



OVERSIGHT OF GULF COAST HURRICANE RECOVERY

A Semiannual Report to Congress
October 1, 2006 – March 31, 2007

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



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



July 3, 2007

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 third in a series of semi-annual reports on Gulf Coast hurricane recovery oversight. It details the breadth and depth of efforts made by the Federal Inspector General community to successfully detect and ultimately prevent fraud, waste and abuse with respect to Gulf Coast hurricane recovery efforts.

The Federal Inspector General community continues to be actively engaged in disaster recovery operations along the Gulf Coast. Our audits, reviews and investigations benefit the Federal government's hurricane relief activities.

On behalf of the hundreds of dedicated Inspector General professionals on the frontline of disaster response and recovery, we look forward to serving the American people and, specifically, those impacted by national disasters. Thank you for your support.

Sincerely,

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

Richard L. Skinner
Inspector General
Department of Homeland Security
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Section 1 | Report Overview



Report Overview

◆ Purpose

- To communicate the Federal Inspector General community’s continuing progress in detecting (and ultimately preventing) 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 third in a series of semi-annual reports on Gulf Coast hurricane recovery oversight.
- History shows that the devastation of the Gulf Coast region as a result of the combined impact of Hurricanes Katrina, Rita and Wilma must not be underestimated.
- Since it has been 19 months since the storms hit in August 2005, our focus is on “Transition and Recovery.”

PCIE ECIE Hurricane Oversight Audit Model

Where we are today



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

- Relief efforts remain substantial and intensely focused. To date, the Federal government has appropriated almost \$90 billion and FEMA has expended almost \$28.0 billion on Gulf Coast disaster relief efforts.
- The role of the Inspector General community is to prevent and detect waste, fraud, 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.

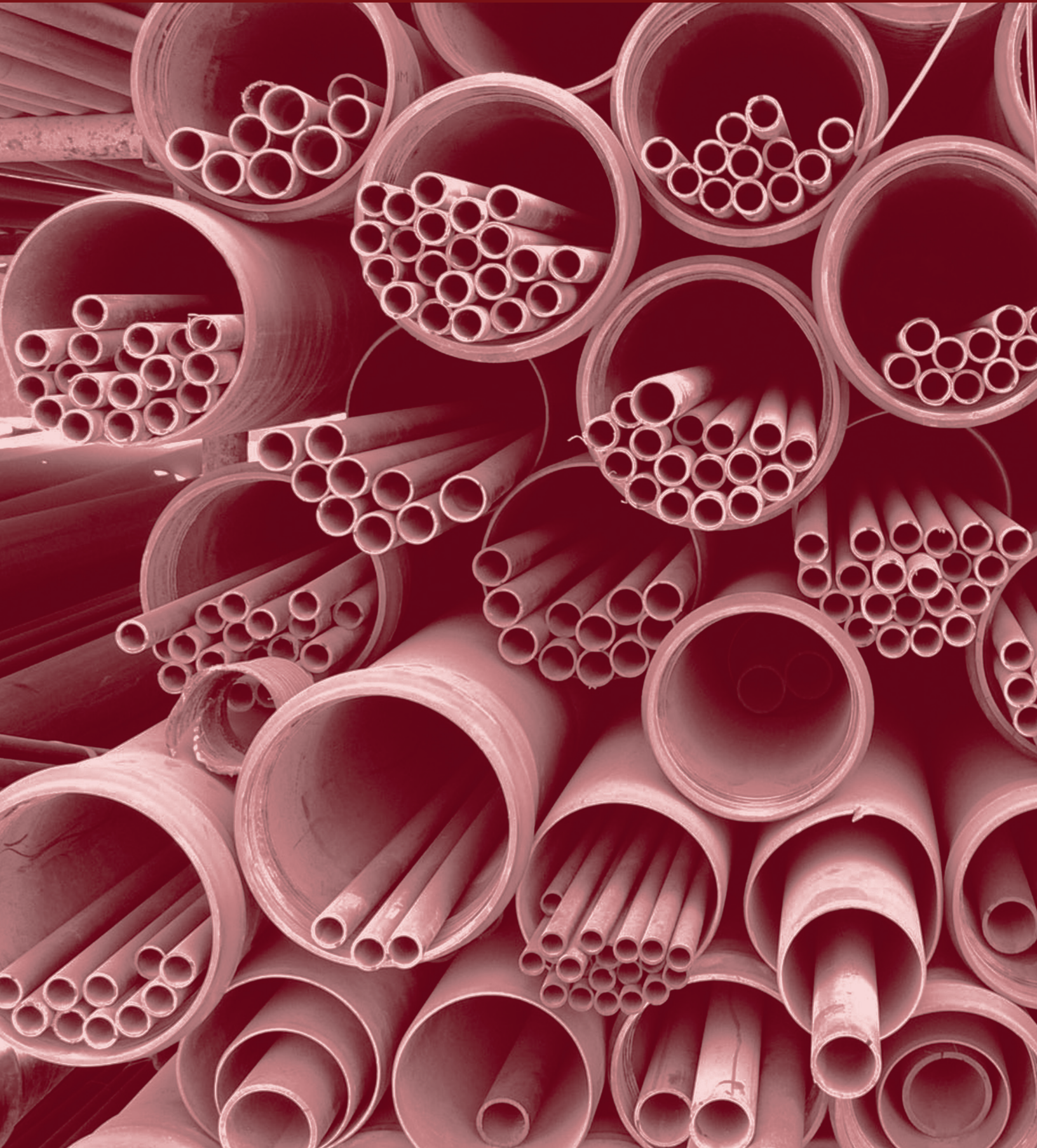
◆ **Report Structure**

- 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, 2006 to March 31, 2007. These are compiled and summarized on the following pages.

Participating departments and agencies include the following:

DHS	Department of Homeland Security
DOD	Department of Defense
DOI	Department of the Interior
DOJ	Department of Justice
DOL	Department of Labor
DOT	Department of Transportation
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
NASA	National Aeronautics and Space Administration
SBA	Small Business Administration
SSA	Social Security Administration
TIGTA	Treasury Inspector General for Tax Administration
TREAS	Treasury
USDA	Department of Agriculture
VA	Department of Veterans Affairs

Section 2 | Executive Summary



The Federal Inspector General Community Has Upheld The Government's "Zero Tolerance" Policy For Hurricane Related Fraud, Crimes, Mismanagement, Etc.

An overview is as follows:

- ◆ Hurricane relief efforts are at the 19 month mark. The immediate "Response" phase activities have been largely replaced by those characterized as "Transition and Recovery." 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 realize the benefits from the programs that have been put in place to help them. Cumulatively:
 - 1,012 reviews have been conducted
 - 2,308 Investigations have been opened resulting in:
 - 720 Arrests
 - 749 Indictments
 - 397 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 US is better poised for future disasters. The Federal government has improved our ability to react to future disasters by improving processes and procedures like 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 like the Disaster Recovery Working Group and the establishment of Gulf Coast Regional offices for various agencies.
- ◆ 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. Ultimately, this message serves as a deterrent for future crimes.

Section 3 | Audits, Inspections and Other Reviews



Highlights Of Audits, Inspections And Other Reviews

- ◆ **Purpose:** 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.

- ◆ **Overall, as a result of Audits, Inspections and Other Reviews:**
 - Theft, fraud and waste have been detected so that disaster recovery funds continue to flow to the victims for whom they are intended.
 - Management practices and programs have been improved so that the Federal government is better positioned in the future to handle the next national disaster.

- ◆ **Of the thousands of contracts awarded, the biggest or the ones with the highest exposure are evaluated to ensure that funds are being directed to where they are most needed.**
 - Inspectors General have reviewed 775 contracts valued at over \$13 billion.
 - Of the 775 contract reviews initiated to date, approximately 90% (691) have been completed.

- ◆ **Findings are significant.** Inspectors General have uncovered:
 - \$150 million in questioned costs
 - \$58 million in unsupported costs
 - \$264 million in funds that could be put to better use

- ◆ **The ongoing effort of non-contract reviews will continue.** A significant amount of them are underway.

3 Audits, Inspections and Other Reviews

Contract Reviews by Agency

Agency	# Reviews			Value of Reviews (\$000)		
	TOTAL	Completed	In Process	TOTAL	Completed	In Process
DHS	250	235	15	\$7,241,796	\$3,994,200	\$3,247,596
DOC	1	-	1	6,500	-	6,500
DOD	13	7	6	4,022,683	3,024,583	998,100
DOE	-	-	-	-	-	-
DOI	-	-	-	-	-	-
DOJ	1	1	-	5,200	5,200	-
DOL	6	2	4	4,760	1,562	3,198
DOT	1	1	-	247,388	247,388	-
ED	-	-	-	-	-	-
EPA	136	136	-	259,409	259,409	-
GSA	255	255	-	741,286	741,286	-
HHS	72	25	47	92,682	41,303	51,379
HUD	3	3	-	22,800	22,800	-
NASA	33	22	11	89,160	77,917	11,243
SBA	-	-	-	-	-	-
SSA	-	-	-	-	-	-
TIGTA	-	-	-	-	-	-
TREAS	-	-	-	-	-	-
USDA	-	-	-	-	-	-
USPS	3	3	-	8,349	8,349	-
VA	1	1	-	709,440	709,440	-
TOTAL	775	691	84	\$13,451,453	\$9,133,437	\$4,318,016

Source: 12th PCIE ECIE Hurricane Katrina Report (as of March 31, 2007)

Non-Contract Reviews by Agency

Agency	Grants		Mission Assignments		Other	
	Completed	In Process	Completed	In Process	Completed	In Process
DHS	34	20	-	2	9	19
DOC	-	1	-	-	-	-
DOD	-	-	2	3	9	9
DOE	-	-	-	-	1	1
DOI	-	-	-	-	1	1
DOJ	1	-	-	-	1	-
DOL	5	3	-	-	9	4
DOT	4	-	5	1	3	-
ED	2	8	-	-	-	-
EPA	-	-	5	-	-	-
GSA	-	-	1	-	2	1
HHS	1	-	-	-	2	2
HUD	1	6	-	-	-	-
NASA	-	-	-	1	-	-
SBA	-	-	-	-	5	7
SSA	-	-	1	-	-	1
TIGTA	-	-	-	-	10	-
TREAS	-	-	-	-	1	1
USDA	-	1	-	1	6	8
USPS	-	-	1	-	10	-
VA	-	-	-	1	1	2
TOTAL	48	39	15	9	70	56

Source: 12th PCIE ECIE Hurricane Katrina Report (as of March 31, 2007)

Section 3 | Departmental Summaries of Audits, Inspections and other Reviews



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

3.1 DHS Highlights

- ◆ 17 Audits resulted in improved processes and reduced costs:
 - Areas covered include housing and debris removal as well as public assistance funds
 - Issues addressed include identifying questionable costs (either unsupported or ineligible) and contracting matters
 - 11 financial assistance grant reports issued
- ◆ Costs questioned totaled \$104.4 million of which \$4.3 million was unsupported
- ◆ \$101.2 million in funds identified as “put to better use”

FINAL

Management Advisory Report on Condition, Losses, and Possible Uses of FEMA Modular Housing

#OIG-07-03 October 2006

SUMMARY

- ◆ Modular homes are factory-built in sections and transported to a building site where the sections are joined together to form a residential unit that can be used to shelter disaster evacuees. As part of the oversight responsibilities regarding FEMA’s management of modular homes that were purchased in the wake of Hurricane Katrina but never used, the emergency housing sites at Texarkana, Texas, and Hope, Arkansas (where more than 1,000 modular homes are stored) were revisited.
- ◆ Objectives: To assess whether FEMA correctly implemented the February 2006 recommendations to ensure that the units were properly stored and maintained to mitigate deterioration, and that damaged units were repaired.
- ◆ Most of the modular homes were not properly stored and have been significantly damaged. Based on an evaluation by representatives of the homes’ manufacturers, the estimated cost of the damage is several million dollars.

RESULTS

FEMA has agreed to implement recommendations which include:

- ◆ Inventory and determine the extent of damage to all modular home units currently in stock
- ◆ Write off all modular home units that are beyond economical repair
- ◆ Make cost-effective plans for the use of all remaining modular home units
- ◆ Protect and maintain all those modular home units whose condition merits retention
- ◆ Develop written policies and procedures that allow the purchase of modular home units only when the requirement has been clearly identified
- ◆ Ensure that they are packaged satisfactorily for storage and are properly stored

Landfill Cost Issues Relating to Disposal of Debris in the City of New Orleans

#DD-07-03 December 15, 2006

SUMMARY

- ◆ At the request of a member of Congress, issues related to landfill costs for debris disposal in New Orleans (City) were reviewed.

- ◆ Objectives:
 - To determine whether waste deposited at the Chef Menteur Landfill was from US Army Corps of Engineers (USACE) contracts funded by FEMA
 - To examine an agreement for the landfill operator to “donate” a percentage of revenues to the City
 - To determine whether Chef Menteur was the most cost-effective landfill in the region

- ◆ The donation agreement was not appropriate because the “donations” agreed to by the Chef Menteur landfill operator and the mayor of the City increased debris removal costs without justification or added benefits. In substance, the donations should be treated as a credit and deducted from the City’s final claim to reduce FEMA’s cost of debris removal. Even with the added cost of the donations, USACE’s landfill use of Chef Menteur was more cost effective and productive than the use of Highway 90 Landfill, but using the Gentilly Landfill was more cost effective and productive than using either Chef Menteur or Highway 90. However, FEMA severely restricted the use of the Gentilly Landfill by limiting it to 5,000 cubic yards of debris per day. In addition, the August 15, 2006, closure of Chef Menteur resulted in higher costs and slower debris removal.

RESULTS

FEMA officials agreed with the recommendation that the Director of FEMA’s Louisiana Transitional Recovery Office require the City to treat its receipts under the donation agreement, currently estimated at \$860,000, as a credit to be deducted from the City’s claim for other disaster costs.

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

Review of FEMA Internal Controls for Funding Administrative Cost Under State Management Grants

#OIG-07-21 January 9, 2007

SUMMARY

- ◆ A review of state management grants that FEMA awards for the administration of public assistance programs was performed.
- ◆ Objective: To determine the adequacy of FEMA controls for ensuring that funds awarded were essential and reasonable for grant management activities.
- ◆ FEMA approved state management grants without a comprehensive grant management plan or written procedures for assessing the need for grant assistance. As a result, controls were not in place to evaluate the states' needs or to ensure that funds awarded were for bona fide grant management activities.

RESULTS

It was recommended that FEMA's Chief Financial Officer, in coordination with the Director of FEMA's Recovery Division, develop procedures for review of state management administrative cost grants to ensure that funding is approved only to meet essential and reasonable grant management needs.

FEMA's Award of 36 Trailer Maintenance and Deactivation Contracts

#OIG-07-36 March 30, 2007

SUMMARY

- ◆ Following Hurricane Katrina, FEMA awarded 36 task order contracts to maintain and deactivate trailers in Alabama, Louisiana, Mississippi, and Texas. Several of the unsuccessful bidders complained to FEMA, Congress, and the media that FEMA:
 - Provided inconsistent information to bidders
 - Awarded contracts to unqualified bidders
 - Awarded contracts to contractors with excessive costs
 - Did not properly consider small and minority-owned businesses
 - Provided inadequate debriefing to unsuccessful bidders
 - Awarded contracts to "low ball" bidders
 - Intended to destroy documentation supporting unsuccessful bids.
- ◆ Congress held a hearing on the subject in May 2006. Shortly thereafter, two members asked the OIG to review the contracts.
- ◆ Objective: To determine whether FEMA properly solicited and awarded contracts for temporary housing maintenance and deactivation

RESULTS

Recommendations were made to ensure that FEMA properly solicit and award contracts for temporary housing and deactivation. It was recommended that FEMA's Chief Procurement Officer issue guidance to contracting staff to:

- ◆ Emphasize the importance of assessing price reasonableness and price realism before awarding contracts and
- ◆ Develop written guidance for the implementation of the new statutory provision and interim rule to ensure FEMA contracting officers properly determine whether a business is local (FAR Subpart 26.2).
- ◆ Reinforce the FAR requirement to disclose unit prices as part of post award debriefings.

Special Transient Accommodations Program for the Evacuees From Hurricanes Katrina and Rita

#OIG-07-31 February 20, 2007

SUMMARY

- ◆ After Hurricanes Katrina and Rita with their unprecedented damage and displacement of residents, FEMA entered into contracts with American Red Cross (ARC) and Corporate Lodging Consultants (the Consultants) to provide temporary housing for evacuees.
- ◆ Objective: To review whether FEMA, through the ARC and the Consultants, effectively implemented a plan that would properly determine:
 - Evacuee eligibility for lodging
 - Allowableness of charges
 - Reasonableness of room rates
 - Compliance with Federal Acquisition Regulations
- ◆ Billed room rates were greater than published rates. Definitive proof of occupancy prior to authorizing payments was not required. From the judgemental sample of 3,000 evacuees, costs of \$3.4 million were questioned.

RESULTS

FEMA entered into contracts with the ARC and the Consultants to provide temporary housing for evacuees. Costs of \$3.4 million were questioned. ARC and the Consultants did not always follow procedures authorized by FEMA for determining evacuee eligibility or require hotels and motels to follow industry protocols.

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

Interim Reviews of Contract Costs, Clearbrook LLC

#DD-07-06 February 6, 2007

SUMMARY

- ◆ With the assistance of a GSA contracting official, FEMA issued an order for base camp services about one week after Hurricane Katrina with a not-to-exceed amount of \$50 million.
- ◆ Objective: To identify the impact of potential overcharges that occurred through the non-adherence to Federal contracting requirements.
- ◆ Notwithstanding the large amount, this was treated more like a small purchase order. Among the procurement deficiencies were:
 - Lack of the contractor's signature
 - Broad scope of work
 - Lack of a cost or price analysis
 - Absence of sealed competitive bids
 - Unclear compensation terms
- ◆ This situation was exacerbated by the lack of careful review of the contractor's invoices prior to payment approval. For example, FEMA did not review and consider the contractor's policy of billing on the basis of full capacity instead of actual occupancy. Subsequently, the amount for these services was increased to not-to-exceed a total of \$100 million through the issuance of a supplement to the first order as well as a separate contract.

RESULTS

The audit recommended that FEMA negotiate with Clearbrook to resolve discrepancies and disallow certain direct charges.

Presence at FEMA Field Offices in the Gulf

SUMMARY

- ◆ As DHS began operating Joint Field Offices (JFOs) in Alabama, Mississippi, Texas, Florida, and Louisiana, auditors and investigators were on site to provide oversight and technical assistance to FEMA and state and local officials. Key tasks to be completed:
 - Oversee contract activities for disaster-related services
 - Review public assistance projects as they are being prepared by FEMA
 - Review major grant recipients to determine whether they have financial management systems that are adequate for managing the grants
 - Conduct interim reviews of large public assistance grant recipients to ensure that they are documenting their costs and that the costs they claim are eligible for FEMA reimbursement

3.1

- Conduct final audits of FEMA sub-grantees as the rebuilding projects by local governments are completed. The objective of these audits will be to determine whether the costs were properly accounted for and expended according to Federal regulations and FEMA guidelines. The audits will be conducted via in-house staff and contract auditors.

RESULTS

The plan is to stay the course. Currently auditors are at FEMA's recovery offices in Alabama, Louisiana, Mississippi, and Florida to provide a visible OIG presence to prevent misspending on contracts and grant activities. Reviews completed include:

- ◆ Review of Hurricane Katrina Activities, City of Gulfport, Mississippi, FEMA Disaster No. 1604-DR-MS (# DA-07-02, October 19, 2006)
- ◆ Review of Hurricane Wilma Activities, City of Port Saint Lucie, Florida, FEMA Disaster No. 1609-DR-FL (#DA-07-04, November 16, 2006)
- ◆ Review of Ongoing Hurricane Katrina Debris Removal Activities in St Bernard Parish, Louisiana (# DD-07-02, November 30, 2006)
- ◆ Review of Hurricane Katrina Activities, Hancock County, Mississippi, FEMA Disaster No. 1604-DR-MS (#DA-07-05, December 11, 2006)
- ◆ Interim Review of Hurricane Wilma Activities, City of Coral Gables, Florida, FEMA Disaster No. 1609-DR-FL (# DA-07-06, December 11, 2006)
- ◆ Review of Hurricane Katrina Activities, Alabama Department of Conservation and Natural Resources, FEMA Disaster No. 1605-DR-AL (# DA-07-07, January 17, 2007)
- ◆ Interim Review of Hurricane Katrina Activities, Plaquemines Parish Sheriff's Office, Louisiana, FEMA Disaster No. 1603-DR-LA, Public Assistance Identification Number 075-02886-00 (# DD-07-05, February 6, 2007)
- ◆ Review of Hurricane Katrina Activities, Jones County, Mississippi, FEMA Disaster No. 1604-DR-MS (# DA-07-08, February 12, 2007)
- ◆ Interim Review of Hurricane Rita Activities, Jefferson County, Texas, FEMA Disaster No. DR-1606-TX Public Assistance Identification Number 245-99245-00 (# DD-07-07, March 2, 2007)
- ◆ Interim Review of Hurricane Katrina Activities, City of Kenner, Louisiana, FEMA Disaster No. 1603-DR-LA Public Assistance Identification Number 051-39475-00 (# DD-07-08, March 2, 2007)
- ◆ Audit of Hurricane Katrina and Wilma Activities, Monroe County, Florida (# DA-07-09, March 13, 2007)

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

ONGOING

Presence at FEMA Field Offices in the Gulf

OBJECTIVE

To provide a visible OIG presence to prevent misspending and identify questionable charges billed under contracts and grant activities.

BACKGROUND

- ◆ As DHS began operating JFOs in Alabama, Mississippi, Texas, Florida, and Louisiana, auditors and investigators were on site to provide oversight and technical assistance to FEMA and state and local officials. Key tasks to be completed:
 - Oversee contract activities for disaster-related services
 - Review public assistance projects as they are being prepared by FEMA
 - Review major grant recipients to determine whether they have financial management systems that are adequate for managing the grants
 - Conduct interim reviews of large public assistance grant recipients to ensure that they are documenting their costs and that the costs they claim are eligible for FEMA reimbursement
 - Conduct final audits of FEMA sub-grantees as the rebuilding projects by local governments are completed. The objective of these audits will be to determine whether the costs were properly accounted for and expended according to Federal regulations and FEMA guidelines. The audits will be conducted via in-house staff and contract auditors.

Use of the Disaster Relief Fund (DRF) following DHS's Establishment of the Preparedness Directorate

OBJECTIVES

- ◆ To determine whether the DRF is being used for authorized purposes.
- ◆ To determine whether the DRF expenditures are being accurately reported.

BACKGROUND

- ◆ A DHS reorganization that took effect October 18, 2005 (2 months after Hurricane Katrina made landfall) eliminated the Emergency Preparedness & Response Directorate. FEMA, which had been part of that Directorate, was placed directly under the DHS Secretary. The reorganization created a DHS Preparedness Directorate separate from FEMA, which absorbed some of FEMA's preparedness functions.
- ◆ These changes in organizational responsibilities create a situation whereby FEMA and the Preparedness Directorate may have overlapping funding objectives related to various preparedness and readiness activities.
- ◆ These functions were again reorganized in April 2007.
- ◆ Given the broad funding spectrum of FEMA's DRF, it is critical that the DRF be monitored to ensure that it is being used appropriately.

Selected Components of FEMA's Individual and Households Program

OBJECTIVE

To evaluate how FEMA determines what costs will be paid and ensures applicant eligibility, how efficiently and accurately claims are processed, how FEMA manages recertification for rental assistance, and how FEMA ensures recoupment of overpayments, duplicate payments and payments to ineligible recipients.

BACKGROUND

- ◆ Several components of FEMA's Individual Assistance grant program provide non-housing assistance for disaster victims. For example, victims may be able to get reimbursement for generators, chain saws, medical and dental costs, lost personal property, automobiles and funerals.
- ◆ Components to be examined include:
 - How FEMA determines what costs will be paid and ensures applicant eligibility
 - How efficiently and accurately claims are processed
 - How FEMA manages recertification for rental assistance
 - How FEMA ensures recoupment of overpayments, duplicate payments, and payments to ineligible recipients

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 Katrina, FEMA awarded sole source contracts to four companies for the installation, operations, maintenance, and deactivation of temporary housing units, among 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 other large firms. In addition, some of the task orders on these contracts were not definitized for several months, and FEMA initially did not have trained and experienced staff to monitor the costs or performance of these contracts.

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

FEMA Mission Assignments

OBJECTIVES

- ◆ To ensure:
 - Mission assignments were managed to satisfy mission requirements
 - Funds were spent effectively and accurately accounted for
 - Contracting followed proper procurement procedures
 - Adequate documentation was maintained
 - Purchased property was managed according to governing laws and regulations.

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.
- ◆ Under review are FEMA mission assignments to the five DHS components that received the largest mission assignments: Federal Protective Service, United States Coast Guard, U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, and National Communication System. FEMA awarded \$775 million in Katrina mission assignments to those five DHS components.

FEMA Sheltering and Transitional Housing for Evacuees

OBJECTIVE

To determine to what extent FEMA's transitional housing program met the needs of the hurricane victims and to identify weaknesses that need to be addressed for future disasters.

BACKGROUND

- ◆ Hurricanes Katrina and Rita produced more than one million evacuees. Many are still living in transitional housing.
- ◆ The review covers (1) FEMA's planning for sheltering evacuees, (2) implementation of transitional housing that included long-term sheltering, hotels and motels, apartments, travel trailers and manufactured homes, cruise ships, and fixed facilities. (3) FEMA's coordination with state and local governments and voluntary agencies, (4) how well evacuee needs were met.
- ◆ The review will identify the actions FEMA is taking to be better prepared to provide housing to evacuees of future catastrophic disasters and recommend ways to prevent problems that occurred during the response to Hurricane Katrina.

FEMA's Property Management

OBJECTIVE

To evaluate how personal property is acquired, received, issued, disposed of, controlled, and tracked by the JFOs, Agency Logistics Centers, Territory Logistics Centers, and Remote Storage Sites.

BACKGROUND

- ◆ Disaster assistance operations involve numerous acquisitions of personal property by FEMA as well as other agencies.
- ◆ OIG will review FEMA's management of personal property and will evaluate internal controls to ensure that personal property purchased during disaster operations is properly accounted for and managed. Personal property received through international donations also will be part of this effort.

Potential for Duplication Among 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 duplication of benefits to disaster victims.

BACKGROUND

- ◆ An inventory of Federal disaster assistance programs is being prepared which includes an assessment of 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 to prevent both intentional and inadvertent duplication of benefits. Some instances of overlapping programs have already surfaced such as individuals receiving both cash for rental assistance and housing provided by Federal agencies.

Improvements for Information Sharing Are Needed to Facilitate Law Enforcement Efforts During Disasters

(Draft report was issued on February 26, 2007)

OBJECTIVE

To examine interagency data sharing processes and procedures to determine how interagency data sharing might improve the effectiveness of disaster response and recovery.

BACKGROUND

- ◆ A variety of Federal agencies collect data that may benefit FEMA in activities such as determining eligibility of individuals for assistance and preventing duplicate assistance payments.
- ◆ Similarly, FEMA collects data that might be useful to other agencies. For example, FEMA data might contain information on the post-disaster location of missing children or others displaced by a disaster.

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

Hurricane Katrina Fraud Task Force

OBJECTIVE

To continue to uncover fraud related to Hurricane Katrina.

BACKGROUND

- ◆ Investigators continue to be active participants on the DOJ Fraud Task Force established by the U.S. Attorney General on September 8, 2005.
- ◆ As a result of Hurricanes Katrina and Rita, OIG have established offices in Baton Rouge, Louisiana, Biloxi, Mississippi, Mobile, Alabama, and Hattiesburg, Mississippi, and have staffed these offices primarily with temporary investigators who are Cadre On-Call Response Employees or Disaster Assistance Employees.
- ◆ OIG will continue to fully participate on the task force during FY 2007.

Laptop Computer Security - FEMA

OBJECTIVE

To determine whether FEMA has established and implemented adequate and effective security policies and procedures related to the physical security of and logical access to government-issued laptops.

BACKGROUND

- ◆ As the weight and price of laptops have decreased and their computing power and ease of use have increased, so has their popularity for use as primary or alternate computers for government personnel. However, due to their portability, the use of laptops significantly increases the risk of theft or loss.
- ◆ As a result, there is increased risk that national security or sensitive data may be exposed, possibly resulting in harm to the national infrastructure.
- ◆ Consequently, government organizations that provide for the use of laptop computers must take steps to ensure that the equipment and the information that is stored on them are adequately protected.

Southwest Charter Lines, Inc. Over Billing Government Agencies (Congressional)

OBJECTIVE

To determine whether, and to what extent, Southwest Charter Lines Inc. over-billed for services.

BACKGROUND

- ◆ At the request of a member of Congress, a review was conducted regarding the contract awarded by FEMA in September 2005 to Southwest Charter Lines Inc. of Mesa, Arizona to provide mobile shower facilities for the FEMA Urban Search and Rescue Base located at Saints' Field in New Orleans.
- ◆ OIG will investigate a claim that the company intentionally over-billed FEMA.

Catastrophic Disaster Response

OBJECTIVES

- ◆ To stay current on all disaster relief operations and activities.
- ◆ To evaluate FEMA's policies, procedures and controls including:
 - Implementation of existing response and recovery policies and procedures
 - Development of new policies and procedures based on the magnitude of the disaster event
 - Adequacy of internal control as hundreds of millions and potentially billions of dollars are provided for response and recovery activities.

BACKGROUND

- ◆ During a natural or man-made catastrophic disaster, OIG will deploy experienced staff to FEMA's Emergency Operations Center (EOC), JFOs, applicable National Processing Service Centers (NPSCs), and other FEMA field locations as appropriate to provide on-the-spot advice, assistance, and oversight to DHS, FEMA, state, and local officials.
- ◆ Major oversight activities include:
 - Participating in all senior-level meetings at FEMA Headquarters and providing continuous, on-sight oversight of JFO operations by attending daily status, all hands, and senior staff meetings with JFO staff, state and local officials, and with Emergency Support Functions representatives.
 - Monitoring mission assignments, reviewing supporting documentation, and coordinating and meeting with OIG officials from other Federal organizations to discuss their roles and devise plans to provide the most review/audit coverage.
 - Reviewing JFO-issued contracts and contracting procedures for disaster-related services and determining compliance with Federal acquisition policies, procedures, and requirements.

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

(continued)

- Identifying, documenting, and reviewing/auditing potential FEMA and state disaster management problems and issues in the area of debris removal, emergency protective measures, assistance to individuals and households, temporary housing, longer-term public assistance repairs and restorations, and hazard mitigation, as well as other support areas (e.g., property management).
- Attending public assistance applicant briefings and kick-off meetings with FEMA, state, and local officials; overseeing the development of larger public assistance projects to assure work eligibility and reasonableness; performing interim reviews of subgrantees claims; and following up on specific issues and complaints about subgrantee practices that are not in compliance with program requirements.
- Reviewing major grant recipients' financial management systems and internal control and coordinating with state auditors to develop review/audit strategies.
- Responding to congressional requests/inquiries, briefing Inspectors General and other interested parties on the results of our oversight, and coordinating with our Office of Investigations as to known or suspected fraud, waste, or abuse.
- Coordinating with state and local government audit and investigative organizations.

FEMA's Readiness to Respond to the Next Catastrophic Disaster

OBJECTIVE

To determine to what extent FEMA is better prepared to respond to a catastrophic disaster than prior to Hurricane Katrina.

BACKGROUND

- ◆ Following Hurricane Katrina, many organizations identified numerous serious problems that resulted in FEMA's failure to effectively respond to the disaster.
- ◆ FEMA has been working to improve its readiness and now claims to be better prepared to respond to the next catastrophic disaster.
- ◆ The steps FEMA has taken to improve its capability in those areas identified as most seriously deficient in its response to Hurricane Katrina will be reviewed.

Disaster Assistance Grants

OBJECTIVES

- ◆ To determine the eligibility of the grantee or sub-grantee and of the work funded by the grant.
- ◆ To determine whether grantees or sub-grantees accounted for and expended FEMA funds according to Federal regulations.

BACKGROUND

- ◆ Audits (of grantees and sub-grantees) focusing on large grants (generally in excess of \$3 million) with suspected problems, and areas that are of interest to Congress and FEMA will be performed.
- ◆ The audits will include both open and recently closed applications and projects, and will focus on costs as well as the eligibility of the grant applicant and the eligibility of the work funded by the grant.
- ◆ The audits will focus primarily on public assistance grants, but may include hazard mitigation grants and grant assistance provided to individuals and households.

Multi-layered Disaster Contracts

OBJECTIVE

To determine the extent of multi-layered disaster contracts regarding Hurricane Katrina and document the various problems associated with them. This work may highlight particular case studies to illustrate the problem.

BACKGROUND

- ◆ In the aftermath of Hurricane Katrina, FEMA has awarded over \$7 billion in Federal contracts to hundreds of companies.
- ◆ The Inspector General community and GAO have reported that the management and oversight of these disaster contracts has been dismal. Gulf Coast businesses, especially small businesses, allege that they are being shut out of participating in the recovery efforts because they cannot enter into the multi-tiered subcontracts except at the very bottom where profitability is very low.
- ◆ Prices paid under prime contracts and all their sub-contracts are not readily available to the public or to Congress. Without this visibility, Congress and the American people are unable to determine for themselves whether tax dollars are being spent efficiently and effectively.

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

FEMA's Emergency Housing Unit Program

OBJECTIVES

- ◆ To determine the effectiveness of the program including funding, staffing, contracting, acquisition management and property accountability.
- ◆ To determine the cost effectiveness of maintaining FEMA storage facilities and the procedures in place to ensure the proper maintenance of the housing assets.

BACKGROUND

- ◆ FEMA provides temporary housing, including travel trailers, mobile homes, or 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 for expedited response to housing needs.
- ◆ The effectiveness of the program will be evaluated in order to identify improvements, needed funding, staffing, contracting, acquisition management, property accountability, facility management, and internal controls. The cost effectiveness of maintaining the facilities and the preventive maintenance procedures to safeguard housing assets at these locations will also be assessed.

Accountability for Travel Trailers, Mobile Homes, and Modular Homes

OBJECTIVE

To evaluate controls in place for management of housing assets from purchase to final disposition.

BACKGROUND

- ◆ In response to the housing needs for victims of Hurricanes Katrina and Rita, disaster assistance operations involved acquisitions of travel trailers, mobile homes, and modular homes.
- ◆ Auditors and contractors will review FEMA's management of these housing assets and will evaluate internal controls in place to ensure the housing purchased is properly accounted for and managed for the life cycle of the assets.

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

OBJECTIVE

To identify vulnerabilities and control weaknesses that enable fraud in FEMA's IHP.

BACKGROUND

- ◆ FEMA's IHP provides eligible applicants with cash grants for temporary housing, home repair or replacement, and other disaster-related needs. In response to Hurricanes Katrina and Rita, over \$6.7 billion in assistance has been awarded. Of this, GAO estimated that approximately \$1.0 billion was paid based on potentially fraudulent applications.
- ◆ This review will use a case management methodology to identify the causes of the fraud in the IHP.
- ◆ This review will assess how well FEMA is addressing the situation, 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.

FEMA's National Flood Insurance Program (NFIP)

OBJECTIVE

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

BACKGROUND

- ◆ FEMA manages the NFIP. FEMA 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 of the Federal government.
- ◆ When Hurricane Katrina made landfall in August 2005, there was damage from wind and flooding.
- ◆ The investigation will cover whether, and to what extent, in adjusting and settling claims resulting from Hurricane Katrina, insurers under the WYO program improperly attributed damages to flooding, covered under the insurance provided by the NFIP, rather than to windstorms which are covered under the insurance of the individual private sector property insurers or by wind-storm insurance pools in which such insurers participated.

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

Identifying Duplication of Benefits

OBJECTIVES

- ◆ To determine whether recipients of FEMA's Disaster Housing home repair grant assistance have also received benefits from the NFIP.
- ◆ To determine if duplication of assistance to victims has occurred among the various housing programs such as rent, trailers, mobile homes, hotels, and other forms of housing assistance.

BACKGROUND

- ◆ FEMA has an array of 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 housing 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.
- ◆ The Computer Science Corporation maintains the database of active and cancelled flood policies as well as claims paid. Records of housing assistance, (i.e., rental assistance that FEMA provides) are maintained in the National Emergency Management Information System (NEMIS) while hotels, motels and apartments are maintained in other databases.

FEMA Recommendation Tracking

OBJECTIVE

To determine the status of recommendations on Office of Disaster Assistance Oversight (DAO) reports issued since Hurricane Katrina.

BACKGROUND

- ◆ Since Hurricane Katrina, DAO has issued 82 reports and approximately 160 recommendations to FEMA. No responses have been received for 27 of these 82 reports. A Management Advisory Report is anticipated to summarize the situation and elevate the matter to FEMA management.

Project Hope (Helping Our People in Emergencies) (Congressional)

OBJECTIVE

- ◆ To determine whether funds were implemented effectively including whether Project H.O.P.E. was:
 - 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 (HHS) Center for Mental Health Services and FEMA
 - Carrying out approved activities to meet the intent of the Crisis Counseling Program (CCP)

BACKGROUND

- ◆ At the request of a member of Congress, 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) will be reviewed. The member additionally requested a review of whether funds had been used effectively to benefit disaster victims.

FEMA’s Plans for Grant Awards Under the Alternative Housing Program Pilot (AHPP) (Congressional)

OBJECTIVE

- ◆ To assess the AHPP grant award process in order to determine whether:
 - The \$400 million available for the program was appropriately allocated and hurricane-affected communities received proportionate shares of the available funds
 - The decisions of the AHPP awards panel and FEMA officials led to the funding of innovative and creative emergency housing solutions
 - The AHPP awards panel reached fair and balanced decisions
 - The AHPP panel review process was subject to the basic Federal advisory committee requirements of openness and transparency
 - There were any violations of law in the manner in which the AHPP grant project selections and awards were conducted.

BACKGROUND

- ◆ In 2006, \$6 billion in supplemental appropriations were designated for Disaster Relief, of which, \$400 million was made available to FEMA for an “alternative housing pilot program in the areas hardest hit by Hurricane Katrina and other hurricanes of the 2005 season.”
- ◆ In response, FEMA officials developed and implemented a grant competition to “identify, develop, and evaluate alternatives to and alternative forms of disaster housing.” The competition was limited to the state-designated agencies of the Gulf Coast states of Alabama, Florida, Louisiana, Mississippi, and Texas. By awarding competitive grants, FEMA officials sought to identify the best alternatives for housing disaster victims. By restricting the competition to the five Gulf Coast states, FEMA officials sought to comply with the congressional intent that those areas hardest hit by Hurricane Katrina and the 2005 hurricanes receive the housing developed under these grants.
- ◆ At the request of a member of Congress, FEMA’s grant awards under the AHPP will be reviewed. The member requested that a number of issues concerning the AHPP grant award process be addressed.

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

PLANNED

FEMA Acquisition Management Review

OBJECTIVES

- ◆ To conduct an acquisition management review at FEMA that will address major issues such as:
 - Organizational alignment and leadership
 - Policies and processes
 - Acquisition workforce
 - Information management.

BACKGROUND

- ◆ FEMA was not systemically well-poised to provide the kind of acquisition support needed for a catastrophic disaster such as Hurricane Katrina.
- ◆ This review will result in reports on individual procurement issues and will be followed by a capping report that will measure FEMA's progress in improving its acquisition capabilities.

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

OBJECTIVES

- ◆ To assess FEMA's strategy for dealing with the situation at the transitional housing sites.
- ◆ To evaluate whether there is adequate coordination with Federal agencies, local authorities, and voluntary organizations.
- ◆ To determine if FEMA has formulated a coherent exit strategy.

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 5 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 a bleak picture of dysfunctional communities. The lack of alternative housing in the Gulf Coast region suggests that these transitional housing sites may be permanent. The current situation is a recipe for human tragedy and a brewing public relations nightmare for FEMA
- ◆ This review will assess how well FEMA is addressing the situation, 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.

FEMA's Debris Removal Program

OBJECTIVE

To assess FEMA's debris program including its recent retooling effort and identify best practices.

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 of local governments' debris removal operations because the costs will be reimbursed by FEMA's Public Assistance grant program. There have been long-standing problems associated with debris removal and monitoring operations. These are exacerbated by the size of the debris problem in the Gulf Coast.
- ◆ In response, FEMA is retooling its debris removal program and implementing new policies and procedures.

FEMA's Section 406 Mitigation

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. The opportunities for mitigation in the Gulf Coast will be enormous and the costs substantial.
- ◆ A performance review of FEMA's implementation and management of the mitigation component of its public assistance grant program in the Hurricanes Katrina and Rita recovery process will be conducted.

FEMA 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.
- ◆ The program may provide a state with a percentage of the total disaster grants awarded by FEMA. To date, FEMA has committed about \$3 billion in program funds to states along the Gulf Coast for Hurricanes Katrina and Rita.

3.2 Department of Defense Audits

3.2 DOD Highlights

- ◆ Overall, DOD Audits have resulted in:
 - Identifying and improving control weaknesses to protect both financial and technological resources.
 - Strengthening the future training of military resources during domestic natural crisis.
 - Improving data collection and evaluation in order to draw lessons learned in preparation for the next national emergency.
 - Continuing contract and procurement oversight.

FINAL - DOD OIG

Contract Administration of the Water Delivery Contract Between Lipsey Mountain Spring Water Company and US Army Corps of Engineers (USACE)

#D2007-55 February 5, 2006

SUMMARY

- ◆ Auditors determined that Lipsey Mountain Spring Water Company delivered emergency water to specific sites throughout the United States since April 2003, but did not consistently meet time performance requirements of the contract.
- ◆ USACE personnel did not sufficiently document the monitoring of the Lipsey Mountain Spring Water Company's performance on delivering emergency water. The company might not be capable of functioning as the sole source supplier of water in an emergency outside the continental United States.
- ◆ Mobile and Wilmington USACE District personnel did not always obtain proper supporting documentation for payments made to the company; maintain copies of FEMA Task Orders and USACE delivery orders, or request copies of the Lipsey Mountain Spring Water Company Water Quality Reports.
- ◆ Auditors identified potential monetary benefits totaling approximately \$8.2 million because the USACE personnel did not obtain documentation to support payments made to the Lipsey Mountain Spring Water Company.

RESULTS

Strengthening management controls over emergency water distribution and establishing stricter contractor oversight should ensure emergency water supplies are available at a fair and reasonable cost to the government.

Audit of the USACE “Operation Blue Roof” Project in Response to Hurricane Katrina

#D2007 December 22, 2006

SUMMARY

- ◆ Two members of Congress requested the audit to review the contracts awarded for temporary roofing repairs following Hurricane Katrina.
- ◆ USACE properly reviewed responsive proposals and conducted the source selection according to the methodology stated in the solicitation. USACE did not initially award prime contracts to small, minority, or locally owned firms because those firms were not among the top five most technically qualified responders. However, USACE did award two contracts for temporary roofing repairs to small disadvantaged businesses in October 2005
- ◆ As of August 2006, USACE had not completed performance evaluations of the prime contractors; however, USACE Internal Review Teams, Defense Contract Audit Agency auditors, and homeowner inquiry and complaint forms identified contractor performance issues.
- ◆ A second report discussing concerns not related to the congressional request is planned.

RESULTS

The audit determined that the procurements were properly solicited and awarded with no material internal control weaknesses in the award of temporary roofing repairs contracts.

The Effects of Hurricane Katrina on the Defense Information Systems Agency Continuity of Operations and Test Facility

#D2007-031 December 12, 2006

SUMMARY

- ◆ U.S. Army Europe, one of the primary Command and Control Guard users, lost real-time logistics data for 19 days due to internal control weaknesses.
- ◆ According to the audit report, personnel halted the testing mission to prepare for Hurricane Katrina. During the hurricane, personnel and the facility lost communications capabilities and the testing mission was not readily available for client use because no alternate means of testing was available.
- ◆ As a result, the testing mission was halted for 3 weeks following Hurricane Katrina. Also, the Command and Control Guard system could not continue real-time data processing following Hurricane Katrina.

RESULTS

Auditors identified internal control weaknesses at the testing facility and the Global Combat Support System Program Management Office over the planning and protection of information technology resources.

3.2 Department of Defense Audits

Hurricane Katrina Disaster Recovery Efforts Related to Army Information Technology Resources

#D-2007-006 October 19, 2006

SUMMARY

- ◆ The 321st Theater Materiel Management Center Rear lost voice and data communications as a result of Hurricane Katrina as internal controls were not adequate. The materiel managers were unable to communicate with customers in Southwest Asia, nor could they resume operations for one critical logistics information technology system within 24 hours as required by DOD directives.
- ◆ As a result, a backlog in processing requisitions caused a 4-day delay in requisitioning supplies from warehouses; the materiel managers of the 321st Theater Materiel Management Center Rear could not quantify the impact on the war fighter or theater readiness.
- ◆ After Hurricane Katrina, the 321st Theater Materiel Management Center Rear took the appropriate steps to correct disaster recovery planning weaknesses. According to officials at the Army Materiel Command and the 377th Theater Support Command, the two logistics information technology systems will transfer from the 321st Theater Materiel Management Center Rear to the Army Materiel Command Logistics Support Activity, Redstone Arsenal, Alabama, and Belle Chasse, Louisiana, respectively.

RESULTS

Auditors identified an internal control weakness in the protection of information technology resources. Appropriate steps to correct this are being taken.

Use of DOD Resources Supporting Hurricane Katrina Disaster

#D2007-002 October 16, 2007

SUMMARY and RESULTS

- ◆ Auditors identified several areas where DOD can improve their response and support to FEMA and civil authorities. These include:
 - Planning and coordinating military support to civil authorities
 - Developing a plan for the joint reception, staging, onward movement and integration of military forces
 - Standardizing interoperable communication architectures
 - Coordinating DOD logistics commodity support to the FEMA
 - Training and exercising DOD Components and Federal agencies in support of the National Response Plan
- ◆ DOD is working with DHS to improve the future training of military resources during domestic natural crisis.

SUMMARY

- ◆ USACE awarded four post-Katrina contracts for debris removal for \$500 million each with an option for an additional \$500 million. The large size of the contracts combined with vaguely defined award evaluation factors had a limiting effect on competition and steered contracts to companies that had prior contingency contracts with USACE.
- ◆ USACE awarded these contracts based on unclear requirements, which later drove the need to renegotiate initial bid prices under sole source circumstances. Although contracts were initially awarded as fixed price, the contracting officer for the Louisiana contracts negotiated new prices that were substantially higher than what the contractors initially bid and what the independent government estimate called for. Prices were renegotiated without the benefit of a Defense Contract Audit Agency review. Hence, there was no assurance that debris contracts provided best value to the government.
- ◆ USACE did take positive steps to have prime contractors maximize subcontracts with small and disadvantaged businesses in the hurricane affected areas.
- ◆ Controls were generally adequate to ensure that government payments to contractors were consistent with the terms of the contract and actual debris removed. However, opportunities existed to substantially reduce USACE 's costs for contract surveillance and strengthen controls by leveraging contractor quality control and adapting new technology to the process.

RESULTS

The audit recommended changes to the acquisition strategy for debris contracts to better define award evaluation factors and enhance competition. Also, actions were recommended to develop a comprehensive quality assurance surveillance plan that leverages contractor quality control and automates the recording of load ticket information.

3.2 Department of Defense Audits

FINAL - NAVAL AUDIT SERVICE

Hurricane Relief Funds for Military Family Housing Construction at Gulfport and Stennis Space Center, Mississippi

#N2007-0021 March 27, 2007

SUMMARY

- ◆ Commander, Navy Installations Command (CNIC) analyses did not adequately address all relevant factors in determining quantitative housing requirements. CNIC analyses supporting \$81.6 million in hurricane relief funds requested and received to construct 296 Military Family Housing (MFH) units in Gulfport, Mississippi, and Stennis Space Center, Mississippi, showed a housing need due to hurricane damage. These funds were received to build new Navy-owned MFH to house service members and families whose private housing was destroyed or rendered unsuitable from the hurricane.
- ◆ CNIC analyses supported the 296 units based on estimated housing deficits directly after the hurricane but did not adequately consider long-range housing requirements or alternatives to constructing the 296 units.

RESULTS

The audit recognized the difficulties associated with having to determine housing requirements immediately after a hurricane, and to rapidly prepare a budget request for new construction to ensure Navy military personnel have proper housing. However, auditor analyses showed that the CNIC cost estimates that priced these requirements included two pricing factors to account for post-hurricane housing construction conditions which were not needed. Further, CNIC analyses did not adequately address all relevant factors in determining quantitative housing requirements.

Auditors computed potential funds available for other use of \$14.4 million through elimination of appropriated amounts associated with the unneeded pricing factors from the budget. The appropriated amount associated with 202 quantitative requirements that was unsupported was \$51.7 million. Since CNIC is completing a study that may change the number of units required to be built, the audit did not claim a specific amount of funds potentially available for other use for any reduction in housing unit requirements.

Information Systems Restoration and Data Recovery Related to Hurricane Katrina

#N2007-0016 February 23, 2007

SUMMARY

- ◆ The Navy did not have the corporate visibility needed for senior decision makers. The internal controls needed were not in place to ensure that system restoration and data recovery efforts were executed in accordance with applicable laws and guidance, and to prevent or promptly detect errors and irregularities.
- ◆ Use of the Navy Critical Infrastructure Protection Consequence Management Planning Guide is not mandatory. The auditors expressed that it should be. This occurred because the consequence management controls were limited; guidance was lacking; the procedures to centrally manage and report information, including recording recovery and restoration costs, were not in place.
- ◆ Additionally, 12 out of 14 commands that should have executed COOP plans had not prepared them. This occurred because of management inattention. However, due to the conscientious efforts of Navy personnel, commands reported no data loss despite the overall lack of COOP plans in effect during Katrina.

RESULTS

Auditors determined that centralized collection of catastrophic event data is needed.

Department of the Navy's Use of Hurricane Katrina Relief Funds

#N2007-0009 January 3, 2007

SUMMARY

- ◆ Opportunities exist to improve internal controls over accountability of hurricane relief funds including:
 - Creating procedures for reconciling supplementary funds
 - Timely identification and communication of special contingency fund accounting codes
 - Training personnel on emergency standard operating procedures
 - Recording, distributing and reporting funds
- ◆ These opportunities for improvement exist because commands did not have standard operating procedures for emergencies and guidance was not issued until three weeks after the disaster.
- ◆ Additional resources were required to correct codes on documents in order to produce accurate reports of funds expended and an auditable universe of transactions.

RESULTS

The report identifies needed improvements associated with the distribution and reporting of relief funds. The Navy needs to adopt these suggestions for improvement to strengthen controls for future contingencies.

3.2 Department of Defense Audits

FINAL - AIR FORCE AUDIT AGENCY

Hurricane Katrina FEMA Reimbursements

#F-2007-0003-FB1000 November 20, 2006

SUMMARY

- ◆ Air Force personnel used funds for valid hurricane efforts. However, opportunities existed to improve future DOD and Air Force controls over funding and reimbursable relief efforts.
- ◆ At the locations audited, Air Force auditors determined about \$4.5 million in underreported expenses were not properly documented for FEMA reimbursement.

RESULTS

Auditors determined that the Financial Manager-Katrina took substantial actions to establish and implement adequate management controls over DOD FEMA funding.

ONGOING - DOD OIG

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

#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

#D2006-D000CH-0110.000 January 9, 2006

OBJECTIVES

- ◆ 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

#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.

Audit of the Contract Administration of the Hurricane Katrina Recovery Ice Delivery

Subproject # D2006-D000CG-0075.000

OBJECTIVE

To evaluate the administration of the 2003 ice delivery contract. (At the request of Corps officials, the audit scope was expanded. Auditors identified several issues not related to the congressional concerns involving the delivery of ice and subsequent payment that warranted further review. This subproject is an additional review based on issues identified from Report No. D2006-116, Ice Delivery Contracts Between International American Products, Worldwide Services and the USACE. Report No. D2006-116 focused specifically on congressional concerns regarding the issuance of the ice delivery contract).

Audit of Accounting and Oversight of Obligations and Expenditures related to the Department of Defense Hurricane Katrina Reconstruction Effort for the USACE

Subproject # D2006-D000FE-0010.001 and Subproject # D2006-D000FE-0010.002 Audit of the Emergency Supplemental Appropriation to Meet DOD Needs Arising From the Consequences of Hurricane Katrina. Main Project announced September 19, 2005

OBJECTIVE

To determine whether DOD obligations and expenditures related to the Hurricane Katrina reconstruction effort are timely and efficiently executed and in accordance with applicable laws and regulations. (Subproject .001 specifically focuses on supplemental funding provided to USACE. Subproject .002 focuses on other DOD components).

ONGOING - ARMY AUDIT AGENCY

Demolition Contracts

#A-2006-FFD-484.000 May 31, 2006

OBJECTIVES

- ◆ 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.

Contracts to Restore and Enhance Hurricane System

#A-2006-FFD-483.000 May 22, 2006

OBJECTIVES

- ◆ To determine whether the acquisition plan provided the best value to the government and maximized opportunities for awarding prime contracts to small and local businesses.
- ◆ To determine whether appropriate actions are being taken to implement task management action points and recommendations of independent evaluation team. A subproject is being conducted to evaluate procedures and processes for managing projects under the Hurricane Protection Office and the Protection Restoration Office.

3.2 Department of Defense Audits

Contract Data Reporting

#A-2006-FFD-483.000 May 22, 2006

OBJECTIVES

- ◆ To determine whether the acquisition plan provided the best value to the government.
- ◆ To determine whether opportunities were maximized for awarding prime contracts to small and local businesses.

ONGOING - NAVAL AUDIT SERVICE

Audit of Controls and Accountability over Medical Supplies and Equipment for Hurricane Relief Efforts

#N2006-NFA000-0009.005

OBJECTIVE

To determine whether management controls over medical supplies and equipment used in hurricane relief efforts were effective.

Audit of Contractor Support Services in Support of Hurricane Relief Efforts

#N2006-NFA000-0009.006

OBJECTIVE

- ◆ To determine whether management controls over service contracts were adequate to ensure the following:
 - Contract services were properly justified, provided services of value to the Navy, and met government requirements concerning authorized use of service contracts
 - Contract deliverables were clearly defined and adequately measured in terms of results, quality and timeliness
 - Contract deliverables met contract requirements in terms of results, quality, and timeliness
 - The appropriate contract type was used to provide services at the lowest cost and least risk to the government.

Audit of Funds Appropriated for Navy Shipbuilding and Conversion

#N2006-NFA000-0009.008

OBJECTIVE

To verify that the Navy plans to spend Shipbuilding and Conversion funds appropriated for extraordinary hurricane related shipbuilding and ship repair costs meet congressional intent and are in compliance with applicable laws and regulations.

ONGOING - AIR FORCE AUDIT AGENCY**Audit Planning, Hurricane Katrina Relief Efforts****Subproject # F2006-FB1000-0124.000 October 5, 2005****OBJECTIVE**

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

Hurricane Katrina Supplemental Funds Management**# F2006 FD1000 0210.000 November 21, 2005****OBJECTIVE**

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

Audit Planning, Hurricane Disaster Planning**#F2007-FD1000-0392.000 February 12, 2007****OBJECTIVE**

To determine the effectiveness of preparations for future hurricane seasons (auditors will assist the Air Force). 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.

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

3.3 HUD Highlights:

- ◆ Oversight of Federal Funding results are positive:
 - Total value of four audits is \$22.8 million
 - \$96,000 in questioned costs
- ◆ OIG recommendations have resulted in:
 - Detecting initial indications of possible problems with the second phase of the Katrina Disaster Housing Assistance Program (KDHP) and the Disaster Voucher Program (DVP) review which involves recipient eligibility
 - Management recommendations and questioned costs in audits of the real estate owned (REO) properties to house evacuees, emergency contracting activities, and the Disaster Housing Assistance Program
 - Monitoring the progress of rebuilding efforts
- ◆ OIG has established HUD Headquarters for Disaster Relief Oversight Division (DROD) to perform oversight activities in the five Gulf Coast states and has established a new Gulf Coast Region.
- ◆ On January 30, 2007 the HUD Secretary stated the Department would provide \$27.3 million in funding to help five Mississippi housing authorities to continue repairing thousands of public housing units damaged by Hurricane Katrina. Last year HUD issued additional guidance that allowed eligible Public Housing Authorities (PHAs) to convert regular Housing Choice Voucher (Section 8) funds to the Disaster Voucher Program, which made voucher program funding available. PHAs were then permitted to use these funds to repair public housing units. The OIG is monitoring the progress of this rebuilding effort and will schedule a review at the appropriate time.

FINAL

Evaluation of HUD's Procedures and Controls for the Katrina Disaster Housing Assistance Program (KDHP) and Disaster Voucher Program (DVP)

#2007-AO-0001-CM

SUMMARY

- ◆ Objective: To evaluate the adequacy of the two programs' operational procedures and controls. The Office of Audit initiated the survey of KDHP and DVP in conjunction with the PCIE.
- ◆ HUD and FEMA developed KDHP in response to Hurricane Katrina. HUD replaced KDHP with DVP and included HUD participants affected by both Hurricanes Katrina and Rita. KDHP and DVP provided rent to participants up to the fair market rent and housing authority payment standard, respectively.

RESULTS

HUD OIG noticed minor mistakes in the operational procedures and controls review and did not disclose any major findings for KDHP or DVP. However, the second phase of the review which involves recipient eligibility has initial indications of possible problems.

ONGOING

Review of Procedures and Controls – Mississippi’s Homeownership Grant Assistance Program

#AO 06 0008

SUMMARY

- ◆ Auditors did find that the state of Mississippi’s intention to withhold a total of \$326,489 of state and local taxes from homeowners’ grant amounts appears to go beyond the authorized purpose of the legislation providing for the Federal assistance.
- ◆ Objective: To review procedures and controls in order to determine whether the state of Mississippi’s Homeowner Grant Assistance Program:
 - Provided grants to eligible homeowners
 - Prevented a duplication of benefits and properly calculated grant amounts
 - Established and implemented monitoring processes as required by its HUD approved action plan and requirements published in the Federal Register.

RESULTS

The Mississippi Development Authority (MDA) and/or its contractor appear to have adequate procedures and controls to ensure that only eligible homeowners receive program benefits. However, they do not have controls to ensure that homeowners do not receive a duplication of benefits.

Review of Procedures and Controls – Louisiana’s Homeownership Assistance Program

#AO 06 0009

OBJECTIVES

- ◆ To review procedures and controls in order to determine whether the state of Louisiana Homeowner Assistance Program:
 - Provided grants to eligible homeowners
 - Prevented a duplication of benefits
 - Disbursed CDBG funds for eligible purposes in accordance with the HUD approved Action Plans and applicable Federal regulations
 - Addressed the unmet housing needs set forth in the Federal Register.

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

Contract and Cost Compliance Review – Mississippi’s Homeowner Grant Assistance Program

#AO 07 0001

OBJECTIVE

- ◆ To review contract and cost compliance in order to determine whether the state of Mississippi:
 - Disbursed Community Development Block Grant (CDBG) funds for the Homeowner Grant Assistance Program costs and administrative cost in accordance with its HUD-approved action plan and applicable Federal requirements
 - Complied with applicable procurement requirements in awarding the contract to Reznick for the implementation of the Homeowner Grant Assistance Program
 - Ensured Reznick performed in accordance with the requirements of the contract
 - Provided grants to eligible homeowners.

Contract Compliance Review – Louisiana’s Homeowner Assistance Program

#AO 07 0002

OBJECTIVES

- ◆ To determine whether the ICF (the state of Louisiana’s contractor for the Road Home Program) contract complied with applicable Federal requirements
- ◆ To determine if ICF provided deliverables in accordance with the terms and conditions of its contract with the state.

BACKGROUND

- ◆ Auditors found indications that ICF did not always meet the deliverable dates as required by its Phase I contract with the state. Specifically, ICF did not complete the MIS system by the required due date.
- ◆ Audit is ongoing.

HUD’s KDHAP and DVP Determination of Participants’ Eligibility

#AO 07 0003

OBJECTIVE

To determine whether HUD properly determined the eligibility of KDHAP/DVP participants. (Auditors found indications that HUD did not always properly determine the eligibility of KDHAP participants).

PLANNED**State of Mississippi's Homeowner Grant Assistance Program****OBJECTIVE**

- ◆ To determine whether the state of Mississippi has adequate management controls and is operating its Homeowners Assistance Program in a manner that provides reasonable assurance that costs are eligible and reasonable.

BACKGROUND

- ◆ The state of Mississippi was allocated \$5 billion for use in meeting unmet housing needs in areas of concentrated distress as a result of Hurricane Katrina.
- ◆ Of this total allocated amount, \$3.260 billion covers four programs:
 - The homeowner grant assistance program
 - Elevation grants program
 - Grants to local governments in local counties for costs of additional permitting and building inspectors for one year
 - Fraud Prevention and Investigation program.

State of Louisiana's Road Home Program

#AO 06 0009

OBJECTIVE

To determine whether the state of Louisiana has adequate management controls and is operating its Road Home Program in a manner that provides reasonable assurance that costs are eligible and reasonable.

BACKGROUND

- ◆ The state of Louisiana was allocated \$6.2 billion in CDBG to assist in its long-term recovery efforts.
- ◆ For such efforts, the state of Louisiana planned on carrying out various programs including:
 - Infrastructure Programs
 - Economic Development (e.g. Louisiana Bridge Loan) Program
 - Housing Programs, composed of, for example, Homeowner Repair, Rebuild and Relocation Program (or the Road Home Program)

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

3.3

PLANNED (CONTINUED)

State of Alabama's Disaster Programs

OBJECTIVE

To determine whether the state of Alabama has adequate management controls and is operating its programs in a manner that provides assurance that costs are eligible and reasonable.

BACKGROUND

- ◆ The state of Alabama was allocated \$74 million in CDBG Hurricane Katrina disaster funds to be distributed through the Alabama Department of Economic and Community Affairs (ADECA) for the purposes of disaster relief, long-term recovery, and restoration of infrastructure directly related to the consequences of the disaster.

Office of Audit Oversight of Community Development and Block Grant Funding

#AO 07 0002

OBJECTIVE

To review whether Louisiana, Mississippi and Alabama have adequate systems of control over the issuance of \$16.7 billion in CDBG funding. The Office of Audit is also in the process of starting these other reviews of the states.

BACKGROUND

- ◆ Planned audits include:
 - Homeowner Grant Assistance Program (MS)
 - Elevation Grants Program (MS)
 - Local Assistance Grants Program (MS)
 - Fraud Prevention and Investigation Program (MS)
 - Housing Programs – The Road Home, Small Rental Program, Tax Credit, Supportive Housing, and Pre-development Loan Program (LA)
 - Infrastructure Programs (LA)
 - Economic Development – Bridge Loan Program (LA)
 - Disaster Relief Program (AL)
 - Restoration of Infrastructure Program (AL)
 - Long-term Recovery Program (AL)

3.4 Department of Interior Audits, Inspections and Other Reviews

3.4

3.4 DOI Highlights

- ◆ The DOI OIG has one ongoing overall objective: To determine whether the Department and its bureaus are ensuring that expenditures for hurricane reconstruction efforts are reasonable, necessary and properly recorded.
 - Focus is on gathering universal information for damage estimates, contracts, and supplemental funding as well as obtaining an understanding of the requirements for rehabilitation at concessions.
 - This information will be audited on a routine basis to ensure that the Department is making the best use of hurricane relief funds, to confirm the appropriateness of expenditures, and to verify whether the Department has adequate controls in place.
 - The DOI issued one final audit product for the 120-day period ending March 31, 2007. Additionally, one ongoing audit focused on reconstruction and rehabilitation contracts to ensure that proper contracting procedures were followed; deliverables were met; and that reconstruction projects are comparable replacements to those that sustained damage.
- ◆ The DOI OIG has completed its first in a series of audits to ensure the Department is making the best use of funds and to confirm the appropriateness of current and future contracts. Generally, the bureaus effectively managed their 2005 hurricane related expenditures:
 - Controls were adequate
 - Purchases were reasonable and necessary
 - Expenditures were accurately accounted for
- ◆ No significant issues with the nature or allowability of expenditures were found. Areas where the bureaus could improve their processes for disaster related expenditures include more timely classifying of disaster-related expenditures and expediting disaster-related contracts.

3.5 Department of Justice Audits Inspections and Other Reviews

3.5 DOJ Highlights

- ◆ Three audits resulted in improved processes:
 - Improved internal controls over the use of purchase cards
 - Improved internal controls over the awarding of disaster relief grants

FINAL

Oversight of Department of Justice Expenditures Related to Hurricane Katrina

#06-11 February 23, 2006

SUMMARY

- ◆ Objective: To determine if Office of Justice Programs (OJP) and Bureau of Justice Assistance (BJA), implemented appropriate internal controls and procedures for the Hurricane Katrina relief grants awarded in September 2005.
- ◆ The BJA awarded 33 Justice Assistance Grants, totaling approximately \$5 million, to state and local law enforcement agencies in areas affected by Hurricane Katrina. While OJP and BJA were proactive in providing additional grant funding, they had no assurance that funding was going to the areas of greatest need.
- ◆ The grants were awarded, in part, based on information from grant applications submitted prior to the hurricane because state and local governments within the affected areas no longer had the necessary infrastructure to submit an application through the regular process. In addition, the BJA used emergency declaration charts presented on FEMA's website to determine which states or local governments could be awarded disaster relief funds.
- ◆ According to a BJA official, it was apparent that some hurricane-affected areas had a greater need for assistance than other areas based on information available one month after the grants were awarded.

RESULTS

It was recommended that for future disaster relief funding, OJP perform an assessment of potential grantees to ensure that funding is provided to those with the greatest need. This assessment should also consider the grantee's history in administering prior grants. Testing indicated that some disaster relief grant recipients had not complied with the reporting requirements for prior grants.

Oversight of Department of Justice Expenditures Related to Hurricane Rita – Beaumont Federal Correctional Complex (FCC) Roof Repair

#06-34 June 23, 2006

SUMMARY

- ◆ All of the roofing for the FCC's low security area, medium security area, penitentiary, and the central administration building sustained such extensive damage from Hurricane Rita that replacement of the roofing was required. An extreme emergency existed at FCC because of the large (approximately 5,100) inmate population housed in the damaged areas.
- ◆ The Federal Bureau of Prisons awarded a sole-source firm fixed price contract for \$5.2 million on October 11, 2005, to repair or replace roofing at FCC Beaumont.

- ◆ Auditors reviewed the \$5.2 million sole-source contract for roof repairs at the Beaumont, TX FCC to determine whether the Federal Bureau of Prisons had adequate justification for using a Beaumont, TX contract, obtained fair and reasonable pricing, and awarded the contract on an “arm’s—length” basis.

RESULTS

Auditors determined that the use of a sole-source contract was an acceptable acquisition method due to the contractor’s status under Section 8(a) of the Small Business Act and in accordance with the partnership agreement between DOJ and SBA. In addition, auditors found that \$5.2 million was a fair and reasonable price for the roof repairs and that the contract was awarded on an “arms-length” basis. No recommendations were made.

Department of Justice Hurricane Related Purchase Card Transactions

#06-36 September 7, 2006

SUMMARY

- ◆ In the aftermath of Hurricane Katrina, government purchase cards gained notoriety for weak internal controls that could result in improper and wasteful purchases as well as missing or stolen assets.
- ◆ Objective: To determine whether Department of Justice components:
 - Employed effective internal controls over hurricane relief purchase card transactions to ensure that problems are minimized
 - Authorized and validated hurricane related purchase card transactions
 - Received the hurricane related goods and services that were purchased.
- ◆ The auditors examined hurricane related purchase card transactions at eight Department of Justice components from August 2005 through December 2005. They examined transactions totaling \$3.8 million of the \$5.2 million in hurricane related purchase card transactions reported by the eight components during that period. Nearly all of the purchase card transactions reviewed were properly authorized and were for valid purchases. All goods and services were received.
- ◆ Internal control weaknesses were noted including:
 - The ratio of cardholders to approving officials was too high at two components
 - Approving officials and cardholders need refresher training in purchase card use
 - Cardholder profiles were not always current
 - Cardholders and approving officials were not always aware of items that cannot be purchased with purchase cards, the requirement to document the availability of funds, and the importance of retaining required supporting documentation.

RESULTS

Nearly all the transactions reviewed during the audit were properly authorized and valid and the ordered goods and services were received. The components agreed with the three recommendations that were made to address internal control weaknesses as follows:

- ◆ Cardholder profiles be updated
- ◆ The ratio of cardholders to approving officials be reduced to allowable levels
- ◆ Certain components institute required purchase card refresher training and that this training emphasize the requirement to document the availability of funds, prohibited purchases, and the importance of retaining adequate documentation. The components agreed and took appropriate corrective actions.

3.6 Department of Labor Audits, Inspections and Other Reviews

3.6 DOL Highlights

- ◆ One recommendation was made which will help Louisiana avoid fraud and mitigate risk in the future.
- ◆ Six reviews underway which will help reduce fraud, waste and abuse.

FINAL

Louisiana May Have Paid At Least \$3.7 Million In Hurricane related Unemployment Compensation Claims Based on Claimants Using Invalid Social Security Numbers

#06-07-001-03-315 March 6, 2007

SUMMARY

- ◆ DOL determined the monetary impact on Federal funds as a result of invalid use of SSNs for filing DUA claims (i.e. individuals using the SSNs of deceased individuals, or using SSNs that the SSA has never issued)
- ◆ Louisiana paid at least \$3.7 million in DUA/UC benefits against questionable SSNs:
 - At least \$2.7 million where SSNs did not match the names of individuals assigned those numbers
 - \$661,293 on claims against SSNs of deceased individuals
 - \$314,913 on unissued SSNs.

RESULTS

DOL agreed to take the four recommendations to ensure Louisiana continues its investigations and uses the tools available to identify fraudulent claims and mitigate the risks of identity theft.

ONGOING

DUA Claimant Eligibility in Louisiana and Mississippi

#06-A06-001-03-00

OBJECTIVE

To determine if DUA claimants were entitled to the payments they received, and if the states effectively implemented DUA payment controls and eligibility review procedures in addressing modified DUA eligibility rules.

Louisiana DUA Debit Card Assessment

#06-A06-001-03-001

OBJECTIVE

To determine the monetary impact on Federal funds as a result of Louisiana's automatic pay system for debit cards that were never activated or were undelivered to the claimant.

Analysis of Louisiana's NDNH Database Match Outcomes

#06-A06-001-03-001

OBJECTIVE

To determine the monetary impact on state and Federal funds as a result of individuals continuing to collect unemployment benefits in Louisiana after becoming employed in another state.

Review of NEG and High Growth Initiative Grants - Texas

#04-A06-008-03-390

OBJECTIVE

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

Review of NEG and High Growth Initiative Grants - Mississippi

#04-A06-001-03-390

OBJECTIVE

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

Review of NEG and High Growth Initiative Grants - Louisiana

#04-A06-009-03-390

OBJECTIVES

- ◆ To ensure NEG-funded programs are effective
- ◆ To reduce the potential for fraud, waste, and abuse.

3.7 Department of Transportation Audits, Inspections and Other Reviews

3.7 DOT Highlights

- ◆ AIP (Airport Improvement Program) funding will be more highly scrutinized.
- ◆ Emergency contracts will be structured to ensure the best pricing for the government.
- ◆ Funds rendered “unnecessary” may be redirected to hurricane recovery.

FINAL

Oversight of Airport Improvement Program (AIP) Hurricane Grants

#AV-2007-014 December 13, 2006

SUMMARY

- ◆ Overall, Federal Aviation Administration (FAA) responded quickly and awarded 10 grants totaling nearly \$40.5 million to hurricane-damaged airports to assist in their rebuilding efforts. FAA withdrew 7 of the 10 grants to allow airports time to obtain bids and to permit them to benefit from October 2005 legislation that eliminated requirements for airport matching funds and expanded the type of projects eligible for grant funding.
- ◆ FAA planned no heightened oversight of hurricane related grant fund expenditures. The scope of the damage caused by the hurricanes, and the lack of planning that FAA and the airports were able to do before the grants were awarded, created an increased potential for fraud, waste, and abuse of grant funds.

RESULTS

FAA took action and issued guidance to enhance its oversight of AIP funding for hurricane repairs. It was recommended that FAA develop a plan to verify that its district office personnel are effectively implementing the new guidance requiring grantees to promptly submit more detailed expenditure reports and requiring FAA airport project managers to verify the appropriateness of grant fund expenditures and conduct required site visits to review the progress of airport projects.

Emergency Transportation Services Contract: Lessons Learned From the 2005 Gulf Coast Hurricanes

#FI-2007-030 February 5, 2007

SUMMARY

DOT will ensure that administrative fee rates for future emergency contracts are structured appropriately to avoid overpaying when services dramatically increase. In addition, negotiated profit rates that are appropriate for the types of contracts awarded will be used. Having an emergency transportation services contract in place allowed the Department and its contractor to carry out a strong and rapid response to Hurricanes Katrina, Rita as well as other 2005 hurricanes.

RESULTS

Recommendations were made which will improve the contracting process. DOT agreed with them.

Opportunities to Free Up Unneeded Federal Highway Administration (FHWA) Funds for Use in Hurricane Recovery Efforts

#MH-2007-037 March 6, 2007

SUMMARY

◆ Since states often need several years to develop a project before beginning construction, the audit was limited to projects directed in legislation enacted on or before October 23, 2000. 19 projects with \$10.7 million in unneeded funds were identified. With congressional approval, these earmarked funds could be freed up and redeployed to reduce the cost of hurricane recovery efforts.

RESULTS

A report was issued on opportunities for FHWA to free up unneeded funds on highway projects in five states affected by Hurricanes Katrina and Rita (Alabama, Florida, Louisiana, Mississippi, Texas). It was recommended that FHWA:

- ◆ Coordinate with state transportation officials to promptly identify how earmarked funds in the 19 projects identified could best be redirected for use on hurricane recovery efforts and then formally alert Congress of the available funds
- ◆ Complete implementation of legislation allowing states to identify pre-1991 unneeded earmarked funds and use them on other transportation projects in the state without specific congressional action
- ◆ Provide Congress with a list of all unneeded earmarked funds on a regular basis.

3.8 Department of Education Audits, Inspections and Other Reviews

3.8 ED Highlights

- ◆ Focus on Hurricane Education Recovery Act (HERA) funding continues. A report has been issued that will help improve compliance with legislative and regulatory requirements
- ◆ OIG staff is working closely with ED to ensure HERA funds are expended in accordance with the terms of the grants and applicable laws, regulations, policies and procedures.
- ◆ Oversight of the adequacy of SEA and LEA (State Education Agency and Local Education Agency) controls over HERA funding continues.
- ◆ Audit Statistics
 - One completed
 - Eight ongoing
 - One planned

FINAL

Controls Over Hurricane Education Recovery Funding

#X19G0003 January 31, 2007

SUMMARY

- ◆ The Department of Education OIG issued a management information report regarding the Department's controls over HERA funding. As of May 2006, Department staff had developed plans for monitoring all three programs. These plans, if implemented, would provide assurance relating to compliance with legislative and regulatory requirements.
- ◆ Objective: To focus on:
 - Adequacy of guidance and other communication
 - Appropriateness of funding allocation methodologies
 - Development and implementation of monitoring plans.
- ◆ The Department issued timely guidance and other information consistent with legislative requirements. The Department responded quickly to questions and requests for clarification and communicated information effectively. The Department's allocation methodologies were appropriate and reasonable and the calculations made were materially accurate.
- ◆ Monitoring activities were ongoing for all three programs.

RESULTS

ED will:

- ◆ Use monitoring visits to continue its collection of supporting information for the displaced student counts submitted by states
- ◆ Investigate any questionable counts and take corrective action to reallocate obligations or request funds be returned as appropriate

- ◆ Incorporate review of the single audit results into the monitoring plan for each program
- ◆ Evaluate grantee expenditure reports during monitoring visits to provide assurance that funds are being spent appropriately for the Emergency Impact Aid program

ONGOING

Texas State Education Agency (SEA) and Local Education Agency (LEA) Controls Over Emergency Impact Aid and Homeless Youth Funding

#A06G0009

OBJECTIVE

- ◆ To assess the adequacy of Texas SEA and LEA controls over HERA funding for the Emergency Impact Aid and Homeless Youth programs. Specifically, to determine if:
 - SEA and LEA established adequate systems of internal control to provide accurate displaced student count data
 - SEA established an adequate system of internal control to make accurate allocations of funds
 - LEA used funds only for expenditures within the cost categories allowed by the terms of the grant and applicable laws and regulations

Louisiana SEA and LEA Controls Over Emergency Impact Aid and Homeless Youth Funding

#A06G0010

OBJECTIVE

- ◆ To assess the adequacy of Louisiana SEA and LEA controls over HERA funding for the Emergency Impact Aid and Homeless Youth programs. Specifically, to determine if:
 - SEA and LEA established adequate systems of internal control to provide accurate displaced student count data
 - SEA established an adequate system of internal control to make accurate allocations of funds
 - LEA used funds only for expenditures within the cost categories allowed by the terms of the grant and applicable laws and regulations

Mississippi SEA and LEA Controls Over Emergency Impact Aid and Homeless Youth Funding

#A04G0012

OBJECTIVE

- ◆ To assess the adequacy of Mississippi SEA and LEA controls over HERA funding for the Emergency Impact Aid and Homeless Youth programs. Specifically, to determine if:
 - SEA and LEA established adequate systems of internal control to provide accurate displaced student count data
 - SEA established an adequate system of internal control to make accurate allocations of funds
 - LEA used funds only for expenditures within the cost categories allowed by the terms of the grant and applicable laws and regulations

3.8 Department of Education Audits, Inspections and Other Reviews

Alabama SEA and LEA Controls Over Emergency Impact Aid and Homeless Youth Funding

#A06G0020

OBJECTIVE

- ◆ To assess the adequacy of Alabama SEA and LEA controls over HERA funding for the Emergency Impact Aid and Homeless Youth programs. Specifically, to determine if:
 - SEA and LEA established adequate systems of internal control to provide accurate displaced student count data
 - SEA established an adequate system of internal control to make accurate allocations of funds
 - LEA used funds only for expenditures within the cost categories allowed by the terms of the grant and applicable laws and regulations

Georgia SEA and LEA Controls Over Emergency Impact Aid and Homeless Youth Funding

#A06G0015

OBJECTIVE

- ◆ To assess the adequacy of Georgia SEA and LEA controls over HERA funding for the Emergency Impact Aid and Homeless Youth programs. Specifically, to determine if:
 - SEA and LEA established adequate systems of internal control to provide accurate displaced student count data
 - SEA established an adequate system of internal control to make accurate allocations of funds
 - LEA used funds only for expenditures within the cost categories allowed by the terms of the grant and applicable laws and regulations

Mississippi SEA and LEA Controls Over Restart Funding

#A04G0013

OBJECTIVE

- ◆ To assess the adequacy of Mississippi SEA and LEA controls over HERA funding for the Restart program. Specifically, to determine if:
 - SEA established an adequate system of internal control to make accurate allocations of funds
 - LEA used funds only for expenditures that were allowable under the terms of the grant and applicable laws and regulations

Alabama SEA and LEA Controls Over Restart Funding

#A04G0021

OBJECTIVE

- ◆ To assess the adequacy of Alabama SEA and LEA controls over HERA funding for the Restart program. Specifically, to determine if:
 - SEA established an adequate system of internal control to make accurate allocations of funds
 - LEA used funds only for expenditures that were allowable under the terms of the grant and applicable laws and regulations

Controls Over Hurricane Assistance Provided to the Louisiana Board of Regents

#A06G0011

OBJECTIVE

- ◆ To determine how the Louisiana Board of Regents allocated and used the \$95 million provided for postsecondary institutions of higher education. The funds are to be used for student financial assistance, faculty and staff salaries, equipment, and instruments. The audit objectives are to:
 - Assess the Board of Regents' allocation methodology in distributing hurricane assistance funding and evaluate the adequacy of the information provided by postsecondary institutions
 - Identify and assess the Board of Regents' controls over its accounting for funds and its compliance with laws and regulations

PLANNED

Expenditure of funds under the Restart program in Louisiana

OBJECTIVE

- ◆ The objective for this audit will be similar to our ongoing Restart audits in Mississippi and Alabama.

3.9 Environmental Protection Agency Audits, Inspections and Other Reviews

3.9

3.9 EPA Highlights

- ◆ One audit was conducted which will help improve the procurement process in the future.

FINAL

New Housing Contract for Hurricane Katrina Command Post Reduced Costs, Limited Competition

#2007-P-00015 March 29, 2007

SUMMARY

- ◆ This contract contained several improvements over the previous housing contracts for the Metairie incident command post. Terms were more flexible, allowing for various options regarding the numbers of trailers to be leased. It resulted in a price reduction for each trailer (including some services) to \$95 per day per trailer compared to over \$300 under the prior contracts. Both EPA Office of Administration and Resources Management personnel and Region 6 procurement staff worked together diligently to attempt to refine the statement of work and make sure that the requirements did not limit competition.
- ◆ However, the contract's statement of work could have been improved to ensure that it did not contain unnecessary and ambiguous requirements that limited competition. Specifically, EPA:
 - Overstated the need for land
 - Sought unneeded kitchen space, refrigerators and microwaves
 - Did not consider multi-story office space
 - Unnecessarily required a 6-foot fence
 - Did not clearly indicate whether private rooms per person were needed
- ◆ These requirements made it difficult for hotels and apartment complexes to compete for EPA's business. EPA largely based its requirements on what it already had as opposed to future requirements, making it difficult for anyone but the incumbents to win the contract. Also, contract requirements were often undocumented and unverifiable.
- ◆ Since EPA's SOW contained unnecessary and ambiguous requirements, EPA has limited assurance that it received the best value for its money because similar or better facilities may have been available at a lower price.

RESULTS

Since EPA already plans to award two national blanket purchasing agreements to provide emergency technical support and logistical services as a result of a prior report, no recommendations were made. This report was prepared to help ensure that similar occurrences are avoided in the future.

3.10 Government Services Administration Audits, Inspections and Other Reviews

3.10

3.10 GSA Highlights

- ◆ The audits have resulted in identifying process improvements to enable GSA to be well-poised for the future. Audit results include:
 - Standardized, structured emergency contracting program
 - Collaboration with FEMA
 - Improved timeliness and accuracy of data
- ◆ An audit is underway which is evaluating PBS's processes as the government's landlord.

FINAL

Audit of GSA's Response to Hurricane Katrina

#A060055/A/R/F07009 February 26, 2007

SUMMARY

- ◆ Under the National Response Plan, GSA contracting officers place orders and award contracts to meet FEMA requirements while FEMA oversees contractor performance and pays the contractor. GSA is reimbursed for salaries and travel related to this service. GSA contracting professionals awarded nearly \$1 billion in contracts on FEMA's behalf.
 - ◆ Objective: To assess GSA's effectiveness in its response to Hurricane Katrina and whether GSA's billing process ensures that GSA charges FEMA accurately only for appropriate costs. Concerns included:
 - GSA's procurement roles and its relationship with FEMA are not clearly defined.
 - Contracting personnel faced obstacles, including the need for comprehensive guidance and training for emergency contracting. In many cases, they had limited familiarity with the life-sustaining goods and services they were procuring yet were expected to swiftly obtain them. Procurement data was not initially captured by a centralized information system and, as a result, was often inaccurate or incomplete.
 - Regional differences for managing mission assignments and for processing procurement requests were problematic for tracking or reconciling data when several different regions provide support.
 - Controls over the process to charge reimbursable costs were unclear, causing GSA to under-bill FEMA by approximately \$180,000.
 - ◆ While GSA generally fulfilled its mission, the magnitude of Hurricane Katrina and GSA's multiregional response underscored the need for improvements in the agency's emergency contracting and management programs.
 - ◆ These shortcomings may have exposed the government to unnecessary risks.
- (Continued on next page)

3.10 Government Services Administration Audits, Inspections and Other Reviews

3.10

FINAL (Continued from previous page)

RESULTS

Management concurred with the recommendations to improve GSA's response to future disaster situations including:

- ◆ Collaborate with FEMA to clarify responsibilities
- ◆ Develop a structured emergency contracting program that addresses the obstacles faced in its contracting support to FEMA during the Hurricane Katrina response, and examines alternative contracting methods
- ◆ Establish standard operating procedures for the emergency management program to ensure consistency among the regions
- ◆ Improve methodology to obtain reimbursement from FEMA as the controls and processes to bill FEMA were not adequate

Limited Scope Audit of Disaster Reporting Through the Federal Procurement Data System – Next Generation (FPDS-NG)

#A070101/Q/R/P07003 March 30, 2007

SUMMARY

- ◆ The FPDS-NG is a web-based system administered by GSA on behalf of the Office of Management and Budget (OMB) that provides a searchable repository of information about Federal government contracts.
- ◆ Executive agencies are responsible for reporting information to FPDS-NG, making it available to the general public. This is a valuable tool in overseeing the hundreds of billions of dollars spent annually by Federal agencies. The reliability of the data (criticized in the past takes on greater importance because it will likely be used to meet requirements of the Federal Funding Accountability and Transparency Act of 2006.
- ◆ Until recently, the data was not timely and some of the data was inaccurate or incomplete. For example, FEMA contracting records showed that as of October 21, 2005, \$3.7 billion in contracts had been awarded for Hurricane Katrina however, FPDS-NG showed \$608 million on October 24, 2005, for the entire Federal government. Generally, two issues affected the timeliness and accuracy of data:
 - Initially there was no way to track Hurricane Katrina related procurements in the system. However, codes have since been instituted to specifically identify disaster related procurements.
 - Data from agencies playing a large role in the response and recovery effort (initially DHS, DOD and GSA) were not downloaded directly into FPDS-NG. This caused errors in contract data in the database resulting in a significant understatement of contract costs related to the recovery effort.
- ◆ A limited scope review focused on determining if FPDS-NG accurately reports Federal procurements related to response and recovery efforts for Hurricane Katrina.

RESULTS

The OMB recently issued guidelines to agencies establishing a requirement to verify and validate data being entered into FPDS-NG. Therefore no recommendations were made.

3.11 Department of Health and Human Services Audits, Inspections and Other Reviews

3.11

3.11 HHS Highlights

- ◆ HHS-OIG is auditing all HHS hurricane related contractual procurements over \$500,000. These audits focus specifically on the methods of procurement; costs incurred; and the quantity, quality, and timeliness of deliverables.
 - HHS-OIG plans to audit 72 procurements with a total value of \$92.7 million. As of March 31, 2007, HHS-OIG had issued a total of 25 audit reports with an audited value of \$41.3 million.
 - HHS-OIG is in the process of completing and issuing an additional 47 reports with an audited value of \$51.4 million.
- ◆ HHS-OIG issued 16 hurricane related audits. The objective was to determine whether the department complied with the FAR and HHSAR in the award of contracts. All requirements were met for all 25 procurements.
- ◆ HHS Commissioned Corps actively responded to OIG's audit of their response to public health emergencies resulting in:
 - Better training for Corps
 - Streamlined systems
 - Working with the Assistant Secretary of Preparedness and Response (ASPR)

FINAL

Review of the Department of Health and Human Services Commissioned Corps' Response to Hurricanes Katrina and Rita.

#OEI-09-06-00030 February, 2007

SUMMARY

HHS-OIG found that although Commissioned Corps officers deployed to Hurricanes Katrina and Rita provided valuable services, the Corps could improve its response to public health emergencies.

- ◆ The Corps provided valuable support to states, but more officers, especially nurses, mental health professionals, and dentists, were needed.
- ◆ Although most deployed officers met Corps readiness standards, many lacked experience, effective training, and familiarity with response plans. Agencies were unwilling or unable to allow some officers to deploy, while logistical difficulties delayed others' arrival in the field. Confusion surrounded some officers' arrival, but most field assignments were appropriate and officers felt safe at their locations. Most officers were equipped adequately, but some lacked working communications devices and other basic tools.
- ◆ Many officers personally incurred mission-related expenses and some were not reimbursed promptly, which could affect their ability to deploy to future public health emergencies.

RESULTS

The Corps currently is addressing the recommendations in this report. HHS-OIG recommended that the Corps:

- ◆ Institute more effective training for officers;
- (Continued on next page)

3.11 Department of Health and Human Services Audits, Inspections and Other Reviews

3.11

FINAL (Continued from previous page)

- ◆ Improve the system used to contact officers for deployment;
- ◆ Work with the Office of the Assistant Secretary for Preparedness and Response (ASPR, formerly the Office of Public Health Emergency Preparedness) to streamline deployment-related travel;
- ◆ Stagger deployments to ensure continuity of operations, improve its ability to coordinate mission assignments and communications in the field; and
- ◆ Ensure that all deployable officers have Federal government travel credit cards.

ONGOING

Hurricane Katrina Related Medical Review Contract

#OEI-05-06-00140

OBJECTIVE

HHS-OIG is reviewing the services and payments made under Section 1115 Medicaid waivers for Katrina evacuees. HHS utilized Section 1115 and 1135 waiver authorities to expand Medicaid coverage criteria to victims who resided in the Gulf Coast states but may have been evacuated to various places around the United States or otherwise significantly affected.

Emergency Response to Hurricane Katrina: Use of the Government Purchase Card

#OEI-07-06-00150

OBJECTIVES

- ◆ To determine whether government purchase card purchases related to Hurricane Katrina complied with requirements for the use of the card
- ◆ To identify lessons learned from Hurricane Katrina purchases to assist in the administration of the government purchase card program during future emergency situations.

BACKGROUND

- ◆ HHS-OIG found that 15 percent of purchases did not comply with purchase card requirements; cardholders had questions and concerns regarding some purchases; over half of cardholders expressed the need for additional written guidance regarding emergency purchasing procedures and Hurricane Katrina purchase data contained inaccuracies.
- ◆ HHS-OIG recommended that the Assistant Secretary for Administration and Management (ASAM) provide additional written guidance on emergency purchasing procedures; ASAM require training on emergency purchasing procedures; and ASAM develop a tracking system for monitoring government purchase card use during emergency situations.

3.12 National Aeronautics Space Administration Audits, Inspections and Other Reviews

3.12

3.12 NASA Highlights

- ◆ One audit is ongoing with no additional audits planned.

ONGOING

Auditing FEMA Mission Assignments for Hurricane Katrina Disaster Relief Efforts

#A-05-030-02

OBJECTIVE

To review and report on NASA's accounting for FEMA mission assignment funds for Hurricane Katrina disaster relief efforts.

3.13 Small Business Administration Audits, Inspections and Other Reviews

3.13 SBA Highlights

- ◆ Seven ongoing audits are being conducted to assess the effectiveness of existing processes including:
 - Partner agencies' uses of 8(a) contractors
 - Expedited loans
 - Expedited disbursements

ONGOING

Review of SBA Monitoring and Support of 8(a) Procurements Related to the Gulf Coast Hurricanes of 2005

#6036

OBJECTIVE

To determine whether SBA's partnered agencies obtained approval from SBA to accept the Section 8(a) contracts and reported the procurements to SBA on 60 Section 8(a) Gulf Coast contracts.

BACKGROUND

- ◆ Federal agencies are encouraged to use local small businesses to help disaster recovery.
- ◆ Section 8(a) companies are small, disadvantaged-owned businesses that participate in an SBA sponsored business development program and are available for contract opportunities with all Federal agencies upon approval by SBA.
- ◆ A draft report was issued on March 15, 2007

Review of the Disaster Loss Verification Process

#7402

OBJECTIVE

To review whether SBA's loss verification process was adequate and whether SBA exercised the proper level of oversight.

BACKGROUND

- ◆ As part of SBA's disaster loan program, SBA verifies the extent of damage to properties to determine loan amounts.
- ◆ Auditors are reviewing whether SBA's loss verification process was adequately designed to ensure the appropriate cause and the cost of damages and whether SBA exercised the proper level of oversight and provided adequate direction to verifiers to see that losses were adequately verified.

Audit of the Effectiveness of the Expedited Loan Pilot Program

#7403

OBJECTIVE

To assess whether the expedited loan application process resulted in appropriate and timely loan decisions.

BACKGROUND

- ◆ Due to the large volume of disaster victims, SBA developed an expedited loan application process, using credit scoring to determine loan eligibility

Review of Borrower Acceptance of Disbursements

#7404

OBJECTIVE

To assess whether SBA, in fact, disbursed loan proceeds contrary to borrowers' wishes.

BACKGROUND

- ◆ While disaster victims apply for SBA loans, it is usual for loans to be disbursed as progress payments upon borrower submission of proper paperwork.
- ◆ As a result of large disbursement backlogs, SBA initiated an expedited disbursement process. OIG received complaints that some disbursements may have been made contrary to borrowers' wishes.
- ◆ A draft report was issued March 15, 2007

Review of the Adequacy of Supporting Documents for Disbursements

#7405

OBJECTIVE

To assess whether loans were disbursed without necessary documents or support.

BACKGROUND

- ◆ While disaster victims apply for SBA loans, it is usual for loans to be disbursed as progress payments upon borrower submission of proper paperwork.
- ◆ As a result of large disbursement backlogs, SBA initiated an expedited disbursement process. OIG received complaints that some disbursements may have been made prior to receipt of all required documents.
- ◆ Auditors are assessing whether loans were disbursed without necessary documents or support, such as notices of flood and/or hazard insurance.
- ◆ A draft report was issued March 15, 2007.

3.13 Small Business Administration Audits, Inspections and Other Reviews

Review of Securing Collateral for Disaster Loan Disbursements

#7406

OBJECTIVE

To review whether SBA obtained all of the documents required to protect its interest in collateral on secured loans prior to disbursing loan proceeds, and that it maintained original mortgage documents needed to record a lien on property serving as collateral on secured loans. (A draft report was issued on March 22, 2007).

Audit of Loan Cancellations and Withdrawals

#7409

OBJECTIVE

To review whether loans were cancelled by borrowers because of a lack of assistance from SBA or inappropriately terminated by loan officers to improve Agency statistics.

PLANNED

Duplicate Disaster Payments Made During SBA's Fall 2006 Expedited Processing Effort

OBJECTIVE

To determine the adequacy of controls over SBA's effectiveness in coordinating duplication of benefits with various states and insurance companies associated with expedited loan processing effort.

SBA's Disaster Staffing and Mobilization Plan

OBJECTIVES

- ◆ To determine whether SBA's staffing plans for servicing and liquidating the unprecedented loan volumes resulting from the Gulf Coast hurricanes are adequate
- ◆ To assess whether SBA has developed a plan to manage future large-scale disasters that allows for leveraging outside resources and is responsive to changing circumstances and scenarios.

Review of Disaster Loan Progress Payments

OBJECTIVE

To determine whether loan progress payments were adequately supported and made in accordance with the SBA procedures.

Borrower Eligibility for Disaster Loans

OBJECTIVE

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

Office of Disaster Assistance (ODA) Quality Assurance Reviews of Loss Verifications

OBJECTIVE

To determine whether loss verifications were inappropriately altered so as to protect the winner of the A-76 competition.

3.14 Social Security Administration Audits, Inspections and Other Reviews

3.14 SSA Highlights

- ◆ SSA's focus is on accountability for:
 - Effectiveness of internal controls of funds provided by FEMA
 - Process of identifying and collecting overpayments

FINAL

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

#A-06-06-26138 March 23, 2007

SUMMARY

- ◆ FEMA authorized \$1 million to SSA for costs associated with its Mission Assignment to provide volunteer staff to assist existing FEMA teams in response to relief efforts. This Mission Assignment provided reimbursement for travel, per diem, and overtime costs for volunteers. As of May 10, 2006, SSA had been reimbursed \$817,509 for 58 employees who reported for FEMA assignments.
- ◆ The review uncovered minor errors and inadequate time and attendance documentation for 39 of the 58 employees who participated in FEMA Mission assignments. This occurred because employee volunteers did not receive training on travel and timekeeping requirements before going on assignment and SSA did not have an adequate review process to ensure that documentation was submitted as required. The review found that SSA charged the wrong account for some costs and inadvertently excluded \$4,050 in claims for reimbursement from FEMA. In addition, one SSA employee, who was not part of the Mission Assignment volunteer efforts, was erroneously included in the final request for Temporary Duty overtime reimbursement in the amount of \$452.
- ◆ SSA agreed that volunteers were not provided training in the travel and timekeeping process before being deployed.

RESULTS

SSA OIG recommended that SSA:

- ◆ Ensure SSA staff comply with Federal Travel Regulations when processing and reviewing future travel reimbursements for FEMA Mission Assignments
- ◆ Ensure SSA travel coordinators and timekeepers maintain accurate records for staff deployed to future FEMA Mission Assignments
- ◆ Ensure all costs are appropriately tracked and assigned to the proper Common Accounting Number
- ◆ Ensure timekeepers, supervisors and staff assigned to future Mission Assignments are appropriately trained concerning the travel and timekeeping process
- ◆ Ensure questionable payroll and travel transactions are reviewed and adjusted accordingly

SSA agreed with these recommendations.

 **ONGOING****Accountability over Duplicate Payments, Equipment and Records in the Hurricane Recovery Area**

#A-06-06-26137-Draft

OBJECTIVE

To examine the process for identifying and collecting overpayments that resulted from duplicate payments issued during the storm recovery efforts and determine whether the Social Security Administration (SSA) adequately accounted for and safeguarded equipment and records disposed of after the storms.

3.15 Treasury Inspector General for Tax Administration Audits, Inspections and Other Reviews

3.15

3.15 TIGTA Highlights

- ◆ One audit conducted with positive findings:
 - Quick response resulted in prevention
 - Plans implemented so that IRS is well-poised for future disasters

FINAL

Most Compliance Actions Were Prevented; However, Some Letters Were Sent Inappropriately to Taxpayers Affected by Hurricanes Katrina and Rita

#2007-30-006 December 15, 2006

SUMMARY

- ◆ IRS took many actions to provide tax relief to affected taxpayers immediately after the President declared Federal disaster areas. Various types of tax relief were granted to affected taxpayers, such as extensions of filing and payment deadlines, abatements of late filing and payment penalties and interest and other time-sensitive acts. In addition, the IRS Collection and Examination functions were instructed to suspend compliance activities for affected taxpayers through February 28, 2006.
- ◆ Overall, the IRS prevented most collection and examination activities from occurring. The IRS responded quickly by issuing disaster guidelines and instructions to employees and establishing a Hurricane Katrina/Rita web site for IRS employees with easy access to up-to-date instruction memoranda, IRS news releases and designated disaster relief zip code lists.
- ◆ The IRS suspended most compliance activities on affected taxpayers; however, some letters were sent inappropriately to taxpayers with accounts in the Automated Collection System and the Examination function. The number of actions taken was small in relation to the number of affected taxpayers in the areas. In the first weeks after the hurricanes, the inappropriate actions were due mainly to a delay between the time employees initially program disaster indicators on the IRS' main computer system and the time the indicators actually show on the Collection and Examination functions' inventory systems. Later on, inappropriate actions resulted when employees took actions that were contrary to existing procedures. While the letters should not have been sent to taxpayers based on the tax relief guidelines, these actions did not result in an immediate adverse action to the taxpayers.

RESULTS

TIGTA recommended the IRS establish a monitoring process to test the effectiveness of the Automated Collection System programming change to ensure that inappropriate letters and levies are not sent during future disasters. The IRS agreed with the recommendation and has taken corrective action.

3.16 Department of the Treasury Audits, Inspections and Other Reviews

3.16

3.16 TREAS Highlights

- ◆ Treasury OIG undertook two audits (one report was issued, one other audit is ongoing) which have resulted or will result in:
 - Improved procedures for thrifts
 - Determining preparedness to address needs of banks in emergencies

FINAL

Safety and Soundness: Treasury's Office of Thrift Supervision (OTS) Could Further Strengthen Its Ability to Assess Risks to Thrifts Following Emergencies

#OIG-07-034 March 28, 2007

SUMMARY

- ◆ Objective: To determine how prepared OTS was to address the needs of thrifts and their customers during and immediately following the two hurricanes and OTS's plans and abilities to assess and manage increased risks to thrifts following emergencies.
- ◆ OTS could improve its procedures to assess the financial condition of affected thrifts following emergencies as OTS guidance did not specifically address obtaining critical financial information from affected thrifts in a consistent manner and OTS guidance did not specify timeframes for analyzing the effects of the hurricanes on the affected thrifts' financial condition.
- ◆ OTS could improve its operational risk assessment of affected thrifts following emergencies as OTS lacked continuity of operations (COOP) plans for field offices in 2 of its 4 regions and OTS had difficulty establishing communication with certain thrifts following Hurricane Katrina.

RESULTS

OTS concurred with the recommendations made which included:

- ◆ Develop a process that will enable it to obtain critical information about thrifts' financial conditions following emergencies in a consistent manner
- ◆ Determine timeframes for analyzing the affected thrifts financial condition after an emergency, based on the gravity of the situation
- ◆ Develop COOP plans for its field offices
- ◆ Maintain alternative contact information for thrift personnel

3.16 Department of the Treasury Audits, Inspections and Other Reviews

3.16

ONGOING

Office of the Comptroller of the Currency (OCC) Response to Hurricanes Katrina and Rita

#A-BK-06-001

OBJECTIVES

- ◆ To determine the preparedness for, and responsiveness of the OCC with respect to addressing the needs of national community banks and their customers during, and immediately following, the recent hurricanes.
- ◆ To determine OCC's plans and abilities to assess and manage increased risks resulting from the hurricanes' impact on their regulated institutions and from the relaxation of certain operational, compliance, and reporting requirements.

BACKGROUND

- ◆ Treasury OIG is focusing on the adequacy and effectiveness of OCC's continuity of operations plans as well as its abilities to assess and manage increased risks to national community banks following the hurricanes.

3.17 Department of Agriculture Audits, Inspections and Other Reviews

3.17

3.17 USDA Highlights

- ◆ USDA completed two audits which have resulted in:
 - Improved processes and procedures
 - Improved preparedness

FINAL

Controls Over Single Family Housing (SFH) Funds Provided for Hurricane Relief Efforts

#04601-15-Ch March 30, 2007

SUMMARY

- ◆ The audit focused primarily on the \$54 million in loan and grant funds being disbursed to repair hurricane damage.
- ◆ Rural Housing Service (RHS) and other Federal agencies had not coordinated activities to prevent the duplication of government housing assistance to victims. This resulted in some victims receiving assistance from RHS and other sources.
- ◆ This review disclosed about \$320,000 in emergency grant funds for non-disaster repairs; almost \$70,000 provided to victims for repairs and improvements not related to health, safety, or handicap accessibility; and unlicensed contractors employed to repair almost \$210,000 in damage.
- ◆ Moreover, disaster funds were vulnerable to misuse at some field offices because loan and grant applications were received, reviewed, and approved by the same employee.
- ◆ Finally, RHS had not determined the number of agency loan accounts in jeopardy of default, or the costs associated with uninhabitable properties that likely needed to be destroyed.

RESULTS

For future disasters, RHS will coordinate assistance with other Federal agencies, obtain a formal Office of the General Counsel (OGC) opinion regarding the proper use of disaster funds before distribution, require applicants to disclose assistance received from insurance companies and charitable organizations and monitor field activities immediately after a disaster.

3.17 Department of Agriculture Audits, Inspections and Other Reviews

3.17

Hurricane Relief Initiatives: Barge Movement and Alternative Storage Agreements

#03601-21-KC and #03601-22 KC March 20, 2007

SUMMARY

- ◆ After Hurricanes Rita and Katrina, USDA developed four initiatives to alleviate transportation congestion on the Mississippi River: providing grants for moving damaged corn from New Orleans, promoting alternative warehouse storage, moving agricultural commodities through other regions and encouraging the unloading of commodities that were left on barges in the New Orleans area. Farm Service Agency (FSA) implemented the initiatives and provided monetary assistance through Commodity Credit Corporation (CCC).
- ◆ Due to the urgency of the situation, USDA initially used ad hoc procedures to negotiate noncompetitive agreements, and awarded three noncompetitive grants for alternative grain storage and barge movement projects to two companies. However, those verbal agreements lacked transparency and competition to minimize costs and ensure relief to all affected companies. The noncompetitive agreements had notably higher rates than those for similar services later solicited through competitive bidding—the differences totaled \$5.6 million. Of the \$38.75 million USDA authorized to fund the initiatives, \$22.7 million was disbursed.
- ◆ USDA incurred superfluous expenditures by awarding noncompetitive grants, even though a substantial amount of the maximum available funds went unobligated.

RESULTS

USDA needed a response and recovery plan to relieve disaster transportation congestion.

3.18 Department of Veterans Affairs Audits, Inspections and Other Reviews

3.18

3.18 VA Audits, Inspections and Other Reviews Highlights

- ◆ VA completed an audit to determine whether Veterans Health Administration (VHA) had controls in place that were operating effectively to account for cost resulting from Hurricane Katrina relief activities.

FINAL

Audit of VHA's Accounting and Oversight of Hurricane Katrina Costs

#06-00595-101 March 15, 2007

SUMMARY

- ◆ As of February 2006, VHA identified \$52.5 million in disaster relief costs relating to Hurricane Katrina relief efforts. The auditor's determined that \$13.7 million (26%) of the \$52.5 million was incorrectly accounted for as disaster relief costs. The \$13.7 million in overstated costs was comprised of routine medical costs, costs reported as both an obligation and expenditure, and estimated costs instead of actual costs.
- ◆ Auditor's attributed the deficiencies to the lack of a reliable methodology to track and report costs related to a Federally declared emergency. As a result, \$13.7 million (26 percent) of \$52.5 million worth of funds was incorrectly accounted for as disaster relief costs. The \$13.7 million in overstated costs was comprised of routine medical costs, costs reported as both an obligation and expenditure, and estimated costs instead of actual costs.
- ◆ Auditor's determined that when accounting for disaster relief costs, VHA needed to:
 - Improve tracking and reporting
 - Ensure routine costs are not reported as disaster relief costs
 - Establish fund control points
 - Develop more comprehensive policies and procedures

RESULTS

Auditors determined that VHA did not have sufficient internal controls in place to effectively account for costs resulting from relief activities. The Acting Under Secretary for Health agreed with the recommendations which included:

- ◆ Establishing controls or mechanisms to ensure costs resulting from Hurricane Katrina are accurately identified, recorded, and reported
- ◆ Ensuring distributed funds are based on actual costs
- ◆ Establishing fund control points to account for disaster relief costs. The Acting Under Secretary for Health agreed with the findings and recommendations.

Section 4 | Investigations



4

Highlights of Investigations

- ◆ **Purpose:** To detail the investigations that are conducted when concerns arise regarding whether or not a law has been violated. Results to date (March 31, 2007) are as follows:
- ◆ **Overall as a result of these investigations:**
 - Communication improved between Federal, state and local government as limitless collaboration and cooperation is required to solve crimes.
 - Hundreds of crimes were detected and restitution was demanded.
 - Different departments and agencies across the government effectively combined forces to conduct successful joint investigations.

Agency	Hotline Complaints	Cases Opened	Arrests	Indictments	Convictions
CNCS	3	4	0	0	0
DHS	15,321	1,646	562	528	299
DOC	2	1	0	0	0
DOD	9,664	12	1	0	2
ED	2	0	0	0	0
DOI	1	0	0	0	0
DOJ	0	8	1	1	0
DOL	14	297	32	67	33
DOT	1	18	3	4	3
ED	1	1	0	0	0
EPA	10	9	0	0	0
GSA	0	3	0	0	0
HHS	7	20	9	8	3
HUD	179	136	40	39	14
NASA	0	11	5	2	0
SBA	20	34	16	19	8
SSA	29	57	47	42	28
TIGTA	0	6	1	1	1
TREAS	0	3	2	2	2
USDA	8	35	1	36	4
USPS	67	7	0	0	0
VA	0	0	0	0	0
TOTAL	25,329	2,308	720	749	397

Source: 12th PCIE ECIE Hurricane Katrina Report (as of March 31, 2007)

- ◆ The pace of Investigations and their closure increased significantly this period. This is expected to continue during the “Recovery” phase and beyond.
- ◆ DHS handles about two thirds of all Complaints, Cases opened, Arrests, Indictments and Convictions.

Section 4 | Departmental Summaries of Investigations



4

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4.1 Department of Homeland Security Investigations

4.1 DHS Highlights

- ◆ DHS efforts stop fraud and false claims.
- ◆ The majority of DHS investigations were conducted as a joint effort with other departments and agencies.

COMPLETED

Three Indicted for FEMA Hurricane Relief Fraud (Update)

- ◆ Four suspects devised a scheme to defraud FEMA by misrepresenting themselves as Hurricane Katrina evacuees.
- ◆ The primary suspect (17 years old) filed 43 fraudulent disaster assistance applications resulting in FEMA paying out \$33,432 in false claims.
- ◆ A grand jury indicted three suspects for a state violation of securing and executing a document by deception. They are currently awaiting prosecution.

Hotel Owner Charged with Defrauding FEMA (Update)

- ◆ A joint investigation with the USSS resulted in a 39-count indictment (22 counts of wire fraud and 17 counts of false claims) versus a hotel owner.
- ◆ Crimes totaled at least \$232,000 in connection with the disaster relief lodging programs for hurricane evacuees.
- ◆ Following 4 months confinement for psychiatric review, a hearing will determine if the defendant is legally suitable to stand trial.

Texas Residents Arrested for FEMA Katrina Fraud (Update)

- ◆ A joint investigation with DOL OIG, the U.S. Postal Inspection Service (USPIS), and the Louisiana Department of Labor has resulted in the arrest of numerous Texas residents for theft of public money for stealing more than \$80,000 in FEMA funds by filing false claims.
- ◆ The subjects received sentences ranging from 2 months probation to 58 months imprisonment.
- ◆ Court-ordered restitution totaled \$154,186.

Four Oklahoma Residents Guilty of FEMA Katrina Fraud

- ◆ A joint investigation (USPIS and USSS) has resulted in the arrest of four Oklahoma residents charged with theft of public money and conspiracy to commit wire fraud.
- ◆ The four defendants cashed FEMA checks for disaster assistance for more than \$6,000.
- ◆ All four defendants pleaded guilty to theft and are awaiting sentencing.

Texas Resident Sentenced to Prison for FEMA Katrina Fraud

- ◆ A joint investigation with the USPIS resulted in the arrest of a Texas resident for conspiracy to defraud the United States, false claims, mail fraud, identity fraud, and identity theft.
- ◆ The defendant was found guilty (by a jury) and sentenced to 126 months imprisonment, 48 months probation and ordered to pay a \$1,400 fine.

4.1 Department of Homeland Security Investigations

Texas Resident Indicted for FEMA Katrina Fraud

- ◆ A suspect devised a scheme to defraud FEMA by claiming to be a victim of Hurricane Katrina.
- ◆ The defendant (who lived in Dallas, Texas during the hurricane disaster) was charged with stealing \$17,655 in FEMA funds by filing false claims.
- ◆ The defendant was arrested for making false claims and statements and is currently detained and awaiting trial.

Texas Resident Indicted for Katrina, Rita and Wilma FEMA Fraud

- ◆ A joint investigation with the USPIS has resulted in the arrest of a Texas resident on multiple counts of mail fraud for filing as many as 14 fraudulent applications for FEMA disaster assistance.
- ◆ The defendant received more than \$36,000 in FEMA funds for Hurricanes Katrina, Rita and Wilma.

Four FEMA Employees Arrested and Indicted for Theft

- ◆ Four FEMA employees devised a scheme to steal air conditioning units from a FEMA storage site in Baton Rouge, Louisiana.
- ◆ The men were arrested after they attempted to sell several of the air conditioning units to an undercover OIG special agent.
- ◆ All four subjects have pleaded guilty to the theft of government property.

Independence, Louisiana, Police Department Chief and Captain Plead Guilty

- ◆ A joint investigation with the FBI has resulted in the chief and captain of the Independence Police Department pleading guilty to the theft of government funds.
- ◆ Following Hurricane Katrina, FEMA reimbursed qualifying police departments for overtime hours worked by officers in the aftermath of the storm. By inflating the overtime hours worked by officers within their department, the chief and captain knowingly defrauded the government of more than \$1,000.00.
- ◆ Sentencing is scheduled.

Baton Rouge Woman Pleads Guilty to FEMA Fraud

- ◆ A Baton Rouge woman devised a scheme to defraud FEMA by falsely claiming to be a victim of Hurricane Katrina.
- ◆ The woman pleaded guilty to filing false claims for disaster assistance benefits by falsely claiming that her primary residence had been damaged during Hurricane Katrina.
- ◆ The defendant is awaiting sentencing.

Baton Rouge Disaster Benefit Applicant Sentenced

- ◆ A defendant devised a scheme to defraud FEMA by falsely claiming to be a victim of Hurricane Katrina.
- ◆ The defendant was sentenced to 1 year in prison, 3 years of supervised release, and 100 hours of community service for submitting a false claim to FEMA for disaster benefits.
- ◆ The defendant was also ordered to pay FEMA \$16,749 in restitution.

4.1 Department of Homeland Security Investigations

Three Family Members Indicted and Arrested for Defrauding FEMA

- ◆ A joint investigation with the FPS revealed that a former private investigator and two other family members filed for and received more than \$20,000 from FEMA that they were not entitled to receive.
- ◆ All three family members were charged with conspiracy to defraud the United States government and were arrested without incident.

Two Men Plead Guilty to Filing Multiple False Claims for FEMA Assistance

- ◆ A joint investigation (with USPIS, SSA OIG, and SBA OIG) involved two men who fraudulently obtained \$36,000 in disaster assistance benefits by filing applications using 18 different social security numbers and claiming to have suffered damages from Hurricanes Katrina and Rita.
- ◆ The two men were arrested after being indicted on 5 counts of wire fraud, 23 counts of mail fraud, and 7 counts of identity theft. Both men pleaded guilty to one count of mail fraud and one count of identity theft.
- ◆ One of the men was sentenced to serve 39 months in Federal prison and was ordered to make restitution in the amount of \$34,948. The second man is currently awaiting sentencing.

Five More Charged with Filing Multiple False FEMA Claims (Update)

- ◆ In a joint investigation (with USPIS, SSA OIG, and the SBA OIG) two subjects were arrested for falsely filing 39 separate claims that they suffered damages from Hurricanes Katrina and Rita.
- ◆ Five additional subjects fraudulently obtained over \$145,000 in disaster assistance benefits by filing 103 separate applications. Five more individuals were arrested after being indicted for one count of conspiracy, eight counts of mail fraud, and three counts of identity theft.

Four Individuals Sentenced for Hurricane Relief Fraud

- ◆ Joint investigation (with USSS) targeted four suspects who knowingly devised a scheme to defraud FEMA by misrepresenting themselves as evacuees from Hurricane Katrina. Their false statements resulted in FEMA paying \$20,425 in false claims.
- ◆ A Federal grand jury indicted the four individuals for wire fraud, mail fraud, and theft of government property. Three of the individuals have pleaded guilty to one count of wire fraud, and the fourth pleaded guilty to one count of theft of government property.
- ◆ Two defendants were sentenced to four months in prison with assessments and restitutions. The other two defendants were sentenced to 36 months and 60 months probation, respectively, with assessments and restitutions.

Eleven Indicted, Ten Sentenced for Hurricane Relief Fraud

- ◆ A joint investigation (with the FBI and USPIS) identified 485 suspected fraudulent FEMA applicants residing in Oregon. To date, the investigation has identified 11 suspects in Portland, Oregon, who are responsible for filing 253 fraudulent Hurricane Katrina applications with FEMA, totaling \$470,406 in claims.
- ◆ The 11 suspects were indicted and 10 arrested for theft of government property. Eight defendants pleaded guilty to one count of theft of government property and two defendants pleaded guilty to six counts of mail fraud.
- ◆ Nine defendants were sentenced to a total of 63 months confinement, 27 years probation, \$800 in fines, and \$441,184 in restitution. One defendant was sentenced to 21 months confinement, 36 months probation, \$100.00 in fines, and \$324,870.00 in restitution. One suspect remains at large.

4.1 Department of Homeland Security Investigations

Three Indicted for Hurricane Relief Fraud

- ◆ Joint investigation (with DOL OIG, HUD OIG, SSA OIG, USDA OIG, Las Vegas Metro Police Department, USSS and the U.S. Postal Inspection Service) identified approximately 800 suspected fraudulent FEMA applications in the Las Vegas, Nevada, metropolitan area.
- ◆ To date, the investigation has identified approximately 50 individuals who are responsible for filing fraudulent Hurricane Katrina applications with FEMA totaling approximately \$264,000 in claims.
- ◆ On June 5, 2006, an individual was indicted and arrested for false claims for participating in a scheme to defraud FEMA by obtaining hotel rooms claiming to be a victim of Hurricane Katrina and re-renting the rooms for the purposes of narcotics transactions and prostitution. On December 20, 2006, the first defendant pleaded guilty to one count of filing false claims and is scheduled for sentencing. On February 14, 2007, three suspects were indicted on multiple counts of theft of government property and arrested. The three defendants were responsible for fraudulently obtaining approximately \$60,000 in FEMA funds.

Five Indicted for Hurricane Katrina Fraud

- ◆ A joint investigation (with the FBI, SSA OIG, and the USPIS) identified approximately 36 suspected fraudulent FEMA applications in Fresno and Bakersfield, California.
- ◆ To date, the investigation has identified eight suspects who fraudulently filed Hurricane Katrina applications with FEMA totaling \$57,760.26 in claims.
- ◆ Five suspects were indicted for wire fraud, aiding and abetting, filing false claims, mail fraud, and misuse of a SSN. On October 24, 2006, three defendants were sentenced to 36 months probation each with assessments and restitutions. On January 9, 2007, an additional defendant pleaded guilty to wire fraud and aiding and abetting and is scheduled for sentencing. Additionally, two suspects are pending indictments while a third defendant is pending trial.

Three Plead Guilty to Hurricane Relief Fraud

- ◆ A joint investigation (with USSS) targeted three suspects who knowingly devised a scheme to defraud FEMA by misrepresenting themselves as evacuees of Hurricane Katrina. Their false claims resulted in FEMA paying out \$29,103 in disaster assistance.
- ◆ The three suspects were indicted for wire fraud, mail fraud, and theft of government property. All three defendants pleaded guilty to one count of wire fraud. Two defendants were sentenced to 12 months and 27 months incarceration, respectively, with assessments and restitution. The third defendant is awaiting sentencing.

Nine Indicted for Hurricane Relief Fraud

- ◆ Joint investigations (with various OIGs and USPIA) identified over 20 suspects in the metropolitan Sacramento, California, area responsible for filing fraudulent Hurricane Katrina applications with FEMA.
- ◆ To date, nine suspects were indicted and arrested for theft of government property, conspiracy, and filing false claims and making false statements. Three defendants pleaded guilty to one count each of theft of government property and conspiracy. One defendant pleaded guilty to three counts of filing false claims. One defendant pleaded guilty to one count each of theft of government property, filing a false claim, and false statements. One defendant was sentenced to 36 months probation, \$300 in fines, 300 hours of community service, and \$12,251 in restitution. One defendant is awaiting sentencing and four defendants are awaiting trial or are in plea negotiations. Investigations are ongoing against the additional suspects.

4.1 Department of Homeland Security Investigations

Six Indicted for Hurricane Relief Fraud; Additional Indictments Anticipated

- ◆ A joint investigation (with USPIS) identified numerous suspected fraudulent FEMA applications in San Francisco, California.
- ◆ To date, the investigation has identified 22 suspects who fraudulently filed Hurricane Katrina applications with FEMA, totaling approximately \$174,742 in claims. Six suspects were indicted on charges of theft of government funds. Additional indictments are anticipated.

A Private Citizen Pleaded Guilty to Theft of Government Property and Loan Fraud

- ◆ A joint investigation was conducted (with SSA OIG, FBI, and ED OIG) after receiving information that a private citizen knowingly provided false information to FEMA via the Internet in order to receive over \$40,000 in Hurricane Katrina relief funds.
- ◆ The investigation determined that the individual filed three separate applications with FEMA, which contained false information. The individual reported to FEMA that they resided in New Orleans, Louisiana, when Katrina struck and they also reported living in Biloxi, Mississippi, during the same time; in reality they were living in Indianapolis, Indiana. Further investigation determined that the subject also made up false Social Security numbers to open up accounts at financial institutions and obtained student loans in the amount of \$160,000.
- ◆ The individual pleaded guilty to the theft of government property, loan fraud, misuse of a SSN and student financial aid fraud and is awaiting sentencing.

Eight Indicted for Hurricane Relief Fraud

- ◆ A joint investigation (with FBI, USPIA, SSA OIG, DOL OIG, SBA, and Washington state Department of Social and Health Services) identified 114 suspected fraudulent FEMA applicants residing in the state of Washington.
- ◆ To date, the investigation has identified 13 suspects who fraudulently filed Hurricane Katrina applications with FEMA, totaling \$183,827 in claims.
- ◆ Eight suspects were indicted on charges including theft of government property, mail fraud and false statements. Four defendants were arrested and arrest warrants against the remaining four suspects remain outstanding.

A Private Citizen Sentenced to Four Years Imprisonment for FEMA Katrina Fraud

- ◆ A joint investigation (with SSA OIG) was conducted after receiving information that a private citizen knowingly provided false information to FEMA via the Internet in order to receive over \$4,000 in Hurricane Katrina relief funds for housing and rental assistance.
- ◆ The subject admitted to providing false information on line to complete the FEMA application. The subject also admitted that he had not lived in New Orleans since 2004.
- ◆ The subject pleaded guilty to one count of forgery, one count of identity deception, one count of theft, and three counts of check fraud in the Marion Superior Court, Criminal Division and Marion County, Indiana. The subject was sentenced to 4 years incarceration, 2 years probation and was ordered to pay \$30,000 in restitution.

4.1 Department of Homeland Security Investigations

Two Missouri Officials Were Charged with Defrauding FEMA (Update)

- ◆ Two Missouri officials were charged with defrauding and embezzling more than \$20,000 in relief funds from FEMA after a joint investigation with the FBI. The officials were charged with false statements, program fraud and embezzlement.
- ◆ The officials were sentenced to three years probation and ordered to pay \$21,571 in restitutions.

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

- ◆ The investigation (conducted jointly with the USSS, USPIS, and Treasury OIG) determined that between September and December 2005, an individual applied for emergency FEMA funds in connection with Hurricanes Katrina and Rita, using the names, birth dates, and Social Security Numbers of other individuals.
- ◆ As a result of the scheme, FEMA mailed Treasury checks, made out to the individuals the subject identified, to the subject's motel or private mailboxes that he rented. The subject then forged the signatures of the payees and deposited the checks into bank accounts that he had opened in the names of other people.
- ◆ The subject pleaded guilty to charges of bank fraud, mail fraud, and money laundering. On February 5, 2007, the defendant was sentenced to 102 months incarceration; 108 months supervised release and directed to pay \$129,139 in restitution.

Man Sentenced to Ten Months Incarceration and Ordered to Pay Full Restitution of Hurricane Relief Funds Obtained Through Fraudulent Scheme

- ◆ The investigation resulted in a Grand Jury indictment charging a private citizen with wire fraud and false claims. The man falsely claimed to be a victim of Hurricane Katrina, when he actually was residing in El Paso, Texas, during the time of the storm.
- ◆ The scheme netted this individual \$2,000 cash and a free apartment for 1 year paid by FEMA, and a \$365 Visa Debit card from the American Red Cross.
- ◆ Following his arrest in Las Vegas, Nevada, and extradition back to El Paso, Texas, the private citizen entered into a plea agreement whereby he pleaded guilty to one count of theft of government property. He was sentenced to 10 months incarceration; 1 year supervised probation following release and ordered to make full restitution of \$7,306.

Applicant Filed Numerous False Disaster Claims (Update)

- ◆ A joint investigation (with the FBI) resulted in the arrest of an individual that filed in excess of 30 claims for individual disaster assistance.
- ◆ The subject used numerous addresses, different Social Security numbers, and different names in filing these disaster claims. The false statements resulted in FEMA paying out over \$277,000.
- ◆ A Federal grand jury indicted the subject on 66 counts of fraud against the government. The subject entered a guilty plea and was sentenced to 75 months confinement and ordered to pay restitution of \$267,377.

4.1 Department of Homeland Security Investigations

Forty-eight Northern Alabama Residents Charged with FEMA Katrina Fraud

- ◆ A joint investigation (with the FBI, USSS, and USPIS) resulted in the indictment and arrest of 48 individuals who claimed to be living in Louisiana at the time Hurricane Katrina struck in August 2005, but actually lived in and around the Birmingham, Alabama, area.
- ◆ The subjects were indicted for filing false claims against the government and were arrested without incident. The false claims resulted in FEMA paying out approximately \$300,000.
- ◆ Of the 48 subjects, 26 have entered guilty pleas in Federal court and 22 are pending judicial action.

Multiple Applicants Filed False Claims on Unoccupied Apartment Complex

- ◆ An investigation was conducted involving 27 individuals who devised a scheme to defraud FEMA by claiming disaster assistance for an apartment complex that was unoccupied at the time of the storm. The apartments were empty and undergoing renovations converting them into condominium units.
- ◆ The subjects were indicted for filing false claims against the government and arrested without incident. The false claims resulted in FEMA paying out in excess of \$176,169. No trial dates have been scheduled.

Alabama Residents Filed False FEMA Applications Claiming to Have Lived in Louisiana

- ◆ An investigation was conducted involving 14 individuals who claimed to be living in Louisiana at the time Hurricane Katrina struck in August 2005, but actually lived in and around the Montgomery, Alabama, area.
- ◆ The primary subjects were a mother and daughter who served as brokers for the other individuals and assisted them in filing their disaster assistance applications. These subjects received a portion of the FEMA funds each individual received as a fee for their services. None of the individuals lived in Louisiana at the time of the storm. The false claims resulted in FEMA paying out in excess of \$135,000.
- ◆ All 14 subjects were indicted for filing false claims against the government and arrested without incident. Eight subjects have entered guilty pleas and are awaiting sentencing. Six subjects are pending trial dates and none have been scheduled as of this date.

Canton, Mississippi, Residents Filed False FEMA Applications Claiming to Have Lived on Mississippi Gulf Coast

- ◆ Investigations were conducted involving several individuals who were living in Canton, Mississippi, and had applied for disaster assistance, claiming they lived on the Mississippi Gulf Coast during Hurricane Katrina. Initially, 22 Canton individuals were identified, from a loosely related family group that filed disaster assistance claims using four addresses in Biloxi, Mississippi. A multi-agency task force group (FBI, HUD OIG, DOL OIG, USDA OIG, USPIA, and the Mississippi state Auditors Office) participated in these investigations.
- ◆ All 22 potential subjects were interviewed the same day by various groups of agents. These interviews revealed that the subjects did not live on the coast as they claimed in their FEMA applications.
- ◆ To date, 12 individuals have been indicted for filing false claims and other criminal violations against the government. The fraud applicable to the 12 indicted subjects is \$118,000. No trial dates have been scheduled for the indicted subjects and investigations continue on the remaining individuals.

4.1 Department of Homeland Security Investigations

Jury Found Man Guilty in FEMA Fraud Case

- ◆ An investigation was conducted involving a subject who claimed that Hurricane Katrina damaged his New Orleans townhouse. As a result of this claim, he was awarded \$12,858 in disaster assistance.
- ◆ The investigation revealed that the subject lived in Mobile, Alabama prior to and after the storm.
- ◆ A Federal grand jury indicted the subject on eight counts of defrauding the government, including false claims and two counts of aggravated identity theft. The subject requested a jury trial and was found guilty on all eight counts. Conviction of the two aggravated identity theft counts requires the judge to add 2 additional years for each count onto the sentence he determines for the fraud charges. In addition, the defendant's sentence could be increased if the court takes into consideration a 1970 murder conviction against the subject. The subject was remanded to the custody of the U.S. Marshals and is awaiting sentencing.

Two FEMA Employees Pleaded Guilty to Filing False Claim for Disaster Assistance

- ◆ An investigation was conducted involving two FEMA employees who worked at the Joint Field Office in Biloxi, Mississippi.
- ◆ One subject made a false claim that he owned and lived on a boat at a local marina, and the second subject assisted him with false documentation and posing as his landlord to his FEMA inspector. As a result of this claim, the subject was awarded \$25,562 in disaster assistance.
- ◆ The subjects were indicted by a Grand Jury on multiple counts of defrauding the government. They were arrested without incident. Both subjects entered guilty pleas and sentencing is scheduled.

Alabama Resident Files False FEMA Claim on Mobile Home

- ◆ An investigation was conducted based on information received from the local police department pertaining to their investigation of a domestic dispute. As a result of this dispute, the subject attempted to run down the complainant with her vehicle. During the police officers' discussion with the victim, it was disclosed that the subject filed a false FEMA claim.
- ◆ The subject claimed that their mobile home had been totally destroyed as a result of Hurricane Katrina. This claim caused the subject to receive a maximum grant of \$26,200. The investigation revealed that the mobile home in question had been repossessed and removed from the property a month prior to Katrina.
- ◆ Both the subject and complainant were indicted for filing false claims and conspiracy to file false claims. Both the subject and complainant have entered guilty pleas. The subject was sentenced to 9 months confinement, 36 months supervised probation, and ordered to pay restitution of \$26,200. The other subject in this case is scheduled for sentencing.

4.2 Department of Defense Investigations

4.2

4.2 DOD Highlights

- ◆ Only one of 28 allegations made is still being examined.
- ◆ In support of this effort, Defense Criminal Investigative Service (DCIS) agents have initiated 12 investigations concerning bribery, kickbacks, false claims, and possible product substitution. Four of those investigations were opened during the reporting period. One of the open investigations, previously reported, resulted in a judicial action.
- ◆ DCIS continues to monitor electronic contractual data and coordinate findings with the Hurricane Katrina Fraud Task Force (HKFTF).
- ◆ Statistics are as follows:

	Statistics
Cases opened	12
Arrests	1
Indictments*	0
Convictions	2

* Criminal Information was filed, in lieu of an indictment, which resulted in the reported two convictions.

4.3 Department of Justice Investigations

4.3

4.3 DOJ Highlights

- ◆ The OIG Investigations Division had opened eight cases concerning hurricane-related benefit fraud.
 - One investigation has resulted in the indictment of a Federal Bureau of Prisons Senior Correctional Officer on charges that he falsely claimed to be a victim of Hurricane Katrina and as a result received over \$30,000 in disaster relief benefits. Trial is scheduled for August 2007
 - Of the other seven cases, one remains under investigation, two were closed without legal proceedings after the subjects made restitution, three were closed because the allegations were not substantiated, and one was declined for prosecution after the employee resigned.

COMPLETED

Indictment on Charges of Falsely Claiming to be a Victim of Katrina

- ◆ One investigation has resulted in the indictment of a Federal Bureau of Prisons Senior Correctional Officer on charges that he falsely claimed to be a victim of Hurricane Katrina and as a result received over \$30,000 in disaster relief benefits. Trial is scheduled for August 2007.

4.4 Department of Labor Investigations

4.4 DOL Highlights

- ◆ Four investigations have resulted in the Dept. of Labor detecting and stopping fraud and in restitution being made.

COMPLETED

Florida Man Sentenced in Katrina Disaster Assistance Fraud Scheme (Joint Investigation with SSA OIG; Sacramento, CA Police Dept.; and Billings, MT Police Dept.)

- ◆ A man was sentenced for defrauding the Louisiana Department of Labor of over \$15,000.
- ◆ He fraudulently submitted eight different claims for Louisiana Disaster Unemployment Assistance (DUA) using various names and SSNs.
- ◆ He was sentenced to 18 months imprisonment, 5 years of supervised release with 50 hours of community service, and ordered to pay restitution to FEMA.

Illinois Woman Sentenced to Four Years in Prison for Hurricane Katrina Fraud (Joint Investigation with USPIIS; SSA-OIG; HUD-OIG and HHS-OIG)

- ◆ A woman, who lived in Illinois when Hurricane Katrina struck, filed an Internet application for disaster assistance using a bogus SSN. She also falsely represented to FEMA that: her home in New Orleans was damaged; she suffered loss of personal property; she lost two children in the disaster; she lacked funds to pay for the children's memorial service.
- ◆ She was sentenced January 17, 2007, to 48 months imprisonment; 36 months supervised release, and ordered to pay restitution of nearly \$24,000 and \$1,100 in special assessment fees.
- ◆ She pled guilty in October 2006 to Hurricane Katrina fraud, aggravated identity theft, and public benefit fraud.

Disaster Reconstruction Company Owner Sentenced to Prison for Fraud (Joint Investigation with SSA-OIG, Immigration and Customs Enforcement (ICE), IRS, EPA, USPIS, Indiana State Police, and the Carmel, IN Police Department)

- ◆ Bayou, a labor leasing company based in Indiana, knowingly hired hundreds of mostly undocumented Hispanic workers and employed them in asbestos removal and extensive Hurricane Katrina cleanup work around the Midwest and in the South.
- ◆ The owner of Bayou Abatement (Bayou), was sentenced on December 15, 2006. He was ordered to pay nearly \$1 million in restitution to the Internal Revenue Service (IRS) and the Indiana Workforce Development (IWD) for employment taxes and unpaid unemployment taxes, respectively. He also received a prison sentence of 57 months, 24 months supervised release, and had to forfeit two vehicles valued at \$97,095. In addition, IWD assessed over \$420,000 due in unemployment taxes and penalties. The owner was further ordered to set aside \$130,000 as back pay for former workers.

Nevada Residents Indicted in Hurricane Katrina Disaster Assistance Fraud (Joint Investigation with the Las Vegas Hurricane Katrina Fraud Task Force)

- ◆ Three Nevada residents were individually indicted on February 14, 2007, on charges of theft of government funds related to their separate alleged receipt of FEMA disaster benefits and/or disaster unemployment assistance as a result of Hurricane Katrina. One of the three, who worked as a secretary for the International Alliance of Theatrical and Stage Employees, was charged with additional violations of identity theft and misuse of a SSN. The secretary allegedly used three different SSNs to collect FEMA disaster relief benefits and American Red Cross disaster relief benefits. She was working in Las Vegas, NV when Hurricane Katrina made landfall.
- ◆ In total, the three allegedly received over \$61,000 in benefits to which they were not entitled.

4.5 Department of Education Investigations

4.5

4.5 ED Highlights

- ◆ The ED OIG has an ongoing investigation concerning the possible use of HERA funds in postsecondary education construction contracts. At this time, the potential loss in this matter has not been determined.

4.6 Environmental Protection Agency Investigations

4.6

4.6 EPA Highlights

- ◆ EPA investigations have resulted in detecting fraud and false claims.
- ◆ Use of “Cease and Desist” orders have proven to be an effective method of closure for identified cases.
- ◆ Statistics are as follows:

	First 180 Days	First 360 Days
Cases opened	6	9
Arrests	0	0
Indictments	0	0
Convictions	0	0
Hotline Contacts	6	10

COMPLETED

Allegations that a Remediation Company Advertised “EPA Approved” Chemicals and Coatings

- ◆ Contact was made with the appropriate EPA office which confirmed that EPA does not certify or approve such products.
- ◆ The investigation concerned potential wire fraud violations by the company in the marketing and/or use of such “EPA approval” when no such approval exists.
- ◆ The investigation substantiated the allegations but this matter was declined for prosecution. The subject received a Cease and Desist Order from the Office of Counsel to the Inspector General.

4.6 Environmental Protection Agency Investigations

4.6

ONGOING

EPA Sub-Contract Employees Were Arrested for Looting Instead of Performing Duties Required Under the Contract in New Orleans, Louisiana

- ◆ The investigation found that none of the employees' time spent looting had been charged to the EPA under the sub-contract.
- ◆ The employees were terminated from employment, and received a "Notice of Suspension" from Federal procurement activities.
- ◆ Prosecution in this matter was declined by the New Orleans Parish District Attorney's Office and the U.S. Attorney's Office, Eastern District of Louisiana. The investigation is continuing pending debarment proceedings.

Allegations of a Fraudulent Scheme in which an Individual Purporting to be an EPA Employee Directed Property Owners in New Orleans, Louisiana to Purchase Large \$1,500 Dumpsters in order to Segregate Trash Under the Guise that the EPA would Reimburse them for the Purchase

- ◆ One of the subjects in this case received a Cease and Desist Order from the Office of Counsel to the Inspector General.
- ◆ The investigation is continuing.

4.7 General Services Administration Investigations

4.7

4.7 GSA Highlights

- ◆ GSA continues to contribute to the Hurricane Katrina Fraud Task Force by providing information on contracts facilitated by GSA in order to continue to detect fraud and abuse.
- ◆ Statistics are as follows:

	First 180 Days	First 360 Days
Cases opened	1	2
Arrests	0	0
Indictments	0	0
Convictions	0	0
Hotline Contacts	0	0

COMPLETED

Four Allegations Related to Hurricanes Katrina and Rita Involving Contract Fraud

- ◆ The contracts being investigated involved procurements made by GSA contracting officials for FEMA. The GSA-OIG opened three investigations.
- ◆ The first investigation resulted in administrative recoveries by FEMA of approximately \$1.5 million in billing errors by the contractor.
- ◆ The second investigation resulted in the filing of a civil complaint and the garnishment of approximately \$1.4 million from the contractor.
- ◆ The third investigation is still being actively worked.

4.8 Department of Health and Human Services Investigations

4.8

4.8 HHS Highlights

- ◆ HHS-OIG had 11 open investigations that addressed:
 - Allegations of health care fraud including allegations of individuals fraudulently obtaining benefits based on false information.
 - Poor quality of care and patient abandonment
 - Circumstances surrounding the deaths of nursing home residents and hospital patients.
- ◆ Statistics are as follows:

	First 180 Days	Since 9/30/05
Cases opened	0	20
Arrests	5	9
Indictments	5	8
Convictions	3	3
Hotline Contacts	0	7

4.9 Department of Housing and Urban Development Investigations

4.9

4.9 HUD Highlights

- ◆ HUD efforts have resulted in numerous cases where:
 - Fraud was detected
 - False claims were uncovered
 - Theft of government funds was detected and charged
- ◆ Statistics are as follows:

	First 180 Days	First 360 Days
Cases opened	111	214
Arrests	35	40
Indictments	34	42
Convictions	15	18
Hotline Contacts	53	179

COMPLETED

Three Indicted on a Variety of Charges

- ◆ Two Sacramento Housing and Redevelopment Agency (SHRA) Housing Choice Voucher Program (HCVP) participants, and one unauthorized tenant were indicted in U.S. District Court in Sacramento, CA, on a variety of charges, to include mail fraud, theft of government property, false claims, aggravated identity theft, false representation of a SSN and false statements.
- ◆ The defendants allegedly applied for FEMA disaster assistance claiming they resided in a Louisiana declared disaster area but the above defendants actually resided in California.

4.9 Department of Housing and Urban Development Investigations

Defendant Pleads Guilty

- ◆ Another defendant pled guilty in U. S. District Court in Sacramento, CA, to three counts of false claims and was sentenced to 36 months probation, 300 hours community service, and ordered to pay FEMA \$12,251 restitution.
- ◆ He claimed he resided in a Louisiana declared disaster area and applied for FEMA disaster assistance, but actually resided in a SHRA subsidized housing unit in California.

Six Housing Authority Tenants Indicted

- ◆ Six Mississippi Regional Housing Authority VII (MRHA VII) tenants at Canal Street Apartments (CSA), were indicted in U.S. District Court, Jackson, MS, on filing false statements, aiding and abetting, theft of government funds and mail fraud.
- ◆ The six allegedly filed for FEMA assistance by claiming residency in separate Biloxi Housing Authority (BHA) subsidized units during Hurricane Katrina, and collectively obtained \$15,110 of FEMA assistance.
- ◆ None of the defendants were BHA tenants during the storm. In addition, one defendant allegedly falsified household composition and obtained \$1,023 of MRHA housing assistance she was not entitled to receive.

Two Section 8 Tenants Plead Guilty

- ◆ Two Morgan City Housing Authority (MCHA) Section 8 tenants pled guilty in U.S. District Court, Lafayette, LA, to theft of public monies.
- ◆ The defendants applied for and received \$6,665 of FEMA disaster assistance, despite that MCHA sustained no damage and no MCHA residents were evacuated during any hurricane.
- ◆ HUD realized no loss.

One Defendant Indicted

- ◆ One defendant was indicted in U.S. District Court in Sacramento, CA, after he allegedly applied for and received SHRA public housing and FEMA disaster assistance, claiming he resided in Monroe, LA and was displaced by Hurricane Katrina. Monroe, LA, was not in a declared disaster area.

One Assistance Applicant Pled Guilty

- ◆ One FEMA assistance applicant pled guilty in U.S. District Court, New Orleans, LA, to material false statements.
- ◆ He applied for and received \$2,000 in FEMA assistance, claiming residency at a Terrebonne Parish Housing Authority (TPHA) housing development and Hurricane Katrina evacuee status. But, he never resided in TPHA housing units, nor did TPHA suffer any hurricane damage. He was sentenced to 6 months incarceration, 2 years supervised release and ordered to pay FEMA \$2,000 for his previous guilty plea to false statements.
- ◆ HUD realized no losses.

Section 8 Tenant Indicted

- ◆ A Section 8 tenant at Himbola Manor Apartments, a HUD subsidized multifamily housing complex, was indicted in U.S. District Court, Lafayette, LA, on wire fraud and false claims.
- ◆ She allegedly filed for and received \$2,000 of FEMA disaster assistance, claiming she sustained personal property damage and evacuated as a result of Hurricane Katrina, but Himbola Manor Apartments sustained no hurricane damage nor were residents forced to evacuate during the storm.
- ◆ HUD realized no losses.

4.9 Department of Housing and Urban Development Investigations

Defendant Pled Guilty To Wire Fraud And False Statements

- ◆ A defendant pled guilty in U. S. District Court in Sacramento, CA, to wire fraud and false statement.
- ◆ He claimed he was a Hurricane Katrina victim and failed to report he vacated his SHRA subsidized residence. The defendant received lodging and monetary aid from the Red Cross and other charitable organizations, as well as \$1,140 of SHRA housing assistance he was not entitled to receive.

Public Housing Applicant Sentenced

- ◆ One public housing applicant was sentenced in U.S. District Court, Harrisburg, PA, to 4 months home detention and fined \$350 for her earlier guilty plea to making false statements to HUD.
- ◆ She filed a false application for emergency housing with the Housing Authority of the County of Dauphin claiming she was a Hurricane Katrina evacuee forced to relocate from New Orleans, LA, to Harrisburg, PA, but she actually resided in Harrisburg, PA, and was facing eviction from her apartment at the time.
- ◆ HUD realized no loss.

Housing Applicant Sentenced For Multiple Crimes

- ◆ One housing applicant was sentenced in U.S. District Court, Belleville, IL, to 48 months incarceration and ordered to pay FEMA and others \$23,982 restitution for her earlier guilty plea to mail fraud, misuse of a SSN, aggravated identity theft, false statements and concealment of information from the Social Security Administration.
- ◆ She submitted fraudulent applications to HUD and FEMA claiming she lost her New Orleans home, possessions and two children during Hurricane Katrina, but she resided in Belleville, IL, during the storm and did not have any children.
- ◆ HUD realized no loss.

Section 8 Tenant Convicted For False Claims

- ◆ A Section 8 tenant at Scotland Square Apartments, a HUD funded multifamily housing complex, was convicted in U.S. District Court, Baton Rouge, LA, on making a false statement and submitting a false claim.
- ◆ The defendant filed a claim with FEMA requesting \$2,000 of FEMA funds as a result of Hurricane Katrina damages to her personal property, but Scotland Square Apartments suffered no structural damage and residents were not forced to evacuate during either Hurricanes Katrina or Rita.
- ◆ HUD realized no loss.

Three Charged In Theft Of Government Funds

- ◆ A San Francisco Housing Authority (SFHA) Section 8 tenant, a SFHA public housing recipient, and a Section 8 tenant at All Hallows Garden Apartments, a HUD funded multifamily housing complex, were each charged in U.S. District Court, San Francisco, CA, with theft of government funds.
- ◆ The defendants allegedly applied for and received FEMA funds after claiming to be displaced victims of Hurricane Katrina but actually lived in San Francisco and received HUD housing assistance during the storm.
- ◆ HUD realized no loss.

4.10 Small Business Administration Investigations

4.10

4.10 SBA Highlights

- ◆ In conjunction with the task force, the SBA OIG has reviewed numerous allegations dealing mostly with false statements regarding either residency at time of the Gulf Coast hurricanes or nonexistent property damage to homes or businesses.

- ◆ Statistics are as follows:

Cases opened	34
Arrests	16
Indictments	19
Convictions	8

COMPLETED

Woman Sentenced for False Claims

- ◆ A Louisiana woman who filed applications for SBA and FEMA disaster benefits falsely claiming to have suffered damages from Hurricane Katrina.
- ◆ Using a nonexistent address, she received an initial disbursement of \$10,000 of a \$40,000 SBA disaster loan, as well as FEMA benefits.
- ◆ She was sentenced to 60 months probation and ordered to pay restitution of \$10,000.

Mississippi Man Indicted for Fraud

- ◆ A Mississippi man who was indicted for claiming that his primary residence was in Mississippi at the time of the Gulf Coast hurricanes, when he actually resided in Maryland.
- ◆ He was approved for an SBA loan of \$208,300, of which \$10,000 was disbursed.

4.11 Social Security Administration Investigations

4.11

4.11 SSA Highlights

- ◆ SSA OIG investigations have resulted in SSA OIG detecting and stopping cases involving:
 - False claims
 - Fraudulent claims
 - Misuse of Social Security Numbers (SSNs)
 - Mail fraud
 - Tax evasion
- ◆ Statistics are as follows:

Cases opened	2
Arrests	22
Indictments	14
Convictions	13
Hotline Complaints	0

COMPLETED

Woman Sentenced for Fraud

- ◆ SSA OIG Office of Investigations (OI) initiated this investigation based upon a request for assistance from the FBI. The FBI had evidence that a woman made fraudulent claims to FEMA in order to receive disaster assistance associated with Hurricanes Katrina and Rita.
- ◆ The SSA OIG OI confirmed that the woman was a Title XVI Supplemental Security Income (SSI) recipient in current payment status. The FBI advised that the woman utilized two different SSNs on the applications filed with FEMA. The FBI stated that the woman received three checks from FEMA totaling \$20,280.
- ◆ In March 2007, the individual was sentenced to 16 months imprisonment, 6 years probation, ordered to pay restitution in the amount of \$27,311. (\$23,741 – FEMA; \$3,570 – SSA) and ordered to pay a special assessment of \$200.

4.11 Social Security Administration Investigations

Misuse of SSN Stopped

- ◆ SSA OIG OI initiated this investigation based on a request from the U.S. Attorney's Office, Southern District of Mississippi, following Hurricane Katrina. The evidence indicated that the subject had used the SSN of another person to apply for, and receive, an ARC disaster relief card and that he used the card to withdraw \$500 from an ATM machine.
- ◆ On November 4, 2006, the subject pled guilty to Counts One and Two of the indictment charging Wire Fraud and Misuse of a SSN. Count Three, Identity Theft, was dismissed.
- ◆ On February 23, 2007, the subject was sentenced to 30 months in Federal prison on each count, three years of supervised probation following his release from the U.S. Bureau of Prisons and was ordered to pay restitution of \$502 to the ARC as well as a special assessment of \$300.

Individual Falsely Claimed His Primary Residence at the Time of Hurricane Katrina Was New Orleans

- ◆ The US Attorney's Office for the Southern District of Alabama requested the assistance of SSA OIG OI in a FEMA, Hurricane Katrina fraud investigation regarding false claims filed by an individual. The individual falsely claimed his primary residence at the time of Hurricane Katrina was New Orleans, LA when in fact he lived in Alabama. He also filed a false claim using his wife's identity.
- ◆ A jury found the individual guilty of one count of False Claim, one count of False Statement, two counts of Theft of Government Funds, two counts of wire fraud and two counts of Aggravated Identity Theft.
- ◆ He was sentenced to 39 months incarceration in the custody of the U.S. Bureau of Prisons and three years supervised release. He was also ordered to pay a special assessment of \$800 and restitution to FEMA of \$12,858 less the \$5,000 previously paid.

Woman Fraudulently Received Thousands of Dollars in Federal Aid

- ◆ SSA OIG OI initiated a fraud investigation of an individual who fraudulently received thousands of dollars in Federal aid after claiming she helplessly watched her two daughters get swept to their deaths by Hurricane Katrina when she actually was childless and living in Illinois.
- ◆ In October 2006, she pled guilty to defrauding the SSA of \$13,000 in SSI benefits for failing to report her marriage and her husband's income to SSA. In addition, she admitted stealing \$4,358 from FEMA in September 2005 by using a bogus SSN to file for hurricane assistance online. Before her scheme was exposed, she maintained Katrina's floodwaters had washed away her two young daughters (ages 5 and 6) and displaced her, destroying everything she owned and forcing her to flee to Illinois. But the SSA OIG OI investigation revealed that she actually had moved from Arkansas to an Illinois suburb of St. Louis in July 2004 and was not near the Gulf Coast when Hurricane Katrina hit. Moreover, SSA records showed no evidence that she and her husband had daughters.
- ◆ She was sentenced to four years in Federal prison and ordered to pay about \$24,000 in restitution, of which \$13,266 was ordered payable to SSA, for the various scams covering more than a decade.

4.11 Social Security Administration Investigations

Company Owner Misused Funds Received from FEMA for Reconstruction Work Done Following Hurricanes Katrina And Frances

- ◆ SSA OIG OI, along with the DOL/OIG, IRS, Carmel Police Department and Indiana state Police executed a joint investigation of the owner of a company that subcontracts with larger companies to do asbestos removal and disaster reconstruction. The company employs persons, primarily individuals who are frequently in the United States illegally, as laborers to perform the work. The owner paid his laborers as wage earning employees and was required to and purported to withhold Federal and state taxes, including income, unemployment and Social Security taxes, when issuing his employees weekly or bi-weekly wages.
- ◆ However, the investigation revealed that the monies withheld from the owner's employees were not turned over to the appropriate Federal or state agencies. Instead, the evidence indicated that the monies were transferred to personal bank accounts owned and/or controlled by the owner and used to purchase vehicles, houses, boats, jewelry, etc. The investigation revealed that part of the funds misused by the owner was money received from FEMA for reconstruction work done following Hurricanes Katrina and Frances.
- ◆ He pled guilty in August 2006 to a 7 count Information filed in United States District Court for the Southern District of Indiana, which included 2 counts of Mail Fraud and 5 counts of failure to account for and pay IRS taxes. The owner was sentenced to 57 months on each count to be served concurrently in the United States Bureau of Prisons and 2 years supervised release upon completion of his prison sentence. He was also ordered to make restitution to the IRS in the amount of \$871,042 in addition to cooperating with IRS in assessment and collection of civil taxes and penalties as well as pay \$100,000 to the Indiana Workforce Development from the proceeds of the sale of company assets.

One Individual Filed 16 Separate Applications for FEMA Disaster Assistance Using 16 Different SSNs

- ◆ SSA OIG OI initiated this investigation based on information received from the USPIA and the Department of Homeland Security, Office of the Inspector General (DHS OIG). FEMA records identified an individual as being associated with sixteen claims under the Disaster Housing and Individual Assistance programs. One of the FEMA claims contained the individual's actual name and SSN, while the other 15 were filed using a different SSN and the name of the individual.
- ◆ The investigation revealed of the 16 applications submitted to FEMA for disaster assistance, 15 contained SSNs not assigned to the individual. Additionally, the individual listed 15 different "damaged addresses" in New Orleans and Lake Charles, LA; and Orange, Port Arthur and Port Neches, TX on the FEMA applications.
- ◆ The subject pled guilty and (in February 2007) was sentenced to 39 months imprisonment and was ordered to make full restitution to FEMA in the amount of \$34, 938.

SSI Recipient Conspired with Several Others and Filed a Fraudulent FEMA Application for Disaster Assistance

- ◆ A joint investigation by SSA OIG OI and the DHS/OIG targeted Los Angeles, CA area residents suspected of submitting fraudulent Hurricane Katrina disaster relief applications by claiming residency in the New Orleans area during Hurricane Katrina causing FEMA to issue them a \$2,000 relief payment.
- ◆ The investigation found that a SSI recipient conspired with several others and filed a fraudulent FEMA application for disaster assistance. The SSI recipient fraudulently received a total of \$2,000 in FEMA payments.
- ◆ Subsequently, an arrest warrant was issued and the SSI recipient was arrested in December 2006. The defendant pled guilty to violating one count of Theft and was sentenced to 24 months probation, 30 days of incarceration (suspended), ordered to pay restitution of \$2,000 and a fine of \$220.

4.12 Department of the Treasury Investigations

4.12 TREAS Highlights

- ◆ During the semi-annual period the Office of Investigations had two investigations that reached closure with the sentencing of two individuals:
 - One false claim prosecuted
 - One fraud prosecuted



COMPLETED

\$180,000 in Fraudulent Activity Resolved as Suspect Pleads Guilty

- ◆ As part of the U.S. Attorney General's and the PCIE's anti-fraud commitment to combat hurricane recovery-related fraud schemes, the Treasury OIG participated in a joint investigation with the United States Secret Service-sponsored Metro Area Fraud Task Force, the USPIS and DHS.
- ◆ A man was arrested on June 27, 2006, in El Paso, Texas, on charges of identification document fraud. He confessed to committing approximately \$100,000 in FEMA Katrina/Rita benefits fraud, approximately \$30,000 to \$40,000 in credit card fraud and an additional \$40,000 in a check kiting scheme, through the use of fraudulent or compromised identities.
- ◆ On August 28, 2006, he pled guilty to three-count information charging bank fraud, mail fraud, and money laundering. On February 5, 2007, the individual was sentenced to 102 months of incarceration and 36 months of supervised release. He was also ordered to pay restitution in the amount of \$129,139, which will be paid to the victims of his fraud schemes, including the Federal government. In addition, he was ordered to forfeit a 2005 Mazda automobile and barred from computer or Internet access while incarcerated.

Over \$14,000 in Hurricane Disaster Relief Fraud Resolved as Suspect Pleads Guilty To False Claims

- ◆ The Treasury OIG also conducted an investigation of a male DC resident for making a false statement on a FEMA application in order to obtain disaster relief from Hurricane Katrina. In his application for financial aid, the individual falsely claimed he was renting and living in a single-family residence in New Orleans, Louisiana, during the Hurricane Katrina disaster. He further claimed he had damage to his home and lost personal property as a result of the hurricane.
- ◆ As a result of his fraudulent claim, he was issued three Treasury checks, totaling \$14,749. He pled guilty on June 13, 2006, in the U.S. District Court for the District of Columbia to a false statement charge.
- ◆ On November 7, 2006, he was sentenced to ten months of incarceration, three years of supervised probation, 100 hours of community service and ordered to pay restitution in the amount of \$4,358. In addition, over \$10,000 was recovered from a personal bank account.

ONGOING

Fraudulent Claims Under Investigation

- ◆ In addition, the Treasury OIG and DHS OIG are jointly investigating an individual who allegedly applied for disaster relief assistance on more than ten occasions, submitting fraudulent applications for aid in the wake of several hurricane disasters.
- ◆ The subject allegedly used several different social security numbers and addresses when submitting the fraudulent claims.
- ◆ The investigation is ongoing and future judicial or enforcement actions are anticipated.

4.13 Department of Agriculture Investigations

4.13 USDA Highlights

- ◆ OIG special agents working Hurricane Katrina Fraud Task Force investigations continue to receive referrals throughout the country on individuals who have submitted false claims or provided false statements to obtain Federal benefits. As hurricane reconstruction efforts proceed, OIG has begun receiving investigative referrals from FSA and RD that involve larger monetary amounts of fraud or theft and more complex fraud cases.
- ◆ To date, OIG has conducted 18 investigations in Mississippi and Louisiana concerning cases in which FNS, FSA, and RD have been swindled by individuals fraudulently obtaining Hurricane Katrina disaster benefits.
 - 37 individuals have been indicted, 9 of whom have pled guilty and received sentences ranging from 24 months of probation to 12 months of incarceration.
 - All of those sentenced were ordered to pay restitution, ranging from \$2,000 to \$13,400.
- ◆ Statistics are as follows:

Cases opened	35
Arrests	1
Indictments	36
Convictions	4
Hotline Complaints	8

COMPLETED

Illinois Woman Obtained Assistance Via Fraud

- ◆ A recent example of hurricane relief investigative work involved an Illinois woman who obtained at least \$23,000 in Hurricane Katrina housing, food stamps, and cash assistance for which she was not entitled.
- ◆ OIG worked with the Postal Service's OIG to determine that the individual never resided in Louisiana or Mississippi and thus would not have been affected by Hurricane Katrina. The individual sought benefits for non-existent family members.
- ◆ She pled guilty in October 2006 to mail fraud and false statements and was sentenced in January 2007 to 48 months in Federal prison, followed by 36 months of supervised release, and was ordered to pay \$23,982 in restitution.

Mississippi Woman Obtained Assistance Via Fraud

- ◆ A woman stated she was living in her Rural Development (RD)- financed dwelling between early 2000 until November 2005, but instead rented the dwelling to other individuals and did not report it to Rural Development.
- ◆ The woman also applied for and received \$2,000 from FEMA for damages to the dwelling which she was not entitled to because it was not her primary residence.
- ◆ On January 10, 2007 (in the Southern District of Mississippi, Gulfport) the woman was sentenced to 60 months probation, 60 hours of community service and ordered to repay \$13,461 in restitution.

Section 5 | Gulf Coast Recovery Funding



Highlights

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

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

Background: History of Appropriations

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).

In December 2005, the third emergency supplemental (PL 109-148) redirected \$29 billion of the previously approved \$60 billion (contained in the first two emergency supplemental acts) toward 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 by PL 109-148 was \$5.2 billion and the net cumulative total over the first three supplemental acts was \$67.5 billion.

In June 2006, the fourth Emergency Supplemental Act (PL 109-234) directed \$20.2 billion across a large number of Federal agencies including the Inspectors General for DHS, DOD, HUD and USDA.

5 Gulf Coast Recovery Funding

Hurricane Related Emergency Supplemental Funding Profile (\$000)

Department or Agency	PL 109-61	PL 109-62	PL 109-148	PL 109-234	Subtotals
DHS (FEMA DRF)	\$10,000,000	\$49,985,000	(\$23,409,000)	\$6,000,000	\$42,576,000
DHS (Other)		15,000	285,000	662,000	964,000
DOC			404,000	150,000	554,000
DOD/USACE	500,000	1,800,000	8,653,000	5,358,380	16,311,380
ED			1,600,000	295,000	1,895,000
DOI			70,000	260,000	335,000
HHS			640,000	12,000	652,000
HUD			11,890,000	5,200,000	17,099,000
DOJ			229,000	8,500	237,500
DOL			125,000	16,000	141,000
DOT			2,798,000	702,362	3,500,362
VA			593,000	761,919	1,354,919
SBA			446,000	542,000	988,000
USDA			779,000	152,400	931,845
Other Agencies			130,000	85,000	215,000
Totals	\$10,500,000	\$51,800,000	\$5,233,000	\$20,205,561	\$87,755,006
Total 1st & 2nd app.		\$62,300,000			

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

This table does not reflect the increases in FEMA's National Flood Insurance borrowing authority, specifically:

- a) PL 109-65 increased borrowing authority from \$1.5 billion to \$3.5 billion
- b) PL 109-65 increased borrowing authority from \$3.5 billion to \$18.5 billion
- c) PL 109-65 increased borrowing authority from \$18.5 billion to \$20.8 billion

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. With the June 15, 2006 Emergency Supplemental Act, the DRF received an infusion of \$6 billion for hurricane-related assistance. Of the billions appropriated to FEMA, \$39.4 billion have been obligated and \$28.0 billion have been expended.



	Katrina	Rita	Wilma	Total
Obligated	\$32.976	\$4.041	\$2.403	\$39.42
Expended	\$23.476	\$2.844	\$1.680	\$28.00

Source: FEMA's Congressional Report on the DRF dated April 6, 2007

5 Gulf Coast Recovery Funding

Obligations and Expenditures by Program Area for Hurricanes Katrina, Rita and Wilma (\$000)

Program Area	Program Name	Obligations	Expenditures
1- Human Services	2503- Unemployment	\$437,779	\$437,751
	2504- Crisis Counseling	77,970	61,830
	2576- Legal Services	387	270
	2592- IA Contracts	556,714	357,314
	4149- Other Needs Assistance	1,742,023	1,732,410
	414X- Housing Assistance	5,322,420	5,300,958
	4152- Crisis Counseling-SCC	43,884	34,407
	4151- Other Needs Assistance	72,380	71,829
	Immediate Needs Assistance	1,236	969
	Manufactured Housing Assistance	7,262,754	6,225,250
1-Human Services Total		\$15,517,547	\$14,222,988
2- Infrastructure	2594- PA Contracts	1,749,016	509,489
	416X- Public Assistance	9,428,303	5,325,302
2-Infrastructure Total		\$11,177,319	\$5,834,791
3- Mitigation	2593-HM Contracts	44,883	19,584
	4173-Hazard Mitigation	114,689	7,269
3-Mitigation Total		\$159,572	\$26,853
4-Operations	2507-Missions – TA	26,024	8,764
	2508-Missions – DFA	5,402,049	3,356,616
4-Operations Total		\$5,428,073	\$3,365,380
5-Administration	11XX -Salaries & Benefits	686,407	686,407
	21XX -Travel	308,094	295,327
	22XX - Transportation	59,441	48,461
	23XX- Rent, Comm Utilities	336,423	277,217
	24XX Print & Repro	6,468	3,535
	2501- Missions -FOS	2,604,247	961,356
	25XX- Other Services	2,145,554	1,483,737
	26XX- Supplies & Materials	660,687	532,484
	31XX – Equipment	216,440	198,132
	32XX- Land & Structures	9,850	9,785
	4101- Urban Search & Rescue	103,439	52,991
5- Administration Total		\$7,137,050	\$4,549,432
Grand Total		\$39,419,561	\$27,999,444

Source: FEMA's Congressional Report on the DRF dated April 6, 2007

Obligations and Expenditures by Program Area for Hurricanes Katrina, Rita and Wilma

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.

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 Katrina, Rita and Wilma (\$000)

Department or Agency	Katrina	Rita	Wilma	Total
USACE	\$3,912,376	\$554,578	\$272,399	\$4,739,353
DOD	905,204	47,499	3,550	956,253
DOT	446,001	59,662	35,248	540,911
USFS	179,430	180,905	5,580	365,915
EPA	285,286	40,790	440	326,516
HHS	163,670	76,290	9,395	249,355
FPS	199,930	13,006	20,022	232,958
USCG	177,438	21,391	120	198,949
HUD	82,888	120	-	83,008
GSA	82,092	566	130	82,788
Other Agencies	212,804	41,594	2,376	256,774
Total	\$6,647,119	\$1,036,401	\$349,260	\$8,032,780

Source: FEMA H2005 MA Obligations as of April 4, 2007

5 Gulf Coast Recovery Funding Departmental Summaries

Department of Housing and Urban Development

Katrina Disaster Housing Assistance Program (KDHP)

- ◆ \$79 million funded to relocate almost 102,000 families in PDDA:
 - Evacuees relocated by public housing agencies in 44 states
 - 14,000 families relocated by Housing Authority of New Orleans (HANO)

Real Estate Owned Properties

- ◆ \$29 million advanced by HUD-contracted management and marketing firms:
 - 6,500 houses taken off the market for rehabilitation and use by evacuees in 11 states
 - 2,600 houses readied for evacuee housing

Disaster Voucher Program

- ◆ \$390,299,500 funded directly to HUD.
 - Portable Section 8 vouchers.
 - Program to expire September 30, 2007.
 - Criteria.
 - Living in HUD rental assistance program before Hurricane
 - Living in emergency shelters and/or homeless

Community Development Block Grant Disaster Recovery Assistance Grants

- ◆ \$11.5 billion to five Gulf Coast states (until expended).
 - \$6,210,000,000 Louisiana
 - \$5,058,185,000 Mississippi
 - \$82,904,000 Florida
 - \$74,523,000 Texas
 - \$74,388,000 Alabama

Community Development Block Grant Disaster Recovery Assistance Grants (2nd Supplemental)

- ◆ \$5.2 billion to five Gulf Coast states (until expended)
 - \$4.2 billion Louisiana
 - \$423 million Mississippi
 - \$100 million Florida
 - \$428 million Texas
 - \$21 million Alabama

Department of Education

Total Appropriations – \$1.885 Billion

- ◆ Immediate Aid to Restart School Operations – \$750 million
- ◆ Assistance for Homeless Youth – \$5 million
- ◆ Temporary Emergency Impact Aid for Displaced Students – \$880 million
- ◆ Emergency Assistance for Higher Education to the Louisiana Board of Regents – \$95 million
- ◆ Payments to Institutions of Higher Education to Defray Unexpected Expenses of Displaced Students – \$60 million
- ◆ Assistance for Higher Education to the Mississippi Institutes of Higher Learning – \$95 million

Appendix



Contributors to this Report

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/dhspublic/interapp/editorial/editorial0330.xml
DOC	Johnnie E. Frazier 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

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Contributors to this Report (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.ig.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 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



Contributors to this Report (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 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

Other Useful Websites

Hurricane Contracting Information Center (Dept. of Commerce) http://www.rebuildingthe.gulfcoast.gov	Dept. of Education- Hurricane Help for Schools http://Hurricanehelpforschools.gov/index.html
Dept. of Homeland Security (OIG) Katrina Oversight Page http://www.dhs.gov/dhspublic/interapp/editorial/Copy_(2)_of_editorial_0602.xml	Dept. of Homeland Security (Emergency and Disasters) http://www.Dhs.gov/interweb/assetlibrary/katrina.htm
Dept. of Housing and Urban Development (OIG) http://www.hud.gov/offices/oig/hotline/index.cfm	Dept. of Justice Katrina Fraud Task Force http://www.usdoj.gov/katrina/Katrina_Fraud
Dept. of Justice Katrina Fraud Task Force Progress Report http://www.usdoj.gov/katrina/Katrina_Fraud/docs	FBI Katrina / Rita Information Page http://www.fbi.gov/katrina.htm#vgn-hurricane-katrina-fraud-task-force-vgn
Dept. of Transportation; Status of Transportation-Related Recovery Efforts http://www.nhtsa.dot.gov/USDOTReleifSite	Department of Transportation Roadway Information Related to Hurricanes Rita and Katrina http://www.fhwa.dot.gov/trafficinfo/katrina.htm
Environmental Protection Agency Disaster Response http://www.epa.gov/katrina/index.html	PCIE/ECIE http://www.ignet.gov/pande/hsr/oigplanoverview.pdf
PCIE/ECIE : Hurricane Relief Oversight http://www.ignet.gov/pande/hsr1.html#relief	Small Business Administration: Disaster Recovery http://www.sba.gov/disaster_recov/index.html
SBA Office of Inspector General http://www.sba.gov/ig	White House Hurricanes Recovery, Rebuilding the Gulf Coast Region http://www.whitehouse.gov/infocus/hurricane
Alabama Department of Economic and Community Affairs http://www.adeca.alabama.gov	Florida: Department of Community Affairs http://www.floridacommunitydevelopment.org

Other Useful Websites (Continued)

State of Louisiana: Hurricane Information http://katrina.louisiana.gov/	State of Louisiana: Office of Community Development, Disaster Recovery Unit http://www.state.la.us/scbg/drhome.htm
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	Louisiana Disaster Recovery Unit http://www.state.la.us/cdbg/drhome.htm
Mississippi Development Authority http://www.mshomehelp.gov	Mississippi: Hurricane Katrina Homeowner's Grant Program http://www.mshomehelp.gov
Texas: Department of Housing and Community Affairs http://www.tdhca.state.tx.us	

Appendix

Acronyms and Definitions

ARC	American Red Cross
ASAM	Assistant Secretary for Administration and Management
CCC	Commodity Credit Corporation
CDBG	Community Development Block Grant
CPD	Community Planning and Development
DFSP	Disaster Food Stamp Program
DAO	Disaster Assistance Oversight
DHS	Department of Homeland Security
DoD	Department of Defense
DOL	Department of Labor
DOT	Department of Transportation
DRF	Disaster Relief Fund
DUA	Disaster Unemployment Assistance
DVP	Disaster Voucher Program
ECP	Emergency Conservation Program
ED	Department of Education
EFCRP	Emergency Forestry Conservation Reserve Program
EFT	Electronic Fund Transfer
eNEMIS	A web-based National Emergency Management Information System
EOC	Emergency Operations Center
EPA	Environmental Protection Agency
EWP	Emergency Watershed Protection Program
FEMA	Federal Emergency Management Agency
FAA	Federal Aviation Administration
FHWA	Federal Highway Administration
FMAG	Fire Management Assistance Grant
FNS	Food and Nutrition Service
FPDS-NG	Federal Procurement Data System – Next Generation
FS	Forest Service
FSA	Farm Service Agency
FPS	Federal Protective Service
GAO	Government Accountability Office
GSA	General Services Administration
HCV	Housing Choice Vouchers
HERA	Hurricane Education Recovery Act
HHS	Department of Health and Human Services
HKFTF	Hurricane Katrina Fraud Task Force
HMGP	Hazard Mitigation Grant Program
HUD	Department of Housing and Urban Development
IT	Information Technology
JFO	Joint Field Office
KDHAP	Katrina Disaster Housing Assistance Program
LDOL	Louisiana Department of Labor
LEA	Local Education Agency
LRA	Louisiana Recovery Authority
MDA	Mississippi Development Authority
NASA	National Aeronautics and Space Administration



Acronyms and Definitions (continued)

NDNH	National Directory of New Hires
NEG	National Emergency Grants
NEMIS	National Emergency Management Information System
NFIP	National Flood Insurance Program
NPSC	National Processing Service Centers
NRCS	Natural Resources Conservation Services
OCC	Office of the Comptroller of the Currency
ODA	Office of Disaster Assistance
OES	Office of Emergency Services
OIG	Office of Inspector General
OTS	Office of Thrift Supervisor
PBS	Public Buildings Service
PCIE	President's Council on Integrity and Efficiency
PDD	Presidentially-Declared-Disaster
PDM	Pre-Disaster Mitigation
PHA	Public Housing Agency
POTW	Publicly Owned Treatment Works
PSE	Public Service Employment
RHF	Replacement Housing Factor
RHS	Rural Housing Service
RMP	Risk Management Plan
SBA	Small Business Administration
SEA	State Education Agency
SFH	Single Family Housing
SSA	Social Security Administration
SSN	Social Security Number
TH	Transitional Housing
TIGTA	Treasury Inspector General for Tax Administration
TOIG	United States Treasury Department OIG
UI	Unemployment Insurance
USACE	United States Army Corps of Engineers
USCG	United States Coast Guard
USDA	United States Department of Agriculture
USPS	United States Postal Service
VA	Department of Veterans Administration
WYO	Write Your Own

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HURRICANE FRAUD HOTLINE

If you have knowledge of fraud, waste, abuse, or allegations of mismanagement involving hurricane operations, you can:

- CALL the Hurricane Fraud Hotline at (866)720-5721
- FAX the Hurricane Fraud Hotline at (225)334-4707
- EMAIL: HKFTF@leo.gov
- OR WRITE: Hurricane Fraud Task Force, Baton Rouge, LA 70821-4909

Calls can be made anonymously and confidentially.