



Highlights of [GAO-07-300](#), a report to the Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

The Federal Emergency Management Agency (FEMA) continues to respond to hurricanes Katrina and Rita. GAO's previous work identified suspected fraud, waste, and abuse resulting from control weaknesses associated with FEMA's Individuals and Households Program (IHP) and the Department of Homeland Security's (DHS) purchase card program. Congress asked GAO to follow up on this previous work to determine whether potentially improper and/or fraudulent payments continued to be made. GAO testified on the results of our audit and investigative efforts on December 6, 2006. This report summarizes the results of our follow-up work.

What GAO Recommends

GAO recommends that DHS direct FEMA to take six actions, including establishing controls to prevent duplicate housing benefits to FEMA trailer and apartment residents and duplicate benefit payments for the same damages. GAO is also recommending that FEMA establish controls to prevent benefits to nonqualified aliens. FEMA outlined actions it plans to take or has taken that are designed to address each of our six recommendations. However, FEMA plans to perform additional investigations on two of the findings to determine whether problems are systemic prior to implementing recommended changes.

www.gao.gov/cgi-bin/getrpt?GAO-07-300.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Gregory Kutz at (202) 512-7455 or kutzg@gao.gov.

HURRICANES KATRINA AND RITA DISASTER RELIEF

Continued Findings of Fraud, Waste, and Abuse

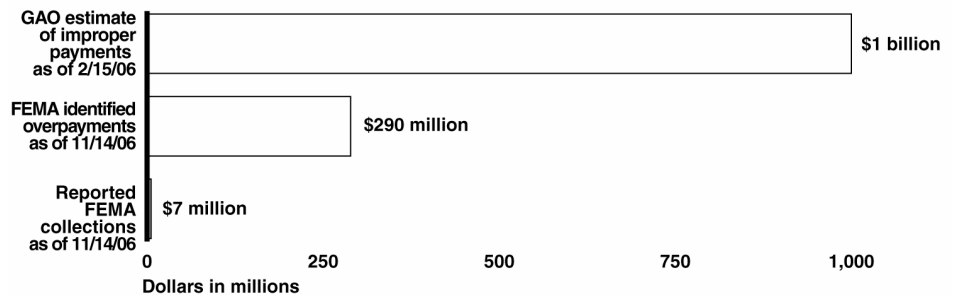
What GAO Found

In our December 6, 2006, testimony, GAO stated that FEMA made tens of millions of dollars of potentially improper and/or fraudulent payments associated with both hurricanes Katrina and Rita. These payments include \$17 million in rental assistance paid to individuals to whom FEMA had already provided free housing through trailers or apartments. In one case, FEMA provided free housing to 10 individuals in apartments in Plano, Texas, while at the same time it sent these individuals \$46,000 to cover out-of-pocket housing expenses. In addition, several of these individuals certified to FEMA that they needed rental assistance.

FEMA made nearly \$20 million in duplicate payments to thousands of individuals who claimed damages to the same property from both hurricanes Katrina and Rita. FEMA also made millions in potentially improper and/or fraudulent payments to nonqualified aliens who were not eligible for IHP. For example, FEMA paid at least \$3 million to more than 500 ineligible foreign students at four universities in the affected areas. This amount likely understates the total payments to ineligible foreign students because it does not cover all colleges and universities in the area. FEMA also provided potentially improper and/or fraudulent IHP assistance to other ineligible non-U.S. residents, despite having documentation indicating their ineligibility.

Finally, FEMA's difficulties in identifying and collecting improper payments further emphasized the importance of implementing an effective fraud, waste, and abuse prevention system. For example, GAO previously estimated improper and potentially fraudulent payments related to the IHP application process to be \$1 billion through February 2006. As of November 2006, FEMA identified about \$290 million in overpayments and collected about \$7 million.

GAO Improper Payment Estimate and FEMA Reported Overpayments and Collections



Source: GAO analysis and FEMA data.

Finally, GAO's work on DHS purchase cards showed continuing problems with property accountability, including items GAO investigated that could not be located 1 year after they were purchased.