Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528

November 1, 2005

MEMORANDUM FOR: Michael Hirsch
Branch Chief
Recovery Division, Individual Assistance

Donna Dannels
Section Chief
NPSC Operations

FROM: Matt Jadacki
Assistant Inspector General for Katrina Operations

SUBJECT: *Expedited Assistance Overpayment (OIG 06-03)*

The purpose of this memorandum is to inform you of the results of our inquiries regarding a married couple that received two checks for Expedited Assistance (EA) resulting in a $2,000 duplicate payment. We initiated this review based on information we received on October 11, 2005. Our objective was to identify the events that took place and determine why internal controls did not prevent the duplicate payment.

To achieve our objective, we interviewed FEMA officials from the Virginia National Processing Service Center (VA-NPSC) and Texas National Processing Service Center (TX-NPSC). We also reviewed the couple's applications and pertinent guidance. We performed other procedures as necessary to achieve our objectives.

On October 11, 2005, we were informed that a married couple that evacuated New Orleans accidentally applied twice for FEMA EA and received two checks. Recognizing that they were entitled to only one of the checks, they called the FEMA 800 number (1-800-621-3362) to inquire about how to return the $2,000 overpayment. The couple told us that the FEMA representative they spoke with, and her supervisor, laughed at the idea of returning the money, implied they should keep it, and did not tell them how to return it. This raised several concerns: 1) why did the internal controls in place fail to identify the duplication of benefits, 2) why was the couple not provided instruction on how to return the money, and 3) did the phone agents receive adequate training?

EA was officially authorized for the hurricane ravaged states of Louisiana (DR-1603), Mississippi (DR-1604) and Alabama (DR-1605) on September 6, 2005, with the stipulation that an equal amount of assistance be awarded to all eligible households that met the following criteria: 1) registration must be for the primary residence only; 2) registrant must be displaced due to the disaster or have their access restricted; and 3) registrant is in need of shelter. According to VA-NPSC officials, on September 8, 2005, FEMA HQ asked that EA be enabled in the National Emergency Management

Information System (NEMIS) with the same system controls in place as those used last year for EA provided after the Florida hurricanes. At that time, FEMA apparently did not limit payments to one person per household. Officials said that the problem was corrected on September 9, 2005, when VA-NPSC implemented controls in NEMIS to prevent paying more than one person from a household.[1] The couple's payments were processed during that period, slightly less than one day, when the controls were not in place to prevent duplicate payments. Consequently they each received a $2,000 payment. Of the 125,714 EA payments made during that period, VA-NPSC has identified over 5,126 that may be duplicate payments.

Since NEMIS did not include a record of who the applicant spoke with regarding returning the $2,000 overpayment, we were unable to determine why the couple was not provided instruction on how to return the money. FEMA representatives who answer calls to the FEMA 800 number are located throughout the country in 18 different call centers. FEMA, the Internal Revenue Service, or FEMA contractors operate these call centers. However, regardless of where the FEMA representatives are located, policies and scripts govern their interaction with the public. Guidance outlining the process that applicants should follow for returning money is clear and available to all call center employees. A Texas-NPSC official told us that they are actively investigating the mishandling of the married couple's case. We contacted the couple and told them how to return the $2,000 overpayment.

We recommend that you: 1) have caseworkers review the 5,126 potential duplicates and recoup any overpayments that occurred, 2) review and test the system controls and procedures that are in place to prevent duplication of benefits to ensure that they are effective, and 3) ensure that call center employees are properly trained and carry out their responsibilities in a professional manner. DHS OIG will continue to monitor FEMA's controls over duplicate payments.

The nature and brevity of this assignment precluded the use of our normal audit protocols; therefore, this review was not conducted in accordance with generally accepted government auditing standards. Had we followed such standards, other matters might have come to our attention.

Your FEMA NPSC staffs have worked closely and effectively with the OIG and we appreciate their cooperation. They have already begun action on our recommendations. Please advise us within two weeks of the actions taken to implement the recommendations. Should you have any questions concerning this report, please call me at 202-254-5447.

cc: Secretary
Deputy Secretary
Chief of Staff
General Counsel
Executive Secretariat
Acting Director, FEMA
DHS OIG Liaison
FEMA Liaison

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[1] The policy for EA payments to Katrina applicants is that only one member of a household is eligible. An exception is made for members of the same household who were evacuated to shelters in different locations.