



Department of Homeland Security Office of Inspector General

FEMA's Disaster Assistance Improvement Plan





Homeland
Security

JUN 29 2010

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the Homeland Security Act of 2002 (*Public Law 107-296*) by amendment to the Inspector General Act of 1978. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report addresses the results of our audit of the Federal Emergency Management Agency's implementation of its Disaster Assistance Improvement Plan. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. We trust this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.



Richard L. Skinner
Inspector General

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Abbreviations

DAIP	Disaster Assistance Improvement Plan
DHS	Department of Homeland Security
DoED	Department of Education
DSNAP	Disaster Supplemental Nutrition Assistance Program
DUA	Disaster Unemployment Assistance
FEMA	Federal Emergency Management Agency
FOAs	Forms of Assistance
IAC	Individual Assistance Center
NEMIS	National Emergency Management Information System
NVOAD	National Voluntary Organization Active in Disaster
OMB	Office of Management and Budget
PMO	Program Management Office
SBA	Small Business Administration
SSA	Social Security Administration
USDA	United States Department of Agriculture

OIG

*Department of Homeland Security
Office of Inspector General*

Executive Summary

We audited the Federal Emergency Management Agency's progress in improving the delivery of federal disaster assistance. Executive Order 13411, titled "Improving Assistance for Disaster Survivors" directed the Secretary of Homeland Security to lead an interagency task force with the mission of improving the promptness and efficiency with which disaster applicants obtain access to eligible federal disaster assistance. The Secretary established a Task Force Executive Steering Committee, comprised of several federal agencies, to develop a plan outlining a strategy for improving the delivery of federal disaster assistance. The strategy developed by the Committee, the "Disaster Assistance Improvement Plan," was approved by the President on September 14, 2007.

FEMA faces challenges in implementing a "one-stop" disaster assistance application system because of the inability of partner agencies' systems to interface with DisasterAssistance.gov, and partner agencies' reluctance to provide funding to support the program. FEMA was in the process of drafting internal control standard operating procedures but had not yet developed, implemented, or strengthened controls. Further, the agency was in the process of coordinating with state, local, and voluntary organizations to integrate forms of assistance administered at the state and local level.

The Federal Emergency Management Agency needs to implement a funding model to ensure that it is capable of supporting the entire Disaster Assistance Improvement Plan program to include current contributions made by partner agencies. Further, FEMA needs to develop, implement, and strengthen internal controls to prevent improper payments and other forms of fraud, waste, and abuse. Finally, FEMA needs to assist pilot states with integration capabilities to interface with the Disaster Assistance Improvement Plan.

We are making three recommendations to improve the Federal Emergency Management Agency's Disaster Assistance Improvement Plan. The agency agreed with our recommendations and has taken action to resolve them.

Background

Following Hurricane Katrina, survivors encountered conflicting and confusing information when seeking Federal disaster assistance. On August 29, 2006, the President issued Executive Order 13411, titled “Improving Assistance for Disaster Survivors,” directing the Secretary of Homeland Security to lead an interagency task force with the mission of improving the promptness and efficiency with which disaster applicants obtain access to eligible federal disaster assistance. The Secretary of Homeland Security established a Task Force Executive Steering Committee, comprised of several federal agencies, to develop a plan outlining a strategy for improving the delivery of federal disaster assistance. The strategy developed by the Committee, the “Disaster Assistance Improvement Plan,” was approved by the President on September 14, 2007. The plan outlined a strategy to implement a consolidated and unified disaster application capability/system no later than December 31, 2008, subject to funding. There are seventeen federal partners (see Table 4) including Department of Homeland Security (DHS)/Federal Emergency Management Agency (FEMA) that provide over 50 forms of assistance. FEMA launched the website DisasterAssistance.gov on December 31, 2008.

The primary purpose of the Disaster Assistance Improvement Plan (DAIP) was to build a comprehensive system allowing disaster applicants to apply just once for various forms of assistance (FOAs). To achieve this, two existing systems: (1) GovBenefits.gov and (2) FEMA’s National Emergency Management Information System (NEMIS) Individual Assistance Center (IAC) were modified to facilitate the application process for disaster assistance and eliminate the need to develop a duplicative and costly new system. The DAIP Four Phase Implementation Schedule is shown in Table 1.

Table 1. DAIP Four Phase Implementation Schedule

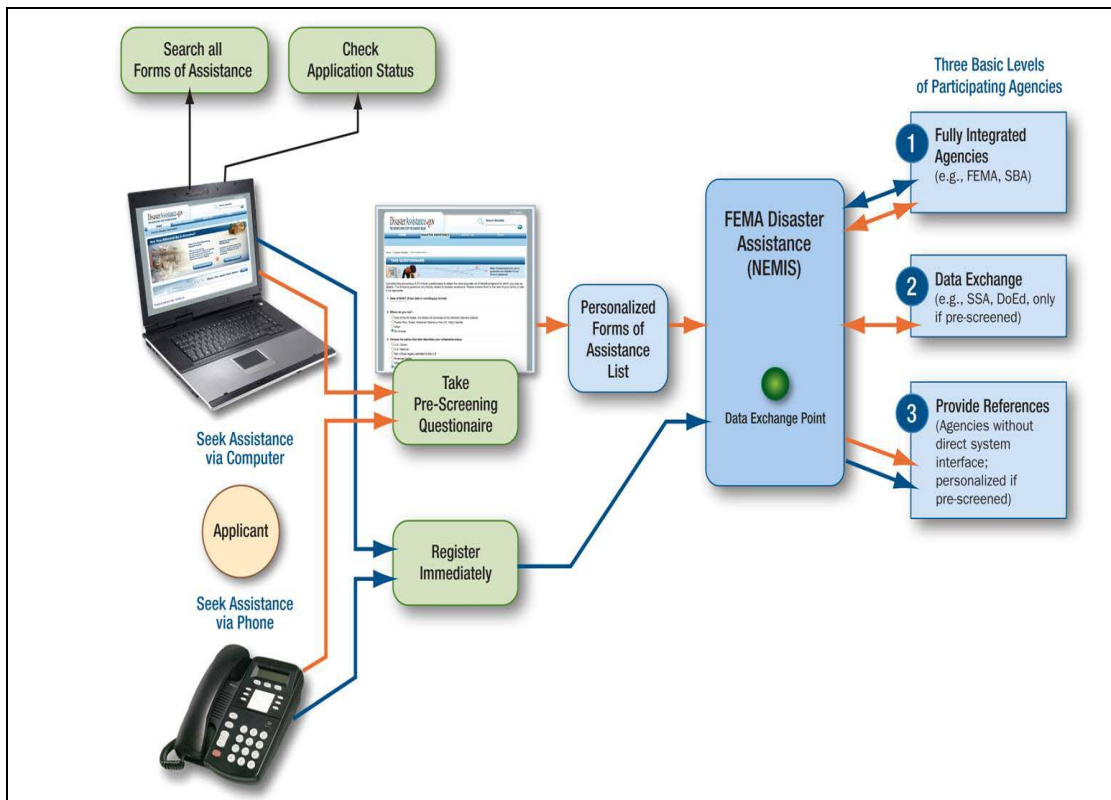
Phase	Description	Timeline
1	Initial Operating Capability	October 15, 2007 to December 31, 2008
2	Pilot Integration-Federally funded State/Local FOAs	January 1, 2009 to March 31, 2010
3	State and Local Integration	April 1, 2010 to September 30, 2013
4	Non-Disaster Specific FOAs, Federal, State, and Local	October 1, 2013 to September 30, 2015 ¹

Source: FEMA

¹Additional phases beyond 2013 are representational and will be reviewed with the DAIP partnership in future revisions of the DAIP Strategic Plan.

The single application concept allows citizens to locate and identify disaster assistance programs and apply for assistance from multiple programs during a single application session. For other participating programs, the NEMIS IAC routes information to a data exchange point and then to partner agencies. Through an expanded GovBenefits capability, applicants will be able to locate and identify additional forms of assistance available from states, local jurisdictions, and voluntary agencies. During the process, the applicant's information is verified using a commercial third party identity verification service. Figure 1 illustrates the federal disaster assistance application process.

Figure 1. FEMA's Disaster Assistance Application Process



Source: FEMA

Disaster Assistance Registration

FEMA has monitored disaster assistance registration phone calls and internet applications since the release of DisasterAssistance.gov. Over 33% of the total registrations during the period December 31, 2008, through April 30, 2009, have been through internet registrations. FEMA also determined that the visitor count for the website totaled 176,050 visitors for this four month period. The total disaster assistance registrations for this period are shown in Table 2.

Table 2. Disaster Assistance Registration as of April 30, 2009

Disaster Assistance Registration	
Sites and Territories with Federally Declared Disasters	California, Florida, Hawaii, Illinois, Indiana, Iowa, Louisiana, Mississippi, Missouri, Oklahoma, Puerto Rico, Texas, Washington, Wisconsin
Call Center Registrations	12,610
Internet Registrations	6,819
Total Registrations	19,429

Source: FEMA

Disaster Assistance Applicant Satisfaction

FEMA reported that overall satisfaction with DisasterAssistance.gov was excellent to good among a sample of respondents. Survey reports included 755 responses from applicants impacted by four declared disasters from December 31, 2008, through April 30, 2009. Survey topics included access to websites, the pre-screening questionnaire, the ability to browse information by category or agency, and the experience of completing an online registration. Some respondents wanted more concise and less complicated information, but the majority of respondents found the website to be very helpful.

Results of Review

Registering Disaster Survivors In a One-Stop Manner

FEMA has made progress in implementing a disaster assistance application process that provides eligible disaster survivors with federal disaster assistance and successfully launched DisasterAssistance.gov on December 31, 2008. However, FEMA faces challenges in implementing a “one-stop” disaster assistance application system because of the inability of partner agencies

systems to interface with DisasterAssistance.gov, and partner agencies' reluctance to provide funding to support the program. FEMA, as managing partner, and in collaboration with 16 federal partner agencies, launched DisasterAssistance.gov to provide access to eligible federal disaster assistance across multiple federal agencies on December 31, 2008. In Phase 1, FEMA implemented the capability to transfer data between FEMA and three other federal agencies: the Small Business Administration (SBA), the Social Security Administration (SSA), and the Department of Education (DoED). This means an applicant can apply for disaster assistance through DisasterAssistance.gov from these agencies without having to apply separately to each individual agency. However, when applicants need assistance from other federal agencies, applicants can visit the DAIP website and take the questionnaire to determine their eligibility for program benefits. Subsequently, applicants can then link to the appropriate federal agency to apply for assistance. The DAIP has strengthened the application process for applicants but FEMA faces challenges in implementing a comprehensive "one-stop" disaster assistance application system.

DAIP Phase 1 Program Requirements

The goal of Phase 1 was to include forms of assistance that delivered a disaster-related benefit to an individual at the federal level. The focus of Phase 1 of the DAIP was to make necessary infrastructure updates to the DHS/FEMA IAC application and GovBenefits.gov to support the DAIP requirements. The timeline for the initial operating capability was from October 14, 2007, to December 31, 2008.

The program requirements for Phase 1 were outlined in scope statement documents and included 32 requirements to be completed by December 31, 2008. The completion status of these requirements is shown in Table 3.

Table 3. Completion Status of Phase 1 Program Requirements

Status of Completion	Number of Requirements
Requirements to be completed by December 31, 2008	32
Requirements completed by December 31, 2008	10
Requirements deferred to Phase 2 (January 1, 2009 to March 31, 2010)	22
Requirements not completed as of April 30, 2009	22

Source: OIG, based on information provided by FEMA

FEMA officials explained that requirements were deferred to Phase 2 so the website DisasterAssistance.gov could be launched on time. FEMA officials also explained that requirements were deferred for the following reasons:

- \$1.4 million funding reduction impacted program management, design, and infrastructure updates.
- Five month delay (from January 2008 to May 2008) in securing a contract to begin design and implementation of the DAIP service oriented architecture environment.
- Three month delay in the DAIP development schedule.

FEMA indicated that progress is being made to implement the deferred requirements. It should also be noted that three requirements were deferred to Phase 2 at the request of the partner agencies.²

FEMA Challenges

FEMA faces challenges in implementing a comprehensive “one-stop” disaster assistance application system. These challenges include the inability of partner agencies systems to interface with DisasterAssistance.gov and the difficulty in obtaining funding to support the DAIP program. These challenges are further discussed as follows:

Partner Agencies

Partner agencies have been reluctant to push forward to full integration with DAIP due to the inability of systems to interface with the DAIP, concerns over security/privacy requirements, and a lack of funding. Due to technological and funding issues, some partner agencies do not possess a compatible interface with DisasterAssistance.gov. The following examples illustrate some of the difficulties partner agencies have faced and the impact on their ability to fully integrate FOAs into the DAIP program.

- SSA. SSA officials did not anticipate receiving Information Technology Advisory Board approval for the two new FOAs that were previously accepted in the DAIP FOAs validation study. SSA was also concerned about exposing the SSA systems through an interface. SSA had additional concerns about adding FOAs as interfaces beyond the current change of address FOA

² Partner agencies requesting deferral of FOAs were the US Department of Treasury, Housing and Urban Development, and the Small Business Administration.

and the main difficulty appeared to be the availability of resources.

- Treasury. Treasury officials deferred integration of the GoDirect program prior to the initial launch of DisasterAssistance.gov in 2008 because of fiscal concerns. Treasury officials were concerned that the program would not be funded in future years unless it continued to show a return on investment. FEMA and Treasury officials agreed to include the GoDirect program as an informational referral with a web link in 2009 and to continue discussions for a full interface for later in 2009.
- US Department of Agriculture (USDA). USDA officials indicated that many of the USDA programs are paper-based or use antiquated computer technology and the cost of building new systems to enable an interface is considerable. USDA officials have discussed future possibilities with DAIP, but currently, USDA does not have the resources to redesign its systems to accept an interface with DAIP.

DAIP Funding Concerns

FEMA has faced challenges with obtaining the appropriate funding from its partner agencies. Partner agencies have been reluctant to push towards full online integration of their programs when it will involve increased costs. FEMA officials commented that when funding for development was not provided in a timely manner, the DAIP would not be fully implemented and the program would have limited capabilities.

Partner agency contributions are currently determined by the number of FOAs the agency offers to disaster survivors for integration into DAIP. This model charges federal partners based on the number of FOAs an agency has, and the type of interface it is capable of supporting. FEMA officials commented that two of the biggest obstacles facing the DAIP are reaching agreement on an equitable funding formula, and collecting funds from partner agencies. FEMA officials also commented that if FEMA were to fund the entire program, FEMA would be better able to identify FOAs, build interfaces with partner agencies, and establish service level agreements across federal agencies.

As managing partner, FEMA contributes approximately 80% of the overall funding and the remaining 20% is provided by the partner agencies. Funds received to support the DAIP in FYs 2008 and 2009 are shown in Table 4.

Table 4. DHS/FEMA and Partner Agencies Funds Received in FYs 2008 and 2009

DHS/FEMA and PARTNER AGENCIES	FY 2008	FY 2009
Department of Agriculture	\$696,866	\$696,866
Department of Commerce	74,811	61,111
Department of Defense	315,000	61,111
Department of Education	476,373	307,136
Department of Health and Human Services	696,866	696,866
Department of Housing and Urban Development	0	254,775
Department of Interior	204,160	61,111
Department of Justice	74,811	74,811
Department of Labor	1,169,209	448,869
Department of State	204,160	61,111
Department of Transportation	74,811	61,111
Department of Treasury	476,373	294,225
Department of Veterans Affairs	476,373	279,162
Office of Personnel Management	476,373	61,111
Small Business Administration	204,160	204,160
Social Security Administration	476,373	279,162
Federal Emergency Management Agency/DHS	17,999,280	17,990,000
TOTAL	\$24,095,999	\$21,892,698

Source: FEMA

Conclusion

FEMA has made progress in implementing a disaster assistance application process that provides eligible disaster survivors with federal disaster assistance and successfully launched DisasterAssistance.gov on December 31, 2008. However, FEMA faces challenges in implementing a “one-stop” disaster assistance application system because of the inability of partner agencies’ systems to interface with DisasterAssistance.gov, as well as, partner agencies’ reluctance to provide funding to support the program.

Recommendation

We recommend that the Administrator, Federal Emergency Management Agency:

Recommendation #1: Implement a funding model to ensure that FEMA funds the entire DAIP program to include current

contributions being made by the partner agencies to enhance the development and integration of the DAIP.

Management Comments and OIG Analysis

The Office of Policy and Program Analysis concurred with this recommendation. FEMA responded that a new funding model for FY 2012 was presented to the DAIP Executive Steering Committee and ratified on April 7, 2010. FEMA has accepted a 94% funding commitment for the program from FY 2011 to 2012. The DAIP Program Management Office (PMO) and its Executive Sponsor will continue to pursue 100% FEMA funding with the Office of Management and Budget's (OMB's) FEMA Resource Manager and the FEMA Chief Financial Officer. We consider this recommendation resolved but open, pending review of corrective actions taken.

FEMA also suggested that we update information in Tables 3 and 4 of the draft report:

Table 3, Completion Status of Phase 1 Program Requirements. We obtained documentation during the audit that supported our assessment that 10 of 32 program requirements were completed by December 31, 2008 as reported in Table 3. In written comments, FEMA stated that 25 of 30 requirements were completed and 5 requirements were not completed by December 31, 2008; however, FEMA has not provided any documentation to support these figures.

Table 4, DHS/FEMA, Partner Agencies Funds Received in FYs 2008 and 2009 (as of April 30, 2009). FEMA recommended that Table 4 be revised to reflect updated funding contributions for FYs 2008 and 2009. We concurred with FEMA's request and updated this table.

DAIP Internal Controls

FEMA is required by Executive Order 13411 to include an approach to strengthen internal controls to prevent improper payments and other forms of fraud, waste, and abuse in the Disaster Assistance Improvement Plan. As of May 2009, FEMA was in the process of drafting internal control standard operating procedures for DAIP but had not yet developed, implemented, or strengthened the controls as outlined by the Executive Order. FEMA officials developed draft internal controls standard

FEMA's Disaster Assistance Improvement Plan

operating procedures that included the internal control elements of control environment, risk assessment, control activities, information and communications, and monitoring. However, FEMA officials said that many of the planned activities outlined in the draft internal controls standard operating procedures have not yet been initiated. FEMA officials also commented that planned activities include:

- Developing a list of fraud indicators that FEMA has learned over the years of disaster survivors applying for assistance with fraudulent information.
- Developing an investigative queue for holding applications marked for manual review as they have triggered one or more of the fraud indicators.
- Proposing the development of a Fraud Awareness Training Plan.
- Developing plans to implement as many controls and monitors as practical.

FEMA officials said that planned activities will continue to be refined in order to determine an approach for satisfying the requirement of the Executive Order.

Conclusion

FEMA was in the process of drafting internal control standard operating procedures but had not yet developed, implemented, or strengthened controls as required by the Executive Order.

Recommendation

We recommend that the Administrator, Federal Emergency Management Agency:

Recommendation #2: Develop, implement, and strengthen internal controls to prevent improper payments and other forms of fraud, waste, and abuse.

Management Comments and OIG Analysis

The Office of Policy and Program Analysis concurred with this recommendation. In written comments, FEMA agreed that the statement was true with regard to DAIP, but is not true for FEMA as an agency and noted improved internal controls were implemented

following hurricanes Katrina and Rita.³ We have revised this section to clarify that our assessment is limited to DAIP. DAIP has worked with the FEMA Fraud Investigation Branch Chief and Individual Assistance Audit Group to identify additional controls that could be implemented with the development of a flagging system and holding queue. We consider this recommendation resolved but open, pending review of corrective actions taken.

Coordination with State/Local Governments and Voluntary Organizations

FEMA's efforts to coordinate the disaster assistance application process with state/local and voluntary organizations are underway as part of the DAIP Phase 2. FEMA analyzed federally funded state administered FOAs from six disaster prone states for integration with DisasterAssistance.gov. However, FEMA officials said that the pilot program is hindered by the lack of technological readiness on the part of the state administered programs to integrate and that efforts to integrate are not likely to succeed within the Phase 2 timeline.

FEMA has initiated outreach to the non-profit community. In June 2009, initial meetings were held with the leadership of the National Voluntary Organizations Active in Disaster (NVOAD), which is a consortium of 47 non-profit agencies that work in all phases of disasters. FEMA plans on briefing each NVOAD committee, in addition to setting up briefings through DAIP committee liaisons to brief the state VOADS as well. Some of the NVOAD members include; American Red Cross, Catholic Charities USA, Feed the Children, the Salvation Army, and United Way of America. According to FEMA officials, discussions with non-profit agencies should result in integration implementation beginning in Phase 4.

DAIP Phase 2 Requirements

The focus of Phase 2 was for FEMA to initiate a pilot program with the six most disaster-prone states in order to integrate federally funded FOAs at the state and local level. The timeline for the Phase 2 pilot integration extends from January 1, 2009, to March 31, 2010. We reviewed the DAIP in Phase 2 from January 1, 2009, to April 30, 2009.

³ We reported that FEMA had made improvements in internal controls since the 2005 Gulf Coast Hurricanes for FEMA's Individuals and Households Program Registration Process. DHS-OIG, *Improvements to Internal Controls for FEMA's Individuals and Households Program Registration Process*, (OIG-09-110, September 2009).

The pilot program focused on key disaster FOAs administered by six states: California, Florida, Louisiana, New York, Oklahoma, and Texas. These states have had the highest number of declared disasters. In 2007, 40.3% of FEMA disaster assistance applications were received from these six states. Within the six pilot states, FEMA identified six FOAs that were federally funded and administered at the state or local level. However, FEMA officials determined that the US Department of Agriculture's Disaster Supplemental Nutrition Assistance Program (DSNAP), also called Food for Florida, was the only online application capable of integrating with DisasterAssistance.gov. FEMA officials noted that the Department of Labor's Disaster Unemployment Assistance (DUA) Program presented possible opportunities for integration in four of the six states.

Conclusion

FEMA officials are in the process of coordinating with state, local, and voluntary organizations to integrate forms of assistance administered at the state and local level but those efforts are not likely to succeed within the Phase 2 timeline.

Recommendation

We recommend that the Administrator, Federal Emergency Management Agency:

Recommendation #3: Assist pilot states with integration capabilities in order to interface with DAIP and expand the pilot program to include other states that have state administered programs and an online capability to integrate with DisasterAssistance.gov.

Management Comments and OIG Analysis

The Office of Policy and Program Analysis concurred with this recommendation. FEMA responded that the Food for Florida DSNAP program is scheduled for integration with DisasterAssistance.gov in June 2010. DAIP is developing a generic DSNAP interface that can be leveraged by other states. DAIP is also working toward developing a generic DUA interface that could be leveraged by states as they automate their DUA systems. We consider this recommendation resolved but open, pending review of corrective actions taken.

Appendix A

Purpose, Scope, and Methodology

The purpose of this audit was to determine the progress of FEMA's disaster assistance improvement plan to: (1) register disaster survivors in a one-stop manner, (2) safeguard against waste, fraud, and abuse, and (3) coordinate with state and local governments and voluntary organizations.

We interviewed FEMA officials at headquarters and Program Management Office officials in the field. We reviewed FEMA's progress in implementing a disaster assistance application process and reviewed documentation related to the DAIP, the program charter, milestone status reports, Phase 1 and 2 scope statements, and other related documentation. Additionally, we obtained funding documents, customer satisfaction surveys, partner agency documentation, internal control documents, and meeting minutes. This report presents the status of implementation of Phase 1 and Phase 2 of the DAIP as of April 30, 2009.

We began our review in February 2009 and completed it in July 2009.

We conducted this performance audit under the authority of the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. These standards require that we perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe the evidence obtained and used to develop the *Results of Audit* section provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B Management Comments to the Draft Report

U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472



FEMA

MAY 7 2010

MEMORANDUM FOR: Matt Jadacki
Deputy Inspector General
Office of Emergency Management Oversight
Office of Inspector General

FROM: David J. Kaufman 
Director
Office of Policy and Program Analysis

SUBJECT: Comments on OIG Draft Report, *FEMA's Disaster Assistance Improvement Plan*

Thank you for the opportunity to review and comment on the Office of Inspector General's (OIG's) subject draft audit report. As the Federal Emergency Management Agency (FEMA) works toward refining its programs, the OIG's independent analysis of program performance greatly benefits our ability to continuously improve our activities.

The following are comments regarding the audit's observations and conclusions which are organized below by the titled sections of your draft report:

DAIP Phase 1 Program Requirements

On page 4 of the draft report, *Table 3: Completion Status of Phase 1 Program Requirements* is intended to outline information regarding how well the Disaster Assistance Improvement Plan (DAIP) was implemented during Phase 1 to fulfill the need for initial operating capability. The table does not accurately depict the accomplishments of the program during Phase 1.

The Phase 1 Scope Statement outlines 30 program requirements across three broad categories (DAIP Program Management Office, Individual Assistance Center and GovBenefits.gov) and provides guidance to the program to implement interfaces with forms of assistance (FOAs) in three of the five program FOA categories. Of the 30 requirements outlined in the Phase 1 Scope Statement, 25 were completed by December 31, 2008. The remaining five were deferred to Phase 2 for completion.

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FEMA recommends that Table 3 be updated as follows:

Status of Completion	Number of Requirements or Activities
Requirements to be completed by December 31, 2008	30
Requirements completed by December 31, 2008	25
Remaining Requirements as of December 31, 2008	5

DAIP Internal Controls

The draft report indicates that FEMA had not “developed, implemented or strengthened controls as required by the Executive Order.” This statement, while true with regard to DAIP, is not true for FEMA as an agency. Following Hurricanes Katrina and Rita, FEMA implemented measures to tighten controls that would help prevent improper payments and other forms of waste, fraud and abuse. These controls were implemented prior to the Disaster Assistance Improvement Plan. At launch, DisasterAssistance.gov leveraged the controls previously implemented by FEMA.

Some of the post-Katrina controls that were continued under DAIP include automated verification of key eligibility requirements such as identity, occupancy and ownership, as well as determination of the validity of damaged dwelling addresses. The registration intake system also included significant measures to prevent duplicate registrations identified by duplicate Social Security Number, damaged address, damaged phone and Electronic Funds Transfer information.

FEMA recommends that the second sentence of the section be revised to reflect the following:

“As of April 30, 2009, FEMA was in the process of drafting internal control standard operating procedures but had not yet developed, implemented or strengthened controls as required by the executive order *beyond those previously implemented by the agency following Hurricanes Katrina and Rita.*”

In addition, FEMA recommends that Recommendation #2 be revised to reflect the following:

“Develop, implement and strengthen internal controls to prevent improper payments and other forms of fraud, waste and abuse *beyond those previously implemented by the agency following Hurricanes Katrina and Rita.*”

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DAIP Funding Concerns

On page 7, *Table 4: DHS/FEMA and Partner Agency Funds Received in FYs 2008 and 2009* reflects program funding received as of April 30, 2009. The funding totals within the table are not accurate and should be revised to reflect the correct funding receipts as of April 30, 2009.

In FY 2008, the Department of Defense (DOD) funding contribution was \$315,000 in addition to in-kind services to be provided (estimated to be \$161,373). The total estimated value is \$476,373; however, the actual total FY 2008 funding provided by DOD was \$315,000.

In addition, the funding contributions for DHS/FEMA for both FY 2008 and 2009 are inaccurate. DHS/FEMA provided \$17,999,280 of funding for FY 2008 and \$17,990,000 in FY 2009.

As a result of the above corrections, the cumulative funding contributions for FY 2008 and FY 2009 should be revised. Total funding for FY 2008 should be \$24,095,999, and FY 2009, as of 4/30/2009, should be \$18,359,036.

FEMA recommends that Table 4 be revised to reflect the following funding receipts:

- DOD FY 2008 funding contribution equaled \$315,000
- DHS/FEMA FY 2008 funding contribution equaled \$17,999,280
- DHS/FEMA FY 2009 funding contribution equaled \$17,990,000
- Total FY 2008 funding contribution equaled \$24,095,999
- Total FY 2009 funding contribution, as of April 30, 2009, equaled \$18,359,036.

FEMA concurs with the draft report's three recommendations and has taken actions to implement them. While we will be providing corrective action plans in our 90-day response, we provide the following information relative to the three recommendations:

Recommendation #1: Implement a funding model to ensure that DHS/FEMA funds the entire DAIP program to include current contributions being made by the partner agencies to enhance the development and integration of the DAIP.

Response: The DAIP Program Management Office (PMO) and the Partner Agency Working Group members worked diligently from July 2009 to March 2010 to develop and approve a funding model for the program that (1) promotes inter-agency cooperation; (2) incentivizes partners to build interfaces with DisasterAssistance.gov; and (3) equitably shares costs across all partners based on program metrics collected during 2009. On March 25, 2010, the new funding model was presented to the DAIP Executive Steering Committee (ESC), and on April 7, 2010 the FY 2012 funding model was ratified. To ensure that all partners, including DHS/FEMA, saw an overall reduction in

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their respective contributions from FY 2011 to FY 2012, DHS/FEMA accepted 94% of the funding commitment for the program. This reduced the collective partner contribution to approximately \$1,024,000 for FY 2012. Funding decisions beyond FY 2012 have not been made; however, the DAIP PMO and its Executive Sponsor continue to pursue 100% DHS/FEMA funding with the Office of Management and Budget's DHS/FEMA Resource Manager and the FEMA Chief Financial Officer.

Recommendation #2: Develop, implement, and strengthen internal controls to prevent improper payments and other forms of fraud, waste, and abuse.

Response: Following Hurricanes Katrina and Rita, FEMA implemented controls to help prevent improper payments and other forms of waste, fraud and abuse prior to the establishment of the Disaster Assistance Improvement Program Management Office. When DisasterAssistance.gov was launched on December 31, 2008, the controls previously implemented by FEMA were leveraged. Since April 30, 2009, DAIP has worked with the FEMA Fraud Investigation Branch Chief and Individual Assistance Audit Group to identify additional controls that could be implemented with the development of a flagging system and holding queue. The Fraud Indicator (FI) System Operational Requirements Document has been created and implementation of the FI system is being planned for the first stage of Phase 3, ending June 2011, with enhancements throughout the remainder of Phase 3, which ends September 2013.

Recommendation #3: Assist pilot states with integration capabilities in order to interface with DAIP and expand the pilot program to include other states that have state administered programs and an online capability to integrate with DisasterAssistance.gov.

Response: The Food for Florida Disaster Supplemental Nutrition Assistance Program (DSNAP) is scheduled to be integrated with DisasterAssistance.gov in June 2010. DAIP is developing a generic DSNAP interface that can be leveraged by other states. The DAIP PMO is currently working with the State of Louisiana, as they build their DSNAP system, so they will be able to leverage the generic interface under development. The DAIP PMO is also awaiting a response from New York, Oklahoma and Ohio on their abilities to leverage the generic DSNAP interface for their states.

In addition to DSNAP, the DAIP PMO is currently reviewing paper applications for states administering Disaster Unemployment Assistance (DUA) to determine the baseline data collection requirements across all state DUA programs. Our program sponsors in the Recovery Directorate have offered to help arrange meetings with the Department of Labor to further energize efforts to implement a DUA interface or a DAIP-hosted application that can be used by the states. During Phase 3, the DAIP PMO will work toward developing a generic DUA interface that could be leveraged by states as they automate their DUA systems.

Appendix B

Management Comments to the Draft Report

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Lastly, we will expand outreach and integration discussions across all states offering federally funded, state-administered forms of assistance.

Thank you again for the opportunity to comment on this draft report and we look forward to working with you on other issues as we both strive to improve FEMA.

Appendix C
Major Contributors to This Report

Donald Bumgardner, Director
Philip McDonald, Supervisory Auditor
Stuart Josephs, Auditor
Francine Barone, Auditor

Appendix D
Report Distribution

Department Of Homeland Security

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- Email us at DHSOIGHOTLINE@dhs.gov; or
- Write to us at:
DHS Office of Inspector General/MAIL STOP 2600,
Attention: Office of Investigations - Hotline,
245 Murray Drive, SW, Building 410,
Washington, DC 20528.

The OIG seeks to protect the identity of each writer and caller.