

GAO Highlights

Highlights of [GAO-20-604](#), a report to congressional requesters

Why GAO Did This Study

FEMA has obligated over \$10 billion in PA grants for emergency work to applicants in the three states and two territories recovering from hurricanes and wildfires in 2017. FEMA faces challenges balancing the need to quickly deliver disaster funds while minimizing the risk of fraud—challenges increased by the size and scope of the 2017 disasters and the complexity of the PA grant program. Fraud schemes have included false documentation for debris removal.

GAO was asked to review a range of disaster response and recovery issues following the 2017 disaster season. This report addresses the extent to which (1) FEMA's efforts to assess fraud risks to PA emergency work grants align with leading practices, and (2) FEMA helps ensure PA applicants are able to meet their responsibilities for managing fraud risks. GAO assessed FEMA's procedures against leading practices in the Fraud Risk Framework. GAO interviewed FEMA officials responsible for the PA grant program and its training and fraud risk management. GAO conducted site visits to California and Texas, selected partly for variation in disaster type, and interviewed selected PA applicants.

What GAO Recommends

GAO makes five recommendations, including that FEMA plan and conduct fraud risk assessments of PA emergency work grants and that it consistently communicate information to PA applicants on the highest fraud risks. The Department of Homeland Security stated that it concurred with GAO's recommendations.

View [GAO-20-604](#). For more information, contact Rebecca Shea at (202) 512-6722 or shear@gao.gov.

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DISASTER ASSISTANCE

FEMA Should Take Additional Actions to Strengthen Fraud Risk Management for Public Assistance Emergency Work Grants

What GAO Found

The Federal Emergency Management Agency (FEMA) has identified some risks to Public Assistance (PA) emergency work grants—funds provided to applicants such as states and territories—for debris removal and other emergency measures. FEMA also has ongoing or planned efforts that could inform fraud risk assessments. However, the agency has not comprehensively assessed fraud risks to these grants as called for by leading practices in GAO's Fraud Risk Framework. Fraud risks include those from debris removal schemes—such as misrepresenting the amount, source, or type of items removed—or associated with procurement and contracting, such as bribery, collusion, and false invoicing. According to officials, FEMA manages fraud risks to PA emergency work grants through its existing grants-management and program-integrity efforts. However, absent regular fraud risk assessments, including identifying inherent fraud risks and examining the suitability of existing controls, FEMA lacks reasonable assurance that these efforts effectively address the most significant fraud risks facing PA emergency work grants.

Residential Debris Awaiting Pickup in Texas Following Historic Flooding Caused by Hurricane Harvey in 2017



Source: GAO. | GAO-20-604

FEMA provides resources to help PA applicants meet their responsibilities for managing risks, but opportunities exist for the agency to improve communication. Specifically, GAO found that FEMA communicated some information that could help applicants manage fraud risks, but key resources did not provide information on known areas of fraud risk. According to GAO's Fraud Risk Framework, a leading practice is to provide fraud-awareness training for external stakeholders—such as PA applicants—with responsibility for implementing aspects of the program. Further, a leading practice for implementing effective fraud-awareness initiatives is to convey information about risks and how to identify fraud schemes. According to FEMA officials, the agency generally does not use the term “fraud” because FEMA's focus is on ensuring compliance and eligibility. However, the deceptive nature of fraud makes it harder to detect than nonfraudulent errors, such as compliance and eligibility issues, and potentially requires control activities designed to prevent and detect criminal intent. Updating key resources for applicants to ensure these resources consistently communicate information on the highest fraud risks to emergency work grants would help ensure applicants are better able to identify and address potential fraud earlier in the process.