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.

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. For more information, contact Gregory Kutz at (202) 512-6722 or kutzg@gao.gov.