



June 9, 2006

IMPROVING SAFEGUARDS IN THE DELIVERY OF FEMA ASSISTANCE PROGRAMS

During a disaster, the Department of Homeland Security's Federal Emergency Management Agency's (FEMA) highest priority is to get help quickly to those who so desperately need assistance. Even as we put victims first, FEMA recognizes the responsibility to be outstanding stewards of taxpayer dollars and is careful to make sure funds are distributed appropriately.

As with every disaster, FEMA conducted an internal review of the performance of its programs and policies in order to make them more effective. Due to the national significance that hurricanes Katrina and Rita presented, the Government Accounting Office (GAO) conducted a concurrent investigation, relying mostly on data pulled from FEMA's own reporting structure. FEMA welcomes the GAO input and has already taken steps to implement the GAO recommendations as we continue our efforts to improve our ability to serve disaster victims while limiting fraud and abuse.

For the hurricanes that hit the U.S. in 2005, FEMA took more than 3.2 million registrations and provided nearly \$7.3 billion to meet emergency needs. In the first month following Katrina, FEMA received more than 1.9 million registrations, surpassing the record 1.9 million total applications received throughout all of 2004. Through expedited assistance, FEMA was able to provide initial, immediate assistance to more than 75 percent of the households affected by Hurricane Katrina.

The huge numbers of people registering for assistance during the 2005 hurricane season gave way to some errors in FEMA processing of applicants. In addition, there were cases where individuals fraudulently misrepresented their eligibility and needs to obtain money meant for disaster victims.

The Individual and Households program provided much needed assistance to disaster victims under extraordinary circumstances. FEMA has made great strides over the past nine months in implementing safeguards and procedures to eliminate processing errors and fraudulent abuse.

- **MORE STRINGENT CONTROLS:** Since the 2005 hurricane season, FEMA has been proactively implementing more stringent controls concerning fraud and identity verification. Controls already implemented include:
 - Deployment in October 2005 of a new Internet registration application that disallows *any* duplicate registrations;
 - Adding identity proofing to the call center registration application in February 2006 so that *all* Individual and Households Program (IHP) registrations are subjected to the same stringent criteria that includes verification of social security numbers;

MORE STRINGENT CONTROLS continued:

- Amending automated scripts to ensure no scripted payments are sent to applicants who failed identity proofing;
 - Sending, via batch, all applications taken on the call center application from August 2005 until February 2006 to FEMA's data contractor for identity proofing to identify any potentially fraudulent applications;
 - Data-marking any applications in FEMA's database that fail identity proofing so they may be flagged for review and denied automated payment; and
 - Real-time interaction between the FEMA Service Representative and the applicant during registration to ensure that the data entered that resulted in a failed identity check is correct before accepting the application.
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- INFORMATION DATABASE: The following changes are being made to FEMA's processing software and have been made available for the start of the 2006 hurricane season:
 - No registration will be accepted when that registrant has the same SSN as another registrant in the same disaster
 - Verification of ownership and occupancy will be conducted through FEMA's data contractor during the registration process
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- EXPEDITED ASSISTANCE: Hurricanes Katrina and Rita presented FEMA with extraordinary circumstances, where it was critical to answer the call of hundreds of thousands of individuals who often had no identification, money or even clothes on their backs. In this instance, the Expedited Assistance (EA) program served as an appropriate tool to provide assistance to victims who had been displaced by the catastrophic event. Although there were problems within the EA program during the 2005 hurricane season, FEMA has already taken steps – and continue to do so – to limit waste, fraud and abuse should this program be used for future disasters including reducing the amount of assistance provided in this initial payment, and eliminating the use of debit cards.
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- RECOUPMENTS: Starting in March of 2006, FEMA began the review process to recoup any disaster relief money that was inappropriately awarded following the 2005 hurricane season, and as such has already recouped \$16.8 million. As part of its mission to maintain close oversight on the distribution of disaster assistance, FEMA performs detailed reviews of applications and awards, and where appropriate, notify individuals by letter about necessary repayments, payment plan options and the appeals process or refers cases of suspected fraud to the DHS Office of the Inspector General.