FEMA CERRO GRANDE CLAIMS

Payments Properly Processed, but Reporting Could Be Improved

What GAO Found
FEMA processed and paid its claims in accordance with its policies and procedures that were established and in place at the time the claims were reviewed and processed. For the period from August 29, 2002, to June 30, 2003, FEMA approved $40 million in claims for payment, including the initial payment of most of the subrogation claims made by insurance companies.

In response to GAO's May 2003 report, FEMA established processes to address GAO's recommendations related to reconciling claimed amounts approved with actual amounts paid. These processes included comparing the individual amounts approved for payment to the amounts actually paid from inception through June 30, 2003, by claim, as well as performing complete reconciliations of total amounts that were approved and paid for the same period and as of August 31, 2003. In addition, in our prior report, we noted that FEMA improperly reported unreconciled claim amounts approved for payment as amounts actually paid. In its 2003 annual report, FEMA properly identified claimed amounts as approved amounts for payment rather than actual amounts paid in a schedule that was included in its annual report to the Congress. However, FEMA no longer provided summary information on amounts claimed, approved, and paid and remaining estimated program liabilities in its annual report to the Congress. Without this information, the report is less useful to the Congress and other stakeholders.

What GAO Recommends
To help FEMA improve the usefulness of its reports to the Congress, GAO recommends that the Secretary of Homeland Security require the Emergency Preparedness and Response Directorate to include summary information on amounts claimed, approved, and paid and remaining estimated program liabilities in its annual report to the Congress.

The Department of Homeland Security's Emergency Preparedness and Response Directorate concurred with our recommendation to include the summary-level information in its next annual report.