

GAO
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Highlights

Highlights of [GAO-09-671](#), a report to congressional committees

Why GAO Did This Study

GAO's previous work on Hurricanes Katrina and Rita identified fraud, waste, and abuse resulting from a lack of fraud-prevention controls within the Federal Emergency Management Agency's (FEMA) assistance programs. For example, FEMA did not verify the identities or addresses of individuals applying for aid under its Individuals and Households Program (IHP). FEMA also did not verify the eligibility of individuals seeking shelter in FEMA-paid-for hotels and made duplicate payments to individuals who applied multiple times. GAO made numerous recommendations designed to improve these controls.

To follow up on this work, GAO conducted undercover tests of the IHP process during the response to Hurricanes Gustav and Ike. This report discusses (1) whether FEMA's controls have improved since Katrina and Rita and (2) issues GAO identified related to the customer service that FEMA provided. GAO submitted bogus applications for disaster assistance, met with FEMA officials, and contacted actual disaster victims to determine their experiences applying for aid.

What GAO Recommends

GAO recommends that FEMA establish random checks to assess documents submitted to support IHP applications and assess customer service findings to make improvements for future hurricane seasons. FEMA concurred and agreed to implement these recommendations.

[View GAO-09-671 for key components.](#)

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HURRICANES GUSTAV AND IKE DISASTER ASSISTANCE

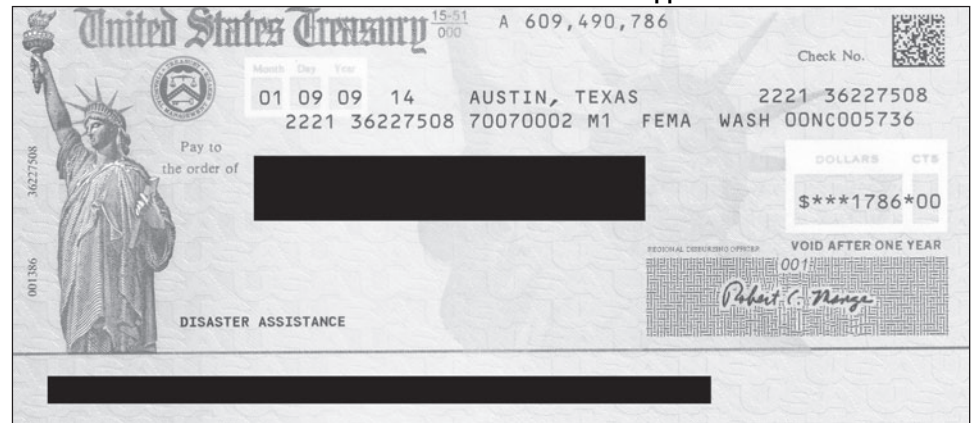
FEMA Strengthened Its Fraud Prevention Controls, but Customer Service Needs Improvement

What GAO Found

FEMA has significantly improved its fraud prevention controls over disaster assistance. For example, FEMA now conducts identity and address verification on all applications and requires inspections prior to approving rental assistance. In addition, FEMA requires individuals in need of housing assistance to provide valid registration numbers before checking into FEMA-paid-for hotels. FEMA has also taken steps to flag and cancel duplicate registrations for the same disaster. These improvements made it more difficult for GAO to penetrate IHP controls for Hurricanes Gustav and Ike—only 1 of 10 fraudulent applications submitted by GAO received cash payments.

However, GAO found flaws in FEMA's controls that still leave the government vulnerable to fraud, waste, and abuse. GAO's undercover tests show that a persistent fraudster can bypass many of these controls by submitting fabricated documents to prove identity or address and, as a result, obtain housing assistance. GAO also received duplicate payments for bogus hotel expenses. In addition, FEMA failed to properly inspect a bogus address GAO used to apply for assistance, ultimately sending GAO multiple checks for thousands of dollars in rental assistance. One of these checks is shown below.

Rental Assistance Check Obtained as a Result of Undercover Application



Source: GAO.

GAO observed several problems with FEMA's customer service, which made it difficult for many real victims to apply for assistance or obtain shelter in a timely fashion. For example, one of GAO's investigators called nine times over the course of 3 days—several times being put on hold for 20 minutes—before being connected to an operator. Other investigators received incorrect information about the application process. Actual disaster victims confirmed these problems. One applicant reported having to call FEMA at 4 a.m. in order to reach an operator. FEMA cited several factors that contributed to this poor service, including a higher-than-expected call volume and an inability to meet projected call center staffing needs because a contractor failed to provide adequate staffing. Despite these issues, FEMA told GAO that it has made few changes in preparation for the 2009 hurricane season.