



**Homeland  
Security**

## **OVERVIEW OF OIG PLANS FOR HURRICANE KATRINA OVERSIGHT**

On August 29, 2005, Hurricane Katrina devastated the Gulf Coast states of Louisiana, Mississippi, Alabama, and Florida with Category IV winds and torrential rains. By September 9, 2005, congress had passed legislation that provided over \$63 billion to DHS for disaster relief, including \$15 million for the DHS-OIG to oversee the management and expenditure of those funds. The Federal Emergency Management Agency (FEMA), in turn, tasked other federal departments and agencies through Mission Assignments. Initial FEMA mission assignments totaled just over \$7 billion, over \$6 billion of which went to the Department of Defense (DOD) and the Army Corps of Engineers. In addition, some departments and agencies, including DOD, received direct appropriations for Hurricane Katrina activities.

DHS OIG has developed a plan for oversight of the funds to be spent directly by DHS components, and the OIGs of the 12 other departments and agencies who account for about \$7 billion, or 99% of the FEMA mission assignment allocations, have developed plans for the oversight of their respective agency's Katrina spending. The following presents an overview of the combined OIG Katrina oversight plan. To date, the 13 OIGs have committed a total of over 300 auditors, investigators, and inspectors to this combined effort. For example, DHS OIG has already assigned 60 auditors, investigators, and inspectors, and will be hiring over 30 more over the next two months. Many of DHS OIG's personnel are already on the ground at FEMA Headquarters and at the Joint Field Offices (JFO) in Louisiana, Mississippi, and Alabama. The DOD OIG, the Army Audit Agency, the Naval Audit Service, the Air Force Audit Agency, the Defense Contract Audit Agency, and the defense criminal investigative organizations will employ a cadre of well over 130 auditors, investigators, and inspectors who will provide immediate oversight of DOD contracts, grants, and operations related to Hurricane Katrina relief efforts. More resources will be added as necessary. In addition, we will be leveraging the OIGs' efforts with those of the state and local audit organizations in the three states, and coordinating closely with the Government Accountability Office.

The overriding objective of the OIG plan is to ensure accountability. The plan focuses heavily on prevention, including reviewing controls; monitoring and advising department officials on contracts, grants and purchase transactions before they are approved; and meeting with applicants, contractors and grantees to advise them of the requirements and assess their capability to account for the funds. It also encompasses an aggressive and ongoing audit and investigative effort designed to identify and address waste, fraud, and abuse as early as possible.

### **Oversight of FEMA Headquarters Operations**

DHS-OIG Auditors are monitoring operations at the FEMA Emergency Operations Center (EOC) and other DHS Headquarters efforts to stay current on all disaster relief operations and provide on-the-spot advice. Our objective in this effort is to help DHS design and implement internal controls

and advise them on the potential ramifications of its precedent setting decisions as emergency response and recovery activities continue.

Auditors will also closely monitor FEMA's assignment of responsibilities and funding to other federal organizations under mission assignments, in coordination with the respective agency OIGs. Reviews will continue through project execution to identify questionable activities early, prevent misspending, and ensure compliance with federal laws and FEMA regulations.

### **Oversight of Joint Field Offices (JFOs)**

Beginning this week, as DHS begins operations of the JFOs in Alabama, Mississippi, and Louisiana, DHS auditors and investigators will be on-site to provide oversight and technical assistance to FEMA, State, and local officials. The auditors will provide advice and perform proactive procedures related to the JFOs' internal activities to ensure the appropriate control and use of FEMA funds. The emphasis will be to provide a visible OIG presence to prevent misspending on questionable contracts and grants. In particular, the auditors will perform the following functions:

- Oversee contract activities as requirements and awards are developed;
- Participate in FEMA applicant briefings and kickoff meetings;
- Provide advice on applicants' accounting systems and subgrant administration policies, procedures, and practices;
- Oversee FEMA property management to ensure that property and equipment acquired for use at the JFOs is safeguarded against loss and pilferage;

The investigators will coordinate with the respective federal, state, and local law enforcement agencies and prosecutors as part of their "fraud awareness" initiatives. As necessary, the OIG investigators will handle allegations received through our "Hotline" relative to Katrina relief efforts. Other OIGs and the GAO also plan to have personnel on site as necessary to conduct their oversight and investigative activities and these efforts will be closely coordinated.

### **Review Major Contracts and Expanded Micro-Purchase Authority**

Auditors will review the award and administration of all major contracts, including those let in the first two weeks, and each department's implementation of expanded micro-purchase authority to ensure that appropriate federal acquisition regulations and guidelines are being adhered to, and expenditures are necessary and reasonable. Data mining techniques will provide continuous oversight of purchase card transactions to identify spending anomalies for further review.

### ***Monitoring of Financial Controls***

Financial statement auditors will provide oversight of their agency's control environment, financial and operational processes, and the effectiveness of internal controls to identify financial reporting issues early. Under this effort, where material, auditors will identify, document, and test key internal controls for operating effectiveness.

## **Review Supporting Documentation for Public Assistance Projects and other Grants**

DHS-OIG auditors will closely monitor FEMA's approval of Public Assistance projects. Reviews will start early in project execution and remain ongoing to identify questionable activities early, prevent misspending, and ensure compliance with federal laws and FEMA regulations. We will be leveraging our resources by working in partnership with state and local audit organizations. Other OIGs overseeing grant operations will follow similar procedures. For example, DOJ-OIG will be reviewing \$5 million in grants to be awarded by the Office of Justice programs.

## **Establishment of Katrina HOTLINE**

While each of the OIGs has its own HOTLINE for receiving allegations of waste, fraud, and abuse, a single Katrina HOTLINE will be established and widely publicized to avoid confusion and allow for effective screening and follow-up.

## **Coordination**

The work of the respective OIG's will be coordinated through regular meetings of the PCIE Homeland Security Steering Group, and the overall effort will be coordinated with GAO through regular meetings with GAO senior officials.

## **Reporting**

DHS OIG will prepare regular status reports on the consolidated OIG efforts (initially every two weeks) to key administration and congressional officials. In addition, "flash reports" will be prepared and distributed by each OIG as issues and problems needing attention are identified, and more extensive audit and inspection reports will be issued as completed. Briefings will be provided as and when requested.