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United States Government Accountability Office
Washington, DC 20548

January 12, 2007

The Honorable Joseph I. Lieberman
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Susan M. Collins
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

Subject: *Response to a post hearing question related to GAO's December 6, 2006 testimony on continued findings of fraud, waste, and abuse associated with Hurricanes Katrina and Rita relief efforts.*

Dear Chairman Lieberman and Ranking Member Collins:

On December 6, 2006, I testified before your committee on the results of our audit and investigation of hurricanes Katrina and Rita disaster relief efforts. This letter provides our response to your supplemental question for the record. Your question and our response follows.

Question

Your testimony indicates that FEMA distributed \$20 million under the Individuals and Household Program to individuals who claimed damages for both Hurricane Katrina and Hurricane Rita. Some press reports have jumped to the conclusion that all of the \$20 million was improperly paid. I want to be clear about the facts of your investigation because in some instances FEMA's regulations and policies do permit separate payments for damages resulting from separate disasters. Is it your conclusion that the *entire* \$20 million was paid improperly or is the \$20 million the amount that *potentially* was paid improperly? Did you investigate each payment comprising the total \$20 million?

Response

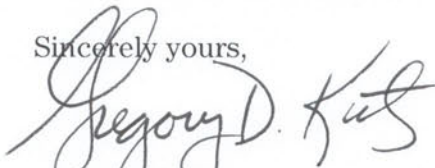
In December, we testified that about 7,600 individuals submitted duplicate registrations for disaster relief using the same social security numbers and damaged property addresses—once for Hurricane Katrina and once for Hurricane Rita. Through data mining we identified that FEMA paid those individuals nearly \$20 million in potentially improper and/or fraudulent payments based on duplicate registrations for the same damaged address.

We did not conduct investigations of all payments associated with the approximately 7,600 individuals who submitted disaster relief registrations for both hurricanes. Such investigations would be necessary to determine the extent to which the apparent duplicate payments identified through our data mining represented potentially improper and or fraudulent payments. However, we did select 12 registrations made by 6 individuals for further investigations. Based on those investigations we found that FEMA made duplicate payments to all 6 individuals for damage to the same residence for both hurricanes. For example, in one case the same individual received two payments of \$10,500 each to replace the same house, once for Hurricane Katrina and once for Hurricane Rita.

It is important to note that our estimate of potentially improper and/or fraudulent assistance payments associated with hurricanes Katrina and Rita is likely understated because it included only those registrations containing the same social security number and damaged address. Our \$20 million estimate would be understated to the extent to which there are any duplicate payments made to members of the same household using different social security numbers. According to FEMA, in most cases, payments made as a result of these registrations would also be duplicate—and therefore potentially improper and/or fraudulent—because their policy states households are entitled to one payment for the same damage and/or need. Finally, as we stated in December, the problems we identified in our December testimony, and those that we identified in our earlier testimonies, further emphasize the need for FEMA to put preventive controls in place to minimize fraudulent and improper payments, and to reduce the need for collection actions after the fact.

If you have any further questions or would like to discuss our response, please contact me at (202) 512-7455, or kutzg@gao.gov.

Sincerely yours,



Gregory D. Kutz
Managing Director
Forensic Audits and Special Investigations

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