projecting the sample results to the universe of 1,154 loans, the Office of Inspector General estimated that SBA disbursed 554 loans without securing all of the documents required to make disbursements.

RESULTS

- ◆ SBA's Office of Disaster Assistance (ODA) generally agreed with the findings and recommendations. It reviewed the 19 loans with missing documents and attempted to contact the borrowers to obtain missing documents associated with these loans.
- ◆ The ODA also reviewed loan files for the 1,154 disbursements (for a total of 1,044 loans since some had multiple disbursements), resolved issues where possible, obtained missing documents, and continues to work to obtain required documents for 314 of these files that have not yet been cleared for servicing.
- ◆ The ODA developed and implemented written procedures to ensure that all required loan documents are obtained and noted in loan files prior to making disbursements over \$10,000.

Annual Credit Reviews on Partially Disbursed Loans

#08-10, March 28, 2008

SUMMARY

- ◆ The audit disclosed that ODA's monitoring efforts were not adequate to ensure that the financial status of borrowers had not deteriorated to levels that would adversely affect their loan repayment ability.
- ◆ Generally, the audit found that the ODA did not perform required annual credit reviews before making loan disbursements, and did not obtain updated financial information on borrowers and cancelled loans, as required, when borrowers had no repayment ability.
- ◆ Although SBA originally established annual credit reviews as a management control, internal ODA policy memos extended the period for credit reviews to two years, effectively eliminating reviews on 10,100 loans totaling over \$1 billion in disbursements.
- ◆ After extending dates, a universe remained of 1,117 loans in need of a credit review. Even with the extended review period, ODA disbursed \$4.9 million on 110 (or about 70%) of 159 sampled loans, out of the universe of 1,117, without verifying that loan recipients were creditworthy.
- ◆ Additionally, although disbursement deadlines for these loans were included in the Disaster Credit Management System, funds were continually disbursed after the deadlines (this occurred in 74 of the 159 loans reviewed during the audit).

RESULTS

- ◆ The ODA generally concurred with the audit findings, but disagreed with three of the four recommendations, commenting on several issues raised in the report. It agreed that not all credit reviews were completed as required, but believed it had the authority to relax credit review requirements, even though such action circumvented SBA's own regulations.
- ◆ The Office of Inspector General supports ODA's attempt to more fairly serve Gulf Coast hurricane victims by adjusting lending policy requirements, but not to the point of diluting the SBA's ability to collect on the loans disbursed. Further, the Office of Inspector General believes that providing loan funds to borrowers who cannot repay them ultimately harms borrowers as the loans may default, further weakening their credit standing.

Withdrawals of Disaster Loan Applications

#08-11, March 28, 2008

SUMMARY

- ◆ The audit disclosed that ODA generally acted appropriately when withdrawing incomplete loan applications. However, for 30 of 96 loans sampled, ODA withdrew the loans without providing applicants with advance notice. When the sample results were projected to the universe of loan applications, the Office of Inspector General estimated that ODA inappropriately withdrew between 2,075 and 3,879 loan applications.
- ◆ The Office of Inspector General was unable to determine a significant impact upon applicants. Of the 30 applicants, the Office of Inspector General could locate only seven borrowers, and only one of these still desired the loan.

Section 3.9 Small Business Administration Audits, Inspections, and Other Reviews

(continued)

RESULTS

- ◆ The Office of Inspector General recommended that ODA implement better internal controls to ensure that 14-day letters and withdrawal letters are sent to applicants, as required.
- ◆ The Office of Inspector General also recommended that ODA revise production goals to exclude loan application withdrawals.
- ◆ The ODA agreed to implement the Office of Inspector General's recommendations.

ONGOING AUDITS AND REVIEWS

Early-Defaulted Gulf Coast Disaster Loans

#8302

OBJECTIVE

To determine whether Gulf Coast hurricane disaster loans that defaulted within 18 months of the first loan payment (1) received adequate screening and credit evaluation during the application process, and (2) were serviced in accordance with loan provisions and regulations in order to:

- ◆ Identify opportunities for monetary recoveries,
- ◆ Identify opportunities for improvements in origination and servicing processes, and
- ◆ Assess ODA's preparedness to handle the increased amount of early-default loans.

BACKGROUND

The creditworthiness of the borrowers could put a significant amount of Gulf Coast disaster funds at risk, given the unprecedented amount of funds disbursed under expedited loan procedures.

Disaster Loss Verification Process

#7402

OBJECTIVE

To determine whether:

- ◆ The loss verification process was adequately designed to ensure that the cause and cost of damages were appropriately determined,
- ◆ SBA exercised the proper level of oversight and provided adequate direction to loss verifiers to ensure that disaster related damages were adequately verified, and
- ◆ SBA had adequate safeguards over the hiring and screening of loss verifiers to prevent fraud and conflicts of interest.

BACKGROUND

- ◆ Loss verifiers are the only individuals that view damage caused by the disaster. They inspect properties to evaluate the extent and causes of the disaster-related damage and estimate the repair or replacement costs.
- ◆ The loss verification process is subject to overstated or understated losses because loss verifiers may make erroneous evaluations or conspire with disaster victims to increase loan amounts.

Use of Proceeds Supporting Disaster Loan Progress Payments

#8301

OBJECTIVE

- ◆ To determine if SBA secured required documents prior to disbursement of additional loan funds.
- ◆ To identify:
 - Improper uses of disaster loan proceeds that merit recovery,
 - Unsupported loan disbursements, and
 - Improvements needed in the processing of loan disbursements.

BACKGROUND

- ◆ After loan approval, SBA makes an initial disbursement of \$5,000 to \$25,000, depending on the type of loan.
- ◆ For subsequent disbursements, borrowers must provide receipts for work done. The receipts are reviewed by SBA to ensure that loan proceeds are used appropriately.
- ◆ SBA may also request progress inspections from loss verifiers.

PLANNED AUDITS AND REVIEWS

Disaster Loan Servicing Centers

OBJECTIVE

- ◆ To determine the reasons for delays in transferring fully-disbursed loans to Loan Servicing Centers, and
- ◆ To determine whether Gulf Coast disaster loans are being adequately serviced to prevent loan defaults.

BACKGROUND

- ◆ As of March 31, 2008, SBA had fully disbursed almost 116,000 Gulf Coast home and business disaster loans totaling over \$6.1 billion. These loans will be serviced by Loan Servicing Centers at Birmingham, Alabama, and El Paso, Texas.
- ◆ The Servicing Centers monitor the status of loans, process modifications requested by borrowers, contact the borrowers to address any problems that arise, and negotiate workout agreements with borrowers when loans default.
- ◆ As of February 8, 2008, SBA's Processing and Disbursement Center in Fort Worth, Texas was holding 25,352 fully disbursed loans that had not been transferred to the servicing centers.
- ◆ The unprecedented volume of Gulf Coast disaster loans may severely affect the ability of the centers to monitor loan repayments and recover losses on loans that default.

Section 3.9 Small Business Administration Audits, Inspections, and Other Reviews

3.9

Borrower Eligibility for Disaster Loans

OBJECTIVE

- ◆ To determine whether SBA has controls in place to prevent ineligible applicants from receiving disaster loans.
- ◆ To identify and recoup improper loan payments.

BACKGROUND

- ◆ As of March 31, 2008, SBA had approved nearly 120,000 disaster assistance loans totaling almost \$7 billion to individuals and businesses that suffered losses because of the Gulf Coast hurricanes.
- ◆ The majority of these loans were approved in the first nine months following Hurricane Katrina.
- ◆ This unprecedented volume of loans resulting from the Gulf Coast hurricanes, coupled with expedited loan approval processes implemented by SBA to handle the significantly increased loan activity, makes this highly visible program susceptible to fraud and abuse.

Disaster Staffing and Mobilization

OBJECTIVE

To assess how well SBA has identified its long-range staffing needs to service and liquidate the significant volume of approved loans associated with the Gulf Coast hurricanes and to respond to future large-scale disasters.

BACKGROUND

On June 1, 2007, SBA delivered to Congress a National Disaster Response Plan that identifies estimated staffing levels needed based on different disaster scenarios and SBA's strategies for responding to disasters.

Final Disbursements on Disaster Loans

OBJECTIVE

To determine whether loan recipients used final disbursements in accordance with intended purposes, to highlight opportunities to strengthen SBA's internal controls, and to identify misused funds for recovery.

BACKGROUND

- ◆ SBA disburses loans in stages based on borrower needs. To receive remaining loan proceeds after initial disbursements, borrowers must submit certifications and supporting receipts to prove that proceeds from prior disbursements were used properly.
- ◆ SBA is required to take reasonable precautions before making final disbursements on major construction projects to ensure the projects are satisfactorily completed.
- ◆ When loans are fully disbursed, SBA transmits loan files to Loan Servicing Centers, where their status is monitored.
- ◆ Based on a review of SBA's disaster assistance and loan servicing procedures, SBA did not always review borrower receipts to determine whether final disbursements were used as intended and in accordance with Federal laws and regulations.

Section 3.10 United States Department of Agriculture Audits, Inspections, and Other Reviews

3.10

3.10 USDA Overview

- ◆ The United States Department of Agriculture continues to participate with committees, working groups, and task forces in efforts to detect fraud, waste, and abuse.
- ◆ Investigators and auditors from the Office of Inspector General have been participating in a Hurricane Katrina/Rita Fraud Task Force since January 2006. The Office of Inspector General Audit section is currently working with the IGs of HUD and the SBA to coordinate efforts to detect and prevent duplication of Federal benefits from going to recipients during disasters from the three departments.
- ◆ Since November 1, 2005, the Office of Inspector General has conducted 48 cases in which the Food and Nutrition Service (FNS), Farm Service Agency (FSA), and Rural Development (RD) departments have been defrauded by individuals who have submitted false claims or provided false statements to obtain Federal benefits. Since June 2006, 88 individuals have been indicted, and 30 have been convicted and sentenced. Fines and restitution thus far have totaled \$26,725 and \$451,975 respectively. The task force is expected to continue through FY 2009.

FINAL AUDITS

Hurricane Relief Initiative – Tree Indemnity Program

03601-0013-At, March 10, 2008

SUMMARY

- ◆ Of the 40 producers interviewed in FSA's Tree Indemnity Program (TIP), 28 could not provide replanting, rehabilitation, cleanup, and/or debris removal cost documentation adequate to support \$545,230 in TIP payments. TIP provided funds to eligible owners of commercially grown fruit trees, nut trees, bushes, and vines that produce an annual crop and were lost or damaged due to 2005 Hurricanes Dennis, Katrina, Ophelia, Rita, or Wilma. Producers must have incurred damages to their trees, bushes, and/or vines that would cost at least \$90 per acre for replanting, rehabilitation, cleanup, and/or debris removal.
- ◆ Although FSA informed the producers that they were required to document and maintain support for their costs, and that they would be required to provide such documentation to FSA in the event the producers were selected for spot check, FSA did not provide producers with guidance detailing what constituted adequate documentation. Also, at the time of the audit, FSA had not issued procedures to spot check producers' documentation of TIP-related costs.

RESULTS

- ◆ USDA recommended that FSA:
 - Provide producers with detailed guidance on maintaining acceptable documentation of costs for future programs;
 - Finalize and implement spot-check procedures to verify documentation supporting TIP payments; and
 - Recover the \$545,230 in unsupported TIP payments.
- ◆ The agency is implementing corrective actions based on the report.

Section 3.10 United States Department of Agriculture Audits, Inspections, and Other Reviews

Farm Service Agency's Hurricane Relief Initiatives: Emergency Conservation Program

03601-0027-At, February 26, 2008

SUMMARY

- ◆ Overall, the audit concluded that the flexibility provided to the states by FSA's ECP allowed them to better facilitate producers' timely recovery from damage caused by the successive hurricanes that devastated farmland throughout the Gulf Coast in 2005.
- ◆ FSA state offices were authorized to increase Emergency Conservation Program (ECP) approval limits and waive pre-approval onsite inspections of the extent of damage. However, the audit found that FSA county personnel approved applications from both their fellow employees and their superiors, which was not allowed by procedure.
- ◆ Also, although FSA replaced its pre-approval onsite inspections with post-approval spot checks of 25% of approved applications, the spot checks did not always provide reasonable assurance that claimed costs were commensurate with the work or services performed.
- ◆ For example, once debris had been removed, it was difficult to gauge the extent or location of the original damage and, therefore, the actual expenditures required to rehabilitate the land.
- ◆ Debris at sites the Office of Inspector General visited had been burned or piled at various locations, making it impractical to verify the extent of the damage.

RESULTS

FSA agreed to:

- ◆ Review all employee and county committee applications not approved by the appropriate level;
- ◆ Remind its state and county office employees of relevant approval authority rules; and
- ◆ Develop guidance to limit preapproval onsite inspection waivers for those types of ECP projects that FSA determines are least capable of being evaluated after rehabilitation work has been performed.

Hurricane Initiatives: Aquaculture Grants to States

03601-0048-Te, October 18, 2007

SUMMARY

- ◆ The audit found that FSA needs to improve controls over the approval and distribution of future grant funds such as those distributed under Aquaculture Grant Program (AGP). AGP provided \$25 million in block grants to Alabama, Florida, Louisiana, Mississippi, North Carolina, and Texas to mitigate producers' aquaculture losses due to the 2005 Hurricanes Dennis, Katrina, Ophelia, Rita, and Wilma.
- ◆ FSA did not allocate the \$25 million in AGP funds based on estimated losses but instead on the numbers of farms and values of production in the states.
- ◆ In addition, two states, on their own accord and counter to their agreements with FSA, compensated producers based on criteria other than the producers' losses:
- ◆ Mississippi paid producers based on feed purchased, and
- ◆ Alabama paid producers based on surface acres of water.

- ◆ Because of different methodologies, Louisiana paid certain counties at a higher rate, but could not provide evidence of how it determined which counties would receive this higher rate. Mississippi compensated catfish producers based on the amount of feed purchased, and compensated producers of all other species on the amount of actual loss.
- ◆ All of the problems are ultimately attributable to FSA's lack of adequate control over the states' implementation of the program.

RESULTS

FSA agreed to:

- ◆ Develop a methodology for future grant programs to better direct grant funds to the areas most directly affected.
- ◆ Develop and implement controls for future grant programs to ensure that such programs achieve their intended results and treat program participants equitably.

Hurricane Relief Initiatives: Natural Resource Conservation Service Emergency Watershed Program and Disposal of Dead Animals

50601-0012-KC

SUMMARY

- ◆ Overall, the Natural Resource Conservation Service's (NRCS) management controls in Mississippi and Louisiana were in place and functioning as intended:
 - To identify eligible sponsor entities and watershed project areas,
 - To solicit bids and award contracts, and
 - To inspect and verify the completion of designed channel restorations and levee repairs after Hurricanes Katrina and Rita.
- ◆ NRCS had provided funding for the affected states to restore channels and levees and to remove and dispose of dead poultry.
- ◆ NRCS initially allocated \$23.9 million in Emergency Watershed Protection Program (EWP) funds to the affected areas. The funding for Louisiana and Mississippi totaled approximately \$10.5 million and \$7.5 million, respectively, for exigent projects in Louisiana and serious, but nonexistent, projects in Mississippi.
- ◆ Each state obligated funding to its highest priority projects, but the initial EWP funding was not obligated to the highest priority projects across the entire disaster impacted area.

RESULTS

The audit recommended that NRCS evaluate the use of program funding for future disasters across any multistate disaster areas to ensure that available funding can be put to the highest priority or best use. NRCS said that it will assess the funding, but that funding had been sufficient to fully fund all exigent requests.

Section 3.10 United States Department of Agriculture Audits, Inspections, and Other Reviews

ONGOING AUDITS

Risk Management Agency's 2005 Emergency Hurricane Relief Efforts in Florida

05099-0028-At

OBJECTIVE

To evaluate the adequacy of the Risk Management Agency's (RMA's) management controls to ensure the timeliness and accuracy of indemnity payments resulting from Hurricanes Katrina and Wilma in Florida. Assessment includes:

- ◆ Timeliness and adequacy of RMA's emergency loss adjustment procedures issued for these two hurricanes;
- ◆ Oversight of indemnity claims processed by the RMA for hurricane-damaged crops; and
- ◆ RMA Approved Insurance Provider's (AIP's) management controls over loss adjustment determinations made for crops affected by these two hurricanes.

Hurricane Indemnity Program – Integrity of Data Provided by Risk Management Agency

50601-0015-At

OBJECTIVE

- ◆ To evaluate the:
 - Effectiveness of FSA's delivery of the Hurricane Indemnity Program (HIP); and
 - The adequacy of RMA's control over the changes, specifically changes in the causes of loss or the dates of damage, to data submitted by AIPs and provided to FSA in relation to HIP.
- ◆ To determine:
 - If FSA's management controls for the program were effective to minimize/preclude improper payments and fraud; and
 - Whether changes made to RNA data by AIPs were valid and supportable. If not, we will determine the impact on FSA HIP payments by these unsupported changes.

Hurricane Relief Initiatives: Livestock and Feed Indemnity Programs

03601-0023-KC

OBJECTIVE

To evaluate the effectiveness of FSA's program delivery of the Livestock Indemnity Program and Feed Indemnity Program, and the adequacy of its management controls to ensure program integrity.

Hurricane Relief Initiatives: Emergency Forestry Conservation Reserve Program

03601-24-KC

OBJECTIVE

To evaluate the effectiveness of FSA's program delivery of the Emergency Forestry Conservation Reserve Program and the adequacy of its management controls to ensure program delivery.

Forest Service Controls Over Documenting and Reporting its Hurricane Relief Expenditures to FEMA

08601-0051-SF

OBJECTIVE

To evaluate the adequacy of the Forest Service's controls over documenting and reporting its hurricane relief expenditures to FEMA.

PLANNED AUDITS

Rural Rental Housing Project Insurance, Maintenance, and Reserve Account Funding – Florida

OBJECTIVE

- ◆ To evaluate whether the insurance coverage was sufficient to rebuild and repair affected Rural Rental Housing projects.
- ◆ To assess:
 - The rising cost of insurance on project operations,
 - Whether repairs were properly completed in accordance with the state's enhanced building codes,
 - The overall project maintenance, and
 - The reserve funding to identify the existence of equity skimming of funds through improper/inflated project expenditures.

BACKGROUND

In 2004 and 2005, major hurricanes caused catastrophic damage throughout the state of Florida. Property insurance rates have increased significantly, in some cases tripling annual premiums. After hurricane Andrew caused major damages in 1992, the state enhanced its building codes to reduce hurricane damage. RD in Florida received \$90 million of disaster aid for Rural Housing Service programs.

Citrus Indemnity Payments Resulting From 2005 Florida Hurricanes

OBJECTIVE

- ◆ To evaluate:
 - The adequacy of RMA management controls when responding to hurricanes, and
 - RMA's managers bulletins to help AIPs timely and accurately determine indemnity payments,
- ◆ To determine whether:
 - The AIPs wrote policies in compliance with RMA procedures and the accuracy of the AIPs adjusting the losses, and
 - Producers are keeping good farming records required by RMA regulations.

BACKGROUND

Citrus producers in the state of Florida received indemnity payments for calendar year 2005 totaling \$60 million from the 2005 Florida Hurricanes Katrina and Wilma. AIP generally waited for the citrus harvest to determine the hurricane's impact on citrus production necessary to compute claims.

Section 4 | Investigations



4

Overview of Investigations

Purpose: To detail the investigations that are conducted when concerns arise regarding whether a law has been violated. Results as of March 31, 2008 are as follows:

Agency	Hotline Complaints	Cases Opened	Arrests	Indictments	Convictions
CNCS	3	4	-	-	-
DHS	17,244	1,954	871	894	577
DOC	2	1	-	-	-
DOD	9,664	15	1	-	4
DOE	2	-	-	-	-
DOI	1	1	-	-	-
DOJ	-	8	1	1	1
DOL	15	314	77	137	84
DOT	1	18	3	4	3
ED	1	1	-	-	-
EPA	12	9	-	-	-
GSA	-	3	-	-	-
HHS	8	23	10	8	10
HUD	275	403	125	125	87
NASA	-	12	5	2	-
SBA	20	80	33	46	30
SSA	29	64	57	52	45
TIGTA	-	6	1	1	1
TREAS	-	4	1	3	2
USDA	8	48	1	88	30
USPS	67	7	-	-	-
VA	-	-	-	-	-
TOTAL	27,352	2,975	1,186	1,362	874

Section 4.1 Department of Homeland Security Investigations

4.1 DHS Overview

- ◆ DHS continues to participate in Hurricane Fraud Task Force activities to uncover fraudulent hurricane-related activities.
- ◆ Investigators actively participate with the Department of Justice Fraud Task Force established by the U.S. Attorney General in September 2005.
- ◆ As a result of Hurricanes Katrina and Rita, offices have been established in Baton Rouge, Louisiana; Biloxi, Mississippi; Mobile, Alabama; and Hattiesburg, Mississippi. These offices are staffed primarily with temporary investigators who are “Cadre On-Call Response Employees” or Disaster Assistance Employees.
- ◆ DHS continues to work with other departments and agencies to sustain these investigative efforts.

Update: Alabama Resident Sentenced to Longest Known Prison Sentence for FEMA Fraud

- ◆ An investigation was conducted on an individual who was subsequently indicted on 26 counts involving filing of false claims for Hurricane Katrina disaster assistance, theft of funds intended for victims of Hurricane Katrina, threatening a witness from another Hurricane Katrina case, drug distribution, weapons charges, aggravated identity theft, and lying to Federal authorities.
- ◆ The subject was convicted on 22 counts and was sentenced to 43 years in Federal prison, ordered to pay \$79,607 restitution to FEMA and was fined \$2,200. According to the Department of Justice, Hurricane Katrina Fraud Task Force, this was the longest known prison sentence on record for a person convicted of FEMA fraud.

Update: Alabama Resident Sentenced to Six Year Prison Sentence for FEMA Fraud

- ◆ An investigation was conducted on an individual who was subsequently indicted on four counts involving theft of funds intended for victims of Hurricane Katrina. The subject filed five false applications for disaster assistance.
- ◆ The investigation revealed that the subject was incarcerated prior to the storm and released sometime after Hurricane Katrina struck the Gulf Coast. The subject entered a guilty plea to all counts of the indictment.
- ◆ The subject was sentenced to six years in Federal prison; three years supervised probation upon release from prison, ordered to pay \$22,358 restitution to FEMA, and was fined \$400.
- ◆ Testimony at the sentencing described the subject’s detailed involvement and connections to the FEMA fraud. This testimony included areas not charged in the indictment and that contributed to the length of prison sentence the subject received from the court.

4.1

Ten Eastern Mississippi Residents Charged with FEMA Katrina Fraud

- ◆ This investigation resulted in ten subjects being indicted who were all members of the same family. The subjects filed false disaster assistance claims using an address in Biloxi, Mississippi, that did not exist. None of the subjects had ever been to the address they claimed.
- ◆ The investigation was opened on a single subject who eventually disclosed that nine other family members also filed false claims and the investigation expanded to cover all of them. Total dollar loss to FEMA was \$50,706. All ten subjects have entered guilty pleas for defrauding the government and are awaiting sentencing.

Update: Louisiana Fire Chief Involved In Stealing FEMA Medical Supplies

- ◆ Information was received that the fire chief of a Louisiana fire department submitted fraudulent billings to FEMA involving the Louisiana Rural Ambulance Alliance. It was also alleged that the chief had stolen medical equipment as he was working at an emergency operations center staging area which was run by FEMA and the Louisiana Department of Health and Hospitals.
- ◆ The fire chief pleaded guilty in Federal court to attempted murder of a potential grand jury witness to cover up a scheme to steal and sell state-owned/FEMA purchased medical equipment. He was sentenced to a total of 287 months and restitution in the amount of \$48,000.

Sixteen Individuals Sentenced in a Scheme to Defraud FEMA

- ◆ A joint investigation with the U.S. Secret Service resulted in sixteen individuals being indicted and subsequently pleading guilty to false claims to FEMA in the filing and receiving of individual assistance disaster benefits.
- ◆ All of the sixteen subjects were sentenced to approximately three years probation. The total loss to FEMA in fraudulent claims made by the sixteen individuals amounted to \$67,074.

Five Katrina Evacuees Indicted for Conspiring to File False Claims

- ◆ Five former residents of New Orleans, Louisiana, were indicted and charged with conspiracy and mail fraud. Each subject submitted multiple disaster benefit applications to FEMA, claiming that they were displaced from houses or apartments when Hurricane Rita made landfall.
- ◆ In fact, the subjects were already living in FEMA-funded apartments (which were undamaged by the storm), at the time of the disaster. As a result of their false claims, the subjects received approximately \$46,000.

Section 4.1 Department of Homeland Security Investigations

4.1

Thirteen Subjects Indicted for Filing False Claims for FEMA Assistance

- ◆ A joint investigation with the Office of Inspector General for Housing and Urban Development, Federal Bureau of Investigation, Social Security Administration, U.S. Postal Inspection Service, and the U.S. Marshal's Service involving 13 subjects who fraudulently obtained disaster assistance benefits by filing applications, claiming to have suffered damages from Hurricanes Katrina and Rita.
- ◆ Six of the thirteen were indicted for violations for false statements. The remaining defendants were charged with violating local state theft statutes. The defendants are awaiting trial.

Husband and Wife Indicted on FEMA Fraud – Wife Pleads Guilty and is Awaiting Sentencing

- ◆ An investigation was opened after six individuals filed fraudulent disaster assistance applications following Hurricanes Katrina and Rita, and received \$14,744 in benefits. All six persons used the same mailing address and bank account.
- ◆ A joint DHS Office of Inspector General, U.S. Secret Service, and Postal Inspection Service investigation identified the couple that resided at the address and determined they had no connection to the Gulf Coast disaster. Both were arrested, pursuant to a warrant issued, charging them with theft of Federal program funds.
- ◆ The wife subsequently pleaded guilty and is awaiting sentencing. The charges against the husband were dismissed.

Defendant Pleads Guilty to Fraudulently Receiving FEMA Assistance

- ◆ An investigation was opened after the U.S. Secret Service requested assistance in connection with the investigation of an individual who submitted false disaster claims to FEMA and requested false disaster benefits from the American Red Cross.
- ◆ The investigation determined that the individual fraudulently received \$4,358 in Hurricane Katrina disaster relief funds from FEMA and \$7,650 in disaster relief funds from the Red Cross.
- ◆ The individual was charged and pleaded guilty to making fraudulent claims, was subsequently sentenced to six months incarceration, and was directed to pay \$10,377 in restitution.

Couple Pleaded Guilty and Indicted on Social Security and FEMA Fraud – Both Sentenced to Incarceration and Home Detention, and Ordered to Pay \$110,980 in Restitution

- ◆ An investigation was opened after the U.S. Attorney's Office requested assistance with the investigation of a husband and wife for submitting fraudulent Social Security and FEMA claims.
- ◆ A joint investigation by DHS Office of Inspector General, Social Security Administration (SBA) Office of Inspector General, and the Federal Bureau of Investigations (FBI) revealed the couple received \$110,980 in SSA benefits and \$13,071 in FEMA benefits.
- ◆ The couple was indicted for theft of public money, social security fraud and mail fraud. They subsequently pleaded guilty, and were sentenced to a combination of imprisonment and home detention, and ordered to pay \$110,980 in restitution.

Section 4.2 Department of Defense Investigations

4.2

4.2 DOD Overview

- ◆ As of March 31, 2008, the Defense Criminal Investigative Service (DCIS), and the criminal investigative arm of the Inspector General of the Department of Defense, has received 34 criminal allegations related to Hurricanes Katrina and Rita.
- ◆ In support of this effort, DCIS agents have initiated 15 investigations concerning bribery, kickbacks, false claims, and possible product substitution. During this reporting period the U.S. Army Corps of Engineers negotiated an administrative settlement to recover \$560,000 from a Blue Roof contractor. To date a total of four convictions have been adjudicated.
- ◆ In regards to the Hurricane Katrina Fraud Task Force (HKFTF), DCIS attends monthly meetings at the Task Force Command Center to brief other task force members on investigative efforts. DCIS also serves as the liaison between law enforcement and the Army Corps of Engineers. DCIS continues to assist the Task Force by reviewing in-coming complaints at the command center.

Section 4.3 Department of Housing and Urban Development Investigations

4.3 HUD Overview

- ◆ The Office of Investigation continues to concentrate on disaster funding fraud in the Gulf Coast region. The primary focus during this period remains in both Mississippi and Louisiana with the homeowner grant programs and small rental grant programs.
 - The purpose of the homeowner grant assistance program is to provide a one-time grant payment (maximum \$150,000) to eligible homeowners who had suffered flood damage to their primary residence as of August 29, 2005, from Hurricane Katrina. The homeowner grant assistance program is designed to provide compensation to those affected by the hurricane.
 - The small rental grant programs provide financial assistance to small rental property owners to return an estimated 18,000 affordable and ready to be occupied units to the rental housing market. The primary purposes of this financing program is to enable small-scale rental properties to return to the market while limiting the amount of debt required for the properties so that the owners will be able to charge affordable rents.
- ◆ Investigations of these programs and others require continued close coordination by the Gulf Coast Regional Office with the SBA Office of Inspector General, the FBI and the DHS Office of Inspector General.
- ◆ The Office of Investigation (OI) continues to conduct outreach to law enforcement partners, state agencies, multifamily property owners and managers, and HUD personnel in a continuing effort to implement anti-fraud measures and to ensure that information flows to the HKFTF Command Center in Baton Rouge, Louisiana. The main HUD program areas are the Office of Community Development Block Grants (CDBG), Office of Public Housing, Office of Multifamily Housing, and the Office of Single Family.
- ◆ The OI continues to support the HKFTF, and during this period has conducted analysis of over 2,000 hotline complaints and referred more than 70 of those complaints to the regional office for further evaluation. The Gulf Coast Regional Office has referred more than 50 of the HKFTF complaints to the Road Home program for additional review, resulting in 20 criminal investigations being initiated jointly by HUD Office of Inspector General and the FBI on suspected fraud in the homeowner assistance program.
- ◆ The Gulf Coast Regional Office together with the Disaster Relief Oversight Division (DROD) and HUD's Office of Public Housing, has collaborated on antifraud measures in the Disaster Housing Assistance Program (DHAP) which HUD assumed administrative control from FEMA in late 2007.
- ◆ DHAP, as a continuation of the FEMA Disaster Voucher Program, provides for the immediate need for housing assistance that disaster-displaced families face, relieving FEMA of this responsibility. HUD, through an interagency agreement with FEMA, is administering DHAP with over \$565 million in FEMA grant funds.
- ◆ HUD has control of DHAP for up to 18 months of rental assistance and case management services for approximately 45,000 FEMA families, using public housing authorities nationwide. During this period, HUD has referred over 150 potential DHAP criminal investigations of duplicate benefits by landlords, which are being reviewed and analyzed by the HKFTF for FEMA fraud, HUD fraud, SBA fraud, and other potential violations.

4.3

Lafayette, Louisiana: Homeowner Assistance Grant Fraud – HUD Disaster Funding, False Claims to Obtain SBA, FEMA, and USDA Benefits

- ◆ A female defendant applied for and received SBA, FEMA, and USDA disaster assistance and attempted to obtain \$150,000 in Community Development Block Grant (CDBG) disaster recovery funds through the Louisiana Road Home program for hurricane-damaged residential property. The property damaged was not her residence during Hurricane Rita.
- ◆ She was sentenced in U.S. District Court, Lafayette, Louisiana, to five years probation; ordered to pay the SBA \$121,000, FEMA \$8,211, and USDA \$798 in restitution; directed to remit \$294 in monthly supervision costs for five years; and fined \$15,000 for her earlier guilty plea to making false claims.

Gulfport, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, False Claims for FEMA and Mississippi Development Agency Benefits

- ◆ A female defendant applied for and received FEMA and CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but the property damaged was not her primary residence.
- ◆ She was sentenced in U.S. District Court, Gulfport, Mississippi, to six months home confinement with electronic monitoring and 60 months supervised release. She was ordered to perform 60 hours of community service and pay the Mississippi Development Authority (MDA) \$39,616 and FEMA \$17,182 in restitution for her earlier guilty plea to making false statements and filing false claims.

Gulfport, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, False Claims Using Another’s Primary Residence

- ◆ A male defendant applied for and received FEMA and USDA disaster assistance and CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but the property damaged was not his primary residence.
- ◆ He was sentenced in U.S. District Court, Gulfport, Mississippi, to 12 months probation and ordered to pay MDA \$35,413, FEMA \$16,712, and USDA \$792 in restitution for his earlier guilty plea to making false claims, theft of government funds, and food stamp fraud.

Gulfport, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, Attempt to Receive \$100,000 in CDGB Disaster Recovery Funds

- ◆ A female defendant applied for and received FEMA disaster assistance and attempted to obtain USDA, SBA, and \$100,000 in CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but the property damaged was not her primary residence.
- ◆ She was sentenced in U.S. District Court, Gulfport, Mississippi, to 21 months confinement and 36 months supervised probation. She was ordered to perform 70 hours of community service and pay FEMA \$22,815 in restitution for her earlier guilty plea to making false statements, filing false claims, and theft of government funds.

Section 4.3 Department of Housing and Urban Development Investigations

Gulfport, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, False Claims In An Attempt to Obtain \$150,000 in MDA Disaster Recovery Funds

- ◆ A male defendant applied for and received FEMA disaster assistance and attempted to obtain \$150,000 in CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but the property damaged was not his primary residence.
- ◆ He was sentenced in U.S. District Court, Gulfport, Mississippi, to three years of probation and six months home confinement with electronic monitoring and ordered to pay FEMA \$9,558 in restitution for his earlier guilty plea to making false statements and filing false claims.

Gulfport, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, Couple Ordered to Pay Restitution for Receipt of Funds by Making False Claims

- ◆ A couple applied for and received \$56,706 in FEMA and SBA disaster assistance and attempted to obtain \$68,780 in CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but the property damaged was not their primary residence.
- ◆ They were each sentenced in U.S. District Court, Gulfport, Mississippi, for their earlier guilty pleas to making false statements and filing false claims. The first defendant was sentenced to 18 months incarceration and three years of supervised release, ordered to pay FEMA \$6,706 and SBA \$47,078 in restitution, and fined \$4,000. The second was sentenced to 36 months probation, ordered to pay the above restitution jointly and severally, and fined \$600.

Gulfport, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, False Claims and Ordered to Pay Restitution and Perform Community Service

- ◆ A female defendant applied for and received FEMA disaster assistance and attempted to obtain \$150,000 in CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but the property damaged was not her primary residence.
- ◆ She was sentenced in U.S. District Court, Gulfport, Mississippi, to six months home confinement, five years of probation, ordered to perform 70 hours of community service, and pay FEMA \$24,337 in restitution for her earlier guilty plea to making false statements and filing false claims.

Gulfport, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, Ordered to Pay Restitution to SBA and FEMA

- ◆ A male defendant applied for and received FEMA and SBA disaster assistance and attempted to obtain \$150,000 in CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but the property damaged was not his primary residence.
- ◆ He was sentenced in U.S. District Court, Gulfport, Mississippi, to 12 months, 1 day incarceration and 36 months supervised release. He was ordered to perform 50 hours of community service, pay FEMA \$8,000 and SBA \$10,156 in restitution, and fined \$3,000 for his earlier guilty plea to making false statements and theft of government funds.

Gulfport, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, False Statements and Filing False Claims

- ◆ A male defendant applied for and received FEMA disaster assistance and attempted to obtain \$64,503 in CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but the property damaged was not his primary residence.
- ◆ He was sentenced in U.S. District Court, Gulfport, Mississippi, to five months incarceration, five months home confinement, and 24 months supervised release. He was ordered to perform 100 hours of community service and pay FEMA \$24,634 in restitution for his earlier guilty plea to making false statements and filing false claims.

Gulfport, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, False Statements and Mail Fraud

- ◆ A female defendant applied for and received \$4,358 in FEMA disaster assistance and attempted to obtain \$100,000 in CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but the property damaged was not her primary residence
- ◆ She pleaded guilty in U.S. District Court, Gulfport, Mississippi, to making false statements and mail fraud.

Jackson, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, False Statements, Filing False Claims, Theft of Government Funds, and Wire Fraud

- ◆ A female defendant allegedly applied for and attempted to obtain \$150,000 in CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but the property damaged was not her primary residence.
- ◆ She was indicted in U.S. District Court, Jackson, Mississippi, for making false statements, filing false claims, theft of government funds, and wire fraud.

Gulfport, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, Convicted for False Statements, Theft of Government Funds, and Wire Fraud

- ◆ A female defendant applied for and received \$25,841 in FEMA disaster assistance and attempted to obtain \$150,000 in CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but she did not own or occupy the property during Hurricane Katrina.
- ◆ She was convicted in U.S. District Court, Gulfport, Mississippi, of making false statements, theft of government funds, and wire fraud.

Gulfport, Mississippi: Homeowner Assistance Grant Fraud – HUD Disaster Funding, Couple Received \$112,081 in SBA, FEMA, and USDA Benefits

- ◆ A married couple allegedly applied for and received \$17,814 in FEMA, \$80,600 in SBA, and \$13,667 in USDA disaster assistance and attempted to obtain \$4,219 in CDBG disaster recovery funds through MDA for hurricane-damaged residential property, but the property damaged was not their residence during the storm.
- ◆ They were each indicted in U.S. District Court, Gulfport, Mississippi, for making false statements, filing false claims, theft of government funds, committing fraud in connection with a government loan, and civil forfeiture.

Section 4.3 Department of Housing and Urban Development Investigations

Houston, Texas: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ A Houston Housing Authority (HHA) Section 8 tenant and five other conspirators each pleaded guilty in U.S. District Court, Houston, Texas, to conspiracy to file false claims.
- ◆ Together they filed 77 fraudulent FEMA disaster assistance applications and received \$92,958 in FEMA assistance they were not entitled to receive.

Tucson, Arizona: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ Sixteen defendants were indicted or charged in U.S. District Court, Tucson, Arizona, or Maricopa County Superior Court, Phoenix, Arizona, for making false statements, theft of government funds, or committing forgery.
- ◆ The defendants allegedly applied for and collectively received \$67,000 in HUD-funded housing assistance and FEMA or the American Red Cross disaster assistance after they claimed to be displaced victims of Hurricane Katrina, but each defendant resided in Arizona during the storm.

Jackson, Mississippi: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ A former unauthorized Mississippi Regional Housing Authority Section 8 tenant was sentenced in U.S. District Court, Jackson, Mississippi, to 12 months incarceration and 36 months supervised release; and ordered to pay FEMA \$14,750 in restitution for his earlier guilty plea to making false statements, theft of government funds, aiding and abetting, and mail fraud.
- ◆ He applied for and received \$14,750 in FEMA disaster assistance after he claimed residency in a Biloxi Housing Authority subsidized unit during Hurricane Katrina, but was not an authorized tenant before the storm.

New Orleans, Louisiana: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ Two Thibodaux Housing Authority public housing tenants applied for and received FEMA disaster assistance after they claimed personal property damage from Hurricane Katrina, but Thibodaux Housing Authority suffered no storm damage nor were tenants evacuated. Both pleaded guilty or were sentenced in U.S. District Court, New Orleans, Louisiana.
- ◆ The first pleaded guilty to theft of government funds and the second was sentenced to three years of supervised probation and ordered to pay FEMA \$500 in restitution for her earlier guilty plea to making false statements and claims.

San Francisco, California: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ Four conspirators, who are either authorized or unauthorized San Francisco Housing Authority (SFHA) Section 8 or public housing tenants, were each charged in U.S. District Court, San Francisco, California, with theft of government funds. They allegedly applied for and received FEMA disaster assistance after they claimed to be displaced victims of Hurricane Katrina, but they resided in SFHA subsidized housing units during the storm.
- ◆ Another conspirator, a SFHA Section 8 tenant, was sentenced to 12 months probation and ordered to pay FEMA \$2,000 in restitution for her earlier guilty plea to theft of government funds. She admittedly applied for and received FEMA disaster assistance.

New Orleans, Louisiana: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ A Slidell Housing Authority Section 8 tenant and former Disaster Voucher program participant at both the Omaha Housing Authority and the Fulton County Housing Authority, pleaded guilty in U.S. District Court, New Orleans, Louisiana, to wire and mail fraud.
- ◆ The defendant claimed hurricane evacuee status on 14 separate occasions at the American Red Cross Disaster Assistance Centers in Louisiana and Georgia and fraudulently obtained \$18,580 in disaster assistance she was not entitled to receive.

Lafayette, Louisiana: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ A Section 8 tenant at Himbola Manor Apartments (Himbola), a HUD-funded multifamily housing development, was sentenced in U.S. District Court, Lafayette, Louisiana, to 36 months probation and ordered to pay FEMA \$2,000 in restitution for her earlier guilty plea to making a false claim.
- ◆ She applied for and received FEMA disaster assistance after claiming personal property damage from Hurricane Rita, but Himbola suffered no storm damage nor were tenants evacuated.

San Francisco, California: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ A Section 8 tenant at Scotland Square Apartments (Scotland), a HUD-funded multifamily housing development, pleaded guilty in U.S. District Court, Baton Rouge, Louisiana, to mail fraud.
- ◆ In addition, three other former Scotland Section 8 tenants were each sentenced for their earlier guilty pleas to theft of government funds or filing false claims. Two were each sentenced to two years probation, and the third was sentenced to three years probation. All were ordered to collectively pay FEMA \$4,517 in restitution.
- ◆ The above defendants applied for and received FEMA disaster assistance after they claimed property damage or Hurricane Katrina evacuee status, but Scotland suffered no storm damage nor were tenants evacuated.

Section 4.3 Department of Housing and Urban Development Investigations

4.3

Baton Rouge, Louisiana: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ A former Baton Rouge Housing Authority Section 8 tenant was sentenced in U.S. District Court, Baton Rouge, Louisiana, to two years of probation and ordered to pay FEMA \$2,000 in restitution for her earlier guilty plea to making false claims.
- ◆ She applied for and received FEMA disaster assistance after she claimed Hurricane Katrina evacuee status, but Baton Rouge Housing Authority suffered no storm damage nor were tenants evacuated.

Oakland, California: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ A former Oakland Housing Authority Section 8 tenant was sentenced in U.S. District Court, Oakland, California, to two years of probation, ordered to pay FEMA \$4,110 in restitution, and fined \$1,000 for her earlier guilty plea to theft of government funds.
- ◆ She applied for and received FEMA disaster assistance after she claimed to be a displaced victim of Hurricane Katrina, but she resided in Oakland Housing Authority subsidized housing during the storm.

Indianapolis, Indiana: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ A former Indianapolis Housing Authority Section 8 tenant was convicted in Marion County Superior Court, Indianapolis, Indiana, of welfare fraud.
- ◆ He applied for and received \$2,600 in Indianapolis Housing Authority housing assistance after she claimed to be a displaced victim of Hurricane Katrina, but resided in Indianapolis during the storm.

Gulfport, Mississippi: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ A Mississippi Regional Housing Authority VIII (MRHA) Section 8 tenant was indicted in U.S. District Court, Gulfport, Mississippi, for theft of government funds and mail fraud.
- ◆ She allegedly obtained a Disaster Housing Assistance program voucher after Hurricane Katrina, but failed to reside in the MRHA unit and subleased the unit to others. HUD loss is estimated at \$4,838.

Minneapolis, Minnesota: FEMA Fraud by HUD Rental Assistance Tenants

- ◆ A former MRHA Section 8 tenant was arrested after her indictment in U.S. District Court, Minneapolis, Minnesota, for making false claims.
- ◆ She allegedly applied for and received \$5,688 in MRHA housing assistance and \$2,537 in FEMA disaster assistance after she claimed personal property damage and Hurricane Katrina evacuee status, but resided in Minnesota during the storm.

Section 4.4 Department of Labor Investigations

4.4

4.4 DOL Overview

- ◆ The Department of Labor (DOL) Office of Inspector General continues to investigate the areas of Unemployment Insurance/Disaster Unemployment Assistance fraud. There is increased investigative activity related to labor racketeering schemes in reconstruction, many of which involve employers who abuse DOL's foreign labor certification process.
- ◆ The following cases are a sampling of what DOL is currently working on related to disaster fraud.

Eurohouse

- ◆ During December 2007, through February 2008, four conspirators were sentenced for the operation of a Florida-based labor leasing company that submitted fraudulent H-2B applications defrauding the DOL Employment and Training Administration's (ETA) Foreign Labor Certification (FLC) program.
- ◆ The company submitted numerous fraudulent ETA-750's for H-2B alien workers for hotels and resorts along the Florida Gulf Coast and in New Orleans, Louisiana, that not only defrauded ETA-OFLC but Department of Homeland Security and the Department of the State as well.
- ◆ The company's fraud allowed approximately 200 H-2B temporary alien workers to illegally enter into the United States who were leased as contract employees to various businesses, in various unspecified hourly job positions. Furthermore, the aliens were charged excessive rent and transportation costs by the company for its services.
- ◆ The defendants also took advantage of the devastation caused by Hurricane Katrina by fraudulently requesting and obtaining certification from DOL for approximately 240 H-2B temporary foreign workers purportedly on behalf of four New Orleans hotels. The defendants perpetrated the fraud without the authorization or knowledge of the hotel entities listed as requesting the workers.
- ◆ In addition to jail time ranging from 12 to 41 months, the conspirators were jointly and severally responsible for a \$1 million judgment. The president of the company also forfeited a residence and three vehicles.

Covington

- ◆ On November 28, 2007, a Denver woman was charged with violating seven counts of Title 18, United States Code (18 U.S.C.), Section 1341, mail fraud, and three counts of 18 U.S.C. Section 641, theft of public money, property, or records.
- ◆ From August 29, 2005, to February 23, 2007, the defendant devised a scheme to fraudulently obtain money and property totaling \$28,818 from FEMA, the state of Colorado Division of Housing, Catholic Charities, and the Louisiana Department of Labor, collectively referred to as "Victims".
- ◆ The defendant falsely held herself out to be an evacuee of Hurricane Katrina to the Victims, and misrepresented herself to be an evacuee in applications, forms, and statements made to the Victims, to fraudulently obtain relief assistance composed of disaster assistance benefits, rental assistance, and DUA benefits.

Section 4.5 Department of Education Investigations

4.5

4.5 ED Overview

The Office of Inspector General closed its only HERA-related investigation. After opening the case, a subsequent investigation disclosed there was no connection to HERA funds.

Section 4.6 Environmental Protection Agency Investigations

4.6

4.6 EPA Overview

One investigation remains ongoing.

Fraudulent Scheme of an Individual Purporting to be an EPA Employee

- ◆ An individual, purporting to be an Environmental Protection Agency employee, was directing property owners in New Orleans, Louisiana, to purchase large, \$1,500 trash dumpsters under the guise that EPA would reimburse them for the purchase.
- ◆ The Office of Counsel to the Inspector General has issued a cease and desist order, and the individual has been charged with one count of false personation of an employee of the United States.

Section 4.7 Health and Human Services Investigations

4.7

4.7 HHS Overview

- ◆ Since September 2005, HHS Office of Inspector General opened 23 investigations that address issues such as:
 - Allegations of health care fraud, including allegations of individuals fraudulently obtaining benefits based upon false information.
 - Poor quality of care and patient abandonment.
- ◆ In addition to conducting investigations, the HHS Office of Inspector General:
 - Continues to participate in the monthly Hurricane Katrina Fraud Task Force meetings, and
 - Monitors CDC's contracts for services and HHS' patient movement support task orders for potential criminal activity.

False Claims for Federal Emergency Management Agency Benefits

- ◆ In October 2007, two individuals were sentenced for one count each of receipt of stolen government property, 18 U.S.C. §641. Both individuals obtained FEMA disaster relief funds by falsely claiming to be Hurricane Katrina evacuees from Louisiana when in reality they were physically present and residing in Portland, Oregon, and receiving Medicaid benefits when the hurricane struck the disaster-declared area of Louisiana on August 29, 2005.
- ◆ This investigation was a joint effort by the U.S. Postal Inspection Service; the DHS Office of Inspector General; and the HHS Office of Inspector General.

Section 4.8 Small Business Administration Investigations

4.8

4.8 SBA Overview

- ◆ Working collaboratively with the Hurricane Katrina Fraud Task Force, the SBA Office of Inspector General continues to investigate allegations of:
 - Unauthorized use of loan proceeds,
 - Overstatement of financial losses,
 - Material false statements in the application process,
 - False/counterfeit supporting documentation, and
 - False assertions regarding primary residency in affected areas at the time of the disaster.
- ◆ The SBA Office of Inspector General continued to work on several proactive projects to identify criminal misconduct by disaster borrowers. These projects include:
 - Checking the accuracy and completeness of self-reported criminal histories of loan applicants;
 - Analyzing agency financial data to identify and predict possible fraud.
 - Coordinating with HUD Office of Inspector General and state police insurance fraud units to detect potential duplicate payments; and
 - Working with HUD Office of Inspector General and DHS Office of Inspector General to determine whether SBA applicants actually resided in the areas affected by the 2005 Gulf Coast hurricanes.
- ◆ Investigators provided disaster fraud awareness briefings to over 150 law enforcement personnel.
- ◆ As of March 31, 2008, in concert with the Hurricane Katrina Fraud Task Force, the Office of Inspector General had made 33 arrests and had obtained 48 indictments and 31 convictions. A few examples of cases during the last six months are provided below.

False Statements to Federal Agents

- ◆ A business owner involved in a conspiracy pleaded guilty to making false statements to Federal agents. Among other things, he destroyed a forged document to impede a joint SBA Office of Inspector General and U.S. Secret Service investigation.
- ◆ As a result of investigative efforts, only \$5,000 of the aggregate \$3,000,000 in loans applied for was disbursed.

False Claim of Residency

- ◆ In an attempt to fraudulently receive disaster assistance benefits, an individual falsely represented the address of her primary residence when applying for FEMA benefits, food stamps, and an SBA loan of nearly \$143,000.
- ◆ The individual pleaded guilty to making false claims to the government and was sentenced to five years of probation, a \$15,000 fine, and restitution of \$130,009.

Section 4.8 Small Business Administration Investigations

4.8

Misrepresentation of Building Permits

- ◆ In an attempt to fraudulently induce SBA to release funds on disaster loans, an individual is alleged to have transmitted facsimiles of altered building permits. The investigation revealed the building permits were for work done prior to Hurricane Katrina.
- ◆ In addition, the individual allegedly kept insurance proceeds assigned to SBA and used loan proceeds to purchase a new home, car, and boat.
- ◆ The individual was indicted for wire fraud.

Section 4.9 Social Security Administration Investigations

4.9

4.9 SSA Overview

- ◆ Investigators from the SSA Office of Inspector General OI have been an actively participating in the HKFTF since its inception.
- ◆ To date, the SSA Office of Inspector General OI has opened 64 cases resulting in 57 arrests, 52 indictments, with 45 convictions related to fraud in the aftermath of Hurricanes Katrina, Rita, and Wilma.

SSI Recipient Defrauds FEMA of \$17,906

- ◆ Social Security Administration (SSA) Office of Inspector General OI participated in a joint investigation with the DHS Office of Inspector General that determined a 36-year-old Supplemental Security Income (SSI) disability recipient fraudulently applied for FEMA disaster relief monies in the state of Washington claiming she had been displaced by Hurricane Katrina.
- ◆ In actuality, the woman was residing in the state of Washington when Hurricane Katrina struck. She failed to report the receipt of FEMA funds to SSA causing an overpayment of SSI benefits.
- ◆ On November 29, 2007, after pleading guilty to making material and false statements, the woman was sentenced to three years of probation and was ordered to pay restitution of \$21,081, totaling \$3,175 to SSA and \$17,906 to FEMA.

Man Fraudulently Claims to be Hurricane Katrina Victim

- ◆ SSA Office of Inspector General OI, along with members from the DHS Office of Inspector General, jointly investigated a man for fraudulently obtaining FEMA Hurricane Katrina disaster assistance monies. In an interview, the man admitted that he provided false information to FEMA in order to obtain the disaster relief funds.
- ◆ On February 27, 2007, after pleading guilty to making a false claim to an agency of the United States, the man was sentenced to three years of probation and 300 hours community service. In addition, he was ordered to pay restitution of \$12,251 to FEMA.

Section 4.9 Social Security Administration Investigations

4.9

Ringleader of FEMA Fraud Conspiracy Convicted

- ◆ SSA Office of Inspector General OI, U.S. Postal Inspection Service, DHS Office of Inspector General, and the SBA participated in a joint investigation that revealed a 33-year-old Houston, Texas woman was the chief organizer of a FEMA fraud conspiracy. The scheme involved the filing of more than 100 fraudulent FEMA claims to obtain Hurricane Katrina and Rita disaster assistance.
- ◆ The woman came to the attention of Federal law enforcement after a Government Accountability Office review of Hurricanes Katrina and Rita FEMA claims revealed more than 40 claims were filed under different names using Houston mailing addresses associated with the woman. The investigation identified that the names used in these claims were friends or relatives of the woman. Also, these people resided in Houston, not New Orleans or Lake Charles, as stated in the claims, during 2005 when Hurricanes Katrina and Rita struck.
- ◆ Subsequent investigation identified 107 claims filed using names and addresses connected to the conspiracy. FEMA mailed checks totaling more than \$140,000 based on these claims, mostly in the form of \$2,000 expedited assistance payments in the aftermath of Hurricanes Katrina and Rita. Thirteen of the claims listed the woman's first and last name, but each listed a different middle initial. The woman used different social security numbers, without the knowledge or authority of the true assignees, in the claims filed under her name.
- ◆ In November 2007, after entering a plea of guilty to conspiracy to commit mail fraud and aggravated identity theft, the woman was sentenced to 57 months in Federal prison and five years supervised release. She was also ordered to pay restitution of \$143,438 to FEMA.

Baton Rouge Man Sentenced to 15 Months Incarceration for Defrauding FEMA

- ◆ SSA Office of Inspector General OI, in coordination with the Hurricane Katrina Fraud Task Force composed of investigators from the U.S. Attorney's Office, FBI, U.S. Secret Service, DHS Office of Inspector General, and other Federal law enforcement agencies investigated a 27-year-old Baton Rouge man for filing two fraudulent applications for hurricane disaster aid. The applications were submitted in his true name, using false social security numbers, and false New Orleans addresses. He received a total of \$4,000 in FEMA disaster assistance.
- ◆ In February 2008, as a result of his guilty plea for theft of government monies, he was sentenced to 15 months incarceration and three years supervised release. He was also ordered to pay restitution of \$4,000 to FEMA.

Section 4.10 Department of the Treasury Investigations

4.10

4.10 TREAS Overview

One joint investigation reported in the last semiannual report and conducted by the Treasury Office of Inspector General and the DHS Office of Inspector General has been completed. An individual, who allegedly applied for disaster relief assistance on several occasions, submitted fraudulent applications for aid in the wake of several hurricane disasters. Several different social security numbers and addresses were used when submitting the fraudulent claims. The individual has been indicted by a Federal grand jury.

Section 5 | Gulf Coast Recovery Funding



Gulf Coast Recovery Funding Overview

In support of the response and recovery efforts following the 2005 Gulf Coast hurricanes, Congress passed the following emergency supplemental appropriation bills:

- ◆ **Emergency Supplemental Appropriations Act Public Law (PL) 109-61, September 2, 2005.** **One of the first two supplemental acts passed by Congress appropriating \$62.3 billion to meet immediate needs arising from the consequences of Hurricane Katrina, 2005.** In September 2005, Congress passed the first two supplemental acts (PL 109-61 and PL 109-62), appropriating \$60.0 billion to the Disaster Relief Fund (DRF), which is managed by FEMA and provides funding to other Federal agencies using mission assignments (MAs).
- ◆ **Second Emergency Supplemental Appropriations Act PL 109-62, September 8, 2005.** The second supplemental act passed by Congress to Meet Immediate Needs Arising from the Consequences of Hurricane Katrina, 2005.
- ◆ **Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006, PL 109-148, December 30, 2005.** This emergency supplemental act redirected \$29 billion of the previously approved \$62 billion. The funds were initially contained in the first two emergency supplemental acts. The reallocation was intended for economic development, restoration of Federal facilities, and tax relief. Although the third act initially appropriated \$28.6 billion, it also rescinded \$23.4 billion of the amount appropriated for the DRF in PL 109-62. The net increase in funding was \$5.2 billion and the net cumulative total over the first three supplemental acts was \$67.5 billion.
- ◆ **Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, PL 109-234, June 15, 2006.** In June 2006, the fourth Emergency Supplemental Act directed \$20 billion across a large number of Federal agencies including the Inspectors General for DHS, DOD, HUD, and USDA.
- ◆ **Emergency Supplemental Appropriations and Additional Supplemental Appropriations for Agricultural and Other Emergency Assistance for the fiscal year ending September 30, 2007, PL 110-28, May 25, 2007.** The initiative directed \$6.5 billion in additional appropriations to over ten agencies for disaster relief.
- ◆ **Department of Defense, 2nd Continuing Resolution, Appropriations for the Department of Defense for the fiscal year ending September 30, 2008, and for other purposes, PL 110-116, November 13, 2007.** This continuing resolution provided \$3 billion for the DRF for emergency requirements and necessary emergency needs.

Section 5 Gulf Coast Recovery Funding

Senate Budget Committee: Hurricane-Related Recovery Funding Summary

Enacted Supplemental Appropriations (\$ in billions)

<u>Legislation</u>	<u>Public Law</u>	<u>Amount</u>
Emergency Supplemental #1, H.R. 3645	109-61	\$10.500
Emergency Supplemental #2, H.R. 3673	109-62	51.800
Emergency Supplemental #3, H.R. 2863	109-148	5.237
Emergency Supplemental #4, H.R. 4939	109-234	19.336
Emergency Supplemental #5, H.R. 2206	110-28	6.527
Emergency Supplemental #6, H.R. 3222	110-116	3.000
TOTAL		\$96.400

Mandatory Spending/Tax Bills Enacted (\$ in billions)

<u>Legislation</u>	<u>Public Law</u>	<u>Amount</u>
Flood Insurance Borrowing Authority, H.R. 4133	109-106	\$15.000
Provisions of Tax Relief Act, S. 2020	109-148	7.768
Katrina Short-Term Tax Relief Bill, H.R. 3768	109-73	6.114
Flood Insurance Borrowing Authority, S. 2275	109-208	2.275
Provisions of Deficit Reduction Act, S. 1932	109-171	2.000
Flood Insurance Borrowing Authority, H.R. 3669	109-65	2.000
TANF Disaster Relief, H.R. 3672	109-68	0.294
UI Provisions of H.R. 3971	109-91	0.167
Redistribution of Campus Student Aid, H.R. 3863	109-86	0.036
Byrd Unemployment/HHS IG Amend. to H.R. 2863	109-148	0.019
Pell Grant Relief, H.R. 3169	109-66	0.002
Louisiana Highway Provisions of H.R. 3058	109-115	0.002
National Hurricane Center Provisions of H.R. 2862	109-108	0.001
Community Disaster Loan Act, S. 1858	109-88	0.000
SBA Disaster Loan Program H.R. 4745	109-174	0.000
Katrina Emergency Assistance Act, S. 1777	109-176	0.000
TOTAL		\$35.678
GRAND TOTAL		<u>\$132.078</u>

Source: U.S. Senate Budget Committee, November 30, 2007

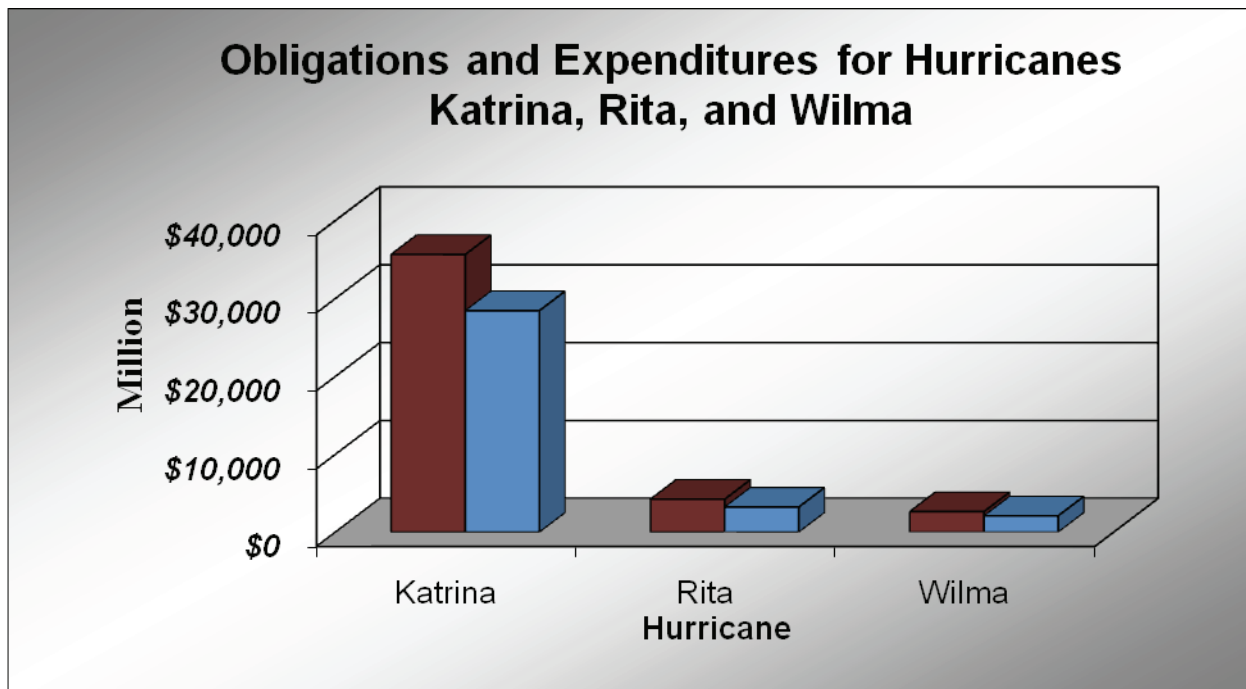
5

Current Status: Billions Obligated and Expended in Order to Continue Disaster Relief; Significant Amount Flows via Mission Assignments

- ◆ **Disaster Relief Fund (DRF):** FEMA'S DRF is the major source of Federal disaster recovery assistance. In total, FEMA has obligated \$42.5 billion and \$33.7 billion has been expended.

Disaster Relief Fund Hurricanes Katrina, Rita, and Wilma Obligations and Expenditures (\$ in Millions)

	Katrina	Rita	Wilma	Total
Obligated	\$35,630	\$4,215	\$2,631	\$42,476
Expended	\$28,420	\$3,212	\$2,084	\$33,716



Source: FEMA's Congressional Monthly Report on the DRF dated April 1, 2008.

Section 5 Gulf Coast Recovery Funding

Obligations and Expenditures by Program Area for Hurricanes Katrina, Rita, and Wilma (\$ in Millions)

Program Area	Program Name	Obligations	Expenditures
1- Human Services	2503- Unemployment	\$438	\$438
	2504- Crisis Counseling	110	85
	2592- IA Contracts	693	578
	4149- Other Needs Assistance	2,255	2,244
	414X- Housing Assistance	5,357	5,350
	4152- Crisis Counseling-SCC	37	35
	4154- Other Needs Assistance	97	97
	Immediate Needs Assistance	1	1
	Manufactured Housing Assistance	7,439	6,731
	1-Human Services Total		\$16,427
2- Infrastructure	2594- PA Contracts	1,761	1,233
	416X- Public Assistance	11,993	7,201
2-Infrastructure Total		\$13,754	\$8,434
3- Mitigation	2593-HM Contracts	48	29
	4173-Hazard Mitigation	352	57
3-Mitigation Total		\$400	\$86
4-Operations	2507-Missions – TA	24	11
	2508-Missions – DFA	5,143	4,118
4-Operations Total		\$5,167	\$4,129
5-Administration	11XX -Salaries & Benefits	920	920
	21XX -Travel	340	334
	22XX - Transportation	50	49
	23XX- Rent, Comm Utilities	375	323
	24XX Print & Repro	7	4
	2501- Missions -FOS	1,941	1,255
	25XX- Other Services	2,187	1,786
	26XX- Supplies & Materials	594	566
	31XX – Equipment	210	206
	32XX- Land & Structures	13	10
	4101- Urban Search & Rescue	91	55
5- Administration Total		\$6,728	\$5,508
Grand Total		\$42,476	\$33,716

Source: FEMA's Congressional Monthly Report on the DRF dated April 1, 2008.

5

Mission Assignments

Through Mission Assignments (MAs), FEMA tasks and reimburses other Federal agencies for providing services under the *Stafford Act*. There are three categories of mission assignments.

1. 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.
2. 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.
3. 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 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.

The following is a breakdown of MAs executed for the top ten departments and agencies receiving funding for 2005 Hurricane Recovery:

Mission Assignment Obligations for 2005 Hurricane Declarations (\$ in Millions)

Department or Agency	Obligation
USACE	\$4,251
DOD	650
DOT	503
USFS	365
EPA	312
HHS	229
FPS	229
USCG	198
HUD	71
GSA	82
Other Agencies	218
Total	\$7,108

Source: FEMA's Congressional Monthly Report on the DRF dated April 1, 2008.

Section 6 | Appendix



Report Contributors

Agency	Inspector General Name and Address	Telephone	Hotline	Website
DHS	Richard L. Skinner 245 Murray Drive, SW Washington, DC 20528	202.254.4100	800.323.8603	www.dhs.gov/xoig/
DOC	Elizabeth Barlow (Acting) 14th and Constitution Avenue, NW HCHB 7898-C Washington, DC 20230	202.482.4661	202.482.2495 800.424.5197 800.854.8407 (hearing impaired)	www.oig.doc.gov/oig
DOD	Claude Kicklighter 400 Army Navy Drive Arlington, VA 22202	703.604.8300	703.604.8569 800.424.9098 www.dodig.mil/HOTLINE/fwa-compl.htm	www.dodig.mil
DOE	Gregory H. Friedman 1000 Independence Avenue, SW Washington, DC 20585	202.586.4393	202.586.4073 800.541.1625 www.ig.energy.gov/hotline.htm	www.ig.energy.gov
DOI	Earl E. Devaney 1849 C Street, NW Washington, DC 20240	202.208.5745	800.424.5081	www.doioig.gov
DOJ	Glenn A. Fine 950 Pennsylvania Avenue, NW Room 4706 Washington, DC 20530	202.514.3435	800.869.4499 oig.hotline@usdoj.gov	www.usdoj.gov/oig
DOL	Gordon S. Heddell 200 Constitution Avenue, NW Room S 5502 Washington, DC 20210	202.693.5100	202.693.6999 800.347.3756	www.oig.dol.gov
DOT	Calvin L. Scovel III 400 7th Street, SW Room 9210 Washington, DC 20590	202.366.1959	202.366.1461 800.424.9071	www.oig.dot.gov

Appendix

Report Contributors (Continued)

Agency	Inspector General Name and Address	Telephone	Hotline	Website
VA	George Opfer 810 Vermont Avenue, NW Washington, DC 20420	202.565.8620	800.488.8244 va.oig.hotline @forum.va.gov	www.va.gov/oig
ED	John P. Higgins, Jr. 400 Maryland Avenue, SW Washington, DC 20202	202.245.6900	800.MIS.USED (or 800.647.8733) OIG.hotline@ed.gov	www.ed.gov/about/offices/ list/oig
EPA	Bill A. Roderick (Deputy) 1200 Pennsylvania Avenue, NW Mail code 2410T Washington, DC 20460	202.566.0847	202.566.2476 888.546.8740 OIG_hotline@epa.gov	www.epa.gov/oig
GSA	Brian D. Miller 18th and F Streets, NW Washington, DC 20405	202.501.0450	202.501.1780 800.424.5210	www.gsa.gov/ inspectorgeneral
HHS	Daniel Levinson 330 Independence Avenue, SW Room 5250 Washington, DC 20201	202.619.3148	800.447.8477 Hotline@oig.hhs.gov	www.hhs.gov
HUD	Kenneth M. Donohue 451 Seventh Street, SW Washington, DC 20410	202.708.0430	800.347.3735	www.hud.gov/offices/oig
NASA	Robert W. Cobb 300 E Street, NW Room 8V19 Washington, DC 20546	202.358.1220	800.424.9183	www.nasa.gov http://oig.nasa.gov/ cyberhotline.html
SBA	Eric M. Thorson 409 Third Street, SW Washington, DC 20416	202.205.6586	800.767.0385	www.sba.gov/IG



Report Contributors (Continued)

Agency	Inspector General Name and Address	Telephone	Hotline	Website
SSA	Patrick P. O'Carroll, Jr Room 300 Altmeyer Building 6401 Security Boulevard Baltimore, MD 21235	410.966.8385	800.269.0271	www.ssa.gov/oig
TIGTA	J. Russell George 1125 15th Street, NW Washington, DC 20005	202.622.6500	800.366.4484	www.treas.gov/tigta
TREAS	Dennis Schindel (Acting) 1500 Pennsylvania Avenue, NW Room 4436 Washington, DC 20220	202.622.1090	800.359.3898	www.treas.gov/inspector-general
USDA	Phyllis K. Fong 1400 Independence Avenue, SW Room 117-W Jamie L. Whitten Building Washington, DC 20250	202.720.8001	202.690.1622 800.424.9121 202.690.1202 (hearing impaired)	www.usda.gov/oig
USPS	David C. Williams 1735 North Lynn Street Arlington, VA 22209-2020	703.248.2300	888.877.7644	www.uspsoig.gov

Appendix

B

Other Useful Websites

Alabama Department of Economic and Community Affairs

<http://www.adeca.alabama.gov>

Department of Education – Hurricane Help for Schools

<http://Hurricanehelpforschools.gov/index.html>

Department of Housing and Urban Development Office of Inspector General

<http://www.hud.gov/offices/oig/hotline/index.cfm>

Department of Justice Hurricane Katrina Fraud Task Force

http://www.usdoj.gov/katrina/Katrina_Fraud

Department of Transportation Roadway Information Related to Hurricanes Rita and Katrina

<http://www.fhwa.dot.gov/trafficinfo/katrina.htm>

Department of Transportation: Status of Transportation-Related Recovery Efforts

<http://www.nhtsa.dot.gov/USDOTReliefSite>

Environmental Protection Agency Disaster Response

<http://www.epa.gov/katrina/index.html>

Federal Bureau of Investigations Hurricanes Katrina and Rita Information Page

<http://www.fbi.gov/katrina.htm#vgn-hurricane-katrina-fraud-task-force-vgn>

Florida: Department of Community Affairs

<http://www.floridacommunitydevelopment.org>

Hurricane Contracting Information Center – Department of Commerce

<http://www.rebuildingthegulfcoast.gov>

Louisiana Rebuilds: Non-Partisan, Public-Private Partnership for LA 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>

Mississippi Development Authority

<http://www.mshomehelp.gov>

Mississippi: Hurricane Katrina Homeowner’s Grant Program

<http://www.mshomehelp.gov>

President’s Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency: Hurricane Relief Oversight

<http://www.ignet.gov/pande/hsr1.html#relief>

President’s Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency

<http://www.ignet.gov/pande/hsr/oigplanoverview.pdf>

Small Business Administration Office of Inspector General

<http://www.sba.gov/ig>

Small Business Administration: Disaster Recovery

http://www.sba.gov/disaster_recov/index.html

State of Louisiana: Hurricane Information

<http://katrina.louisiana.gov/>

Texas: Department of Housing and Community Affairs

<http://www.tdhca.state.tx.us>

White House Hurricanes Recovery, Rebuilding the Gulf Coast Region

<http://www.whitehouse.gov/infocus/hurricane>

Acronyms and Definitions

AGP	Aquaculture Grant Program
AIP	Approved Insurance Provider's
CCP	Crisis Counseling Program
CDBG	Community Development Block Grant
CMS	Centers for Medicare and Medicaid Service
COOP	Continuity of Operations Plans
DCIS	Defense Criminal Investigative Service
DHAP	Disaster Housing Assistance Program
DHS	Department of Homeland Security
DME	Durable Medical Equipment
DoD	Department of Defense
DOJ	Department of Justice
DOL	Department of Labor
DRF	Disaster Relief Fund
DROD	Disaster Relief Oversight Division
DUA	Disaster Unemployment Assistance
DVP	Disaster Voucher Program
ECIE	Executive Council on Integrity and Efficiency
ECP	Emergency Conservation Program
EIA	Emergency Impact Aid
EPA	Environmental Protection Agency
ETA	Employment and Training Administration
EWP	Emergency Watershed Protection Program
FBI	Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency
FHA	Federal Housing Administration
FHWA	Federal Highway Administration
FLC	Foreign Labor Certification
FNS	Food and Nutrition Service
FPS	Federal Protective Service
FS	Forest Service
FSA	Farm Service Agency
GAO	Government Accountability Office
GDOE	Georgia Department of Education
GSA	General Services Administration
HANO	Housing Authority of New Orleans
HERA	Hurricane Education Recovery Act
HHA	Houston Housing Authority
HHS	Department of Health and Human Services

Appendix



Acronyms and Definitions (continued)

HIP	Hurricane Indemnity Program
HKFTF	Hurricane Katrina Fraud Task Force
HMGP	Hazard Mitigation Grant Program
HUD	Department of Housing and Urban Development
KDHAP/DUP	Katrina Disaster Housing Assistance Program/Disaster Voucher Program
LDE	Louisiana Department of Education
LEA	Local Education Agencies
MDA	Mississippi Development Authority
MRHA	Mississippi Regional Housing Authority VIII
MSC	Military Sealift Command
NASA	National Aeronautics and Space Administration
NEMIS	National Emergency Management Information System
NFIP	National Flood Insurance Program
NPSC	National Processing Service Centers
NRCS	Natural Resources Conservation Services
OA	Office of Audit
ODA	Office of Disaster Assistance
OI	Office of Investigations
OIG	Office of Inspector General
PA	Public Assistance
PBS	Public Buildings Service
PCIE	President's Council on Integrity and Efficiency
RD	Rural Development
RHS	Rural Housing Service
RMA	Risk Management Agency
SBA	Small Business Administration
SEA	State Education Agency
SFH	Single Family Housing
SSA	Social Security Administration
SSI	Social Security Income
SSN	Social Security Number
TIGTA	Treasury Inspector General for Tax Administration
TIP	Tree Indemnity Program
USACE	United States Army Corps of Engineers
USDA	United States Department of Agriculture
WYO	Write-Your-Own companies

Photo Credits

Cover - Hurricane Katrina Flood In New Orleans

New Orleans, Louisiana, September 24, 2005 -- The flood water in this Metairie neighborhood was just over five feet and downed power lines in the aftermath of Hurricane Katrina.

Report Overview - Chinese FY-1 Meteorological Satellite Image

August 25, 2005 -- Hurricane Katrina approaching Gulf Coast.

Executive Summary - Fishing Pier After Hurricane Katrina

January 12, 2008 -- The remains of a fishing pier and boat ramp after Hurricane Katrina. Pictured in the background is the new bridge on Bay Street. The old bridge was destroyed by Hurricane Katrina with a 35 foot storm surge.

Audits, Inspections, and Other Reviews - FEMA/Jennifer Smits

Gulfport, Mississippi, April 18, 2008 -- Representatives for the Feed My Sheep nutrition center celebrate the groundbreaking of its new facility. The original building was destroyed by Hurricane Katrina and the rebuilding will include funding from FEMA.

Investigations - FEMA/Jennifer Smits

Pass Christian, Mississippi, January 18, 2008 -- Deputy Administrator and Chief Operating Officer Vice Admiral Harvey Johnson meets with Dr. Michael Ladner, superintendent of schools for the Catholic Diocese of Biloxi at the site of St. Vincent De Paul school. Johnson toured sites on the Gulf Coast to assess the progress of Hurricane Katrina recovery.

Gulf Coast Recovery Funding - FEMA/Jennifer Smits

Biloxi, MS, October 9, 2007 -- Workers remove marine debris leftover from Hurricane Katrina along the Tchoutacabouffa River. FEMA funds wet debris removal, which the Coast Guard oversees.

Appendix - FEMA/Jennifer Smits

Biloxi, MS, January 14, 2008 -- Hurricane Katrina destroyed the front wall of the Old Brick House in Biloxi, as well as the staircase to the second floor and the back porch. The Old Brick House is one of the few remaining buildings built prior to the Civil War in Biloxi and FEMA is overseeing its restoration, along with the Mississippi Department of Archives and History and the Mississippi Emergency Management Agency.

Additional Information and Copies

To obtain additional copies of this report, call the Department of Homeland Security Office of Inspector General (OIG) at (202) 254-4199, fax your request to (202) 254-4305, or visit the Department of Homeland Security OIG website 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 website 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 Katrina Fraud Task Force, Baton Rouge, LA 70821-4909

Calls can be made anonymously and confidentially.