



HURRICANES KATRINA AND RITA DISASTER RELIEF

Continued Findings of Fraud, Waste, and Abuse

Highlights of [GAO-07-252T](#), a testimony to the Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Hurricanes Katrina and Rita destroyed homes and displaced millions of individuals. While the Federal Emergency Management Agency (FEMA) continues to respond to this disaster, GAO's previous work identified significant control weaknesses—specifically in FEMA's Individuals and Households Program (IHP) and in the Department of Homeland Security's (DHS) purchase card program—resulting in significant fraud, waste, and abuse.

Today's testimony will address whether FEMA provided improper and potentially fraudulent (1) rental assistance payments to registrants at the same time it was providing free housing via trailers and apartments; (2) duplicate assistance payments to individuals who claimed damages to the same property for both hurricanes Katrina and Rita; and (3) IHP payments to non-U.S. residents who did not qualify for IHP. This testimony will also discuss (1) the importance of fraud identification and prevention, and (2) the results of our investigation into property FEMA bought using DHS purchase cards.

To address these objectives, GAO data mined and analyzed FEMA records and interviewed city officials, university officials, and foreign students. GAO also traveled to Louisiana and Texas to inspect selected property items and to investigate improper housing payments to individuals living in FEMA-provided housing.

www.gao.gov/cgi-bin/getrpt?GAO-07-252T.

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.

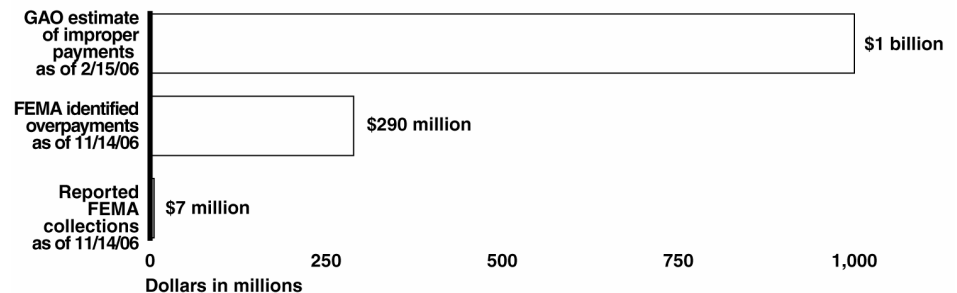
What GAO Found

FEMA continued to lose tens of millions of dollars through potentially improper and/or fraudulent payments from 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 improper payments and collected about \$7 million.

GAO Improper Payment Estimate and FEMA Reported Overpayments and Collections



Source: GAO analysis and FEMA data.

GAO's previous work on the DHS purchase cards also showed significant problems with property accountability. Of 246 items we investigated that FEMA purchased for hurricane relief efforts using DHS's purchase cards, 85 items—or 34 percent—are still missing and presumed lost or stolen.