



OVERSIGHT OF GULF COAST HURRICANE RECOVERY

A Semiannual Report to Congress
April 1, 2007 - September 30, 2007

President's Council on Integrity and Efficiency
Executive Council on Integrity and Efficiency



**PRESIDENT'S COUNCIL on INTEGRITY & EFFICIENCY
EXECUTIVE COUNCIL on INTEGRITY & EFFICIENCY**



March 2008

The Honorable Bart Stupak, Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
US House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Stupak:

This is the fourth in a series of semi-annual reports on Gulf Coast hurricane recovery oversight. The report details the efforts that are a part of the oversight of the activities and expenditures directly linked to the recovery from the devastating 2005 hurricane season.

Inspector General oversight continues, with the ultimate goal of identifying fraud, waste, and abuse, and ensuring that the assets and resources employed in the recovery are used efficiently and effectively. The efforts of the Inspector General community continue to benefit the Federal government's hurricane relief activities.

It is a privilege to represent the efforts of the many dedicated Inspector General professionals involved in the oversight of the disaster response and recovery. We continue to look forward to serving the American people, especially those who are affected by national disasters. Thank you for your support.

Sincerely,

Gregory H. Friedman
Inspector General
Department of Energy
Vice Chair, PCIE

Richard L. Skinner
Inspector General
Department of Homeland Security
Chair, PCIE/ECIE Homeland Security Roundtable

Christine C. Boesz
Inspector General
National Science Foundation
Vice Chair, ECIE

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Section 1 | Report Overview



1

Report Overview

◆ Purpose

- To communicate the Federal Inspector General community’s continuing progress in identifying fraud, waste, and abuse with respect to Gulf Coast hurricane recovery efforts.
- The focus of this report is Audits, Inspections, and Other Reviews as well as Investigations and the impact they have had on improving disaster relief efforts.

◆ Background and context

- This report is the fourth in a series of semi-annual reports on Gulf Coast hurricane recovery oversight.
- History shows that the devastation of the Gulf Coast region as a result of the combined impact of Hurricanes Katrina, Rita, and Wilma must not be underestimated.
- It has been 25 months since the storms hit in August 2005, and oversight activity focuses on “Transition and Recovery.”

PCIE ECIE Hurricane Oversight Audit Model

↓ Where we are today

Duration	Landfall to Six Months Out	Landfall to Two Years Out	Landfall to Five Years Out
Phase	Response	Transition & Recovery	Recovery and Reconstruction/Hazard Mitigation
Players	DHS, USCG, FPS, DOD, USACE, USN, DLA, USA, HHS, USDA, HUD, DOJ, DOT, GSA, EPA, State and Local Governments	White House, DHS, USM, OCPO, DOD, USACE, HHS, USDA, HUD, DOJ, ED, SBA, DOL, EPA, State and Local Governments	DHS, DOD, USACE, HHS, USDA, HUD, SBA, GSA, VA, DOT, USPS, DOC, PNPs, State and Local Governments
Major Activities	Preparedness Mass Sheltering Evacuation Emergency Supplies Communications Health, Safety & Medical Debris Removal Contracting Emergency Protective Measures Preliminary Damage Assessments	Preparation Temporary/Transitional Housing Individual and Household Assistance Essential Needs Debris Removal Detailed Damage Assessments Reconstruction Planning Contracting NFIP Coverage	Public Assistance Grants Facility Inspections Design- A&E Construction Repair HMGP – future Long Term Community Recovery and Mitigation

Section 1 Report Overview

- Relief efforts remain substantial and intensely focused. To date, the Federal government has appropriated almost \$132.1 billion and FEMA has expended approximately \$31.6 billion on Gulf Coast disaster relief efforts.
- The role of the Inspector General community is to detect and identify fraud, waste, and abuse in disaster assistance funds.
- To coordinate the Inspector General community across Federal agencies, the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) established the Homeland Security Roundtable. In the wake of the Gulf Coast hurricanes, the Roundtable became the natural forum for the Inspector General community to conduct its ongoing discussion of and planning for hurricane recovery oversight.

◆ Report Structure

- Each Federal agency heavily involved in the current stage of Gulf Coast Hurricane Recovery has submitted a report of their actions over the period of April 1, 2007 to September 30, 2007. These are compiled and summarized on the following pages.

Participating departments and agencies include the following:

DHS	Department of Homeland Security
DOD	Department of Defense
DOI	Department of the Interior
DOJ	Department of Justice
DOL	Department of Labor
ED	Department of Education
EPA	Environmental Protection Agency
GSA	General Services Administration
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
NASA	National Aeronautics and Space Administration
SBA	Small Business Administration
SSA	Social Security Administration
TREAS	Treasury
USDA	Department of Agriculture
VA	Department of Veterans Affairs

Section 2 | Executive Summary



2

The Federal Inspector General Community Has Upheld The Government’s “Zero Tolerance” Policy For Hurricane Related Fraud, Crimes, Mismanagement, and Abuses.

An overview is as follows:

- ◆ **Hurricane relief efforts are at the 25 month mark. The immediate “Response” phase activities have been largely replaced by those characterized as “Transition and Recovery.”** Agencies’ participation is evolving in step with this cycle. Moving forward, the expectation will be to see more investigations in process and completed.
- ◆ **The magnitude of Audits, Inspections and Reviews as well as Investigations illustrates the government’s continuing commitment to disaster relief.** These efforts are ensuring that the hurricane victims realize the benefits from the programs that have been put in place to help them. Cumulatively:
 - 2,642 Investigations have been opened resulting in:
 - 974 Arrests
 - 1,061 Indictments
 - 639 Convictions
- ◆ **Federal government-wide Inspector General efforts have clearly detected and stopped a variety of crimes.** Hundreds of cases of fraud, theft, and false claims have been detected and stopped so that relief can continue to be directed to victims. In many cases, restitution was demanded.
- ◆ **As a result of Inspector General efforts, the US is better poised for future disasters.** The Federal government has improved our ability to react to future disasters by improving processes and procedures like emergency procurements, expedited payments and disbursements, and individual assistance.
- ◆ **Inspector General efforts have improved communication and collaboration across all agencies and from the Federal to state and local levels of government.** This is a direct result of efforts like the Disaster Recovery Working Group and the establishment of Gulf Coast Regional offices for various agencies.
- ◆ **The Inspector General community remains committed.** Staying the course not only continues to expose crimes, but also communicates the message that the government has a zero tolerance policy for hurricane related crimes. Ultimately, this message serves as a deterrent for future crimes.

Section 3 | Audits, Inspections, and Other Reviews



Overview of Audits, Inspections, and Other Reviews

Purpose of Audits, Inspections, and Other Reviews: To illustrate how the Inspector General community focuses on fraud and waste prevention, improving program operations, and protecting beneficiaries. Inspector General efforts are weighted heavily toward prevention and include:

- ◆ Reviewing controls, program operations, management practices, and beneficiary protections.
- ◆ Monitoring and advising department officials on contracts, grants, and purchase transactions.
- ◆ Meeting with applicants, contractors, and grantees to advise them of the requirements and to assess their ability to account for funds.

Section 3 | Departmental Summaries of Audits, Inspections, and Other Reviews

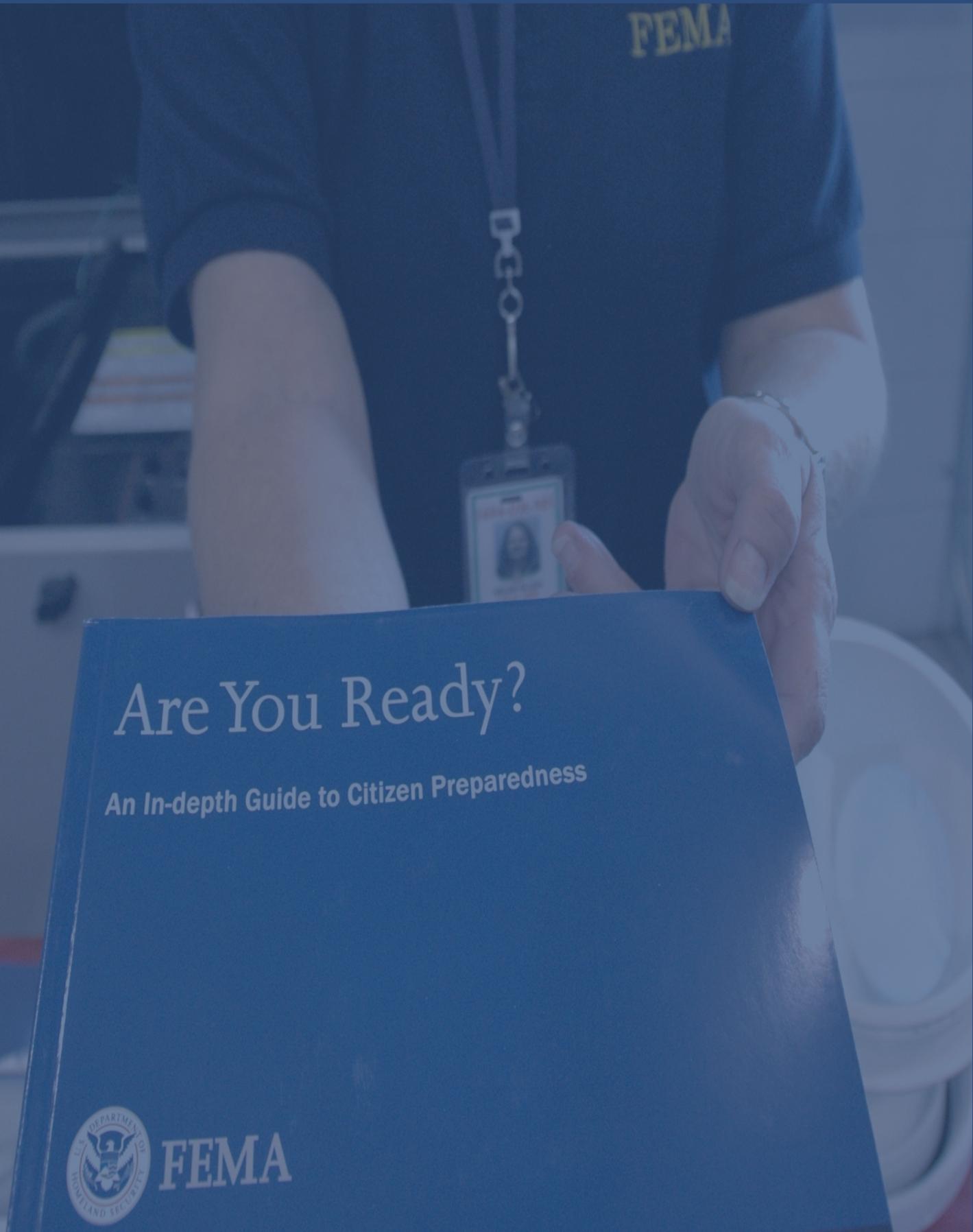


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Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

3.1 DHS Overview

- ◆ Department of Homeland Security's (DHS') audit activities continue to result in improved processes, reduced costs, and continuing adherence to contracting and performance standards. Fifteen audits were completed covering a broad range of topics that included pricing and selling of Federal Emergency Management Agency (FEMA) trailers; identifying areas to improve the Volunteer Service Program, alternative housing programs, information sharing, and debris removal operations; and contract and disaster assistance grant reviews.
- ◆ During this reporting period, DHS helped advance progress in critical areas of hurricane recovery including debris removal, alternative housing, emergency services, and information sharing.
- ◆ Ongoing and planned audits continue to focus on addressing fraud, waste, and abuse, while at the same time, recognizing that improvements can be made to aid preparedness for future catastrophic disasters.

FINAL AUDITS

Improving Information Sharing to Facilitate Law Enforcement Efforts During Disasters

OIG-07-60 July 2007

SUMMARY

- ◆ Objective: To determine the adequacy of the DHS information sharing processes and procedures regarding Hurricane Katrina.
- ◆ Law enforcement agencies were not given direct access to the FEMA disaster recovery assistance files to locate missing children, sex offenders, and fugitive felons following Hurricane Katrina.
- ◆ The Federal Bureau of Investigation, the New Orleans District Attorney's Office, and state and local law enforcement agencies were required to follow a time-consuming process in order to gain access to records. FEMA took 5 to 12 days on average, and as many as 35 days, to fulfill law enforcement requests for critical information in support of public safety and security.

RESULTS

FEMA agreed with the recommendations in the report and is taking action to provide law enforcement access to FEMA disaster recovery assistance files for purposes of public safety and security.

3.1

Sales of FEMA Travel Trailers and Mobile Homes

OIG-07-41 May 2007

SUMMARY

- ◆ Objective: To determine if sales of travel trailers and mobile homes were at fair and equitable prices, provided the best return for the government, and complied with applicable regulations.
- ◆ FEMA has not followed a consistent policy regarding sales of travel trailers and mobile homes. The following was determined:
 - Pricing has at times been inequitable.
 - Sales have not always been in the best interest of the government.

RESULTS

FEMA agreed with the recommendation to develop a nation-wide policy on sales of travel trailers and mobile homes and has issued an interim guidance while they complete a comprehensive review of requirements for a national policy.

Claim of Overbilling by Southwest Charter Lines, Inc. to Government Agencies

OIG-07-47 May 2007

SUMMARY

- ◆ Objective: To determine whether, and to what extent, Southwest Charter Lines Inc. over-billed FEMA for services.
- ◆ A review was conducted of the contract awarded to Southwest Charter Lines Inc. (Mesa, Arizona) to provide mobile shower facilities for the FEMA Urban Search and Rescue Base, located at Saints' Field in New Orleans, and a claim that the company intentionally overbilled FEMA was investigated.

RESULTS

The allegation that Southwest Charter Lines Inc. intentionally overbilled FEMA was not substantiated. It was determined that the alleged overbilling was unintentional. FEMA agreed with the recommendations and is taking action to ensure that sufficient internal controls exist to prevent payment of erroneous charges and to review and close contracts in a timely manner so that unused funds can be returned to the Treasury or re-obligated as appropriate.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

FEMA's Volunteer Service Program Following Hurricane Katrina

OIG-07-51 June 2007

SUMMARY

- ◆ Objective: To evaluate FEMA's management of the volunteer service program.
- ◆ FEMA issued mission assignments to more than 20 Federal departments and agencies calling for the voluntary assistance of Federal employees, calling them to serve in a variety of disaster relief positions in response to the 2005 Gulf Coast hurricanes. This supplemented the large number of employees assigned to relief efforts via their regular positions.
- ◆ It was determined that the Volunteer Service Program was implemented efficiently and effectively and provided needed resources to assist with relief efforts.
- ◆ Volunteers overwhelmingly cited their service as particularly rewarding and productive. In general, they stated that they would volunteer for future assignments.

RESULTS

The report offered several recommendations to improve the efficacy of the volunteer service program that included:

- ◆ Implementation of policy guidance and procedures for managing program activity between FEMA and agencies;
- ◆ Pre-identification and coordination of volunteers' skills, specialties, and training with assignments to ensure the productive utilization of volunteers in the field;
- ◆ Advance compilation of a list of federal agency employees willing to provide volunteer services in impact areas and at call centers;
- ◆ Consistent provision of post-deployment support and counseling both prior to and upon return from deployment; and
- ◆ Development of a survey to use as part of an after-action assessment of the program in order to identify issues and revise the relevant policies and procedures where appropriate.

Interim Report: Hurricane Katrina, a Review of Wind Versus Flood Issues

OIG-07-62 July 2007

SUMMARY

- ◆ Objective: To determine whether National Flood Insurance Program (NFIP) claim records included indications that participating insurance companies attributed wind damage to flooding.
- ◆ Homeowner insurance policies typically cover wind but not flood damage. Write-Your-Own companies (WYOs) are private sector insurance companies authorized by the NFIP to sell flood insurance.

3.1

- ◆ Storm surge (flooding) was the primary cause of damages sustained along the Mississippi coast, but high wind velocity before the surges in water also caused damage. The central question is whether WYOs, in settling claims, may have improperly attributed damage caused by wind to flooding in order to avoid liability under the standard homeowner's policy.
- ◆ It is possible that WYOs attributed wind damage to flooding. This could have occurred based on complicating factors including:
 - Difficulty in distinguishing between wind and flood damage, especially in cases where only a foundation (slab) is left.
 - Language in homeowners' insurance policies that can exclude coverage if flooding occurs concurrently with wind or other causes of damage.
 - Adjusters working directly or indirectly for WYOs, thus creating the perception of a conflict of interest.
 - Limited oversight of the WYOs by FEMA.

RESULTS

The report recommended that FEMA:

- ◆ Require WYOs to document and make available to the NFIP the rationale and methodology for calculating flood and wind damage when there is evidence that both perils contributed to damage.
- ◆ Revise the NFIP Claims Adjuster Manual to reflect these requirements.
- ◆ Expand the re-inspection process to include a review of and determination that flood and wind damages were settled at a fair and equitable manner to ensure that wind damage was not paid under the flood policy.
- ◆ Provide clear and concise guidance for adjusting total loss claims after catastrophic events when structures are completely destroyed by wind and water.

Review of FEMA's Alternative Housing Pilot Program

OIG-07-39 April 2007

SUMMARY

- ◆ Objective: To evaluate how FEMA identified and developed alternatives to and alternative forms of disaster housing.
- ◆ A competitive process was followed and the review of grant proposals was carried out in a fair and balanced manner. However, the option chosen to select and fund projects resulted in an inverse funding relationship in which the communities hardest hit by the 2005 hurricanes did not receive proportionate shares of the appropriated \$400 million.
 - Proposals made by the state of Mississippi were awarded 72.5 % of the available funds which is greater than its proportion of the damages.
 - Other Gulf Coast states, which sustained a much larger proportion of the physical damage, received only 27.5% of the funds appropriated.

RESULTS

The report was the subject of a congressional hearing with Office of Inspector General testimony.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

Review of FEMA Guidance for Monitoring Debris Removal Operations for Hurricane Katrina

OIG-07-63 August 2007

SUMMARY

- ◆ Objective: To determine the adequacy of FEMA guidance and the level of effort for monitoring debris removal operations in Louisiana and Mississippi.
- ◆ Monitoring is the process of observing and documenting debris removal operations to ensure that FEMA funding is provided for only those activities that conform to and are consistent with requirements of FEMA's public assistance program.
- ◆ FEMA guidance on debris removal operations was contained in several publications. Each publication individually addressed some, but not all, aspects of debris monitoring. This resulted in a fragmented, disjointed, and incomplete overview of FEMA's expectations. Moreover, the roles of various parties and the contracting requirements for monitoring services were not clearly defined.

RESULTS

FEMA agreed with the recommendations and published the Debris Monitor Field Guide and revised the Public Assistance Debris Management Guide to address the concerns identified in the report.

Exchanging Contract Information with the United States Army Corps of Engineers

OIG-07-65 August 2007

SUMMARY

- ◆ Objective: To advise FEMA management of an area of concern regarding contract information sharing that was identified during an unrelated review.
- ◆ FEMA and the U.S. Army Corp of Engineers (USACE) were not routinely exchanging contract cost information to assist the government in establishing reasonable and consistent prices for debris removal and demolition services.
- ◆ Substantial variances were noted between contract costs incurred by USACE, who performed these services under mission assignments from FEMA and local governments that opted to perform these services themselves.
- ◆ Routine exchange of information available to USACE and FEMA would identify the reasons for cost differences and could result in reduced costs to the government.

RESULTS

FEMA agreed with the recommendation and is developing procedures and requirements that will help facilitate the sharing of information with USACE.

3.1

Review of FEMA's Recommendation Tracking Process

OIG-07-66 August 2007

SUMMARY

- ◆ Objective: To advise FEMA management of the increasing number of open and unresolved audit recommendations that need to be addressed.
- ◆ Between October 5, 2005, and August 14, 2007, the Office of Disaster Assistance Oversight (DAO), within the DHS Office of Inspector General, issued 92 reports with 181 recommendations. Currently, 65 issued recommendations are open and unresolved because the Office of Inspector General has not received a response from FEMA.
- ◆ Additionally, the DHS Office of Inspector General's Inspections Report, *A Performance Review of FEMA's Disaster Management Activities in Response to Hurricane Katrina, OIG-06-32*, contained 38 recommendations with 32 of these directed to FEMA. FEMA concurred with most of the recommendations and provided a draft action plan. However, the DHS Office of Inspector General has not received the official response.

RESULTS

FEMA generally agreed with the recommendations and is taking action to respond to past due recommendations and to establish procedures to track open recommendations.

Review of Contract Costs – Emergency Disaster Services Contract Number HSFE04-05-7233, FEMA Disaster No. 1604-DR-MS

DA-07-13 August 2007

SUMMARY

- ◆ Objective: To determine whether Emergency Disaster Services' (EDS') billings were proper under the contract and applicable Federal regulations.
- ◆ EDS billed \$4.8 million for food services provided at two dining facilities in Mississippi after Hurricane Katrina. Of this, \$1.2 million was above the contract value of \$3.6 million. According to EDS, the \$1.2 million represented charges for excess meals served during the period of September 16 through October 31, 2005. Although the contract specified 46,800 meals, there was an excess of 50,292 meals served.
- ◆ EDS could not provide adequate documentation such as daily sign-in sheets, daily turnstile records, or other equivalent documentation to support the actual number of meals it claimed were served. As a result, the number of meals billed could not be reconciled. According to the Federal Acquisition Regulation (FAR), a contractor is responsible for maintaining records, and including supporting documentation, to adequately demonstrate that claimed costs have been incurred and are allocable to the contract.

RESULTS

FEMA is taking action to resolve the billing variance with the contractor.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

Disaster Assistance Grants

SUMMARY

- ◆ Objective: To determine the eligibility of the grantee or subgrantee, and of the work funded by the grant and whether grantees or subgrantees accounted for and expended FEMA funds according to Federal regulations.
- ◆ The Code of Federal Regulations provides guidance and requirements for administering disaster assistance grants awarded by FEMA to individuals, states, and local governments.
- ◆ Audits were performed of grantees and subgrantees. These covered large grants, generally in excess of \$3 million, with suspected problems and areas that were of interest to Congress and FEMA. Audits included both open and recently closed applications and projects. Costs as well as the eligibility of the grant applicant and the work to be funded were evaluated. The audits focused primarily on public assistance grants, but may include hazard mitigation grants and grant assistance provided to individuals and households.

RESULTS

Reviews completed include:

- ◆ Audit of Hurricanes Katrina and Wilma Activities, City of Miami, FL (DA-07-11, June 2007).
- ◆ Audit of Jasper-Newton Electric Cooperative Inc. (DD-07-09, July 2007).
- ◆ Review of Hurricane Wilma Activities, City of Pembroke Pines, FL (DA-FL-07-12, July 2007).
- ◆ Review of Hurricane Katrina Debris Removal Activities, St. Tammany Parish, Louisiana (DD-07-10, August 2007).
- ◆ Review of Hurricane Katrina Debris Removal Activities, Washington Parish, Louisiana (DD-07-11, August 2007).

ONGOING AUDITS

FEMA's Emergency Housing Unit Program

OBJECTIVE

To determine the efficacy of the program including:

- ◆ Funding
- ◆ Staffing
- ◆ Contracting
- ◆ Acquisition management
- ◆ Property accountability
- ◆ Utility of maintaining FEMA storage facilities
- ◆ Procedures in place to ensure the proper safeguarding of the housing assets

BACKGROUND

- ◆ FEMA provides temporary housing (travel trailers, mobile homes, and other types of modular housing) to disaster victims. During Hurricanes Katrina and Rita, over \$2.5 billion was spent on travel trailers and mobile homes.
- ◆ FEMA's future disaster plan includes maintaining an inventory of housing assets at storage facilities in strategic areas of the country to allow expedited responses to housing needs.

FEMA's Debris Removal Program

OBJECTIVE

To determine whether the changes and revisions to the debris removal and monitoring program address the weaknesses, issues, and concerns that have been identified in previous reviews and improve the performance of the program.

BACKGROUND

- ◆ Removing debris created by Hurricanes Katrina and Rita will be an extremely costly and time-consuming endeavor throughout the Gulf Coast. Numerous reviews are being conducted to determine the feasibility of debris removal operations performed by local governments because the costs are reimbursed under FEMA's Public Assistance grant program.
- ◆ There have been long-standing issues associated with debris removal and monitoring operations and these concerns are exacerbated by the size of the debris problem in the Gulf Coast.
- ◆ In response to these issues, FEMA is retooling its debris removal program and implementing new policies and procedures.

Identify Duplication of Benefits

OBJECTIVE

- ◆ To determine whether recipients of FEMA's Disaster Housing home repair grant assistance have also received benefits from the NFIP.
- ◆ To determine if duplication of assistance to victims has occurred among the various housing programs including rent, trailers, mobile homes, and hotels.

BACKGROUND

- ◆ FEMA has numerous assistance programs available to aid victims in recovering from damages sustained in presidentially declared disasters. FEMA's Disaster Housing Program provides eligible applicants with assistance in the form of cash grants to make repairs to their home, as well as other types of assistance for victims who need to rent. FEMA also provides travel trailers and mobile homes to victims displaced by a disaster. Other housing options include hotels, motels, and apartments.
- ◆ The Federal Insurance Administration within FEMA manages the NFIP that provides flood insurance to property owners within participating communities. The maximum coverage that can be obtained is \$250,000.
- ◆ The NFIP maintains a number of databases containing active and cancelled flood policies, as well as claims paid. Records of rental assistance that FEMA provides are maintained in the National Emergency Management Information System.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

Use of the Disaster Relief Fund Following DHS' Establishment of the Preparedness Directorate

OBJECTIVE

To determine whether FEMA is using and accurately reporting the DRF for eligible expenses following DHS' establishment of the Preparedness Directorate.

BACKGROUND

- ◆ A DHS reorganization that took effect on October 18, 2005, two months after Hurricane Katrina made landfall, eliminated the Emergency Preparedness and Response Directorate. FEMA, which had been part of that Directorate, was placed directly under the DHS Secretary. The reorganization created a DHS Preparedness Directorate separate from FEMA. This new organization absorbed some of FEMA's preparedness functions.
- ◆ These organizational changes created a situation whereby FEMA and the Preparedness Directorate may have overlapping funding objectives related to various preparedness and readiness activities.
- ◆ Given the broad funding spectrum of FEMA's DRF, it is critical that there is adequate monitoring in place to ensure that it is being used appropriately.

FEMA's Property Management

OBJECTIVE

To evaluate how personal property is acquired, received, issued, disposed of, controlled, and tracked by the Joint Field Offices (JFOs), Agency Logistics Centers, Territory Logistics Centers, and Remote Storage Sites.

BACKGROUND

- ◆ Disaster assistance operations involve numerous acquisitions of personal property by FEMA as well as other agencies.
- ◆ Internal controls will be assessed to ensure that personal property purchased during disaster operations is properly accounted for and managed.

Potential for Duplication Among Federal Disaster Assistance Programs

OBJECTIVE

To produce a baseline report that identifies programs and areas within the Federal government that are at risk of providing duplicate benefits to disaster victims.

BACKGROUND

- ◆ An inventory of Federal disaster assistance programs is being prepared in order to assess their potential for duplication of benefits. This is a high-level review rather than an effort to identify specific incidents of duplication.
- ◆ Case studies will be used to demonstrate the importance of applying safeguards to these programs in an effort to prevent both intentional and inadvertent duplication of benefits. Some instances of overlapping programs have already surfaced such as individuals receiving both cash for rental assistance and housing provided by Federal agencies.

Project H.O.P.E. (Helping Our People in Emergencies)

OBJECTIVE

To determine whether Project H.O.P.E. was accomplishing the following objectives:

- ◆ Expending funds according to the scope of the grant award;
- ◆ Being properly monitored to ensure that all participants were operating within approved guidelines, as defined by the Department of Health and Human Services' Center for Mental Health Services and FEMA; and
- ◆ Carrying out approved activities to meet the intent of the Crisis Counseling Program (CCP).

BACKGROUND

The Office of Inspector General is evaluating the CCP grant made to Florida's Department of Children and Families for the implementation of Project H.O.P.E. in response to Hurricanes Katrina and Wilma. This will include reviewing whether funds had been used effectively to benefit disaster victims.

Multilayered Disaster Contracts

OBJECTIVE

To determine the extent of multilayered disaster contracts regarding Hurricane Katrina and document the various problems associated with them.

BACKGROUND

- ◆ In the aftermath of Hurricane Katrina, FEMA awarded over \$7 billion in Federal contracts to hundreds of companies.
- ◆ The Inspector General community and GAO have reported that the management and oversight of these disaster contracts could be greatly improved.
 - Gulf Coast businesses, especially small businesses, allege that they are being excluded from participating in the recovery efforts because they cannot enter into the multitiered subcontracts, except at the bottom where profitability is very low.
 - Pricing details, for both prime and subcontracts, are not readily available to the public or to Congress. Without visibility over contracting, Congress and the American people are unable to determine for themselves whether tax dollars are being spent efficiently and effectively.

OBJECTIVE

To evaluate controls in place for management of housing assets from purchase to final disposition.

BACKGROUND

- ◆ In response to the housing needs for victims of Hurricanes Katrina and Rita, disaster assistance operations included the acquisitions of travel trailers, mobile homes, and modular homes.
- ◆ Auditors will review FEMA's management of these assets and will evaluate internal controls to ensure the housing purchased is properly accounted for and managed throughout its life cycle.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

FEMA's Exit Strategy for Transitional Housing in the Gulf Coast Region

OBJECTIVE

- ◆ To assess FEMA's strategy for dealing with the unwelcome social activities at the transitional housing sites.
- ◆ To evaluate whether there is adequate coordination with Federal agencies, local authorities, and voluntary organizations.
- ◆ To determine if FEMA has formulated a coherent exit strategy (transferring the transitional housing sites to local governments).

BACKGROUND

- ◆ As of summer 2006, tens of thousands of FEMA-purchased manufactured homes and travel trailers are occupied by 100,000 Gulf Coast evacuee families in scores of transitional housing sites throughout Louisiana, Mississippi, and Alabama, where FEMA pays for security.
- ◆ According to FEMA's Office of Gulf Coast Recovery, the transitional housing sites that will be operating for five or more years are already plagued with violence, drugs, and gang activity. A July 2006 report on the situation at 20 of FEMA's transitional housing sites by the Save the Children organization painted an unattractive picture of dysfunctional communities.
- ◆ The lack of alternative housing in the Gulf Coast region suggests that these transitional housing sites may continue for the foreseeable future. The current situation allows potential for human tragedy and public relation difficulties for FEMA.

FEMA's Section 406 Mitigation

OBJECTIVE

To determine how effectively FEMA is managing public assistance mitigation grants across the hurricane-damaged Gulf Coast.

BACKGROUND

FEMA provides public assistance grants to state and local governments to repair or restore infrastructure damaged by disasters. A component of that program allows for funding mitigation measures, that the state or local government determines to be necessary, to meet a need for governmental services and functions in the area affected by the major disaster.

FEMA's Hazard Mitigation Grant Program

OBJECTIVE

To determine how effectively FEMA and the states are managing the Hazard Mitigation Grant Program after Hurricanes Katrina and Rita.

BACKGROUND

- ◆ Authorized under Section 404 of the Stafford Act, the Hazard Mitigation Grant Program provides grants to states and local governments to implement long-term hazard mitigation measures after a major disaster declaration.

3.1

- ◆ The purpose of the program is to reduce the loss of life and property due to natural disasters and to enable mitigation measures to be implemented during the immediate recovery from a disaster.
- ◆ As of summer 2007, FEMA has committed about \$3 billion in program funds to states along the Gulf Coast for Hurricanes Katrina and Rita. The state may apply for up to 7.5% of the total disaster grants awarded by FEMA. In addition, some states may qualify for a higher percentage if they meet higher mitigation planning criteria.

FEMA's National Flood Insurance Program

OBJECTIVE

To determine whether the WYO program was effective in properly attributing the damage from Hurricane Katrina to either flooding or windstorm.

BACKGROUND

- ◆ FEMA manages the NFIP, and has arrangements with individual private sector property insurance companies through the WYO program. Participating companies offer flood insurance coverage to eligible applicants and arrange for the adjustment, settlement, payment, and defense of all claims arising from policies of flood insurance issued under this program. The WYO program acts as a fiscal agent to the Federal government.
- ◆ When Hurricane Katrina made landfall in August 2005, there was damage from wind and flooding.
- ◆ It is unclear to what extent, in adjusting and settling claims resulting from Hurricane Katrina, insurers under the WYO program improperly attributed damages to flooding. These are generally covered under the insurance provided by the NFIP, whereas, damages from windstorms are generally covered under the insurance by individual private property insurers, or insurance pools in which such insurers participated.

FEMA's Technical Assistance Contracts

OBJECTIVE

To determine the adequacy of contract documents, price reasonableness, the effectiveness of the inspection and payment processes, the effective use of warranties, and FEMA's adherence to effective contracting practices.

BACKGROUND

- ◆ In the aftermath of Katrina, FEMA awarded sole source contracts to four companies for the installation, operations, maintenance, and deactivation of temporary housing units and other tasks. The total value of these contracts is anticipated to be almost \$3 billion.
- ◆ Though all four companies were among the top 50 construction contractors in the country, the contract files did not contain documentation describing the process used to select these firms over others. Additionally, some of the task orders on these contracts were not definitive for several months. FEMA initially did not have trained and experienced staff to monitor the costs or performance of these contracts.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

FEMA Mission Assignments

OBJECTIVE

To ensure that:

- ◆ Mission assignments were managed to satisfy requirements.
- ◆ Funds were accurately accounted for and spent efficiently.
- ◆ Contracting followed proper procurement procedures.
- ◆ Adequate documentation was maintained.
- ◆ Purchased property was managed according to governing laws and regulations.

BACKGROUND

- ◆ In any declared disaster or emergency, FEMA may direct other Federal agencies, through mission assignments, to perform activities to support state and local governments.
- ◆ The agencies can request reimbursement from FEMA for eligible costs incurred during performance of the mission as the work is completed.
- ◆ FEMA awards to the five DHS components receiving the largest mission assignments are under review. Awards totaling \$775 million were made to: Federal Protective Service, U.S. Coast Guard, Customs and Border Protection, Immigration and Customs Enforcement, and National Communication System.

FEMA Sheltering and Transitional Housing for Evacuees

OBJECTIVE

- ◆ To determine to what extent FEMA's transitional housing program met the needs of hurricane victims.
- ◆ To identify weaknesses that need addressing for future disasters.
- ◆ To identify the actions FEMA is taking to be better prepared to provide housing to victims of future catastrophic disasters and recommend ways to prevent problems that occurred during the response to Hurricane Katrina.

BACKGROUND

Hurricanes Katrina and Rita produced more than one million evacuees. Many are still living in transitional housing.

FEMA Readiness: Assessment of FEMA's Disaster Workforce

OBJECTIVE

- ◆ To determine what disaster workforce enhancements FEMA has made since Hurricane Katrina.
- ◆ To evaluate FEMA's progress in implementing the six personnel-related recommendations made in the report: *A Performance Review of FEMA's Disaster Management Activities in Response to Hurricane Katrina, Issued March 2006, OIG- 06-32*.
- ◆ To evaluate FEMA's strategies and progress toward complying with personnel-related requirements of the Post-Katrina Emergency Management Reform Act.

BACKGROUND

- ◆ Following Hurricane Katrina, many organizations identified numerous serious problems that resulted in FEMA's failure to effectively respond to the disaster.
- ◆ FEMA has been working to improve its readiness and now claims to be better prepared to respond to future catastrophes.
- ◆ This is the first in a series of audits planned to evaluate FEMA readiness.

PLANNED AUDITS

FEMA's Use of Interagency Agreements

OBJECTIVE

- ◆ To determine the extent FEMA is following established policies and procedures in initiating and administering interagency agreements.
- ◆ To evaluate whether FEMA is appropriately monitoring implementation.
- ◆ To ensure that expenditures from the DRF are verified, and procured property is accounted for and recorded.
- ◆ To assess whether FEMA is closing interagency agreements according to established procedures on a timely basis.

BACKGROUND

- ◆ FEMA executes interagency agreements with other Federal agencies to obtain goods and services for disaster work that is expected to last longer than the 60 days as defined in regulations for mission assignments.
- ◆ As with any acquisition, FEMA is responsible for ensuring that:
 - Procurement is appropriate and controls are in place.
 - Sufficient oversight is performed and expenditures are verified.
 - Work is completed according to the terms of the agreement and administratively closed following established procedures.

Section 3.1 Department of Homeland Security Audits, Inspections, and Other Reviews

FEMA's Implementation of Federal Regulations Applying to Government Furnished Equipment

OBJECTIVE

- ◆ To determine whether FEMA is in compliance with FAR Part 45 – Government Property.
- ◆ To analyze the controls over purchasing, distributing, and returning government furnished equipment.

BACKGROUND

- ◆ According to Federal regulations government agencies are given guidance on:
 - Providing government property to contractors;
 - Contractor use and rental of government property;
 - Management of government property in the possession of contractors; and
 - Reporting, reutilization, and disposal.
- ◆ This review will determine whether FEMA is in compliance with the FAR.

FEMA's Management and Oversight of Public Assistance Technical Assistance Contractors

OBJECTIVE

To evaluate FEMA's use, management, and oversight of public and technical assistance contractors including:

- ◆ Efficiency and effectiveness of master contract oversight;
- ◆ Processes and procedures for awarding individual task orders;
- ◆ Evaluation of contractor performance; and
- ◆ Certification of contractor billings.

BACKGROUND

- ◆ FEMA awards nationwide, stand-by Technical Assistance Contracts (TAC) to meet Public Assistance (PA) program needs that typically cannot be met by FEMA staff. Disasters that occurred in FYs 2004, 2005, and 2006, FEMA used PA TACs and spent \$228.3 million, \$1.4 billion, and \$94.9 million, respectively.
- ◆ PA TAC employees are specialists that provide services such as assessing and estimating disaster damages to complex facilities, providing insurance adjustment services, and historical and environmental reviews.
- ◆ A Contracting Officer Technical Representative (COTR) located at FEMA Headquarters oversees the master contracts. Task monitors at field and regional offices provide site monitoring for TAC employees.

Readiness: FEMA's Logistics Management Process for Responding to Catastrophic Disasters

OBJECTIVE

To determine the extent FEMA has improved its logistics management since Hurricane Katrina and what additional changes are needed.

BACKGROUND

- ◆ FEMA provided record levels of support to victims and emergency responders during its response to Hurricane Katrina.
- ◆ However, a number of logistical challenges made it clear that, before the next major disaster, the areas that need improvement include:
 - Planning how FEMA will determine what is needed and where it is needed,
 - Coordinating requirements with state and local governments,
 - Coordinating with Federal agencies and other response organizations,
 - Identifying the best sources for needed resources,
 - Tracking and timing deliveries,
 - Staffing logistics adequately,
 - Communicating throughout the logistics process, and
 - Evaluating and reporting on performance.

Readiness: Effectiveness of FEMA's Remedial Action Management Program

OBJECTIVE

To determine the extent FEMA is using its Remedial Action Management Program to implement lessons learned from Katrina and other disasters to improve its readiness for the next catastrophic disaster.

BACKGROUND

- ◆ FEMA has used after action reports, facilitator-led discussions called “hot washes,” and third-party reviews following disasters to identify “lessons learned” and solutions to problems that occurred during disaster response and recovery operations.
- ◆ However, corrective actions were not consistently implemented or tracked.
- ◆ In 2003, FEMA implemented the Remedial Action Management Program designed to consolidate, assign, track, and monitor the remediation of problems that were identified following disasters.

Section 3.2 Department of Defense Audits, Inspections, and Other Reviews

3.2 DOD Overview

- ◆ Department of Defense (DOD) audits have resulted in:
 - Managing and using relief funds for their intended purposes.
 - Identifying and addressing internal control deficiencies.
 - Implementing quality assurance plans effectively.
- ◆ These efforts contribute to the strengthening and preparation of the military for future national emergencies.

FINAL – DOD OFFICE OF INSPECTOR GENERAL

Emergency Supplemental Appropriations for DOD Needs Arising From Hurricane Katrina at Selected DOD Components

D-2007-121 September 12, 2007

SUMMARY

Generally, DOD Components used the emergency supplemental appropriations effectively. However, some Components did not manage the emergency supplemental appropriations efficiently.

- ◆ Components inefficiently used or allowed about \$26.8 million in funds to expire.
- ◆ One Component used \$219,347 for needs that did not result from Hurricane Katrina.
- ◆ Three Components used about \$935,680 to pay for expenses that were reimbursable by FEMA, but did not seek reimbursement.
- ◆ Other Components used about \$2.1 million of their regular appropriations for their Hurricane Katrina needs. Some of the Components did not use unique accounting codes to collect and record Hurricane Katrina transactions, thereby making it difficult to distinguish how funds were expended.

RESULTS

Recommendations were made that would allow DOD to put funds to better use when natural disasters occur by improving fund allocation processes. DOD could also recover \$935,680 in reimbursement from FEMA.

Contract Administration of the Ice Delivery Contract Between International American Products, Worldwide Services, and the U.S. Army Corps of Engineers During the Hurricane Katrina Recovery Effort

D-2007-118 August 24, 2007

SUMMARY

- ◆ The USACE Charleston District did not effectively administer the 2003 ice delivery contract during Hurricane Katrina.
- ◆ Inaccurate or inadequately supported payments on 142 of the 342 invoices reviewed in the amount of about \$262,000 were made. These included:
 - Underpayments of about \$79,000,
 - Overpayments of about \$183,000, and
 - Resulted in a net overpayment of nearly \$104,000.
- ◆ Some additional monetary impact was not quantifiable because of the lack of supporting documentation.
- ◆ FEMA's redirection of trucks caused unauthorized expenditure of Government funds for onward miles and standby time. FEMA redirected some trucks without obtaining the authority to do so from the responsible USACE contracting officer.

RESULTS

Internal control deficiencies were identified. The USACE Charleston District did not:

- ◆ Train responsible personnel sufficiently on the guidance for accepting ice at drop-off locations.
- ◆ Establish guidance or sufficiently train personnel temporarily assigned to the National Ice/Water Mission to process invoices.
- ◆ Process invoices accurately or in accordance with agreements
- ◆ Obtain adequate supporting documentation, but not supported by adequate documentation.

Financial Management of Hurricane Katrina Relief Efforts at the U.S. Army Corps of Engineers

D-2007-081 April 6, 2007

SUMMARY

The USACE's reporting of obligations related to Hurricane Katrina relief efforts was not always timely and efficient. Specifically, the USACE did not:

- ◆ Make timely updates to the Financial Management System and timely closeouts of mission assignments.
- ◆ Reconcile mission assignments and corresponding amendments with FEMA.
- ◆ Track all funding from Congress by specific hurricane.

RESULTS

The USACE increased the risk of not accurately reporting obligations and expenditures.

Section 3.2 Department of Defense Audits, Inspections, and Other Reviews

FINAL – ARMY AUDIT AGENCY

Contracts to Restore and Enhance the Southern Louisiana Hurricane Protection System

A-2007-216-FFD September 11, 2007

SUMMARY

- ◆ Task Force Hope was created and tasked to restore and enhance hurricane protection for southern Louisiana through two separate execution organizations: the Hurricane Protection Office and the Protection and Restoration Office.
- ◆ Findings included:
 - Acquisition plans to restore and enhance the hurricane protection system were structured to provide best value to the government. The plans met FARs, provided for appropriate competition, included steps to mitigate risks, identified appropriate contract types, and focused on ways to execute the mission in the most effective, economical, and timely manner.
 - There were 84% of construction projects that were behind schedule primarily because of delays in establishing the 100-year flood protection level and in working through processes involving environmental compliance and real estate.
 - Recent studies indicated that project costs could increase significantly and affect the mission's schedules as defined in the acquisition plans.
 - Task Force Hope planned appropriately to award significant work to small and local businesses. As part of their acquisition planning, contract and project management personnel analyzed each project's estimated cost and complexity and identified work suitable for small businesses. Additionally, they made unrestricted work (which usually exceeded small business capabilities) "small business friendly." Furthermore, contracting personnel were successful at targeting projects for local small businesses.
 - However, based on management's assumptions of the mission's need for architect/engineer support, the goal of awarding 41% of contract award dollars to small businesses was too ambitious.

RESULTS

Task Force Hope needed to update its acquisition plans to incorporate the effect of the changes. It was recommended that the Mississippi Valley Division needed to update project milestones and change the small business goal to a more realistic percentage to ensure that only appropriate contracts are awarded to small businesses within acceptable levels of risk related to cost and performance.

Contract Data Reporting for Hurricane Operations

A-2007-0162-FFD June 28, 2007

SUMMARY

- ◆ Errors in contract data reporting affect the credibility of USACE's reports to Congress, other Federal agencies and the public. Particularly sensitive topics include the extent of competition obtained on hurricane-related contracts, and the amounts awarded to small/disadvantaged businesses and companies based in the states affected by the hurricanes.
- ◆ As of May 2006, USACE reported 550 contracts valued at about \$3.7 billion for relief and recovery operations related to Hurricanes Katrina, Rita, and Wilma.

RESULTS

- ◆ USACE did not report accurate data regarding hurricane-related contracts. There were 58 out of 62 contracts (valued at about \$1.29 billion) that had reporting errors including:
 - Contract type (3 errors).
 - Business size and type (2 errors).
 - Type of competition (15 errors).
 - Contract number (5 errors).
 - Omitted disaster codes (23 errors).
 - Incorrect contract amount—differences greater than 10% (42 errors).
 - Contractor name (2 errors).
 - State location of contractor (11 errors).
- ◆ USACE did not include 137 contracts, valued at about \$27 million, in their hurricane relief and recovery report.
- ◆ Reporting errors were attributed to:
 - Contracted personnel that omitted or entered incorrect information into the Standard Procurement System. This affected accuracy of contract information in the Army Contracting Business Intelligence System (ACBIS) and the hurricane relief and recovery report.
 - A labor-intensive manual data input process. If the USACE used ACBIS to automatically provide data for future disasters, this process would have been less labor intensive and ultimately more reliable.
 - Inadequately defined contract reporting and data validation processes.

Section 3.2 Department of Defense Audits, Inspections, and Other Reviews

Army Fund Accountability for Hurricane Katrina Relief Efforts

A-2007-0135-FFD June 12, 2007

SUMMARY

- ◆ As of March 2006, the Army had received about \$532.3 million from DOD emergency supplemental appropriations and about \$115.6 million in reimbursable funding authority from FEMA. Accountability of these funds was maintained, but visibility and tracking were not.
 - Resource managers followed guidance from and correctly accounted for the receipt, obligation, and expenditure of funds. Units also promptly identified and returned unused funds. Procedures developed for coding document numbers, direct fund cites, and military interdepartmental purchase requests did not give First U.S. Army adequate visibility in the Army's Standard Finance System of the funds performing activities obligated, spent, and billed for each mission assignment.
 - Units properly accounted for costs incurred in support of relief operations and maintained adequate supporting documentation. However, procedures were not adequate to fully capture or consistently track costs related to operations and use of equipment (that is, the operational tempo or OPTEMPO).
 - Because procedures and processes were not well defined, units did not clearly understand FEMA's requirements to obtain reimbursement. Thus, they submitted bills without notifying First U.S. Army or giving FEMA adequate supporting documentation.
- ◆ As a result, the Army did not fully identify and obtain reimbursement for these costs, and U.S. Army Reserve Command undercharged FEMA about \$2 million for costs. Additionally, the Army National Guard acquired uniforms costing about \$16 million that it improperly charged to the DOD supplemental appropriation.

RESULTS

- ◆ FEMA identified about \$36 million in billings for potential chargeback to the Army because of insufficient documentation. First U.S. Army became aware of potential charge-backs and reduced the disputed bills to about \$253,000.
- ◆ The Army National Guard made correcting accounting adjustments to reverse the \$16 million inappropriately charged to the DOD supplemental.

FINAL – NAVAL AUDIT SERVICE

Controls and Accountability Over Medical Supplies and Equipment — Hurricane Relief Efforts

N2007-0039 June 1, 2007

SUMMARY

- ◆ Military Sealift Command (MSC) inappropriately obligated hurricane relief funds for U.S. Naval Ship Comfort (USNS Comfort). Medical supplies and equipment purchased for the hurricane relief were:
 - Chargeable to other funds as they were required to be onboard prior to the hurricane relief effort,
 - Over the 250-bed wartime mission requirement at which MSC tasked the USNS Comfort to operate for the hurricane relief effort,
 - Not adequately supported by source documentation, or
 - Invalid for other reasons.

3.2

- ◆ MSC stabilized (fixed) per diem rates charged to FEMA through COMUSFLTFORCOM did not accurately reflect USNS Comfort’s actual daily ship expenses incurred for the hurricane relief effort. Furthermore, MSC did not properly record these actual hurricane-related costs on their accounting records for the Katrina effort. Specifically, MSC:
 - Charged the customer for costs above the actual costs shown on their accounting records for the hurricane relief order.
 - Did not properly record fuel usage charges, port service charges, fringe benefit charges, or other labor charges as they relate to the Katrina effort.
- ◆ Billing adjustments were needed.

RESULTS

- ◆ Internal controls over medical supplies and equipment used in hurricane relief efforts were not effective.
- ◆ MSC obligations to hurricane relief funds totaled \$4,857,634. Auditors concluded that MSC either over-obligated or did not have adequate documentation for approximately \$1.9 million of these funds.

Contractor Support Services in Support of the Hurricane Relief Efforts

N2007-0034 May 22, 2007

SUMMARY

- ◆ Auditors identified about \$730,000 in unnecessary obligations that could be avoided by using a contract for counseling services.
- ◆ Statements of Work for repair contracts did not provide sufficient detail or a realistic completion date.
- ◆ Inadequate inventory accountability procedures resulted in improperly recording approximately \$100,000 of electronics equipment.

RESULTS

Internal controls over several aspects of the process for awarding and administering hurricane relief service contracts were generally effective.

FINAL – AIR FORCE AUDIT AGENCY

F2007-0008-FD1000 April 23, 2007

SUMMARY

- ◆ Air Force personnel improperly used supplemental funds for 28 of 131 Hurricane Katrina transactions. As a result, the Air Force inaccurately recorded obligations totaling more than \$29 million for invalid or inadequately supported requirements and understated obligations by \$478,878. Of the \$29 million, financial management personnel could deobligate \$9.1 million for other understated requirements.

Section 3.2 Department of Defense Audits, Inspections, and Other Reviews

(continued)

- ◆ Although personnel paid for valid hurricane personal property losses, opportunities existed to limit the Air Force's liability for such losses in the future. By limiting its liability for individual personal losses not covered by insurance, the Air Force would reduce future expenditure of funds for unusual occurrences such as a natural disaster. Alternatively, morale could be improved by eliminating inequities by paying personal damages for both on and off-base members.
- ◆ Air Force Reserve financial personnel did not properly record hurricane-related flying hour costs, record mission classification, or submit flying hour costs for reimbursement. As a result, officials overstated Hurricane Katrina flying hour costs by more than \$466,000 on Air Force accounting records and unnecessarily absorbed costs of more than \$60,000 in support provided to FEMA.

RESULTS

The audit determined that installation officials did not always properly manage Hurricane Katrina supplemental funds. Furthermore, Air Force personnel did not always use supplemental funds for valid Hurricane Katrina efforts or maintain accurate and appropriate support for obligated funds.

ONGOING – DOD OFFICE OF INSPECTOR GENERAL

Audit of the Mission Assignment Process During the Gulf Coast Hurricane Relief Efforts

Project No: D2007-D000CG-0117.000 January 18, 2007

OBJECTIVE

To evaluate the DOD process for receiving and delegating mission assignments and the subsequent reconciliation of mission assignments.

for

Project No: D2006-D000CH-0110.000 January 9, 2006

OBJECTIVE

To review the reasonableness of costs incurred on task orders for relief efforts after Hurricanes Ivan and Katrina. The audit will examine the Navy's methods and procedures to ensure it paid fair and reasonable prices for labor and material.

Project No: D2006-D000FE-0104.000 January 4, 2006

OBJECTIVE

To review whether controls are in place to ensure the accuracy of payments to DOD military personnel during a civil emergency. Specifically, whether DOD military personnel assigned to civil emergency duties receive duplicate payments from DOD and other Federal agencies for the same entitlements .

Audit of the Army Corp of Engineers Administration of Emergency Temporary Roofing Repair Contracts

Project No: D2006-D000CG-0081.001 November 9, 2005

OBJECTIVE

To review the award and administration of the temporary roofing contracts for the Hurricane Katrina recovery efforts. The audit will be limited to:

- ◆ The USACE quality assurance procedures,
- ◆ Follow-up actions to internal audits, and
- ◆ Awarding of subsequent contracts for the 2006 hurricane season.

ONGOING – ARMY AUDIT AGENCY

Program Management to Enhance and Restore Southern Louisiana Hurricane Protection System

Project No: A-2007-FFD-492.000

OBJECTIVE

To determine whether procedures and processes have been adequately defined to integrate the management and execution of projects for the Hurricane Protection Office and Protection and Restoration Office.

D

Project No: A-2006-FFD-484.000 May 31, 2006

OBJECTIVE

- ◆ To determine whether the acquisition strategy provided the best value to the Government.
- ◆ To examine the adequacy and implementation of quality assurance and quality control plans.

ONGOING – NAVAL AUDIT SERVICE

Audit of Funds Appropriated for Navy Shipbuilding and Conversion

Project No: N2006-NFA000-0009.008

OBJECTIVE

- ◆ To verify that the Navy plans to spend Shipbuilding and Conversion funds appropriated for extraordinary hurricane-related shipbuilding.
- ◆ To evaluate if ship repair costs meet congressional intent and are in compliance with applicable laws and regulations.

Section 3.2 Department of Defense Audits, Inspections, and Other Reviews

3.2

ONGOING – AIR FORCE AUDIT AGENCY

Audit Planning: Hurricane Disaster Planning

Project No: F2007-FD1000-0392.000 February 12, 2007

OBJECTIVE

To determine whether Air Force officials implemented effective hurricane disaster planning. Specifically, whether Air Force officials:

- ◆ Established adequate controls to protect resources,
- ◆ Adequately trained Air National Guard personnel to perform security duties, and
- ◆ Properly managed emergency communications.

Subproject F2006-FB1000-0124.000, Audit Planning, Hurricane Katrina Relief Efforts (reported in the last SAR) has been completed. No report will be issued.

PLANNED – ARMY AUDIT AGENCY

Demolition and Debris Removal Contracts Follow-Up

OBJECTIVE

- ◆ To determine if the acquisition strategy provided the best value to the Government.
- ◆ To examine the adequacy and implementation of quality assurance and quality control plans.

Section 3.3 Department of Housing and Urban Development Audits, Inspections, and Other Reviews

3.3

3.3 HUD Overview

- ◆ Housing and Urban Development (HUD) Office of Inspector General has identified emerging concerns in the disaster programs administered by the states of Louisiana and Mississippi. One of the main concerns involves the Homeowners Assistance Programs that provide individual grants up to \$150,000 each to homeowners for their damaged or destroyed homes. Specifically:
 - The Louisiana Road Home program received and spent over \$3 billion in HUD Community Development Block Grant (CDBG) funds in a short period of time. Louisiana recently reported a budget shortfall in this program and is requesting more funds from Congress and the White House.
 - Mississippi is now working on Phase II of their Homeowners Assistance Program with funds from over \$3 billion in HUD CDBG funds received in the emergency supplemental appropriation. Since funds remain under the program Mississippi is requesting a reallocation of some of these funds for other projects.
- ◆ HUD's progress continues:
 - Five hurricane-related audits have been completed resulting in management recommendations and questioned costs.
 - Four ongoing audits are close to completion.
 - Additional audits are being planned.
- ◆ HUD's Inspection and Evaluation Division is focused on identifying the source, amounts, and disposition of disaster relief funding for Gulf Coast Mississippi Public Housing Agencies affected by Hurricane Katrina. HUD Office of Inspector General Inspection and Evaluation Division initiated an evaluation of HUD funds awarded or assigned to these agencies.

FINAL AUDIT

The State of Mississippi's Homeowner's Grant Assistance Program, Jackson, Mississippi

No: 2007-AO-1001 May 7, 2007

SUMMARY

- ◆ Objective: To determine whether Mississippi appropriately calculated the homeowners' grant amounts and monitored the implementation of its program.
- ◆ The state did not appropriately calculate the homeowners' grant amounts when it allowed its contractor to deduct unnecessary costs such as unpaid state income taxes, state unemployment taxes, and local ad valorem or property taxes from the homeowners' grant amounts. The state also did not monitor the contractor's implementation of its Homeowner's Grant Assistance Program.

RESULTS

The General Deputy Assistant Secretary for Community Planning and Development concurs with all proposed management decisions and target dates for the following four recommendations:

- ◆ Cease withholding or deducting unnecessary tax debts from homeowners' grant amounts.
- ◆ Recalculate the grant amounts for those homeowners who have already received assistance.
- ◆ Refund such homeowners a total of \$159,172 in either state or local taxes inappropriately withheld or deducted from their grants.
- ◆ Confirm with state and local tax agencies the delinquent taxes the homeowners owed such agencies.

Section 3.3 Department of Housing and Urban Development Audits, Inspections, and Other Reviews

ONGOING AUDITS

HUD's KDHAP and DVP Determination of Participants' Eligibility

Assignment No: AO 07 0003

OBJECTIVE

- ◆ To determine whether HUD properly determined the eligibility of the Katrina Disaster Housing Assistance Program/Disaster Voucher Program (KDHAP/DVP) participants.
- ◆ To determine whether HUD implemented adequate measures to prevent KDHAP/DVP participants from receiving duplicate assistance from other HUD programs.

Contract Compliance Review – Louisiana's Homeowner Assistance Program

Assignment No: AO 07 0002

OBJECTIVE

To determine whether the Road Home Housing Manager provided deliverables in accordance with the terms and conditions of its contract with the state of Louisiana.

Contract and Cost Compliance Review – Mississippi's Homeowner Grant Assistance Program

Assignment No: AO 07 0001

OBJECTIVE

To determine whether the state of Mississippi used CDBG disaster relief funds for eligible Homeowners Grant Assistance Program costs. Specifically, the adequacy of the contractor's administrative costs (e.g., travel, office expenses, and salaries/wages) will be evaluated.

Mississippi's Homeowner's Assistance Program – Eligibility and Benefits of Program Participants

Assignment No: AO 07 0004

OBJECTIVE

To determine whether the state of Mississippi's Homeowner Grant Assistance Program:

- ◆ Provided grants to eligible homeowners.
- ◆ Prevented a duplication of benefits.
- ◆ Properly calculated grant amounts.
- ◆ Disbursed CDBG funds for eligible purposes in accordance with the HUD-approved action plans and applicable Federal regulations.
- ◆ Disbursed grants in a timely manner.
- ◆ Established and implemented monitoring processes as required by its HUD-approved action plan and requirements published in the Federal Register.

PLANNED AUDITS

Road Home Program

OBJECTIVE

To determine whether the state has a process in place that has been implemented to offset and/or recapture Road Home grant funds due to homeowners' insurance settlements (i.e., subrogation).

Road Home Program

OBJECTIVE

To determine the impact of the Additional Compensation Grant and the eligibility status of its recipients.

OBJECTIVE

To determine if grant recipients received duplicate benefits from various Federal agencies (i.e., HUD, FEMA, SBA, USDA).

OBJECTIVE

To evaluate the process used to assess the amount of property damage used as a basis for determining the compensation award amount.

Section 3.4 Department of the Interior Audits, Inspections, and Other Reviews

3.4

3.4 DOI Overview

- ◆ The Department of the Interior's (DOI's) major hurricane recovery efforts in the Gulf Coast include repairing facilities that it owns and manages, restoring damaged ecosystems, and rehabilitating wildlife. DOI Office of Inspector General has focused its audit activity around one overall objective: To determine whether the department and its bureaus are ensuring that expenditures for hurricane rebuilding efforts are reasonable, necessary, and properly recorded.
- ◆ Currently, site visits to national parks and wildlife refuges are underway. Audit activity focuses on whether bureaus are appropriately spending supplemental funds to rebuild assets damaged in the 2005 hurricane season. Specifically, reviews will examine:
 - Progress of the rebuilding effort;
 - Tracking of rebuilding funds;
 - Necessity and reasonableness of current projects, including concessions; and
 - Effective oversight and contracting procedures.

Section 3.5 Department of Labor Audits, Inspections, and Other Reviews

3.5

3.5 DOL Overview

- ◆ Management letters were issued for four reviews that identify areas of weak controls.
- ◆ Three audits were completed, with two identifying areas of weak controls.
- ◆ One audit is in the planning phase. It evaluates the New Orleans Wage and Hour Division District Office's performance in handling wage and hour complaints following Hurricane Katrina.

FINAL REVIEWS – MANAGEMENT LETTERS

Insufficient Controls Over Hurricane-Issued Debit Cards Created Opportunities for Fraud

06-07-002-03-315 September 28, 2007

SUMMARY

- ◆ Objective: To determine whether the Louisiana Department of Labor (LDOL):
 - Utilized adequate controls to ensure eligible claimants received benefits paid on debit cards;
 - Retrieved from its contractor benefits paid on inactive debit cards; and
 - Maintained sufficient evidence to support the amount of reimbursements requested from related grants.
- ◆ LDOL and its contracted service organizations used procedures to administer debit cards that created opportunities for ineligible persons to gain access to benefits to which they were not entitled. This was a result of inadequate controls over the security and confidentiality of claimant data, as well as returned debit cards.
- ◆ As a result, LDOL paid and had not retrieved approximately \$1.2 million in hurricane-related benefits on 1,570 inactive debit card accounts. Additionally, LDOL had drawn down from the Hurricanes Katrina and Rita Disaster Unemployment Assistance (DUA) grants \$2.7 million more than what it had evidence to support in its claims system.

RESULTS

The Department of Labor (DOL) generally agreed to take the following recommended actions:

- ◆ Work with LDOL to ensure adequate controls are in place (internally and with contractors) to safeguard debit cards and protect confidential information belonging to claimants. These procedures should be evaluated to ensure the intended objectives are achieved and effective in mitigating the risk of fraud.
- ◆ Ensure that LDOL takes action to adequately address the results of its Audit Division's internal review.
- ◆ Work with LDOL to retrieve approximately \$1.2 million from JP Morgan Chase for unemployment benefits paid on inactive debit card accounts. Immediately return \$354,070 of this to the Employment and Training Administration for benefits paid under the DUA grants.
- ◆ Monitor LDOL's processing of its backlogged claims to facilitate the reconciliation of discrepancies between its accounting and claims systems. Upon completion, collect any funds LDOL has drawn down in excess of claims paid.

Section 3.5 Department of Labor Audits, Inspections, and Other Reviews

Louisiana Department of Labor Paid \$51 Million in Hurricane-Related Unemployment Benefits on Questionable Claims

06-07-003-03-315 September 28, 2007

SUMMARY

- ◆ Objectives:
 - To determine whether LDOL effectively used the National Directory of New Hires (NDNH) to screen for claimants who continued to receive hurricane-related unemployment benefits after returning to work.
 - To determine whether LDOL timely notified claimants who received overpayments of their obligation to repay the overpaid benefits.
- ◆ Through computer matching with NDNH, it was identified that \$51.1 million in unemployment benefits were paid to 35,623 claimants after they were reported as obtaining employment. Approximately \$15.6 million was paid to claimants for weeks of unemployment during August 29, 2005 through November 19, 2005, a period LDOL designated as “Autopay.” There was \$35.5 million paid to claimants who reportedly obtained employment after the “Autopay” period ended. As of October 10, 2006, LDOL had identified and coded \$108.7 million in overpaid hurricane-related unemployment benefits that it intended to recover from claimants. However, limited resources had kept LDOL from timely notifying claimants of their obligation to repay these benefits.

RESULTS

DOL generally agreed to take the following recommended actions:

- ◆ Work with LDOL to conduct investigations to determine whether \$51.1 million of DUA/ UC benefits paid to those who reportedly obtained employment – according to NDNH matches – should be recovered; and ensure appropriate actions are taken for those claimants found to have fraudulently obtained benefits.
- ◆ Provide assistance and resources to LDOL along with other states in establishing procedures to use data from NDNH in the most effective and efficient manner to mitigate the risk of overpayments and improve the prospects of cost recovery through early detection of claimants who are ineligible for benefits.
- ◆ Ensure that LDOL receives the resources and assistance needed to implement effective and efficient collection methods to recover overpaid benefits from its claimants.
- ◆ Encourage states to use the available option of suspending payments while eligibility determinations are pending.

Mississippi's Suspension of Controls Resulted in the Payment of at Least \$25 Million in Disaster Unemployment Assistance to Claimants Whose Eligibility Was Unsubstantiated

06-07-004-03-315 September 28, 2007

SUMMARY

- ◆ Objective: To determine the adequacy of proof of employment (POE) to support claimants' entitlement to DUA and the monetary impact of paying DUA claimants the maximum weekly benefit amount (WBA) instead of the amount they would have received under the state law.
- ◆ A statistical sample of claimant data found that:
 - Files for 85 of the 364 (23%) claimants reviewed did not contain any documentation, nor were any wages reported, to support the claimants' entitlement to DUA. The Mississippi Department of Employment Services (MDES) paid the 85 claimants \$159,782 in DUA. Based on the statistical sample, it can be projected that MDES paid more than \$3.3 million in DUA payments on claims having no proof of employment documentation.
 - Files of 176 of the 364 (48%) claimants reviewed did not contain adequate documentation to prove the individuals were entitled to DUA benefits. MDES paid the 176 claimants \$702,408 in DUA. Based on the statistical sample, it can be projected that MDES paid at least \$21.8 million in DUA payments on claims having inadequate POE documentation.
 - MDES paid 159 claimants \$301,387 more in DUA than it would have under state law by using the maximum WBA instead of 2004 wages or net income to calculate benefits. Based on the statistical sample, it can be projected that MDES paid at least \$7.7 million more in DUA as a result of paying at the maximum WBA.

RESULTS

DOL generally agreed to take the following recommended actions:

- ◆ Continue to monitor MDES' collection efforts for all claimants who did not provide POE.
- ◆ Provide guidance to the states regarding the advisability of paying DUA at the maximum WBA.

Louisiana's Suspension of Controls Resulted in the Payment of at Least \$62.1 Million in Disaster Unemployment Assistance to Claimants Whose Eligibility Was Unsubstantiated

06-07-005-03-315 September 28, 2007

SUMMARY

- ◆ Objective: To determine whether POE was adequate to support claimants' entitlement to DUA and whether proof of 2004 income was adequate to support increases to the DUA WBA.
- ◆ A statistical sample of claimant data found that:
 - Files for 60 of the 147 (41%) claims reviewed did not contain any documented POE, nor were any wages reported to support claimants' entitlement to DUA. Louisiana paid these 60 claimants \$111,132 in DUA. Based on the statistical sample, it can be projected that Louisiana paid at least \$62.1 million in DUA payments for claims with no documentation.
 - Ten of the 147 claims, with DUA costs totaling \$38,780, contained documentation that lacked adequate proof that the individuals were entitled to DUA benefits.

RESULTS

DOL generally agreed to take the recommended action to continue to monitor LDOL's collection efforts for all claimants who did not provide POE.

Section 3.5 Department of Labor Audits, Inspections, and Other Reviews

FINAL REVIEWS – AUDIT REPORTS

A

04-07-006-03-390 September 28, 2007

SUMMARY

- ◆ Objectives:
 - To determine whether the Katrina National Emergency Grant (NEG) expenditures were allowable, reasonable, allocable, and reported accurately.
 - To determine whether NEG activities and outcomes were reported accurately.
- ◆ No new areas of concern were identified. Additionally, the September 2006 Management Letter reported on issues regarding questionable eligibility of college students participating in Mississippi's NEG Training Program.

RESULTS

Recommendations made to MDES in the Management Letter were implemented.

Audit of the Texas National Emergency Grant

04-07-007-03-390 September 28, 2007

SUMMARY

- ◆ Objectives:
 - To determine whether Katrina NEG expenditures were allowable, reasonable, allocable, and reported accurately.
 - To determine whether NEG activities and outcomes were reported accurately.
- ◆ Findings were that:
 - 48% of tested individuals reported as participants were not enrolled in the program.
 - 37% of participants had or should have exited from the program but were not reported as having exited, or continued to be enrolled past their required exit date.
 - 63% of tested participants had insufficient documentation.

RESULTS

DOL generally agreed to take the following recommended actions:

- ◆ Do not report individuals as NEG participants if an eligibility determination has not been made, or if individuals only receive self-help services through the Wagner-Peyser funded WorkInTexas.com system.
- ◆ Verify that local workforce boards comply with WIA Section 189(h), which requires the registration of certain individuals for selective service.
- ◆ Report NEG program exits consistent with Federal policies as described in Training and Employment Guidance Letter (TEGL) 17-05 and the Quarterly Progress Report Definitions of Performance Factors.
- ◆ Comply with TEGL No. 16-03, Change No. 3, 5.b. regarding documentation of participant eligibility.
- ◆ Adhere to 20 CFR Section 663.160(b), which requires program staff to document their decision to provide intensive services.

Audit of the Louisiana National Emergency Grant

04-07-008-03-390 September 28, 2007

SUMMARY

- ◆ Objectives:
 - To determine whether Katrina NEG expenditures were allowable, reasonable, allocable, and reported accurately.
 - To determine whether NEG activities and outcomes were reported accurately.
- ◆ At one Local Workforce Investment Area (LWIA), exceptions were noted regarding: employee time distribution, discrepancies in participants' hours worked, expenditure reporting on a cash basis instead of accrual basis of accounting, and a lack of specific controls to review and verify subcontractor invoices prior to paying them.

RESULTS

DOL generally agreed to take the recommended action to direct LDOL to provide technical assistance and oversight necessary to ensure that LWIA:

- ◆ Adheres to a cost allocation plan for employee time distribution;
- ◆ Reviews and verifies subcontractor invoices before making payments;
- ◆ Reports expenditures based on the accrual accounting method; and
- ◆ Develops specific, written procedures for reviewing invoices, including participants' timesheets and pay amounts.

PLANNED REVIEWS

Labor Standards

OBJECTIVE

To assess the New Orleans Wage and Hour Division district office's performance in handling wage and hour complaints following Hurricane Katrina.

Section 3.6 Department of Education Audits, Inspections, and Other Reviews

3.6 ED Overview

- ◆ Department of Education Office of Inspector General continued its effort to assess whether *Hurricane Education Recovery Act* (HERA) dollars were expended as required by Federal law, regulations, and department guidance.
- ◆ HERA authorized new grant programs in order to deliver on two major goals:
 - To assist school districts and schools in meeting the educational needs of students displaced by Hurricanes Katrina and Rita.
 - To help schools closed as a result of the hurricanes reopen as quickly and effectively as possible.
- ◆ These grant programs and other funding sources include:
 - Immediate Aid to Restart School Operations (Restart) – funded at \$750 million.
 - Assistance for Homeless Youth (HY) – funded at \$5 million.
 - Temporary Emergency Impact Aid (EIA) for Displaced Students – funded at \$645 million.
 - Additional funding in the amount of \$200 million was provided for postsecondary education institutions.
 - Funding in the amount of \$235 million for the EIA program and \$50 million for postsecondary institutions and students was allocated via the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery 2006.
 - An additional \$30 million for higher education programs plus an additional \$30 million for HERA was signed by President Bush in May 2007.
- ◆ Prior to disbursement of these funds, Office of Inspector General worked closely with the department to help establish effective accountability measures to prevent fraud, waste, and abuse of funds.
- ◆ In the seven reports issued over the last six months, two key findings continually emerged:
 - The department, State Education Agencies (SEAs) and Local Education Agencies (LEAs) established procedures to distribute hurricane-related funds in accordance with applicable laws and regulations.
 - Some of the reported data was inaccurate; particularly in the areas of displaced student counts which provide the basis for EIA funding.

FINAL AUDITS

Alabama State Department of Education and Two Selected Alabama Local Education Agencies' Compliance with Selected Hurricane Education Recovery Act, Emergency Impact Aid Program Requirements

#A05G0020 September 27, 2007

SUMMARY

- ◆ The effects of Hurricanes Katrina and Rita included the temporary or permanent closure of schools. In response, the EIA program provided funds to SEAs to cover the cost of educating displaced students. To receive aid, eligible SEAs were required to provide quarterly enrollment counts of those displaced.
- ◆ The department obligated over \$36.6 million in EIA funds to the Alabama State Department of Education (ALSDE) to disburse to its affected LEAs.
- ◆ Objectives:
 - To determine whether the ALSDE and two selected LEAs established adequate systems of internal control to provide accurate displaced student counts.
 - To determine whether ALSDE made accurate allocations of EIA funds to the LEAs.
 - To determine whether the LEAs used the EIA funds for allowable expenditures.

RESULTS

- ◆ It was recommended that the department instruct ALSDE to return the EIA funds it received for students that were not eligible to be classified as displaced students. Findings indicated that ALSDE received about \$4.5 million more in EIA funds than it should have.
- ◆ Although ALSDE had adequate procedures in place and made accurate allocations of EIA funds to the LEAs, neither organization had adequate systems in place to provide accurate displaced student counts. Findings indicated:
 - Some students were counted more than once in the same quarter.
 - Counts included students who should not have been included.
 - Counts included students whose documentation did not support their classification as students with disabilities.
- ◆ ALSDE disagreed with the findings and recommendations.

ALSDE and Mobile County Public School System's Compliance with Selected HERA – Immediate Aid to Restart School Operations Program Requirements

#A05G0021 August 9, 2007

SUMMARY

- ◆ The Restart program provided funding to SEAs in Alabama, Louisiana, Mississippi, and Texas. Funds were intended to provide assistance or services to Local Education Agencies (LEAs), as well as nonpublic schools, to help defray expenses related to the reopening of schools and the reenrollment of students in elementary and secondary schools affected by Hurricanes Katrina and Rita. In January 2005, the department obligated \$3.75 million to ALSDE. By January 2007, ALSDE had provided funding to one district, allocating \$1 million dollars to the Mobile Public School System (Mobile).

Section 3.6 Department of Education Audits, Inspections, and Other Reviews

(continued)

- ◆ In determining the Restart amount to be provided to LEAs, ALSDE considered:
 - The number of children served by the LEA or nonpublic schools in those schools closed by the hurricanes;
 - The severity of the impact the hurricanes had on the LEA or nonpublic school; and
 - The extent of the needs of each LEA or nonpublic school in the affected areas.
- ◆ Objectives:
 - To determine whether ALSDE established a system of internal controls providing reasonable assurance that Restart funds were appropriately allocated.
 - To determine whether Mobile used Restart funds for expenditures that were allowable under the terms of the grant and applicable laws and regulations.

RESULTS

Both ALSDE and Mobile appropriately allocated and expended the Restart funds.

Louisiana Department of Education's Compliance with Hurricane Education Recovery Act, Temporary Emergency Impact Aid for Displaced Students Requirements

#A06G0010 September 21, 2007

SUMMARY

- ◆ EIA funding was examined at the Louisiana Department of Education (LDE) and four LEAs. The hurricanes displaced over 175,000 students, destroyed 40 schools, and damaged an additional 835 schools.
- ◆ LDE received over \$290 million in EIA funding to assist school districts that took in displaced students.
- ◆ Objectives:
 - To determine whether the LDE and four selected LEAs established adequate systems of internal control to provide accurate displaced student counts.
 - To determine whether LDE made accurate allocations of EIA funds to the LEAs.
 - To determine whether the LEAs used the EIA funds for allowable expenditures.

RESULTS

- ◆ Two key recommendations were made. First, it was recommended that the department instruct LDE to either provide supporting documentation or return approximately \$5.9 million it received for students identified as ineligible. Second, LDE should either provide supporting documentation or return approximately \$411,000 for the statewide duplicate students reported. LDE disagreed with these recommendations and findings.
- ◆ The \$6.3 million overpayment to LDE was a result of a few contributing factors including:
 - Although LDE made accurate allocations of EIA funds to the LEAs, it did not have adequate systems of internal control to provide accurate displaced student counts. This resulted in incorrect data, which included ineligible students, misclassified students, and duplicate students within the state.
 - Neither the LDE nor the LEAs had policies or procedures in place to ensure incoming displaced students were counted only once in the same quarter and in other states. For example, Texas and Louisiana counted the same 533 students in one quarter. This resulted in the LDE and associated LEAs receiving a possible overpayment of up to \$799,500.
- ◆ Separately, a review of the HY program found that LDE had adequate policies, procedures, and controls over the administration of the program. However, at the time of this review, LDE had not received any HY funding from the department.

Louisiana Hurricane Relief Funding

#A06G0011 April 18, 2007

SUMMARY

- ◆ Congress allotted \$95 million to the Louisiana Board of Regents (BOR) to provide emergency assistance to higher education institutions that were located in an area affected by the hurricanes and forced to close, relocate, or significantly curtail their activities. The department and BOR signed an agreement that provided the funding for a two-year period beginning on January 17, 2006, and ending on January 16, 2008.
- ◆ The agreement required BOR to allocate funds by September 30, 2006. It prescribed that funds were to be used in accordance with applicable laws and regulations, including: student financial assistance, faculty and staff salaries, equipment, instruments, or any purpose authorized under the Higher Education Act.
- ◆ Objectives:
 - To assess the adequacy of the BOR's internal controls over the allocation of hurricane assistance funding.
 - To assess the adequacy of its accounting for the expended funds.
 - To determine whether the BOR complied with laws and regulations.

RESULTS

- ◆ Although BOR disagreed with the determination that it had inadequate monitoring controls, it agreed with the recommendation that controls could be strengthened by requiring schools to provide supporting documentation showing how funds were spent. This would ensure that the expenditures were allowed (by the terms of the grant, laws, and regulations) and were accurately accounted for and reported against.
- ◆ BOR disbursed funds based on expenditure amounts certified by school officials. However, it did not require schools to provide supporting documentation showing how the funds were spent.

#A04G0012 August 8, 2007

SUMMARY

- ◆ EIA funding was evaluated at the Mississippi Department of Education (MDE) and six of its LEAs. MDE received over \$100 million in EIA funding for the four quarters reviewed. These funds were distributed to each LEA based on its quarterly counts of displaced students.
- ◆ All LEAs reported inaccurate displaced student counts to MDE. As a result, MDE may have received more than \$3.1 million in excess of its entitlement.
- ◆ Objectives:
 - To determine whether the MDE and six selected LEAs established adequate systems of internal control to provide accurate displaced student counts.
 - To determine whether MDE made accurate allocations of EIA funds to the LEAs.
 - To determine whether the LEAs used the EIA funds for allowable expenditures.

Section 3.6 Department of Education Audits, Inspections, and Other Reviews

(continued)

RESULTS

- ◆ The \$3.1 million overpayment to MDE was a result of weak internal controls (at both MDE and the LEAs) over displaced student counts. The key issue was that MDE had no mechanism in place to test the reliability of the student count data received from LEAs. This was complicated by the fact that the data provided by the LEAs was inaccurate due to:
 - Misidentification of displaced students,
 - Displaced students were counted twice within the same quarter, and
 - Supporting documentation was not adequate.
- ◆ It was recommended that the department instruct MDE to either provide supporting documentation or repay approximately \$3.1 million for any students who were identified but ineligible. In general, MDE concurred with the audit findings and related recommendations. However, it did not agree with the use of projections in recommending the return of funds related to the misidentification of displaced students.
- ◆ Separately, a review of the HY program found that MDE had adequate policies, procedures, and controls over the administration of the program. However, at the time of review, MDE had not yet distributed any HY funds to the LEAs.

#A04G0013 September 7, 2007

SUMMARY

- ◆ Of the \$750 million Congress appropriated for the Restart program, over \$222 million in funds went to Mississippi.
- ◆ Objectives:
 - To determine whether an established system of internal controls provided reasonable assurance that Restart funds were appropriately allocated.
 - To determine whether MDE used Restart funds for expenditures allowable under the terms of the grant and applicable laws and regulations.
- ◆ Findings show that MDE and/or the five LEAs reviewed:
 - Had adequate systems of internal control over the administration of the program for public schools.
 - Provided accurate data in the needs assessment and applications.
 - Made accurate allocation of Restart funds to the LEAs (MDE).
 - Used Restart funds for expenditures allowable under the terms of the grant and applicable laws and regulations.
 - Had weak internal controls over the program's administration for nonpublic schools. For example:
 - MDE awarded a contract to monitor nonpublic schools to a contractor with an apparent conflict of interest.
 - Funds were initially disbursed directly to nonpublic schools, a violation of HERA policy.
- ◆ MDE did not maintain public control of the equipment purchased with that disbursement.

RESULTS

A number of recommendations to address these weaknesses were made. MDE concurred with the findings and is taking corrective action to address the recommendations.

Hurricane Education Recovery Act, Temporary Emergency Impact Aid for Displaced Students Requirements at the Texas Education Agency and Applicable Local Education Agencies

#A06G0009 September 18, 2007

SUMMARY

- ◆ An audit of the EIA funds at the Texas Education Agency (TEA) and seven of its LEAs was conducted. A total amount of \$880 million was appropriated for the EIA program. Texas received \$250.9 million. The seven LEAs under review received a combined total of \$93 million in EIA funds.
- ◆ Objectives:
 - To determine whether the TEA and seven selected LEAs established adequate systems of internal control to provide accurate displaced student counts.
 - To determine whether LDE made accurate allocations of EIA funds to the LEAs.
 - To determine whether the LEAs used the EIA funds for allowable expenditures.
- ◆ TEA made accurate allocations of EIA funds to the LEAs and funds were expended within allowable cost categories. Note that at the time of this review, TEA had not received any HY funding from the department. So, the audit considered the controls over how TEA planned to allocate the HY funding.
- ◆ Both TEA and LEAs did not have adequate systems of internal control to provide accurate displaced student count data. As a result, TEA received a total estimated overpayment of approximately \$10.3 million in EIA funds for the period reviewed. This was due to incorrectly submitted student counts that included ineligible students, misclassified students, and duplicate students within the state.
- ◆ Neither TEA nor the LEAs had policies or procedures in place to ensure incoming displaced students were counted only once in the same quarter and not included in counts in other states. For example, both Texas and Louisiana counted 533 students in the same quarter, which resulted in a possible overpayment of \$799,500 of EIA funds.

RESULTS

TEA concurred with certain aspects of the audit findings. However, it did not concur with the following recommendations:

- ◆ Instruct TEA to provide support for, or return, approximately \$6.9 million of EIA funds for ineligible students identified.
- ◆ Provide document support or return over \$3.4 million of EIA funds for the statewide duplicate students reported.
- ◆ Conduct a statewide count of displaced students for school year 2005-2006.
- ◆ Based on this count, return the portion of the funds expended for ineligible or misclassified students.

Section 3.6 Department of Education Audits, Inspections, and Other Reviews

3.6

ONGOING AUDITS

A04G0015

OBJECTIVE

To assess the adequacy of Georgia SEA and LEA controls over HERA funding for the EIA and HY programs. The focus will be on the impact of internal controls relative to:

- ◆ Providing accurate displaced student count data,
- ◆ Making accurate allocations of funds, and
- ◆ Determining whether the LEAs used funds only for expenditures within the cost categories allowed by the terms of the grant and applicable laws and regulations.

A04G0018

OBJECTIVE

To assess the adequacy of Louisiana SEA and LEA controls over HERA funding for the Restart program. The focus will be on determining whether:

- ◆ SEA established an adequate system of internal controls to make accurate allocations of funds.
- ◆ LEAs used funds only for expenditures that were allowable under the terms of the grant and applicable laws and regulations.

Section 3.7 Government Services Administration Audits, Inspections, and Other Reviews

3.7

3.7 GSA Overview

One audit is ongoing.

ONGOING AUDIT

Audit of Public Building Service's Response to Hurricane Katrina

#A070075

OBJECTIVE

To evaluate whether GSA fulfilled its role as the landlord to other federal agencies in its response to Hurricane Katrina. The focus will be on how GSA met tenants' needs for space (find new or repair existing space). For perspective, 84 Federal facilities in four states were affected.

Section 3.8 Department of Health and Human Services Audits, Inspections, and Other Reviews

3.8 HHS Overview

- ◆ HHS Assistant Secretary for Management actively responded to Office of Inspector General’s audit of its Government Purchase Card program resulting in:
 - Improved written guidelines for emergency and nonemergency Government Purchase Card use;
 - Provision of emergency purchasing training for cardholders; and
 - Development of ways to improve purchase card data and systems.
- ◆ HHS Commissioned Corps continues to actively respond to Office of Inspector General’s audit of their response to public health emergencies resulting in:
 - Better training for Corps
 - Streamlined systems
 - Working with the Assistant Secretary of Preparedness and Response (ASPR)
- ◆ All hurricane-related contracts over \$100,000 were audited. The focus was specifically on the methods of procurement. Details are as follows:
 - There were 51 audit reports, valued at \$79.5 million, issued.
 - Of these, 48 have been issued noting that the awarding agencies had complied with procurement requirements.
 - The other three reports contained administrative findings. The agency concurred with the recommendations.
- ◆ Office of Inspector General performed a cost incurred audit on the largest contract, totaling \$21 million, issued by HHS to assist hurricane victims. The objective was to determine whether the costs that the contractor billed to HHS were allowable under the contract terms. Findings were:
 - Of the \$5.7 million in contractor costs billed, \$3.7 million was allowable under the contract terms.
 - The remaining \$2 million did not fully comply with the contract terms.
 - The contractor disagreed with these findings and recommendations.

FINAL AUDITS

Hurricane-Related Contractual Procurements Over \$100,000

SUMMARY

The Office of Inspector General audited all HHS hurricane-related contractual procurements over \$100,000. The audits focused specifically on the methods of procurement. During the reporting period, the Office of Inspector General issued 26 audit reports with an total value of \$38.2 million, and noted that the awarding agencies had generally complied with procurement requirements.

RESULTS

Completed audits include:

- ◆ Audit of Program Support Center’s Award Process for a Contract with the Nevada Hospital Association, HHS Report No. A-03-06-00509, April 5, 2007.
- ◆ Audit of Program Support Center’s Award Process for a Contract with Doleac Electric Company, Inc., HHS Report No. A-03-06-00532, April 6, 2007.
- ◆ Audit of Program Support Center’s Award Process for a Contract with Pamela Gilyard Catering Services, HHS Report No. A-03-06-00516, April 6, 2007.
- ◆ Audit of Program Support Center’s Award Process for a Contract with Computer Sciences Corporation, HHS Report No. A-03-06-00513, April 20, 2007.
- ◆ Audit of Program Support Center’s Award Process for a Contract with Henry Schein, Inc., HHS Report No. A-03-06-00517, May 16, 2007.
- ◆ Audit of the National Institutes of Health’s National Heart, Lung, and Blood Institute’s Award Process for a Contract With Davison Motor Company, Inc., HHS Report No. A-03-06-00545, May 16, 2007.
- ◆ Audit of Program Support Center’s Award Process for a Contract with Digital Infuzion, Inc., HHS Report No. A-03-06-00515, May 21, 2007.
- ◆ Audit of Program Support Center’s Award Process for a Contract with JMSP and Associates, Inc., HHS Report No. A-03-06-00522, May 21, 2007.
- ◆ Audit of Program Support Center’s Award Process for a Contract with Cardinal Health, Inc., HHS Report No. A-03-06-00525, May 21, 2007.
- ◆ Audit of Food and Drug Administration’s Award Process for a Contract with Cepheid, HHS Report No. A-03-06-00542, May 22, 2007.
- ◆ Audit of Food and Drug Administration’s Award Process for a Contract with Apple Hospitality Two LLC, HHS Report No. A-03-06-00540, May 22, 2007.
- ◆ Audit of Substance Abuse and Mental Health Services Administration’s Award Process for a Modification to Contract 280-034 602 with ORC Macro, HHS Report No. A-03-06-00547, May 22, 2007.
- ◆ Audit of Program Support Center’s Award Process for a Contract with Corporate Lodging Consultants, Inc., HHS Report No. A-03-06-00512, May 22, 2007.
- ◆ Audit of Substance Abuse and Mental Health Services Administration’s Award Process for a Modification to Contract 270-03-0103 with ORC Macro, HHS Report No. A-03-06-00539, May 30, 2007.
- ◆ Audit of Substance Abuse and Mental Health Services Administration’s Award Process for a Contract with Westover Consultants, Inc., HHS Report No. A-03-06-00537, May 30, 2007.
- ◆ Audit of Program Support Center’s Award Process for a Contract with Getinge/Castle, Inc., HHS Report No. A-03-06-00526, May 30, 2007.
- ◆ Audit of Program Support Center’s Award Process for a Contract with TCOM International, Inc., HHS Report No. A-03-06-00523, May 30, 2007.
- ◆ Audit of Health Resources and Services Administration’s Award Process for a Contract with Capital Link, HHS Report No. A-03-06-00544, May 30, 2007.
- ◆ Audit of Substance Abuse and Mental Health Services Administration’s Award Process for a Contract with the Advertising Council, Inc., HHS Report No. A-03-06-00538, May 31, 2007.

Section 3.8 Department of Health and Human Services Audits, Inspections, and Other Reviews

(continued)

- ◆ Audit of Food and Drug Administration's Award Process for a Contract with Marriott International, Inc., HHS Report No. A-03-06-00541, June 7, 2007
- ◆ Audit of Program Support Center's Award Process for a Contract with North Central Texas Services, Inc., HHS Report No. A-03-06-00508, June 7, 2007.
- ◆ Audit of Health Resources and Services Administration's Award Process for a Contract with Collaborative Fusion, Inc., HHS Report No. A-03-06-00546, June 8, 2007.
- ◆ Audit of Program Support Center's Award Process for a Contract with CredentialSmart, HHS Report No. A-03-06-00524, June 8, 2007.
- ◆ Audit of Program Support Center's Award Process for a Contract with MorganFranklin Corporation, HHS Report No. A-03-06-00520, August 22, 2007.
- ◆ Audit of Program Support Center's Award Process for a Contract with Northrop Grumman Space & Mission Systems Corporation, HHS Report No. A-03-06-00521, August 22, 2007.
- ◆ Audit of Program Support Center's Award Process for a Contract with Information Network Systems, Inc., HHS Report No. A-03-06-00518, August 22, 2007.

Emergency Response to Hurricanes Katrina and Rita: Audit of Contract with North Central Texas Services, Inc.

No. A-03-06-00518 August 22, 2007

SUMMARY

- ◆ Objective: To determine whether the costs that CareFlite billed to HHS were allowable under the contract terms.
- ◆ One of the responsibilities of HHS in response to Hurricanes Katrina and Rita was the transportation of evacuees who required medical care from their places of evacuation to their original locations. HHS Office of Public Health Emergency Preparedness contracted with North Central Texas Services, Inc. (CareFlite) in order to carry out this responsibility. The \$21 million contract was effective October 12, 2005, and is ongoing.
- ◆ During the period of October 12, 2005, through April 11, 2006, CareFlite billed HHS \$5.7 million for 810 patient transports.
- ◆ Of the \$5.7 million, \$3.7 million was allowable under the contract terms. The remaining \$2 million did not fully comply with contract terms because the most economical transportation was not always arranged.

RESULTS

The audit reported the following recommendations:

- ◆ Work with the HHS contracting officer to determine the allowability of the \$1.9 million in costs billed without having determined the most economical transportation,
- ◆ Ensure that future transports are arranged in the most economical fashion,
- ◆ Refund \$68,841 to HHS for the excess costs resulting from arranging transports at a higher level of care than was medically necessary, and
- ◆ Ensure that future transports are arranged using the transportation modes indicated on the medical necessity forms.

ONGOING REVIEWS

OBJECTIVE

To determine the adequacy of Louisiana Public Health Institute (LPHI) internal controls over accounting and administrative systems and their capability to manage funds.

BACKGROUND

- ◆ HHS awarded Louisiana \$100 million for public and not-for-profit clinics that provide primary care to low-income and uninsured residents in the Greater New Orleans area. To help administer and oversee the grant, the State of Louisiana selected LPHI, a nonprofit organization.
- ◆ The final report is expected to be issued in FY 2008.

Recipient Capability Audit of the Louisiana Public Health Institute

OBJECTIVE

To determine whether state Medicaid agencies claimed Federal reimbursement for services in accordance with an approved Section 1115 demonstration waiver.

BACKGROUND

- ◆ The Deficit Reduction Act of 2005 authorized Federal funding for uncompensated care costs for medically necessary services and supplies provided to hurricane-affected individuals and evacuees. Under Section 1115 of the Social Security Act, Centers for Medicare and Medicaid Service (CMS) approved several states' requests for demonstration authority that allowed the states to reimburse providers that incurred uncompensated care costs.
- ◆ CMS authorized reimbursement for services provided from August 24, 2005, through January 31, 2006 to Katrina evacuees and affected individuals who did not have coverage under Medicare, Medicaid, the State Children's Health Insurance Program, private insurance, state-funded health insurance programs, or public or private hurricane relief efforts.
- ◆ Audits are currently being conducted in several states. Final reports are expected to be issued in FY 2008.

Centers for Medicare and Medicaid Service – Medicaid Payments for Evacuees

OBJECTIVE

To determine whether the state agencies claimed reimbursement for services provided to Katrina evacuees in accordance with their approved Section 1115 demonstrations.

BACKGROUND

The Deficit Reduction Act of 2005 authorized Federal funding for a state's share of health care costs for evacuees receiving medical assistance under the Medicaid program. An eligible state is defined as one that paid for care provided to affected individuals or evacuees under a Medicaid Section 1115 demonstration waiver.

Section 3.8 Department of Health and Human Services Audits, Inspections, and Other Reviews

(continued)

- ◆ CMS approved numerous requests for demonstration authority related to Hurricane Katrina and allowed states to provide the benefits included in their Medicaid plans to eligible evacuees for the period August 24, 2005 through June 30, 2006. CMS limited coverage under the Section 1115 demonstration to evacuees who were from specified counties and parishes in four states affected by the hurricane. Although the states were allowed to rely on evacuees' self-attestations of eligibility, they were required to verify residency and other eligibility factors to the greatest extent possible.
- ◆ Audits are currently being conducted in several states. Final reports are expected to be issued in FY 2008.

OBJECTIVE

To determine whether Medicare claims for Durable Medical Equipment (DME) on behalf of beneficiaries in hurricane-affected areas were:

- ◆ Adequately supported by documentation
- ◆ Properly billed
- ◆ Provided to beneficiaries

BACKGROUND

- ◆ DME is defined as a medical or other health service, and is covered under Part B of the Medicare program. DME is equipment that:
 - Can withstand repeated use.
 - Is primarily and customarily used to serve a medical purpose.
 - Is generally not useful to a person in the absence of an illness or injury.
 - Is appropriate for use in the home.
- ◆ DME includes equipment such as wheelchairs, power operated vehicles, hospital beds, walkers, and other medically needed items. DME is reimbursable by Medicare if the equipment:
 - Meets the definition of DME.
 - Is necessary and reasonable for the treatment of the patient's illness or injury, or to improve the functioning of his or her malformed body member.
 - Is used in the beneficiary's home.
- ◆ In addition to these requirements, a physician's order must be obtained on behalf of the beneficiary for the dispensed DME. Certain DME items also require a Certificate of Medical Necessity (CMN) from the treating physician.
- ◆ This work entails a series of reviews of DME suppliers that had Medicare-paid claims for DME provided to beneficiaries in hurricane-related areas.

Financial Status of Hospitals in the New Orleans Area

OBJECTIVE

To examine the financial status of hospitals in the New Orleans area in the aftermath of Hurricane Katrina including:

- ◆ Examine cost and revenue data to assess the needs of hospitals and options for policymakers as the area rebuilds its health care infrastructure.
- ◆ Review various expense data at selected hospitals. The department has played a central role in Katrina recovery efforts, including the funding of provider stabilization grants.
- ◆ Determine how the provider stabilization grants were distributed and used.
- ◆ Assess the implications for future funding.
- ◆ Perform various profitability analyses and analysis of the trends of costs and revenues.

BACKGROUND

Audits are ongoing. Final reports are expected to be issued in FY 2008.

INSPECTIONS

#OEI-07-06-00150

SUMMARY

- ◆ Objective:
 - To determine whether government purchase card purchases related to Hurricane Katrina complied with requirements for the use of the card.
 - To identify lessons learned from Hurricane Katrina purchases to assist in the administration of the government purchase card program during future emergency situations.
- ◆ Issues included:
 - 15% of purchases did not comply with requirements.
 - Cardholders had questions and concerns regarding some purchases.
 - Over half of cardholders expressed the need for additional written guidance regarding emergency purchasing procedures.
 - Hurricane Katrina purchase data contained inaccuracies.

RESULTS

Based on the recommendations made by HHS Office of Inspector General, the Assistant Secretary for Administration and Management (ASAM) has set a course of action to:

- ◆ Provide additional written guidance on emergency purchasing procedures.
- ◆ Require training on emergency purchasing procedures.
- ◆ Develop a tracking system for monitoring government purchase card use during emergency situations.

Section 3.8 Department of Health and Human Services Audits, Inspections, and Other Reviews

(continued)

- ◆ ASAM has addressed the first recommendation to provide additional written guidance on emergency purchasing procedures by issuing its draft Version 4.0 Purchase Card Guide and Quick Reference Guide.
- ◆ To address the remaining recommendations, ASAM is currently updating their training class to reflect Version 4.0 enhancements. Furthermore, they are exploring the feasibility of an automated, enterprise-wide purchase card system to be used in all situations, including emergencies.

#OEI-05-06-00140

SUMMARY

- ◆ HHS Office of Inspector General reviewed the services and payments made under Section 1115 Medicaid waivers for Katrina evacuees. HHS used Sections 1115 and 1135 waiver authorities to expand Medicaid coverage criteria to victims who resided in the Gulf Coast states, but may have been evacuated to various places around the United States.
- ◆ For the eight selected states, Medicaid paid \$716 million for medical services and prescription drugs under the hurricane-related demonstration projects. Nearly two-thirds – \$448 million – was paid for medical services. The remainder of \$268 million was paid for prescription drugs. Additionally, a greater percentage of evacuees received medical services and prescription drugs than nonevacuees. However, average payment per evacuee was less. About 85% of evacuees received either a medical service or a prescription drug compared to 52% of nonevacuees.
- ◆ Overall and in each state, the average total payment per evacuee was less than that per nonevacuee for medical services and prescription drugs. However, in a few specific categories, the average payment per evacuee exceeded that per nonevacuee by 50% or more.

RESULTS

- ◆ The final report analyzed outpatient and other medical services and prescription drugs provided under Medicaid Program waivers for eight states in the first two quarters of fiscal year 2006 following Hurricanes Katrina and Rita. A second compendium report provided a series of tables and figures examining Louisiana Medicaid payments and services related to the hurricanes.
- ◆ These reports provided aggregate-level analysis of services and payments made under Section 1115 Medicaid waivers for Katrina evacuees. The companion memorandum report provides (for both medical services and prescription drugs) overall descriptive information for total and average payments as well as by month, parish, eligibility category, and service type. The reports also provide information on the top 30 procedures and top 100 affected individuals, and providers by paid amount.
- ◆ No specific agency recommendations were made. However, further investigation may be warranted for those categories in which the average payment per evacuee exceeded that per nonevacuee by 50% or more.

Review of the Department of Health and Human Services Commissioned Corps' Response to Hurricanes Katrina and Rita.

#OEI-09-06-00030

SUMMARY

HHS Office of Inspector General found that although Commissioned Corps officers deployed to Hurricanes Katrina and Rita provided valuable services, the Corps could improve its response to public health emergencies. For example:

- ◆ More officers (especially nurses, mental health professionals, and dentists) were needed.
- ◆ Many officers lacked experience, effective training, and familiarity with response plans.
- ◆ Agencies were unwilling or unable to allow some officers to deploy.
- ◆ Logistical difficulties delayed the arrival of some personnel in the field. Most officers were equipped adequately, but some lacked working communications devices and other basic tools.
- ◆ Many officers personally incurred mission-related expenses and some were not reimbursed promptly. This could affect their ability to deploy to future public health emergencies.

RESULTS

The Assistant Secretary of Health agreed with the following recommendations, which are currently being addressed by the Corps. Specifically, it was recommended that the Corps:

- ◆ Institute more effective training for officers.
- ◆ Improve the system used to contact officers for deployment.
- ◆ Work with the Office of the ASPR, formerly the Office of Public Health Emergency Preparedness, to streamline deployment-related travel.
- ◆ Stagger deployments to ensure continuity of operations, and improve its ability to coordinate mission assignments and communications in the field.
- ◆ Ensure that all deployable officers have Federal government travel credit cards.

Section 3.9 National Aeronautics Space Administration Audits, Inspections, and Other Reviews

3.9

3.9 NASA Overview

One audit has been completed.

FINAL AUDIT

IG-07-018 July 5, 2007

SUMMARY

- ◆ Objective: To review and report on NASA's accounting for FEMA mission assignment funds for Hurricane Katrina disaster relief efforts.
- ◆ The review focused on funding authorizations of \$541,500 for four reimbursable mission assignments and \$12.6 million for an interagency agreement between FEMA and NASA.
- ◆ The audit determined that:
 - NASA properly accounted for funding related to the \$12.6 million interagency agreement.
 - NASA could improve accounting procedures for mission assignments. In two cases, the mission assignment accounting was proper. However, costs were improperly accounted for in the other two remaining mission assignments that incurred costs. Specifically:
 - Some costs were improperly classified for as direct costs.
 - Costs were not separately tracked.
 - Costs exceeded the funding authorization amount.

RESULTS

Management has created an action plan in response to the following recommendations:

- ◆ Ensure that headquarters project officers use reimbursable project work breakdown structure codes, rather than direct cost codes, to account for costs incurred in support of FEMA mission assignments.
- ◆ Ensure that headquarters and center project officers are aware of and comply with FEMA's mission assignment requirements to provide monthly progress reports that include cost and billing data.

Section 3.10 Small Business Administration Audits, Inspections, and Other Reviews

3.10

3.10 SBA Overview

Audits continue to be conducted in order to meet the following objectives:

- ◆ To assess partner agencies' use of 8(a) contractors.
- ◆ To determine whether expedited loan applications processes are effective and efficient
- ◆ To evaluate whether expedited loan disbursement processes are effective and efficient.

FINAL AUDITS AND REVIEWS

Borrower Acceptance of Disbursements

#07-20 April 17, 2007

SUMMARY

- ◆ This audit was the result of an employee complaint that Small Business Administration (SBA) disbursed disaster funds against the wishes of borrowers as part of an initiative to disburse 90,000 approved loans within 45 days. A cash incentive was offered to employees based on production.
- ◆ The number of instances identified did not reflect a widespread problem. Specifically, disbursements were received by seven borrowers who had no interest in obtaining assistance. All but one retained the mailed check. SBA reduced the returned loan balances accordingly.
- ◆ It was determined that any disbursements made contrary to borrower wishes are inappropriate as they financially encumber the borrowers and can affect access to credit elsewhere.
- ◆ Offering cash incentives to employees based solely on the volume of disbursements could lead to hasty decisions to meet production goals with little attention paid to quality customer service and adherence to legal requirements.

RESULTS

SBA agreed to implement the following audit recommendations:

- ◆ When addressing disbursement backlogs, borrowers who are undecided or have not been in recent contact should be contacted prior to the disbursement to determine whether disaster funds are still needed. All communications with potential borrowers should be documented in the Disaster Credit Management System.
- ◆ Performance goals and associated awards must be based on reasonable time frames that consider customer service and legal requirements. SBA added that they should also be based on numerical and quality standards.

Section 3.10 Small Business Administration Audits, Inspections, and Other Reviews

Audit of Securing Collateral for Disaster Loan Disbursements

#07-22 May 9, 2007

SUMMARY

- ◆ This audit was the result of an employee complaint that a campaign to reduce a backlog of undisbursed disaster loans had the following results:
 - Loan proceeds were disbursed without obtaining the required documentation.
 - Mortgage documents needed to record liens on property, serving as loan collateral, were destroyed. Office of Inspector General was unable to substantiate this allegation.
- ◆ SBA significantly reduced the backlog of undisbursed loans. However, in its haste, it did not properly secure interest in collateral on many of the loans. Approximately \$368 million in loan proceeds on more than 3,000 loans were released without perfecting the liens on property used as collateral or completing Uniform Commercial Code (UCC) filings.
- ◆ Additionally, checks from borrowers, for collateral recording and filing fees, could not be processed because they were too old to be accepted or contained incorrect information. For example, approximately 52% of a backlog of 4,970 unprocessed checks were over 90 days old and had to be replaced by the borrowers. Replacement checks had to be obtained before the collateral could be secured. Loan closers did not always follow-up on a timely basis with the borrowers, which created further delays in securing the collateral.

RESULTS

- ◆ SBA was responsive to the following audit recommendations:
 - Direct its Loan Processing Disbursement Center to perfect collateral on the 61 loans identified during the audit.
 - Review all loans associated with the backlog of checks to ensure that collateral on these was perfect.
- ◆ SBA perfected collateral on all but one of the 61 loans identified. The exception was a case where the relocation property did not include the disaster damaged collateral property. SBA is working with the borrower's Power of Attorney to secure the disaster damaged collateral property.
- ◆ Furthermore, SBA reduced the number of checks on hand. As of October 2007, 440 remained. A title check tracking and accountability system was implemented to more accurately record and monitor the status of in-house checks.

#07-24 May 10, 2007

SUMMARY

- ◆ Objectives:
 - To determine whether partnered agencies reported their 8(a) procurements to SBA according to the partnership agreements.
 - To determine whether SBA accepted the 8(a) contracts.
- ◆ A review was conducted of 60 8(a) contracts over \$1 million from the two largest Federal agencies procuring contracts for Gulf Coast reconstruction – DHS and DOD. SBA's database was searched to identify whether the 60 contracts were included. Inconsistencies were noted.

3.10

- ◆ The report noted that 31 of the 60 (52%) contracts awarded were either not reported to SBA or were reported but not entered into the information system that was used to service and monitor 8(a) firms and collect data on a nationwide level (SACS/MEDCOR). It could not be determined whether DHS and DOD properly offered the contracts and SBA properly accepted them.

RESULTS

SBA agreed with the audit recommendations. Partnership agreements were revised to include language requiring the procuring agencies to submit copies of contracts to SBA within 15 working days of the award.

#07-25 May 15, 2007

SUMMARY

- ◆ The SBA and HUD Offices of Inspector General conducted a joint review.
- ◆ Objective: To determine whether SBA loans that duplicated disaster benefits provided by Community Development Block Grants were properly identified and modified in accordance with provisions of the *Stafford Act*.
- ◆ The review assessed 56 grants from the Louisiana Road Home Program and 116 grants from the Mississippi Homeowner Assistance Grant Program.

RESULTS

SBA complied with the provisions of the *Stafford Act*.

#07-29 July 23, 2007

SUMMARY

- ◆ This audit was the result of an employee complaint that Quality Assurance Reviews (QAR) of individual loss verifications were inappropriately altered so that performance metrics would be met, as required under the A-76 process.
- ◆ QARs conducted for disaster loss verifications were altered to reduce the number of exceptions, allowing the Most Efficient Organization (MEO) to meet performance requirements.
- ◆ 72 of 246 QARs reviewed were materially altered. This lowered the MEO's exception rate for the 246 QARs from 4.8% to 0.6%. Copies of the original QARs were available from the complainants, but the originals could not be produced.

RESULTS

Based on audit recommendations SBA has:

- ◆ Taken steps to improve the QAR process,
- ◆ Performed a new QAR of the loss verification process, and
- ◆ Considered whether disciplinary action is required as a result of the finding that the QAR results had been altered.

Section 3.10 Small Business Administration Audits, Inspections, and Other Reviews

Cancellation of Approved Disaster Loans to Individuals and Businesses Affected by the Gulf Coast Hurricanes

#07-30 September 7, 2007

SUMMARY

- ◆ This audit was the result of an employee complaint that SBA unnecessarily canceled approved loans to meet production standards.
- ◆ As part of an effort to eliminate a backlog of undisbursed disaster assistance loans, SBA canceled 11,893 disaster loans during a two-week period in September 2006. Issues raised included:
 - Nearly 8,000 loans were canceled without sending borrowers a required 14-day letter notifying them of the pending cancellation and without speaking to them by phone.
 - The loans were canceled after only one attempt was made to speak to borrowers.
 - When borrowers could not be reached, their loans were canceled without advance notice. SBA's records were incorrectly annotated to show that the borrowers requested the cancellations.
 - SBA sent cancellation notices. However, in some cases, these stated that the borrowers had directed SBA to cancel their loans.
 - The cancellation placed borrowers in the position of having to request reinstatement or forego proceeds that would aid in disaster recovery.
- ◆ Some borrowers received loans even though they lacked repayment ability and should have been referred for FEMA grants. These individuals subsequently had their loans canceled. However, they could not apply for FEMA assistance because they had already been approved for an SBA loan. Consequently, these individuals received neither SBA loans nor FEMA grants.

RESULTS

SBA agreed to review canceled loans that should have been declined and refer them to FEMA for grant assistance as appropriate.

#07-34 September 28, 2007

SUMMARY

- ◆ In response to a backlog of loan applications, SBA instituted the Expedited Disaster Loan Program to accelerate the underwriting of disaster loans.
- ◆ The review found that 32% of the approved loans under the program were awarded to high-risk applicants who may not be able to repay their loans. Their value was estimated to be \$1.5 billion. These would not have been approved if they had been processed under standard loan processing procedures. In addition, had these borrowers been declined, SBA would have referred them to FEMA for possible grant assistance.

RESULTS

It was recommended that SBA identify those individuals who did not qualify for loans so that remedial action could be taken to refer ineligible borrowers to FEMA. The agency agreed to contact the maximum number of these borrowers and report its findings.

ONGOING AUDITS AND REVIEWS

Disaster Loss Verification Process

#7402

OBJECTIVE

- ◆ To determine whether the loss verification process is adequately designed to ensure that the cause and cost of damages are appropriately calculated.
- ◆ To determine whether SBA has exercised the proper level of oversight and provided adequate direction to verifiers to ensure that losses are adequately verified.
- ◆ To determine whether SBA has adequate safeguards over the hiring and screening of loss verifiers to prevent fraud and conflicts of interest.

BACKGROUND

- ◆ Loss verifiers are the only people who view damage caused by the disaster. They inspect properties to evaluate the extent and causes of the disaster-related damage and determine the repair or replacement costs.
- ◆ This process is subject to overstated or understated losses because loss verifiers may make erroneous evaluations or conspire with disaster victims to increase loan amounts in exchange for kickbacks.

Adequacy of Documents Supporting Disaster Loan Disbursements

#7405

OBJECTIVE

To determine whether loan closing requirements were circumvented during an expedited loan disbursement campaign in the fall of 2006. More specifically:

- ◆ To determine whether required documentation was obtained.
- ◆ To determine whether loan amounts were properly reduced by benefits that borrowers received from other sources.

BACKGROUND

- ◆ It was reported that SBA had disbursed \$368 million before perfecting liens used as loan collateral.
- ◆ It was previously disclosed that SBA did not properly secure collateral on a large number of loans. SBA may have circumvented other legal requirements during the campaign. This increased the risk of losses.

OBJECTIVE

#7409

- ◆ To determine whether SBA inappropriately withdrew loans prior to loan approval.
- ◆ To identify borrowers who had their loans withdrawn without their approval.
- ◆ To document borrower frustration with SBA in getting their loan applications approved.

Section 3.10 Small Business Administration Audits, Inspections, and Other Reviews

(continued)

BACKGROUND

- ◆ In order to meet daily production quotas and reduce the volume of undisbursed loans, it was alleged that SBA withdrew loans to applicants who were missing documents or who were difficult to contact.
- ◆ Applicants withdrew their loans out of frustration with SBA's unresponsiveness and excessive paperwork requirements.
- ◆ Consequently, disaster funds may not have been provided in a timely manner. This forced borrowers to find other sources of funding.

PLANNED AUDITS AND REVIEWS

Disaster Staffing and Mobilization

OBJECTIVE

- ◆ To determine whether SBA's staffing plans for servicing and liquidating the unprecedented loan volume resulting from the Gulf Coast hurricanes are adequate.
- ◆ To determine whether SBA's plan for managing future large-scale disasters is responsive to changing circumstances and scenarios.
- ◆ To determine whether SBA efficiently used staff at the Fort Worth Disaster Loan Processing Center during its expedited loan processing campaign.

BACKGROUND

- ◆ SBA delivered a National Disaster Response Plan on June 1, 2007.
- ◆ It identifies estimated staffing levels needed based on different disaster scenarios and SBA's strategies for responding. This includes long-range staffing needs (to service and liquidate the significant volume of approved loans associated with the Gulf Coast Hurricanes) and future planned response to large-scale disasters.

OBJECTIVE

To determine whether loan progress payments were adequately supported and made in accordance with SBA procedures.

BACKGROUND

The audit will focus on:

- ◆ Improper uses of disaster loan proceeds that merit recovery;
- ◆ Unsupported loan disbursements; and
- ◆ Improvements needed in the processing of loan disbursements.

Early-Defaulted Gulf Coast Disaster Loans

OBJECTIVE

To determine whether Gulf Coast hurricane disaster loans that failed within 18 months of the first loan payment received adequate screening and credit evaluation during the application process and were serviced in accordance with loan provisions and regulations. Focus will be on:

- ◆ Opportunities for monetary recoveries;
- ◆ Opportunities for improvements in origination and servicing processes; and
- ◆ Preparedness to handle the increased amount of early-default loans.

BACKGROUND

The creditworthiness of the borrowers could put a significant amount of Gulf Coast disaster funds at risk given the unprecedented amount of funds disbursed under expedited loan procedures.

OBJECTIVE

To determine the adequacy of SBA monitoring efforts to ensure that the financial status of borrowers has not deteriorated to levels that would adversely affect their repayment ability.

BACKGROUND

- ◆ SBA conducts a credit review of all loans that have not been fully disbursed within 12 months of the loan authorization date and annually thereafter until the loan is fully disbursed. A policy change extended the time period for credit reviews to 18 months for Gulf Coast Hurricane loans.
- ◆ A review must be made of the borrower's new credit report, updated financial statements, and appropriate IRS documents. If adverse changes occur, appropriate measures must be taken to cancel the loan.
- ◆ As of June 2007, there were 11,845 partially disbursed Gulf Coast Hurricane loans. Many of these were approaching or had surpassed the 18-month threshold for full disbursement.

Section 3.11 Social Security Administration Audits, Inspections, and Other Reviews

3.11

3.11 SSA Overview

One audit has been completed.

FINAL AUDIT

#A-06-06-26137 April 23, 2007

SUMMARY

- ◆ Objective:
 - To examine the process for identifying and collecting overpayments that resulted from duplicate payments issued during the storm recovery efforts.
 - To determine whether the Social Security Administration (SSA) adequately accounted for and safeguarded equipment and records disposed of after the storms.
- ◆ SSA responded to its beneficiaries' needs by issuing immediate payments to the individuals, as appropriate.
- ◆ Numerous SSA facilities, records, and computer equipment in the Atlanta and Dallas Regions were damaged by the floodwaters or contaminated and had to be destroyed. SSA worked with General Services Administration contractors in the destruction and disposal of 247 damaged computers and approximately 47,650 claimant files.

RESULTS

SSA Office of Inspector General found that SSA was proactive in ensuring benefits remained uninterrupted and diligently processed immediate payments. Additionally, policies and procedures in disposing of equipment and records were followed. However, SSA Office of Inspector General did identify concerns about the contracting process and final destruction of water-damaged records in the New Orleans area. While employees of the contracted vendor underwent background checks and picked up the records in the presence of SSA personnel, SSA Office of Inspector General found these records were ultimately destroyed by a third-party whose employees did not undergo the required background checks. Furthermore, SSA appeared to be unaware of the records being transferred for destruction.

Section 3.12 Department of the Treasury Audits, Inspections, and Other Reviews

3.12

- ◆ Results from a completed audit of the Office of the Comptroller of the Currency (OCC) this reporting period are in line with a completed audit of the Office of Thrift Supervision presented in the last SAR.
- ◆ There are no current ongoing audits or planned activity.

FINAL AUDIT

#OIG-07-038 May 25, 2007

SUMMARY

- ◆ Objectives:
 - To determine the preparedness of the OCC when addressing the needs of community banks and their customers during and immediately following Hurricanes Katrina and Rita.
 - To determine OCC's plans and abilities to assess and manage increased risk to community banks following emergencies.
- ◆ OCC could improve its procedures. Specifically, it could better address what important elements of financial condition of at-risk community banks should be documented and the timeframes for analyzing the effects of an emergency on the banks' financial condition. Additionally, OCC could improve its operational risk assessment of at-risk banks as OCC could not provide evidence of contact with all community banks in the affected areas.

RESULTS

The results of this audit were in line with that of a Treasury Office of Inspector General audit of the Office of Thrift Supervision discussed in the prior semiannual report. Specifically, OCC agreed to the following recommendations:

- ◆ Modify Emergency Event Procedures to incorporate its risk-based approach to supervision. OCC has modified its Southern District procedures to specify documentation of important elements of financial condition of at-risk banks in a consistent manner. Additionally, procedures now specify timeframes in which to analyze the effects on the banks' financial condition.
- ◆ Ensure OCC maintained alternative contact information for bank personnel.
- ◆ Develop a methodology to accurately and consistently identify banks that should be monitored during an emergency.

Section 3.13 Department of Veterans Affairs Audits, Inspections, and Other Reviews

3.13 VA Overview

One audit has been completed.

FINAL AUDIT

#06-02860-215 September 28, 2007

SUMMARY

- ◆ Objective: To determine whether actions taken by VA, in response to Hurricane Katrina, fulfilled its requirements as outlined in the National Response Plan (NRP) and VA's emergency preparedness plans.
- ◆ While VA's overall response was effective, actions taken by the Office of Operations, Security and Preparedness (OSP) needed strengthening in order to fulfill the department's requirements as outlined in the NRP. Specifically, interagency coordination between VA and FEMA needed to be improved in order to perform more effective oversight of the management of mission assignments. This resulted in:
 - Transitional housing not being provided to hurricane victims in a timely manner. VA identified 1,301 habitable properties in the continental United States inventory that were available for immediate occupancy. However, VA properties were not made available to disaster victims until four months after VA received a mission assignment for providing housing assistance to victims.
 - A significant portion of the available habitable properties were returned to the market and were not made available to hurricane victims.
- ◆ Additionally, actions taken by VA needed strengthening in order to fulfill the department's requirements as outlined in the emergency preparedness plans. Specifically, oversight needed to be improved in the management of Continuity of Operations Plans (COOP) in order to ensure that mission-critical functions could be carried out.
- ◆ The Office of OSP and Veterans Health Administration (VHA) manager attributed this to lack of oversight by OSP and 16 Veterans Integrated Service Network (VISN) managers. Because they did not include all essential functional elements in their COOPs, they did not mitigate risks associated with disaster recovery planning.
- ◆ Additionally, improvements identified in previous COOP exercises were not incorporated in the current plans which rendered them ineffective.

RESULTS

In order to improve management of VA's emergency preparedness, it was recommended that OSP develop the following:

- ◆ A definition of habitable housing that meets the requirements of the National Disaster Housing Strategy;
- ◆ Timeliness criteria and mechanisms to periodically test whether procedures can make transitional housing available to disaster victims in an effective, expedited, and efficient manner as required by the NRP;
- ◆ A list of habitable housing that meets FEMA criteria that is maintained on a regular basis;
- ◆ Timing for returning to the market habitable housing set aside for disaster victims;
- ◆ Mechanisms to provide oversight of housing support provided in the event of a disaster; and
- ◆ Site-specific emergency plans for VA facilities in accordance with Federal Preparedness Circular 65.

Section 4 | Investigations



4

Overview of Investigations

Purpose: To detail the investigations that are conducted when concerns arise regarding whether a law has been violated. Results as of September 30, 2007 are as follows:

Agency	Hotline Complaints	Cases Opened	Arrests	Indictments	Convictions
CNCS	3	4	-	-	-
DHS	16,090	1,846	738	726	443
DOC	2	1	-	-	-
DOD	9,664	13	1	-	4
DOE	2	-	-	-	-
DOI	1	1	-	-	-
DOJ	-	8	1	1	1
DOL	15	307	37	94	51
DOT	1	18	3	4	3
ED	1	1	-	-	-
EPA	12	9	-	-	-
GSA	-	3	-	-	-
HHS	8	20	10	8	7
HUD	266	198	86	86	60
NASA	-	12	5	2	-
SBA	20	51	26	29	22
SSA	29	57	53	46	38
TIGTA	-	6	1	1	1
TREAS	-	3	2	2	2
USDA	15	76	9	59	6
USPS	67	8	2	3	1
VA	-	-	-	-	-
TOTAL	26,196	2,642	974	1,061	639

Section 4 | Departmental Summaries of Investigations



4

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Section 4.1 Department of Homeland Security Investigations

4.1 DHS Overview

- ◆ DHS continues to participate in Hurricane Katrina Fraud Task Force activities to uncover fraudulent hurricane-related activities.
- ◆ As a result of Hurricanes Katrina and Rita, offices have been established in Baton Rouge, Louisiana; Biloxi, Mississippi; Mobile, Alabama; and Hattiesburg, Mississippi. These offices are staffed primarily with temporary investigators who are Cadre On-Call Response Employees or Disaster Assistance Employees.
- ◆ DHS continues to work with other departments and agencies to sustain these investigative efforts.

FEMA Establishes Fraud Prevention Unit and Finishes First Six-Month Reporting Period

- ◆ Collaborative efforts have continued with the FEMA Fraud Prevention Unit (FPU) located in Orlando, Florida, in the pursuit of investigating FEMA fraud. This component acts to prevent, deter, and prosecute acts of fraud committed against FEMA.
- ◆ The FPU and FEMA have a unique partnership that facilitates both criminal and administrative investigations. It also provides FEMA with a resource to which suspected incidents of fraud can be forwarded.
- ◆ The FPU semi-annual report detailed 195 cases in which more than \$3.9 million were prevented from disbursement and nearly half of a million dollars were forwarded for recoupment/restitution in partnership with the DHS Office of Inspector General.

Two FEMA Employees Plead Guilty to Filing False Claims for Disaster Assistance

- ◆ Two FEMA employees in Biloxi, Mississippi made false claims. One made a false claim that he owned and lived on a boat at a local marina. The second employee assisted the first by filling out false documentation and posing as the first employee's landlord to a FEMA inspector.
- ◆ As a result of this false claim, the subject was awarded \$25,562 in disaster assistance.
- ◆ The subjects were indicted by a Grand Jury on multiple counts of defrauding the government and arrested at their workplace without incident. After having entered guilty pleas, both were sentenced in Federal court. The subject who falsely claimed he owned and lived on a boat was sentenced to 12 months confinement, 36 months of probation, 70 hours of community service, and restitution to FEMA in the amount of \$25,562. The second subject was sentenced to five years of probation, 70 hours of community service, and restitution in the amount of \$21,052.

4.1

Ten Charged with Conspiring to File More than 70 Fraudulent FEMA Claims

- ◆ An investigation was conducted after receiving a referral from the Government Accountability Office (GAO) that an inmate received FEMA disaster assistance while incarcerated.
- ◆ The inmate and nine other individuals filed over 70 fraudulent FEMA claims. This resulted in payment of over \$90,000.
- ◆ Conspirators were indicted for: false, fictitious, or fraudulent claims; conversion for personal use public money, property, or records of the United States; and mail fraud.

- ◆ An investigation was conducted of a multistate counterfeit check ring operating out of Tulsa, Oklahoma. The computer-generated checks were presented as FEMA checks drawn from New Orleans banks. Bogus checks were passed throughout Texas, Oklahoma, Kansas, and Missouri.
- ◆ Thirteen individuals are suspected of passing approximately 75 counterfeit checks totaling nearly \$64,000.
- ◆ Eight suspects have been indicted. One defendant was arrested in St. Louis while in possession of 60 counterfeit checks.

- ◆ A joint investigation with the U.S. Secret Service resulted in a 39-count indictment. A hotel owner is accused of wire fraud and filing false claims totaling at least \$232,000 in connection with the disaster relief lodging programs for hurricane evacuees.
- ◆ Though a Federal magistrate initially concluded that the defendant was incompetent, a subsequent hearing found that the subject was competent to stand trial. A trial date has not yet been scheduled.

- ◆ Four FEMA employees devised a scheme involving the theft of air conditioning units from a FEMA storage site located in Baton Rouge, Louisiana. The men were arrested after they attempted to sell several of the air conditioning units to a DHS Office of Inspector General special agent who was working in an undercover capacity. All four subjects were armed with semi-automatic weapons.
- ◆ Three of the subjects appeared before U. S. District Court in Baton Rouge, Louisiana, for sentencing in violation of one count of Theft of Government Property. They were placed on five years of probation including three months of home detention.

Section 4.1 Department of Homeland Security Investigations

4.1

FEMA Overpayments of Housing Allowances

- ◆ FEMA made wrongful housing rental assistance payments to individuals who were living in travel trailers or rented hotel rooms. The investigation substantiated that over \$7.5 million was wrongfully paid to 438 assistance recipients.
- ◆ FEMA has sent recoupment letters to each of the recipients and an internal audit of the housing assistance program is being overseen.

Several Alabama Residents Responsible for Multiple False Claims

- ◆ Several individuals were involved in a conspiracy to defraud FEMA after Hurricane Katrina. The investigation resulted in a subject being indicted on 26 counts involving: filing of false claims for Hurricane Katrina disaster assistance; theft of funds intended for victims of Hurricane Katrina; threatening a witness from another Hurricane Katrina case; drug distribution; weapons charges; aggravated identity theft; and lying to Federal authorities.
- ◆ This subject was the ringleader of the organization. The subject assisted others in filing their claims and took a portion of the disaster funds received as a fee. Seven others were indicted for submitting false disaster claims. These investigations are ongoing. The potential loss of this conspiracy was over \$450,000 with an actual loss of approximately \$60,000 for this particular subject.
- ◆ A trial was held and the subject was convicted on 22 counts. Sentencing was scheduled for November 2007.

Multiagency Fraud Scheme in Long Beach, Mississippi

- ◆ A resident of Long Beach, Mississippi was the focus of a criminal investigation that resulted in the subject being indicted and arrested without incident. The subject submitted a false FEMA disaster assistance application claiming his primary residence had been severely damaged by Hurricane Katrina. In fact, the subject actually resided at another, undamaged Long Beach, Mississippi, home. The subject received approximately \$10,000 from FEMA as a result of his false disaster assistance application.
- ◆ The subject also provided SBA, USDA, and Mississippi state officials' similar false information in an attempt to obtain money and other benefits from their agencies.
- ◆ The subject was charged with: filing a false claim with FEMA; making false statements to representatives of the Mississippi Development Authority Grant Program, the Small Business Administration (SBA), the U.S. Department of Agriculture (USDA); theft of government funds; and wire fraud.
- ◆ The subject entered a guilty plea and is awaiting sentencing.

Section 4.2 Department of Defense Investigations

4.2

4.2 DOD Overview

As of September 30, 2007, the Defense Criminal Investigative Service (DCIS) has received 29 criminal allegations related to Hurricanes Katrina and Rita. DCIS is the criminal investigative arm of the DOD Office of Inspector General.

- ◆ In support of this effort, DCIS agents have initiated 13 investigations concerning bribery, kickbacks, false claims, and possible product substitution. During this reporting period two convictions were obtained. One case related to bribery on a New Orleans levee reconstruction project and the other on a previously reported bribery investigation involving debris removal. Four convictions have been adjudicated to date.
- ◆ DCIS attends monthly meetings of the Hurricane Katrina Fraud Task Force to brief other task force members on investigative efforts. DCIS also serves as the liaison between law enforcement and the Army Corps of Engineers. DCIS continues to assist the Task Force by reviewing in-coming complaints at the command center.

Section 4.3 Department of Housing and Urban Development Investigations

4.3 HUD Overview

- ◆ HUD funding for the hurricane rebuilding efforts is currently over \$16.7 billion.
- ◆ HUD Office of Inspector General has been responding to a large number of individual assistance fraud while concurrently preparing for significant potential contract fraud in the rebuilding and repair of cities and state infrastructure. The HUD Office of Inspector General Office of Investigations (OI) has 186 open cases nationwide related to hurricane fraud of HUD programs.
- ◆ The Gulf Coast Region continued to work closely with law enforcement partners at the Federal, state and local levels to identify and prevent fraud, waste, and abuse in Disaster Relief Funds. For example:
 - The Gulf Region successfully coordinated investigations with the U.S. Department of Justice (DOJ) Hurricane Katrina Fraud Task Force.
 - OI worked closely with the Office of Audit to monitor and track the HUD disaster funds from all HUD program areas to the Gulf States. This resulted in identifying possible fraud weaknesses and potential criminal and civil cases.
 - OI provided training, presentations, and outreach on HUD disaster recovery funding and investigative matters to Federal, state, and local prosecutors; law enforcement; and state agencies.
- ◆ Following the Attorney General’s policy of “zero tolerance” for Hurricane Katrina-related fraud, OI pursues all allegations of waste, fraud, and abuse in HUD’s Katrina-related benefit programs. OI law enforcement activities continue to make an impact.
- ◆ Long-term antifraud measures have been established by HUD Office of Inspector General to oversee the disbursement of disaster funds in the Gulf Coast. Fraud controls were established for homeowner assistance grants, based on recommendations by the HUD Office of Inspector General, and by state agencies in Louisiana, Mississippi, and Texas. These agencies worked closely with HUD Office of Inspector General to deter fraud and refer fraud to HUD Office of Inspector General.
- ◆ HUD Office of Inspector General has identified a significant need for a HUD disaster contractor database for law enforcement and audit intelligence to identify fraud. Currently, no single database tracks all contractors receiving funds from the \$16.7 billion in HUD CDBG disaster funds in the five Gulf Coast states. This is a special concern in the states of Mississippi and Louisiana, which receive 80% of the disaster funding. Reconstruction in these states is captured under the following program names: Infrastructure, Economic Development, Planning, Technical Assistance, and Public Housing. In order to maximize effectiveness, the database would capture:
 - Contractors awarded HUD funds by the states;
 - Their subcontractors;
 - Information from the Better Business Bureaus, Licensing Bureaus of the Gulf Coast states, and from the states where contractors are based; and
 - Links to all Federal agencies’ contractor data related to the disaster.

The results of some significant investigations are described in the following section. All of these HUD Office of Inspector General cases were conducted jointly with Federal, state, and local law enforcement agencies.

4.3

Jackson, Mississippi: Homeowner Assistance HUD-Grant Fraud Attempt to Obtain \$150,000 with False Claim and Receipt of \$24,937 in FEMA Aid

A female defendant pled guilty in U.S. District Court, Jackson, Mississippi, to making false statements and claims. She applied for and attempted to obtain \$150,000 of CDBG Disaster Recovery funds through Mississippi Development Authority (MDA) for hurricane damaged residential property, but the property damaged was not her primary residence. In addition, she fraudulently applied for and received \$24,937 of FEMA assistance.

Gulfport, Mississippi: Homeowner Assistance HUD-Grant Fraud, \$150,000 False Statement

A male defendant pled guilty in U.S. District Court, Gulfport, Mississippi, to making false statements and filing a false claim. He applied for and attempted to obtain \$150,000 of CDBG Disaster Recovery funds through MDA for hurricane damaged residential property, but the property damaged was not his primary residence.

Gulfport, Mississippi: Homeowner Assistance HUD-Grant Fraud, Theft of Government Funds

A male defendant pled guilty in U.S. District Court, Gulfport, Mississippi, to theft of government funds and making false statements. Charges against his wife were dismissed. He applied for and attempted to obtain \$150,000 of CDBG Disaster Recovery funds through MDA for hurricane damaged residential property, but the property damaged was not his primary residence. In addition, he fraudulently applied for and received \$12,107 of FEMA assistance.

Gulfport, Mississippi: Homeowner Assistance HUD-Grant Fraud Uses Address Other Than Primary Address

A male defendant was convicted in U.S. District Court, Gulfport, Mississippi, of theft of government funds. He applied for and attempted to obtain about \$108,136 of CDBG Disaster Recovery funds through MDA for hurricane damaged residential property, but the property damaged was not his primary residence.

Gulfport, Mississippi: Homeowner Assistance HUD-Grant Fraud Attempt to Obtain \$100,000

A female defendant pled guilty in U.S. District Court, Gulfport, Mississippi, to making false statements, filing false claims, and theft of government funds. She applied for and attempted to obtain \$100,000 in CDBG Disaster Recovery funds through MDA for hurricane damaged residential property, but the property damaged was not her primary residence. In addition, she fraudulently applied for and received \$5,200 of FEMA assistance.

Section 4.3 Department of Housing and Urban Development Investigations

4.3

Gulfport, Mississippi: Homeowner Assistance HUD-Grant Fraud, FEMA Fraud, SBA Fraud, and Fraudulent Applications

Family-related, male and female defendants each pled guilty in U.S. District Court, Gulfport, Mississippi, to making false statements and filing false claims. They applied for and attempted to obtain \$68,780 of CDBG Disaster Recovery funds through MDA for hurricane damaged residential property, but the property damaged was not their primary residence. In addition, they fraudulently applied for and received \$56,706 of FEMA and SBA assistance.

Gulfport, Mississippi: Homeowner Assistance HUD-Grant Fraud, FEMA Fraud, SBA Fraud, and Receipt of Unauthorized Funds

- ◆ A male defendant pled guilty in U.S. District Court, Gulfport, Mississippi, to theft of government funds, making false statements and filing a false claim, and unauthorized acquisition of food stamps. He agreed to forfeit \$52,918.
- ◆ He applied for and received \$35,413 of CDBG Disaster Recovery funds through MDA for hurricane damaged residential property, but the property damaged was not his primary residence. In addition, he fraudulently applied for and received \$17,505 of FEMA, SBA, or food stamp assistance.

Section 4.4 Department of Justice Investigations

4.4

4.4 DOJ Overview

Progress was made on two cases opened in prior reporting periods:

- ◆ One conviction was obtained. In August 2007, a Federal Bureau of Prisons senior correctional officer was convicted by a Federal jury of wire fraud, theft of public money, and making false statements in connection with the acquisition of a firearm. Sentencing was set for November 19, 2007.
- ◆ Another case, previously opened, remains under investigation.

FEMA Fraud by HUD Assisted Housing Tenants in Lafayette, Louisiana

On November 19, 2007, a former Federal Bureau of Prisons senior correctional officer was sentenced in the western district of Louisiana to 16 months incarceration and 36 months of supervised release pursuant to his conviction on theft of public money, wire fraud, and making false statements. The defendant also was ordered to pay FEMA \$22,540.81 in restitution, to pay a \$1,000 fine, and to perform 100 hours of community service. The defendant fraudulently claimed that he was a victim of Hurricane Katrina in order to receive funds and accepted assistance from FEMA for lodging and incidental expenses to which he was not entitled.

Section 4.5 Department of Labor Investigations

4.5

4.5 DOL Overview

Numerous investigations have resulted in the Department of Labor (DOL) detecting fraud, with restitution being made. The following three investigations are examples of these cases, two of which were joint investigations conducted with Immigration and Customs Enforcement (ICE), Social Security Administration (SSA), and the U.S. Postal Service (USPS).

Company Owner Charged for Davis Bacon Violations and Related Acts

- ◆ The owner of a construction company was charged with making false statements and hiring illegal aliens to work at a critical infrastructure construction site. Two of these sites include bridges destroyed by Hurricane Katrina and a retrofit of the Interstate 40 Bridge in Memphis, Tennessee. The company provides reinforced steel and installation services to major highway bridge construction projects.
- ◆ Many of the employees did not possess the requisite certifications to perform the tasks they were hired for, such as welding certifications; and the owner allegedly provided employees with unauthorized SSNs for employment.
- ◆ The owner was charged with falsifying DOL Certified Payroll forms and altering information on the I-9 Employee Eligibility Forms. This was a joint investigation conducted by ICE and SSA Offices of Inspector General.

Louisiana Man Sentenced for Hurricane Katrina Disaster Unemployment Assistance Fraud

- ◆ A Louisiana man schemed to defraud FEMA and the LDOL of Hurricane Katrina disaster relief money. He created a series of false names and false Social Security numbers. Then, he submitted 51 fraudulent applications for DUA.
- ◆ He was sentenced in July 2007 to 27 months of imprisonment, five years of supervised release, and ordered to pay \$39,835.08 in restitution. This was a joint investigation with the Social Security Administration Office of Inspector General and the U.S. Postal Inspection Service.

Hurricane Katrina Evacuee Pleads Guilty to Defrauding FEMA of \$44,000

A Hurricane Katrina evacuee pled guilty September 2007 to the theft of public money related to a scheme to defraud FEMA of approximately \$44,000 in DUA funds. She had temporarily resided in Dallas following the evacuation of New Orleans. She used identities she possessed from a previous identity broker scheme.

Section 4.6 Department of Education Investigations

4.6

4.6 ED Overview

The Office of Inspector General has an ongoing investigation concerning the possible use of *Hurricane Education Recovery Act* funds in postsecondary education construction contracts. At this time, the potential loss in this matter has not been determined.

Section 4.7 Environmental Protection Agency Investigations

4.7

4.7 EPA Overview

- ◆ Environmental Protection Agency (EPA) investigations have resulted in detecting fraud and false claims.
- ◆ Two investigations are active.

EPA Subcontract Employees Were Arrested for Looting Instead of Performing Duties Required – Potential for False Claims

- ◆ EPA subcontract employees were arrested for looting instead of performing duties required under their contract. The investigation found that none of the employees' time spent looting had been charged to the EPA under the sub-contract.
- ◆ The employees were terminated from employment. They received a "Notice of Suspension" from federal procurement activities.
- ◆ Prosecution in this matter was declined by the New Orleans Parish District Attorney's Office and the U.S. Attorney's Office, Eastern District of Louisiana. The investigation is continuing and pending debarment proceedings.

Fraudulent Scheme of an Individual Purporting to be an EPA Employee

- ◆ An individual, purporting to be an EPA employee, was directing property owners in New Orleans to purchase large, \$1,500 dumpsters under the guise that EPA would reimburse them for the purchase.
- ◆ One of the subjects in this case received a Cease and Desist Order from the Office of Counsel to the Inspector General.
- ◆ The investigation is continuing.

Section 4.8 Department of Health and Human Services Investigations

4.8

4.8 HHS Overview

- ◆ Since September 2005, HHS Office of Inspector General has opened 20 investigations that address issues such as:
 - Allegations of health care fraud including individuals fraudulently obtaining benefits based upon false information;
 - Poor quality of care and patient abandonment; and
 - Circumstances surrounding the deaths of nursing home residents and hospital patients.
- ◆ In addition to conducting investigations, HHS Office of Inspector General:
 - Continues to participate in the monthly Hurricane Katrina Fraud Task Force meetings; and
 - Monitors CDC's contracts for services and HHS' patient movement support task orders for potential criminal activity
- ◆ Over the past six months, HHS Office of Inspector General investigations have resulted in the sentencing of four individuals for charges related to the filing of false statements to obtain disaster relief.

Section 4.9 Small Business Administration Investigations

4.9

4.9 SBA Overview

- ◆ SBA is collaboratively working with the Hurricane Katrina Fraud Task Force to investigate allegations of:
 - Unauthorized use of loan proceeds,
 - Overstatement of financial losses,
 - Material false statements in the application process,
 - False/counterfeit supporting documentation, and
 - False assertions regarding primary residency in affected areas at the time of the disaster.
- ◆ There are several proactive projects to identify criminal misconduct by disaster borrowers. These include:
 - Checking the accuracy and completeness of self-reported criminal histories of loan applicants,
 - Analyzing agency financial data to identify and predict possible fraud,
 - Coordinating with HUD Office of Inspector General and state police insurance fraud units to detect potential duplicate payments, and
 - Working with HUD Office of Inspector General and DHS Office of Inspector General to determine whether SBA applicants actually resided in the areas affected by the 2005 Gulf Coast hurricanes.
- ◆ In addition, SBA provided disaster fraud awareness briefings to over 250 law enforcement members and bank security officers.

Impersonation of SBA Employee

- ◆ A certified public accountant was indicted for impersonating an SBA employee and falsely representing that SBA disaster loans had been approved and committed for her business partner.
- ◆ The investigative efforts prevented all monies from being disbursed. Only \$5,000 of the aggregate \$3 million in applied-for loans was disbursed.

False Claim of Residency

- ◆ In an attempt to fraudulently receive disaster assistance benefits, an individual falsely represented the address of his primary residence on disaster assistance applications filed with SBA Office of Inspector General, DHS Office of Inspector General, USDA, and the Mississippi State Auditor's Office.
- ◆ The individual was sentenced to five months in prison, five months of home confinement, two years of supervised release, and ordered to pay \$20,011 in restitution plus a \$3,000 fine.

Section 4.10 Social Security Administration Investigations

4.10

4.10 SSA Overview

SSA Office of Inspector General investigations have resulted in detecting and stopping cases involving: false claims, fraudulent claims, misuse of Social Security Numbers (SSNs), and mail fraud.

Social Security Numbers Belonging to Unknowing Individuals Used to File 103 Fraudulent Claims

- ◆ The Hurricane Fraud Task Force in Houston, Texas, conducted an investigation of a group of individuals who conspired to obtain disaster assistance after Hurricanes Katrina and Rita.
- ◆ The investigation revealed that during and after the hurricanes made landfall, the applicants resided in Harris County, Texas. Further investigation revealed that the group used SSNs assigned to other individuals to file 103 fraudulent claims requesting assistance for essential needs even though they were not affected.
- ◆ One of the co-conspirators pled guilty to conspiracy to present a false claim to FEMA. He was sentenced to six months of imprisonment, three years of probation and was ordered to pay restitution of \$6,000 to FEMA.

False Claim of Identity Results in Incarceration and Restitution

- ◆ SSA Office of Inspector General and members of the Hurricane Fraud Task Force (Houston, Texas) initiated investigations of two Houston residents for filing fraudulent FEMA applications for Hurricanes Katrina and Rita disaster payments.
- ◆ The two roommates filed a total of 39 fraudulent claims. Both filed their initial claims using their true identities. On the remaining claims, they used variations of their true name and SSNs belonging to other individuals. As both claimed to be in emergency need of food, clothing, and shelter FEMA issued and mailed a total of 24 expedited assistance checks in the amount of \$2,000 each. The investigations resulted in separate indictments charging both with mail fraud and aggravated identity theft.
- ◆ Both pled guilty to mail fraud. The first individual was sentenced to 24 months of incarceration, three years of supervised release, and ordered to pay restitution of \$28,000 to FEMA. The second was sentenced to 18 months of incarceration, three years of probation, and ordered to pay restitution of \$20,358 to FEMA.

Section 4.10 Social Security Administration Investigations

4.10

Individual Pleads Guilty to Theft of Government Funds

- ◆ Based on information received from the New York State Police, the SSA Office of Inspector General participated in a joint investigation with the United States Postal Inspection Service and United States Secret Service.
- ◆ The investigation revealed that a Supplemental Security Income (SSI) recipient filed several nonreceipts of her original SSI checks and FEMA disaster assistance checks related to Hurricane Katrina. From September 2005 through March 2006, the individual fraudulently applied for and received FEMA benefits to which she was not entitled. At the time Hurricane Katrina made landfall, the beneficiary was residing in Rochester, New York, and receiving public assistance from the Monroe County Department of Social Services.
- ◆ She pled guilty to theft of government funds. She was sentenced to four years of probation and ordered to pay restitution of \$18,810 to FEMA.

California Resident Fraudulently Receive FEMA Benefits

- ◆ SSA Office of Inspector General and DHS Office of Inspector General conducted a joint investigation of an individual who fraudulently applied for disaster assistance following Hurricane Katrina.
- ◆ The investigation revealed that the individual, who was receiving Social Security Income benefits in California, applied for disaster assistance using a New Orleans address that did not exist.
- ◆ He pled guilty to theft of government funds. He was sentenced to four years of probation and ordered to pay restitution of \$2,358 to FEMA.

SSA Employee Fraudulently Receives Benefits While Residing in California

- ◆ SSA Office of Inspector General and DHS Office of Inspector General conducted a joint investigation of an SSA Claims Assistant who fraudulently applied for disaster assistance following Hurricane Katrina.
- ◆ The employee reported a residential address in New Orleans, although she lived and worked in California. She admitted that she and her daughters received \$8,000 in FEMA assistance while living in California.
- ◆ The employee pleaded guilty to theft of government funds. She was sentenced to two years of probation, 138 hours of community service, and was ordered to pay restitution of \$8,000 to FEMA.

Section 4.11 Department of the Treasury Investigations

4.11

4.11 TREAS Overview

One joint investigation, conducted by Treasury Office of Inspector General and DHS Office of Inspector General, has been completed and turned over to the U.S. Attorney for determination. The case involves an individual who allegedly applied for disaster relief assistance on more than ten occasions. This included allegedly using several different social security numbers and addresses when submitting fraudulent applications for aid in the wake of several hurricane disasters.

Section 4.12 Department of Agriculture Investigations

4.12

4.12 USDA Overview

- ◆ USDA Office of Inspector General earned the Award for Excellence from the 2007 President's Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency. This award recognizes the efforts made as part of the Emergency Housing Assistance for Victims of Gulf Coast Region Hurricanes Audit Team.
- ◆ Progress continues regarding coordinating efforts related to Hurricanes Katrina and Rita investigations, disaster recovery, and information sharing. USDA Office of Inspector General continues to work largely with HUD and DHS groups in Washington DC, Mississippi, and Louisiana. Most investigative efforts involve determining the validity of disaster claims. For example, claims revealed that food stamp recipients used their Electronic Benefit Transfer (EBT) cards in stores located in areas other than the Gulf Coast. This indicated that their claims were fraudulent.
- ◆ Office of Inspector General investigators are participating in a nationwide procurement fraud task force that have partnered with local DOJ and Inspector General offices. This group will build on the substantial success of the Katrina Fraud Task Force in identifying cases of fraud. For example, a multiagency investigation is underway involving surety bond fraud. Surety bonds are one of the requirements necessary to obtain a government contract.

Mississippi Woman and Housemate Ordered to Repay More Than \$26,000 in Hurricane Katrina Fraud Scheme

- ◆ A Canton, Mississippi, woman and her housemate were sentenced for making false claims both to the Food and Nutrition Service (FNS) for EBT food stamps and to FEMA for alleging home damage from Hurricane Katrina. Both were food stamp recipients and claimed to live on the Mississippi Gulf Coast. However, both lived elsewhere and suffered no damage to their residence as a result of Hurricane Katrina.
- ◆ In June 2007, the woman was sentenced to serve three months in prison, followed by 36 months of probation, and ordered to pay \$24,052 in restitution. The housemate was sentenced to 36 months of probation, 40 hours of community service, and ordered to pay \$2,358 in restitution.
- ◆ This investigation was conducted jointly with the DHS Office of Inspector General.

Hurricane Katrina Investigation Results in Guilty Pleas for Two Mississippi Residents

- ◆ Two central Mississippi food stamp recipients were sentenced for food stamp fraud. They made false statements to FEMA. They certified that their home was located on the Mississippi Gulf Coast and destroyed by Hurricane Katrina when in fact it was located three hours north in Canton and received no damage.
- ◆ One individual was sentenced to 36 months of probation, 40 hours of community service, and ordered to pay \$2,000 in restitution. The other individual was sentenced to 36 months of probation, 40 hours of community service, and ordered to pay \$8,112 in restitution.
- ◆ This investigation was conducted jointly with DHS Office of Inspector General.

Section 4.13 United States Postal Service Investigations

4.13

4.13 USPS Overview

- ◆ The Office of Inspector General identified employees that appear to have received FEMA benefits to which entitlement was disallowed. In order to qualify for this benefit, it was necessary for the employee to have evacuated or to have been otherwise unable to remain in their residence due to damage from the disaster.
- ◆ The Office of Inspector General identified U.S. Postal Service employees in Louisiana who used fraudulent addresses in order to obtain FEMA benefits.

Section 4.13 United States Postal Service Investigations

Denham Springs, Louisiana: Fraudulent Activities by U.S. Postal Service Employee

- ◆ In September 2005, a U.S. Postal Service employee filed an application for FEMA benefits in which she reported her “Employee/Source of Income” as SSI, which was in the amount of \$698 per month in benefits for Chronic Renal Failure.
- ◆ She received \$2,000 in FEMA benefits.
- ◆ Typically, individuals diagnosed with this disease receive kidney dialysis treatment. The employee completed a medical history questionnaire indicating no acknowledgement of this serious and chronic disease.
- ◆ The employee’s name was cross-referenced with information contained in the Insurance Services Office (ISO) database, a comprehensive tool for storing and analyzing property and casualty insurance claim information. The employee’s medical questionnaire specifically asked applicants if they, or anyone acting on their behalf, had ever filed an injured-on-duty claim for a work related injury. A review of the medical history questionnaire completed by the employee revealed a negative response to this question.

Office of Inspector General: Investigation Exonerates Postal Employee

- ◆ A Baton Rouge letter carrier was identified as a possible fraudulent FEMA benefit claimant. According to postal records, the letter carrier resided in Baton Rouge when Hurricane Katrina made landfall on August 29, 2005. The claimant received \$4,358 in FEMA benefits.
- ◆ The investigation determined that the letter carrier had, in fact, moved from Baton Rouge to New Orleans on August 17, 12 days before Hurricane Katrina hit and was therefore entitled to the FEMA payment. The Office of Inspector General is able to close the investigation because it is unfounded.

Baton Rouge, Louisiana: U.S. Postal Service Employee Uses Address in Gretna, Louisiana to Receive FEMA Benefits

- ◆ A resident has allegedly used a fraudulent damaged address on her application for FEMA benefits in order to obtain \$4,358 to which she was not entitled. She is employed in Baton Rouge and was there prior to Hurricane Katrina.
- ◆ The resident used an address in Gretna, Louisiana as her primary address during Hurricane Katrina. Several other individuals also used this address.
- ◆ On August 15, 2007, this case was presented to the U.S. Attorney’s Office in the middle district of Louisiana for prosecution consideration.

Baton Rouge, Louisiana: U.S. Postal Service Employee Used Daughter's Address to Receive FEMA Benefits

- ◆ A District Operations Supervisor allegedly used a fraudulent damaged address on his application for FEMA benefits in order to obtain \$4,358 to which he was not entitled.
- ◆ It appeared that the Metairie, Louisiana address used to obtain FEMA benefits belonged to his daughter.

Baton Rouge, Louisiana: Six Individuals Use the Same Address to Receive Benefits

- ◆ A Louisiana resident used a fraudulent damaged address on her application for FEMA benefits in order to obtain \$2,000 to which she was not entitled. She is employed as a flat sorter machine operator in Baton Rouge, and was employed there prior to Hurricane Katrina as well.
- ◆ The resident used an address in New Orleans, Louisiana. In addition, five other individuals used the same address.

Baton Rouge, Louisiana: U.S. Postal Service Employee Used Fraudulent Damaged Addresses to Receive FEMA Benefits

Two Baton Rouge, Louisiana residents have allegedly used fraudulent damaged addresses on their applications for FEMA benefits in order to obtain \$2,000 in benefits to which entitlement was disallowed.

Section 5 | Gulf Coast Recovery Funding



Gulf Coast Recovery Funding Overview

In support of the response and recovery efforts following the 2005 Gulf Coast hurricanes, Congress passed the following emergency supplemental appropriation bills:

- ◆ **Emergency Supplemental Appropriations Act Public Law (PL) 109-61, September 2, 2005. One of the first two supplemental acts passed by Congress appropriating \$62.3 billion to meet immediate needs arising from the consequences of Hurricane Katrina, 2005.** In September 2005, Congress passed the first two supplemental acts (PL 109-61 and PL 109-62), appropriating \$60.0 billion to the Disaster Relief Fund (DRF), which is managed by FEMA and provides funding to other Federal agencies using mission assignments (MAs).
- ◆ **Second Emergency Supplemental Appropriations Act PL 109-62, September 8, 2005.** The second supplemental act passed by Congress to Meet Immediate Needs Arising from the Consequences of Hurricane Katrina, 2005.
- ◆ **Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act, 2006, PL 109-148, December 30, 2005.** This emergency supplemental act redirected \$29 billion of the previously approved \$62 billion. The funds were initially contained in the first two emergency supplemental acts. The reallocation was intended for economic development, restoration of Federal facilities, and tax relief. Although the third act initially appropriated \$28.6 billion, it also rescinded \$23.4 billion of the amount appropriated for the DRF in PL 109-62. The net increase in funding was \$5.2 billion and the net cumulative total over the first three supplemental acts was \$67.5 billion.
- ◆ **Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, PL 109-234, June 15, 2006.** In June 2006, the fourth Emergency Supplemental Act directed \$20 billion across a large number of Federal agencies including the Inspectors General for DHS, DOD, HUD, and USDA.
- ◆ **Emergency Supplemental Appropriations and Additional Supplemental Appropriations for Agricultural and Other Emergency Assistance for the fiscal year ending September 30, 2007, PL 110-28, May 25, 2007.** The initiative directed \$6.5 billion in additional appropriations to over ten agencies for disaster relief.
- ◆ **Department of Defense, 2nd Continuing Resolution, Appropriations for the Department of Defense for the fiscal year ending September 30, 2008, and for other purposes, PL 110-116, November 13, 2007.** This continuing resolution provided \$3 billion for the DRF for emergency requirements and necessary emergency needs.

Section 5 Gulf Coast Recovery Funding

Senate Budget Committee: Hurricane-Related Recovery Funding Summary

Enacted Supplemental Appropriations (\$ in billions)

<u>Legislation</u>	<u>Public Law</u>	<u>Amount</u>
Emergency Supplemental #1, H.R. 3645	109-61	\$10.500
Emergency Supplemental #2, H.R. 3673	109-62	51.800
Emergency Supplemental #3, H.R. 2863	109-148	5.237
Emergency Supplemental #4, H.R. 4939	109-234	19.336
Emergency Supplemental #5, H.R. 2206	110-28	6.527
Emergency Supplemental #6, H.R. 3222	110-116	3.000
TOTAL		\$96.400

Mandatory Spending/Tax Bills Enacted (\$ in billions)

<u>Legislation</u>	<u>Public Law</u>	<u>Amount</u>
Flood Insurance Borrowing Authority, H.R. 4133	109-106	\$15.000
Provisions of Tax Relief Act, S. 2020	109-148	7.768
Katrina Short-Term Tax Relief Bill, H.R. 3768	109-73	6.114
Flood Insurance Borrowing Authority, S. 2275	109-208	2.275
Provisions of Deficit Reduction Act, S. 1932	109-171	2.000
Flood Insurance Borrowing Authority, H.R. 3669	109-65	2.000
TANF Disaster Relief, H.R. 3672	109-68	0.294
UI Provisions of H.R. 3971	109-91	0.167
Redistribution of Campus Student Aid, H.R. 3863	109-86	0.036
Byrd Unemployment/HHS IG Amend. to H.R. 2863	109-148	0.019
Pell Grant Relief, H.R. 3169	109-66	0.002
Louisiana Highway Provisions of H.R. 3058	109-115	0.002
National Hurricane Center Provisions of H.R. 2862	109-108	0.001
Community Disaster Loan Act, S. 1858	109-88	0.000
SBA Disaster Loan Program H.R. 4745	109-174	0.000
Katrina Emergency Assistance Act, S. 1777	109-176	0.000
TOTAL		\$35.678
GRAND TOTAL		<u>\$132.078</u>

Source: U.S. Senate Budget Committee, November 30, 2007

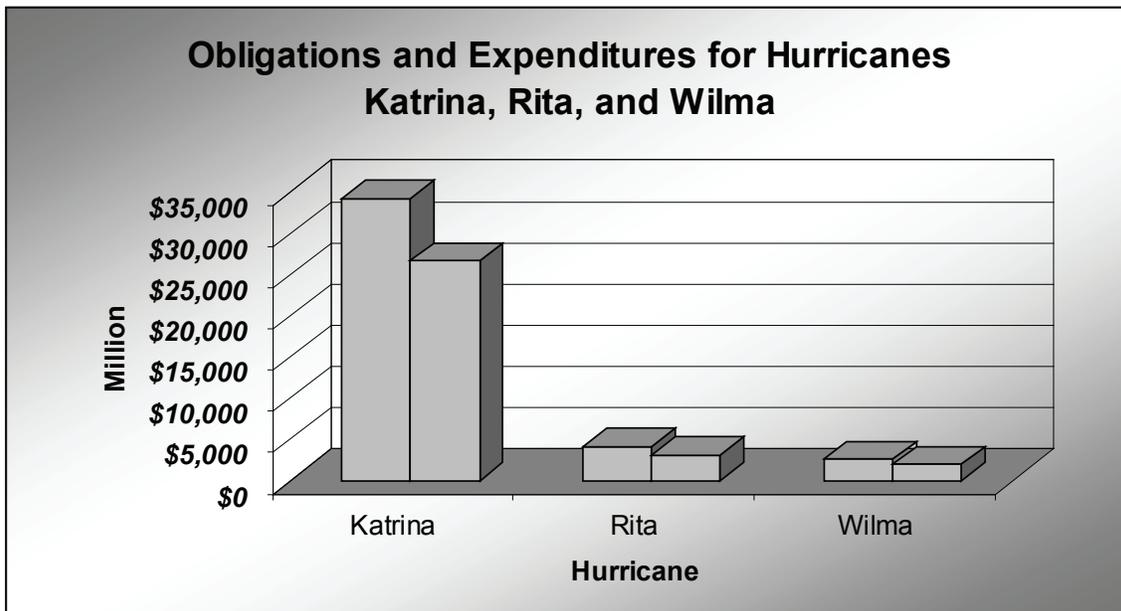
5

Current Status: Billions Obligated and Expended in Order to Continue Disaster Relief; Significant Amount Flows via Mission Assignments

- ◆ **Disaster Relief Fund (DRF):** FEMA'S DRF is the major source of Federal disaster recovery assistance. The DRF received an additional \$710 million with the May 25, 2007 Emergency Supplemental Act. In total, FEMA has obligated \$40.9 billion and \$31.6 billion has been expended.

Disaster Relief Fund Hurricanes Katrina, Rita, and Wilma Obligations and Expenditures (\$ in Millions)

	Katrina	Rita	Wilma	Total
Obligated	\$34,207	\$4,159	\$2,615	\$40,981
Expended	\$26,623	\$3,101	\$1,913	\$31,637



Source: FEMA's Congressional Monthly Report on the DRF dated October 5, 2007.

Section 5 Gulf Coast Recovery Funding

Obligations and Expenditures by Program Area for Hurricanes Katrina, Rita, and Wilma (\$ in Millions)

Program Area	Program Name	Obligations	Expenditures
1- Human Services	2503- Unemployment	\$438	\$438
	2504- Crisis Counseling	85	84
	2592- IA Contracts	642	497
	4149- Other Needs Assistance	2,228	2,224
	414X- Housing Assistance	5,338	5,332
	4152- Crisis Counseling-SCC	41	35
	4151- Other Needs Assistance	96	96
	Immediate Needs Assistance	1	1
	Manufactured Housing Assistance	7,393	6,541
	1-Human Services Total		\$16,262
2- Infrastructure	2594- PA Contracts	1,761	883
	416X- Public Assistance	10,577	6,298
2-Infrastructure Total		\$12,338	\$7,181
3- Mitigation	2593-HM Contracts	48	24
	4173-Hazard Mitigation	222	29
3-Mitigation Total		\$270	\$53
4-Operations	2507-Missions – TA	25	10
	2508-Missions – DFA	5,246	3,897
4-Operations Total		\$5,271	\$3,907
5-Administration	11XX -Salaries & Benefits	809	809
	21XX -Travel	326	318
	22XX - Transportation	59	49
	23XX- Rent, Comm Utilities	357	304
	24XX Print & Repro	7	4
	2501- Missions -FOS	2,119	1,203
	25XX- Other Services	2,198	1,730
	26XX- Supplies & Materials	643	562
	31XX – Equipment	210	204
	32XX- Land & Structures	10	10
	4101- Urban Search & Rescue	102	55
5- Administration Total		\$6,840	\$5,248
Grand Total		\$40,981	\$31,637

Source: FEMA's Congressional Monthly Report on the DRF dated October 5, 2007

Obligations and Expenditures by Program Area for Hurricanes Katrina, Rita, and Wilma

Through Mission Assignments (MAs), FEMA tasks and reimburses other Federal agencies for providing services under the *Stafford Act*. There are three categories of mission assignments.

1. Technical Assistance (TA) where other Federal agencies provide expertise to states; 100% of this assistance is Federally funded and there is no state cost share.
2. Direct Federal Assistance (DFA) where the state requests the assistance; the assistance is subject to state cost share (unless waived in response time frame) and goods and services are provided to the state to save lives and protect property.
3. Federal Operations Support (FOS) where 100% of the assistance is Federally funded; there is no state cost share; and there is “Fed-to-Fed” field operations support. This category reflects agreements with Federal agencies to perform services such as providing search and rescue operations; providing health and medical support; assisting with disease prevention and control; transporting disaster victims; and delivering food, water and other essential commodities to disaster victims.

The following is a breakdown of MAs executed for the top ten departments and agencies receiving funding for 2005 Hurricane Recovery:

Mission Assignment Obligations for 2005 Hurricane Declarations (\$ in Millions)

Department or Agency	Obligation
USACE	\$4,441
DOD	655
DOT	527
USFS	365
EPA	326
HHS	246
FPS	231
USCG	199
HUD	71
GSA	83
Other Agencies	245
Total	\$7,389

Source: FEMA's Congressional Monthly Report on the DRF dated October 5, 2007

Appendix





Hurricane Katrina Fraud Task Force

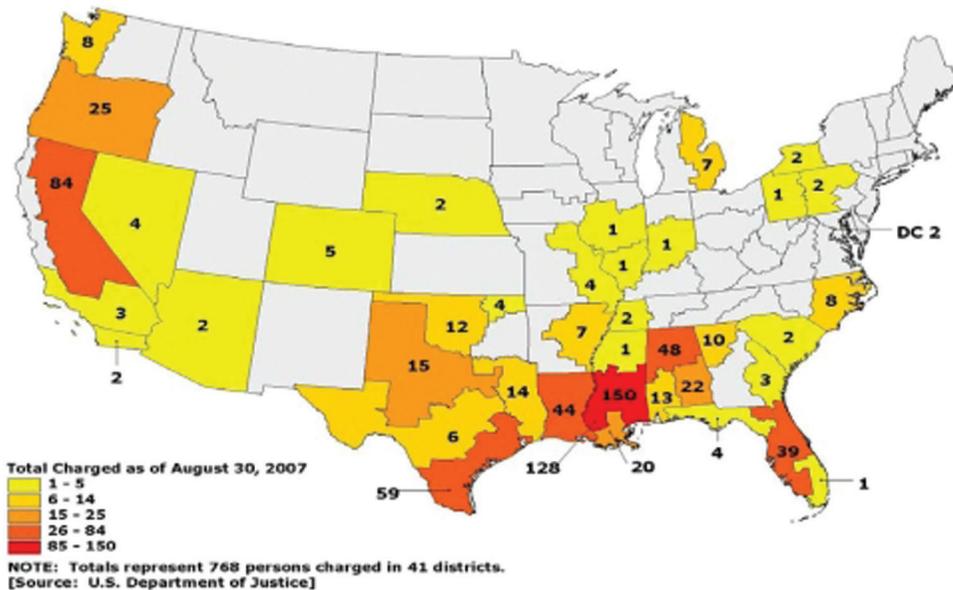
- ◆ On September 8, 2005, Attorney General Alberto Gonzales established the Task Force to deter, detect, and prosecute instances of fraud related to the Hurricane Katrina disaster. The Task Force was designed to combat all types of fraud relating to Hurricane Katrina and its aftermath, with an initial emphasis on charity fraud, identity theft, insurance fraud, and procurement and government-benefit fraud. The following organizations are members of the Task Force:

The Criminal Division of the Department of Justice	United States Attorney's Offices	The Federal Bureau of Investigation
The United States Postal Inspection Service	The United States Secret Service	The Federal Trade Commission
Securities and Exchange Commission	Federal Inspectors General	Various State and Local Law Enforcement Representatives
The Executive Office for United States Attorneys	United States Attorneys' Offices in the Gulf Coast region and throughout the country	The Antitrust Division of the Department of Justice
The Civil Division of the Department of Justice	The Internal Revenue Service Criminal Investigation Division	The Department of Homeland Security

- ◆ The Task Force is combating all types of fraud relating to private-sector and government efforts to help victims of Hurricanes Katrina, Rita, and Wilma to rebuild their lives and their communities. The Task Force will adapt to combat whatever fraudulent schemes criminals may create to exploit the hurricanes' effects on the Gulf Coast region. The principal types of fraud on which the Task Force is now concentrating include:
 - Government-Contract and Procurement Fraud
 - Public Corruption
 - Government- and Private-Sector Benefit Fraud
 - Identity Theft

Hurricane Katrina Fraud Task Force Accomplishments and Reporting Procedures

- ◆ As of August 30, 2007, the Task Force has prosecuted more than 768 individuals in 41 federal judicial districts throughout the country, and additional state and local prosecutions for disaster-related fraud have been brought. Investigative agencies and federal Inspectors General have continued to work in close cooperation and coordination on hurricane-related investigations, including through the Task Force's Joint Command Center.



- ◆ Annually the Task Force publishes a report on the accomplishments achieved. The report in its entirety can be viewed at the following address:
 - http://www.usdoj.gov/katrina/Katrina_Fraud/docs/09-04-07AG2ndyrprogrpt.pdf

Appendix



Report Contributors

Agency	Inspector General Name and Address	Telephone	Hotline	Website
DHS	Richard L. Skinner 245 Murray Drive, SW Washington, DC 20528	202.254.4100	800.323.8603	www.dhs.gov/xoig/
DOC	Elizabeth Barlow (Acting) 14th and Constitution Avenue, NW HCHB 7898-C Washington, DC 20230	202.482.4661	202.482.2495 800.424.5197 800.854.8407 (hearing impaired)	www.oig.doc.gov/oig
DOD	Claude Kicklighter 400 Army Navy Drive Arlington, VA 22202	703.604.8300	703.604.8569 800.424.9098 www.dodig.mil/HOTLINE/fwa-compl.htm	www.dodig.mil
DOE	Gregory H. Friedman 1000 Independence Avenue, SW Washington, DC 20585	202.586.4393	202.586.4073 800.541.1625 www.ig.energy.gov/hotline.htm	www.ig.energy.gov
DOI	Earl E. Devaney 1849 C Street, NW Washington, DC 20240	202.208.5745	800.424.5081	www.doioig.gov
DOJ	Glenn A. Fine 950 Pennsylvania Avenue, NW Room 4706 Washington, DC 20530	202.514.3435	800.869.4499 oig.hotline@usdoj.gov	www.usdoj.gov/oig
DOL	Gordon S. Heddell 200 Constitution Avenue, NW Room S 5502 Washington, DC 20210	202.693.5100	202.693.6999 800.347.3756	www.oig.dol.gov
DOT	Calvin L. Scovel III 400 7th Street, SW Room 9210 Washington, DC 20590	202.366.1959	202.366.1461 800.424.9071	www.oig.dot.gov

Appendix

Report Contributors (Continued)

Agency	Inspector General Name and Address	Telephone	Hotline	Website
VA	George Opfer 810 Vermont Avenue, NW Washington, DC 20420	202.565.8620	800.488.8244 vaoig.hotline @forum.va.gov	www.va.gov/oig
ED	John P. Higgins, Jr. 400 Maryland Avenue, SW Washington, DC 20202	202.245.6900	800.MIS.USED (or 800.647.8733) OIG.hotline@ed.gov	www.ed.gov/about/offices/ list/oig
EPA	Bill A. Roderick (Deputy) 1200 Pennsylvania Avenue, NW Mail code 2410T Washington, DC 20460	202.566.0847	202.566.2476 888.546.8740 OIG_hotline@epa.gov	www.epa.gov/oig
GSA	Brian D. Miller 18th and F Streets, NW Washington, DC 20405	202.501.0450	202.501.1780 800.424.5210	www.gsa.gov/ inspectorgeneral
HHS	Daniel Levinson 330 Independence Avenue, SW Room 5250 Washington, DC 20201	202.619.3148	800.447.8477 Hotline@oig.hhs.gov	www.hhs.gov
HUD	Kenneth M. Donohue 451 Seventh Street, SW Washington, DC 20410	202.708.0430	800.347.3735	www.hud.gov/offices/oig
NASA	Robert W. Cobb 300 E Street, NW Room 8V19 Washington, DC 20546	202.358.1220	800.424.9183	www.nasa.gov http://oig.nasa.gov/ cyberhotline.html
SBA	Eric M. Thorson 409 Third Street, SW Washington, DC 20416	202.205.6586	800.767.0385	www.sba.gov/IG



Report Contributors (Continued)

Agency	Inspector General Name and Address	Telephone	Hotline	Website
SSA	Patrick P. O'Carroll, Jr Room 300 Altmeyer Building 6401 Security Boulevard Baltimore, MD 21235	410.966.8385	800.269.0271	www.ssa.gov/oig
TIGTA	J. Russell George 1125 15th Street, NW Washington, DC 20005	202.622.6500	800.366.4484	www.treas.gov/tigta
TREAS	Dennis Schindel (Acting) 1500 Pennsylvania Avenue, NW Washington, DC 20220	202.622.1090	800.359.3898	www.treas.gov/inspector-general
USDA	Phyllis K. Fong 1400 Independence Avenue, SW Room 117-W Jamie L. Whitten Building Washington, DC 20250	202.720.8001	202.690.1622 800.424.9121 202.690.1202 (hearing impaired)	www.usda.gov/oig
USPS	David C. Williams 1735 North Lynn Street Arlington, VA 22209-2020	703.248.2300	888.877.7644	www.uspsoig.gov

Appendix



Other Useful Websites

Alabama Department of Economic and Community Affairs http://www.adeca.alabama.gov
Department of Education – Hurricane Help for Schools http://Hurricanehelpforschools.gov/index.html
Department of Housing and Urban Development Office of Inspector General http://www.hud.gov/offices/oig/hotline/index.cfm
Department of Justice Hurricane Katrina Fraud Task Force http://www.usdoj.gov/katrina/Katrina_Fraud
Department of Transportation Roadway Information Related to Hurricanes Rita and Katrina http://www.fhwa.dot.gov/trafficinfo/katrina.htm
Department of Transportation: Status of Transportation-Related Recovery Efforts http://www.nhtsa.dot.gov/USDOTReliefSite
Environmental Protection Agency Disaster Response http://www.epa.gov/katrina/index.html
Federal Bureau of Investigations Hurricanes Katrina and Rita Information Page http://www.fbi.gov/katrina.htm#vgn-hurricane-katrina-fraud-task-force-vgn
Florida: Department of Community Affairs http://www.floridacommunitydevelopment.org
Hurricane Contracting Information Center – Department of Commerce http://www.rebuildingthegulfcoast.gov
Louisiana Rebuilds: Non-Partisan, Public-Private Partnership for LA Residents Affected by Hurricanes Katrina and Rita http://www.louisianarebuilds.info/
Louisiana Recovery Authority http://www.lra.louisiana.gov
Louisiana Recovery Authority: Louisiana Long Term Recovery Planning http://www.louisianaspeaks.org
Mississippi Development Authority http://www.mshomehelp.gov
Mississippi: Hurricane Katrina Homeowner’s Grant Program http://www.mshomehelp.gov
President’s Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency: Hurricane Relief Oversight http://www.ignet.gov/pande/hsr1.html#relief
President’s Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency http://www.ignet.gov/pande/hsr/oigplanoverview.pdf
Small Business Administration Office of Inspector General http://www.sba.gov/ig
Small Business Administration: Disaster Recovery http://www.sba.gov/disaster_recov/index.html
State of Louisiana: Hurricane Information http://katrina.louisiana.gov/
Texas: Department of Housing and Community Affairs http://www.tdhca.state.tx.us
White House Hurricanes Recovery, Rebuilding the Gulf Coast Region http://www.whitehouse.gov/infocus/hurricane

Acronyms and Definitions

ACBIS	Army Contracting Business Intelligence System
ALSDE	Alabama State Department of Education
ARC	American Red Cross
ASAM	Assistant Secretary for Administration and Management
ASPR	Assistant Secretary of Preparedness and Response
BOR	Board of Regents
CCC	Commodity Credit Corporation
CCP	Crisis Counseling Program
CDBG	Community Development Block Grant
CMN	Certificate of Medical Necessity
CMS	Centers for Medicare and Medicaid Service
COOP	Continuity of Operations Plans
COTR	Contracting Officer Technical Representative
CPD	Community Planning and Development
DAO	Disaster Assistance Oversight
DCIS	Defense Criminal Investigative Service
DFSP	Disaster Food Stamp Program
DHS	Department of Homeland Security
DME	Durable Medical Equipment
DoD	Department of Defense
DOJ	Department of Justice
DOL	Department of Labor
DRF	Disaster Relief Fund
DROD	Disaster Relief Oversight Division
DUA	Disaster Unemployment Assistance
DVP	Disaster Voucher Program
EBT	Electronic Benefit Transfer
ECIE	Executive Council on Integrity and Efficiency
ECP	Emergency Conservation Program
ED	Department of Education
EDS	Emergency Disaster Services
EFCRP	Emergency Forestry Conservation Reserve Program
EFT	Electronic Fund Transfer eNEMIS
EIA	Emergency Impact Aid
EPA	Environmental Protection Agency
EWP	Emergency Watershed Protection Program
FAA	Federal Aviation Administration
FAR	Federal Acquisition Regulations
FBI	Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency
FHA	Federal Housing Administration
FHWA	Federal Highway Administration

Appendix

Acronyms and Definitions (continued)

FMAG	Fire Management Assistance Grant
FNS	Food and Nutrition Service
FPDS-NG	Federal Procurement Data System – Next Generation
FPS	Federal Protective Service
FPU	Fraud Prevention Unit
FS	Forest Service
FSA	Farm Service Agency
GAO	Government Accountability Office
GSA	General Services Administration
HANO	Housing Authority of New Orleans
HCV	Housing Choice Vouchers
HERA	Hurricane Education Recovery Act
HHS	Department of Health and Human Services
HKFTF	Hurricane Katrina Fraud Task Force
HMGP	Hazard Mitigation Grant Program
HUD	Department of Housing and Urban Development
IG	Inspector General
ISO	Insurance Services Office
IT	Information Technology
JFO	Joint Field Office
KDHAP/DUP	Katrina Disaster Housing Assistance Program/Disaster Voucher Program
LDE	Louisiana Department of Education
LDOL	Louisiana Department of Labor
LEA	Local Education Agencies
LPHI	Louisiana Public Health Institute's
LWIA	Local Workforce Investment Area
MDA	Mississippi Development Authority
MDES	Mississippi Department of Employment Services
MEO	Most Efficient Organization
MSC	Military Sealift Command
NASA	National Aeronautics and Space Administration
NDNH	National Directory of New Hires
NEG	National Emergency Grants
NEMIS	National Emergency Management Information System
NFIP	National Flood Insurance Program
NPSC	National Processing Service Centers
NRCS	Natural Resources Conservation Services
NRP	National Response Plan
OCC	Office of the Comptroller of the Currency
ODA	Office of Disaster Assistance
OES	Office of Emergency Services



D

Acronyms and Definitions (continued)

OI	Office of Investigations
OIG	Office of Inspector General
OMB	Office of Management and Budget
OSP	Office of Operations, Security, and Preparedness
OTS	Office of Thrift Supervisor
PA	Public Assistance
PBS	Public Buildings Service
PCIE	President’s Council on Integrity and Efficiency
PDA	Presidentially-Declared Disaster Areas
PDD	Presidentially-Declared-Disaster
PDM	Pre-Disaster Mitigation
PHA	Public Housing Agency
POE	Proof of Employment
POTW	Publicly Owned Treatment Works
PSE	Public Service Employment
QAR	Quality Assurance Reviews
REO	Real Estate Owned
RHF	Replacement Housing Factor
RHS	Rural Housing Service
RMP	Risk Management Plan
SAR	Suspicious Activity Report
SBA	Small Business Administration
SEA	State Education Agency
SFH	Single Family Housing
SSA	Social Security Administration
SSI	Social Security Income
SSN	Social Security Number
TAC	Technical Assistance Contract
TEA	Texas Education Agency
TEGL	Training and Employment Guidance Letter
TIGTA	Treasury Inspector General for Tax Administration
TOIG	United States Treasury Department Office of Inspector General
UCC	Uniform Commercial Code
UI	Unemployment Insurance
USACE	United States Army Corps of Engineers
USDA	United States Department of Agriculture
USNS	United States Naval Ship
VA	Veterans Affairs
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network
WBA	Weekly Benefit Amount
WYO	Write-Your-Own companies



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Cover - FEMA/Alberto Pillot

Empire, Louisiana, August 16, 2006 -- After one year the fishing community of Empire is recovering from Hurricane Katrina.

Report Overview - FEMA/Robert Kaufmann

Cameron, Louisiana, January 11, 2006 -- A shrimp boat works off shore of Cameron Beach. The fishing and oil industries continue to recover from Hurricane Rita. FEMA provides assistance to residents affected by the storm.

Executive Summary - View of the rebuilt levee

Baton Rouge, Louisiana, Spring 2007 -- View along the Inner Harbor Industrial Canal.

Audits, Inspections, and Other Reviews - FEMA/Jennifer Smits

Pass Christian, Mississippi, September 25, 2007 -- Construction workers install a sewer line in Pass Christian. The sewer is a \$7.5 million FEMA public assistance project.

Departmental Summaries of Audits, Inspections, and Other Reviews - FEMA/Mark Wolfe

Pascagoula, Mississippi, December 5, 2005 -- FEMA representative Helen Allen distributes the FEMA mitigation publication "Are You Ready" at a local home improvement store. FEMA encourages residents of Mississippi to rebuild smarter and stronger.

Investigations - FEMA/Mark Wolfe

Pass Christian, Mississippi, September 14, 2005 and August 16, 2006 -- The Pass Christian City Hall (top) was destroyed by Hurricane Katrina. Today (bottom) new Pass Christian Mayor Leo McDermott (left) speaks with FEMA representative Jody Correro outside of the FEMA provided temporary structure which houses the current Pass Christian City Hall.

Departmental Summaries of Investigations - Louisiana Cottages on the Way

Baton Rouge, Louisiana, September 7, 2007 -- The state of Louisiana will receive more than \$74 million for its Louisiana Cottage project, which will create over 400 homes in targeted neighborhoods across South Louisiana. The Louisiana project is one of five selected under the Department of Homeland Security's Federal Emergency Management Agency's (FEMA) Alternative Housing Pilot Program (AHPP), which has provided an opportunity and an avenue to explore new ideas for providing post-disaster housing to people in need.

Gulf Coast Recovery Funding - FEMA/Jennifer Smits

Biloxi, Mississippi, October 23, 2007 -- A construction crew removes an old piling from the Biloxi Small Craft Harbor. Once they have removed all of the pilings, the crew will begin to dredge the harbor as part of a FEMA-funded public assistance project.

Appendix - FEMA/Robert Kauffmann

Baton Rouge, Louisiana, May 24, 2006 -- This emergency communications unit called Rapidcom, which provides internet, phone and satellite use, is operating here at the Louisiana State Emergency Operations Center during a full-scale exercise to validate recently revised emergency procedures in preparation for the 2006 hurricane season. Rapidcom can be towed in on a small trailer or put in place by helicopter because of its portability and can operate on either propane or gasoline.

Additional Information and Copies

To obtain additional copies of this report, call the Department of Homeland Security Office of Inspector General (OIG) at (202) 254-4199, fax your request to (202) 254-4305, or visit the Department of Homeland Security OIG website at www.dhs.gov/oig or the President's Council on Integrity and Efficiency and the Executive Council on Integrity and Efficiency Homeland Security Roundtable website at <http://ignet.gov/pande/hsr1.html#relief>.

Hurricane Fraud Hotline

If you have knowledge of fraud, waste, abuse, or allegations of mismanagement involving hurricane operations, you can:

- CALL the Hurricane Fraud Hotline at (866)720-5721
- FAX the Hurricane Fraud Hotline at (225)334-4707
- EMAIL: HKFTF@leo.gov
- OR WRITE: Hurricane Katrina Fraud Task Force, Baton Rouge, LA 70821-4909

Calls can be made anonymously and confidentially.