



Highlights of GAO-04-129, a report to the Committee on Appropriations, U.S. Senate, and the Committee on Appropriations, House of Representatives

Why GAO Did This Study

The Cerro Grande Fire Assistance Act (CGFAA) mandated that GAO annually audit all claim payments made to compensate the victims of the Cerro Grande Fire in northern New Mexico. For this third report on this topic, GAO determined whether the Federal Emergency Management Agency (FEMA), which is now a part of the Emergency Preparedness and Response Directorate of the Department of Homeland Security, (1) paid fire claims in accordance with applicable guidance and (2) implemented corrective actions to address prior GAO recommendations, including determining if FEMA properly reported claim payments to the Congress.

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.

www.gao.gov/cgi-bin/getrpt?GAO-04-129.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Linda M. Calbom at (202) 512-9508 or calboml@gao.gov.

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, amounts approved, and its remaining estimated liabilities in its report to the Congress and did not include any information on claims paid as is required by CGFAA. Without this information, the report is less useful to the Congress and other stakeholders.