

FEMA Faces Challenges in Verifying Applicants' Insurance Policies for the Individuals and Households Program





DHS OIG HIGHLIGHTS

FEMA Faces Challenges in Verifying Applicants' Insurance Policies for the Individuals and Households Program

October 6, 2015

Why We Did This Audit

The Federal Emergency Management Agency (FEMA) spent more than \$1.4 billion under the Individuals and Households Program on more than 182,900 applicants with losses related to Hurricane Sandy, as of April 2015. We reviewed FEMA's process for verifying applicants' insurance policies at the time of registration for this program.

What We Recommend

FEMA should make applicants aware of penalties for false statements, use an insurance database to review all cases of possible duplication and recoup funds that should not have been paid, and continue researching options to use an insurance database to screen individual assistance applications.

For Further Information:

Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

Before authorizing Individuals and Households Program payments, FEMA does not verify the accuracy of applicants' "no insurance coverage" self-certifications. This condition exists because a reliable and comprehensive database does not exist for FEMA to verify the status of applicants' insurance coverage. Consequently, FEMA relies on self-certification and legal statements on the application to ensure accuracy of applicants' "no insurance coverage" information. FEMA is thereby exposing Federal disaster assistance funds to possible duplicate, improper, or fraudulent payments. We determined that FEMA paid approximately \$250 million in homeowners' assistance to more than 29,000 Hurricane Sandy applicants who may have had private insurance.

Federal statutes require FEMA to develop a verification process for the Individuals and Households Program that includes a database for minimizing risks of making duplicate payments and payments for fraudulent claims. These statutes also prohibit FEMA from providing duplicate benefits to applicants. Therefore, FEMA should use every reasonable control possible to ensure that applicants provide truthful information and understand the consequences of making false statements on applications for Federal funds. FEMA also needs to use available resources to review possible cases of duplicate benefits for recoupment and continue to research options to develop or use an already established database to identify, at the time of application, whether applicants have private insurance coverage.

FEMA's Response

FEMA concurred with our three recommendations. FEMA acknowledges that insurance verification plays a key role in FEMA's timely and accurate delivery of emergency assistance. In an effort to enhance existing processes, FEMA has researched the potential use of private sector insurance-related databases to determine whether an applicant has homeowners insurance at the time of registration. A comprehensive database does not exist for FEMA to independently verify applicants' insurance coverage, which is an issue especially when applicants self-certify as having no insurance. FEMA will continue to research potential insurance database options, but until a comprehensive one is identified, insurance verification may remain a challenge for FEMA.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

October 6, 2015

MEMORANDUM FOR: Elizabeth Zimmerman
Associate Administrator
Office of Response and Recovery
Federal Emergency Management Agency

FROM: John V. Kelly
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *FEMA Faces Challenges in Verifying Applicants' Insurance Policies for the Individuals and Households Program*

For your action is our final report, *FEMA Faces Challenges in Verifying Applicants' Insurance Policies for the Individuals and Households Program*. We incorporated the formal comments provided by your office.

The report contains three recommendations aimed at improving the Individuals and Households Program. Your office concurred with the three recommendations. Based on information provided in your response to the draft report, we consider recommendations 1, 2, and 3 open and resolved.

Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions.

Please send your closeout letter to OIGEMOFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact James Gaughran, Deputy Assistant Inspector General at (202) 254-4100.



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Background

FEMA provides financial or direct assistance to help survivors recover from Presidentially declared emergencies and major disasters through the Individuals and Households Program. This assistance includes housing (temporary, repair, replacement, and semi-permanent or permanent housing construction), as well as “other needs” such as automobile, medical, dental, funeral costs, and losses of personal property.

Applicants can apply for FEMA disaster assistance via telephone, online, or in person. During the registration process, applicants self-certify whether they have insurance coverage. If the applicants certify that they have insurance, FEMA asks the applicants to provide a copy of the policy’s declaration page, showing they have no coverage, insurance denial or settlement. Applicants who self-certify that they have no coverage are not subject to verification of their status.

The Individuals and Households Program’s maximum amount of financial assistance available to each applicant is adjusted annually. At the time of Hurricane Sandy, in Federal fiscal year 2013, the maximum was \$31,900. As of April 2015, FEMA has spent more than \$1.4 billion on more than 182,900 applicants with losses related to Hurricane Sandy.

Results of Audit

During the application process for the Individuals and Households Program, FEMA does not verify the accuracy of applicants’ no insurance coverage self-certification. This condition exists because a reliable and comprehensive database does not exist for FEMA to verify the status of applicants’ insurance coverage. FEMA relies on self-certification and legal statements on the application. FEMA is thereby exposing Federal disaster assistance funds to possible duplicate, improper, or fraudulent payments. We determined that FEMA paid more than \$250 million in homeowners’ assistance to more than 29,000 Hurricane Sandy applicants who may have had private insurance. The *Post-Katrina Emergency Management Reform Act of 2006* and section 408(i) of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended, (*Stafford Act*) require FEMA to develop a verification process for the Individuals and Households Program that includes a database for minimizing risks of making duplicate payments and payments for fraudulent claims. In addition, section 312(a) of the *Stafford Act* prohibits FEMA from providing duplicate benefits to applicants. Although FEMA has made improvements in decreasing improper payments, FEMA should use every control prudently



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possible to ensure that applicants provide truthful information and understand the consequences of making false statements on applications for Federal funds. FEMA also needs to use available resources to review possible cases of duplicate benefits for recoupment and continue to research options to develop or use an already established database to identify, at the time of application, whether applicants have insurance coverage.

FEMA Is Unable to Verify Applicants' Insurance Status

FEMA officials are unable to verify the existence of insurance policies for all Individuals and Households Program applicants because they do not maintain or have access to a comprehensive insurance policy database. FEMA only verifies the insurance policies for Individuals and Households Program applicants who self-certify that they have insurance or participate in the National Flood Insurance Program. As a result, FEMA funds may be at risk for duplication, fraud, waste, and abuse.

The *Stafford Act*, section 408, gives FEMA the authority through the Individuals and Households Program to provide financial or direct assistance to respond to the disaster-related housing needs of individuals and households. However, according to section 312 of the *Stafford Act*, FEMA may only provide assistance to applicants in the absence of other sources, such as insurance. FEMA may provide assistance when the applicant has insurance, but proceeds are less than the maximum amount of assistance FEMA can authorize and the proceeds are insufficient to cover the necessary expenses or serious needs, such as when insurance does not cover damage caused by a specific peril. FEMA may also provide assistance when insurance proceeds have been significantly delayed, if applicants agree to repay the assistance when they receive their insurance proceeds.

Applicants Self-Certify Their Insurance Status

During the registration process, FEMA allows applicants to self-certify whether they have insurance. If they certify they have insurance, applicants must specify the insurance policies for their home or personal property. FEMA verifies this information through applicant-submitted documents. FEMA does not verify statements from applicants who certify they have no insurance. FEMA officials told us applicants are informed at registration that false statements to obtain disaster aid are a violation of Federal and state laws.

After an applicant registers, FEMA may send an inspector to assess the damage and/or collect additional information about insurance and unmet needs before an applicant is eligible for assistance. At this time, the household representative is asked to read and sign the Declaration and Release form on



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the inspector's tablet. The applicant must sign and return the form directly to FEMA if no inspection is required. This form contains the following statement:

All information I have provided regarding my application for FEMA disaster assistance is true and correct to the best of my knowledge. I will return any disaster aid money I received from FEMA or the State if I receive insurance or other money for the same loss, or if I do not use FEMA disaster aid money for the purpose for which it was intended. I understand that, if I intentionally make false statements or conceal any information in an attempt to obtain disaster aid, it is a violation of Federal and State laws, which carry severe criminal and civil penalties, including a fine up to \$250,000, imprisonment, or both (18 U.S.C. §§ 287, 1001, and 3571).

Although applicants are informed at registration that false statements to obtain disaster aid is a violation of Federal and state laws, applicants are not presented with the preceding legal statement at the point of initial registration, whether they apply in person, by phone, or online. Because households must acknowledge and accept this statement before receipt of Federal funds, FEMA should emphasize the legal nature of the statement and associated penalties at critical junctions in the application process. FEMA should use every prudent control to ensure the applicants provide truthful information and that applicants understand the penalties for lying and misusing Federal disaster assistance funds.

Verification Issues and Potential Tools

The *Post-Katrina Emergency Management Reform Act of 2006*¹ and Section 408(i) of the *Stafford Act*, require FEMA to develop a verification process for the Individuals and Households Program that includes a database for minimizing risks of making duplicate payments and payments for fraudulent claims. FEMA uses third parties to partially comply with the legislatively mandated verification requirements. Specifically, FEMA sends the applicants names, social security numbers and addresses to LexisNexis² to verify the occupancy and identity of applicants at the time of registration to minimize the risk of duplicate and improper payments. In addition, FEMA works with National Insurance Crime Bureau (NICB) on a case-by-case basis to validate the existence of insurance policies after the applicant has received assistance. The NICB is a not-for-profit organization that partners with insurers

¹ The *Post-Katrina Emergency Management Reform Act of 2006* was enacted as Title VI of the *Department of Homeland Security Appropriations Act, 2007*, Pub. L. No. 109-295, 120 Stat. 1355 (2006).

² LexisNexis is a private company offering search technology that instantly locates both people and businesses, and authenticates their identities. It verifies such essential personal information as name, address, and Social Security number or Federal Identification number.



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and law enforcement agencies to aid in the identification, detection, and prosecution of insurance fraud. It uses a claims-based database that relies on voluntary input from insurance companies. According to a December 2014 Government Accountability Office report, FEMA has improved disaster aid verification. However, other than the National Flood Insurance Database, FEMA does not have a reliable tool to verify insurance coverage.

FEMA officials said they have been working on the insurance verification issue for years, but face two main challenges in the use of a third-party nationwide insurance claims database. First, participation in the insurance database is voluntary and insurance companies must provide their insurance information for all other insurance companies to review for potential duplication of benefits. Second, not all insurance companies participate in the sharing of their information. For example, currently LexisNexis contains only about 15 percent of insurance policies, and while more insurance companies participate in the NICB database, it only contains insurance claims. Finally, FEMA is only able to access the insurance databases if they provide the National Flood Insurance Program policyholder information and make it available to all other insurance providers that contribute to the insurance database. FEMA told us that they believe sharing National Flood Insurance Program policyholder information with other insurance companies would be a violation of the *Privacy Act*.

Currently, FEMA's Fraud Prevention and Internal Investigations Division uses NICB on a limited basis to determine duplication of benefits. For our audit, we used a one-time comparison of FEMA's National Emergency Management Information System to the NICB database of private insurance claims to determine whether this was a usable option for FEMA to validate the existence of insurance policies. Using this system, we identified 29,763 records where FEMA paid approximately \$250 million in homeowners' assistance to Hurricane Sandy applicants whom the NICB records identified as having made private homeowners' or automobile insurance claims. Table 1 identifies the NICB matches by category.



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Table 1: Survivors Receiving FEMA Assistance that Matched NICB

Type of Claim	Number of Matches	Total Dollar Matches
Homeowners	27,771	\$232,934,673
Automotive	1,992	\$ 16,202,800
Total	29,763	\$249,137,473

Source: FEMA's National Emergency Management Information System database as of May 2013 and the NICB as of August 2013.

Of the 29,763 records, there were 2,289 where applicants self-certified during the application process that they had no property insurance. Those records may have the highest probability of being fraudulent. Table 2 shows the breakdown of these records by type of insurance claim.

Table 2: Applicants who Self-certified "No Insurance," But NICB Indicates They Have Insurance Claims

Type of Claim	Number of Matches	Total Dollar Matches
Homeowners	505	\$ 2,790,477
Automotive	1,784	\$14,660,461
Total	2,289	\$17,450,938

Source: FEMA's National Emergency Management Information System database as of May 2013 and the NICB as of August 2013.

The remaining 27,474 records where applicants self-certified they had insurance and FEMA gave them assistance are examples of cases that could be at risk of fraud, waste, or abuse. The reasons why FEMA provided assistance to such applicants could represent situations where the applicants:

- had insurance but did not have flood insurance;
- were underinsured and FEMA was reimbursing the applicant for damages above and beyond their private homeowners' insurance policy coverage;
- received duplicative assistance because the applicant made a mistake and/or did not realize that FEMA was reimbursing them for the same property their private insurance covered; or
- committed a fraudulent act because they were aware of the overpayment and did nothing to reconcile the problem.



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Therefore, FEMA should ensure these records are reviewed to determine which scenario is applicable. In the event of duplicate or improper payments, FEMA should begin the process of recoupment.

We referred 51 case files of applicants receiving \$15,000 or more in FEMA assistance, totaling approximately \$1.2 million, to the FEMA Fraud Prevention and Internal Investigations Division. We coordinate with this division to identify, impede, and prevent fraudulent losses of Federal funds and/or assets. We also referred these cases to the Federal Recovery Accountability and Transparency Board, which provides oversight of Hurricane Sandy funding. Table 3 shows the breakdown by category of these records.

Table 3: Records Referred to FEMA and Recovery Accountability and Transparency Board for Further Investigation

Description	Records Referred for Further Investigation	Total Dollar Referred
Homeowners-\$20,000 or more	25	\$ 678,000
Automotive-\$15,000 or more	26	\$ 500,000
Total	51	\$1,178,000

Source: Office of Inspector General (OIG) analysis of 51 case files we obtained from a match of the FEMA and NICB databases.

We reviewed the 51 case files and were only able to assess the information contained in 41. Table 4 shows the number and the breakdown of the files that we reviewed. We could not assess 10 of the referred cases, because the file was either not available for review or was missing insurance information because the insurer was not a member of NICB.



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Table 4: Case Files Reviewed

Description	Cases Referred for Further Review	Total Dollars of Cases Referred for Further Review	Number of Cases Reviewed	Total Dollar of Files Reviewed
Homeowners-\$20,000 or more	25	\$ 678,000	16	\$419,000
Automotive-\$15,000 or more	26	\$ 500,000	25	\$481,000
Total	51	\$1,178,000	41	\$900,000

Source: OIG analysis of 51 case files we obtained from a match of the FEMA and NICB databases.

We found duplication or improper payments in 13 of the 41 (32 percent) remaining case files for a total of \$187,892. For example:

- A comprehensive insurance policy on a covered vehicle paid a settlement of \$3,097 directly to the applicant. FEMA then paid the applicant \$10,000 for the same vehicle.
- A comprehensive insurance policy on a covered vehicle paid the applicant a settlement of \$16,284 after the \$1,000 deductible. The loan balance on the vehicle was \$22,713, leaving the applicant with an unmet need of \$5,429. However, FEMA then paid the applicant \$10,000 in assistance.
- A comprehensive insurance policy covering two vehicles paid the loans on the cars in full, one for \$29,915 and the other for \$10,263. FEMA then paid \$10,000 in assistance for each vehicle.
- FEMA provided assistance of \$28,734 to two applicants who received insurance settlements for the same home repairs.

Table 5 describes the problems we identified in each of the 13 case files.



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Table 5: OIG-identified Problems

Case Number	Description of Problem	Dollar Amounts
1	Applicant received insurance settlement and \$10,000 in FEMA assistance for the same vehicle.	\$ 10,000
2	FEMA provided assistance for two vehicles in a one-person household.	\$ 10,000
3	FEMA assistance of \$10,000 exceeded the difference between the lien on the vehicle and insurance settlement.	\$ 4,571
4	FEMA assistance of \$10,000 was improper because the applicant did not maintain liability insurance for the vehicle.	\$ 10,000
5	Comprehensive insurance settlement paid full lien for two vehicles while FEMA also paid \$10,000 for each.	\$ 20,000
6	Comprehensive insurance settlement paid full lien while FEMA also paid \$10,000 for the same vehicle.	\$ 10,000
7	Comprehensive insurance settlement paid full lien while FEMA also paid \$10,000 for the same vehicle.	\$ 10,000
8	FEMA paid for fraudulent rental assistance.	\$ 23,100
9	FEMA paid for home repairs that insurance also covered.	\$ 28,734
10	FEMA paid for home repairs that insurance also covered.	\$ 31,900
11	FEMA paid for rental assistance that insurance also covered.	\$ 500
12	FEMA paid for home repairs that insurance also covered.	\$ 28,734
13	FEMA paid for home repairs that insurance also covered.	\$ 354
Total		\$187,893

Source: OIG, based on review of FEMA Fraud Prevention and Internal Investigations Division case files.

We determined that using the NICB's database is not a reliable preventive tool for FEMA to verify applicants' insurance at the time of registration because the information is based on insurance claims applicants file after an event occurs.



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However, use of an insurance database may be a valuable tool in detecting possible duplicate and improper payments following the payment of assistance.

Recommendations

We recommend that the Associate Administrator, Office of Response and Recovery:

Recommendation 1: Ensure applicants understand the possible consequences of making false statements or omissions on applications for Federal funding by:

- restating the legal statements at critical junctures in the application process, and
- making it clear at critical junctures in the application process that FEMA may use external parties to verify the accuracy of representations made in the application process.

Recommendation 2: Use an insurance database to review high-risk cases for possible duplication of benefits and recoup any erroneous or ineligible funds that FEMA paid to recipients.

Recommendation 3: Continue to research options to develop or use an already established database to determine, at the time of application, whether applicants have private insurance coverage.

Management Comments and OIG Analysis

We provided a draft of this report to FEMA officials and discussed it with them on June 19, 2015. FEMA subsequently provided us comments on the draft report, which we incorporated, as appropriate. On September 25, 2015, FEMA also provided us a formal written response, which appears in its entirety as appendix A. The following summarizes FEMA's written comments and includes our responses. FEMA concurred with all three recommendations.

Based on the information provided, we consider recommendation 1 open and resolved. FEMA will evaluate the application process and identify appropriate junctures to restate the legal authorities for false statements contained within the Declaration and Release section of FEMA Form 009-0-3. FEMA will develop the necessary requirements to update the intake process and implement a plan of action for the changes to be integrated into the system to modify the application language. FEMA will obtain required approval from the Office of



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Management and Budget on modifications to application language. Once FEMA completes taking these actions and submits its formal closeout letter for this recommendation, we will review the actions taken to determine if we can close this recommendation.

Based on the information received we consider recommendation 2 open and resolved. Recognizing the limitations and challenges associated with the database it currently uses, FEMA will assess the potential to utilize it to review high-risk cases for possible duplication of benefits. During such time, FEMA will also continue to explore other database options. Upon identification of a cost-effective, viable, and practical insurance database for this purpose, FEMA will employ its usage and establish a methodology for reviewing cases and recouping excessive or ineligible funds that it paid to recipients. Once FEMA completes taking these actions and submits its formal closeout letter for this recommendation, we will review the actions taken to determine if we can close this recommendation.

Based on the information received we consider recommendation 3 open and resolved. FEMA will continue to take various actions, which may include conducting market research, holding or attending industry days, or regularly engaging the insurance industry, to identify and explore possible options to develop or use an already established database to determine, at the time of application, whether applicants have private insurance coverage. Once FEMA completes taking these actions and submits its formal closeout letter for this recommendation, we will review the actions taken to determine if we can close this recommendation.



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Objective, Scope, and Methodology

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*.

Our objective was to determine whether FEMA is verifying the accuracy of applicants' private insurance policy statements made during the Individuals and Households Program application process.

We reviewed applicable Federal statutes and regulations; obtained all Individual Assistance application and eligibility records from FEMA related to Hurricane Sandy, which occurred in October 2012; initiated a match of applicants with FEMA-approved eligibility against NICB's database of private insurance claim records. The NICB performed this match based on key biographic criteria such as the name, address, and Social Security number of FEMA applicants; and then provided a database of potential matches back to us for further analysis. In addition, we reviewed 122 case files that we sent to FEMA's Internal Investigations and Fraud Unit.

We excluded 71 Commercial Homeowners cases from the 122 case files that we reviewed, because for 41 percent of the cases either the insurer was not a member of NICB or an incorrect match between the FEMA and NICB databases occurred (i.e., FEMA paid assistance for an automobile and the NICB claim was for a home).

We broadly assessed the agency's internal controls over verifying insurance policies by reviewing the Individuals and Households Programs application process. However, we did not assess the adequacy of the agency's internal controls applicable to the financial processing of Individuals and Households Program's assistance payments because it was not necessary to accomplish our audit objective.

We conducted this performance audit between May 2014 and June 2015 pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.



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The Office of Emergency Management Oversight major contributors to this report are Kaye McTighe, Director; Trudi Powell, Audit Manager; Christine Alvarez, Auditor-in-Charge; Kimberly Letnaunchyn, Auditor; Scott Wrightson, Forensics Audit Manager; Mike Dawson, Investigator; and Mike Wilson, Investigator.



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Appendix A
FEMA Comments to the Draft Report


U.S. Department of Homeland Security
Washington, DC 20472



FEMA

SEP 28 2015

MEMORANDUM FOR: John V. Kelly
Assistant Inspector General
Office of Emergency Management Oversight
Office of Inspector General

FROM: David Bibo 
Associate Administrator (Acting)
Office of Policy and Program Analysis

SUBJECT: Management Response to OIG Draft Report: "FEMA Faces
Challenges in Verifying Applicants' Insurance
Policies for the Individuals and Households Program"
(Project No. 14-114-EMO-FEMA)

Thank you for the opportunity to comment on the Draft Report. The Federal Emergency Management Agency (FEMA) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

FEMA appreciates the OIG's recognition of improvements FEMA has made in decreasing improper payments following Hurricane Katrina through implementing various internal controls and data verification processes. FEMA recognizes that improving insurance verification remains an important process step and is committed to taking feasible and practical steps to address potential vulnerabilities.

FEMA acknowledges that insurance verification plays a key role in FEMA's timely and accurate delivery of emergency assistance. In an effort to enhance existing processes, FEMA has researched the potential use of private sector insurance-related databases to determine whether an applicant has homeowners insurance at the time of registration. Unfortunately, as the OIG's report acknowledges, a comprehensive database does not exist for FEMA to independently verify applicants' insurance coverage, which is an issue especially when applicants self-certify as having no insurance. FEMA will continue to research potential insurance database options, but until a comprehensive one is identified, insurance verification may remain a challenge for FEMA.

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The Draft Report contained three recommendations with which FEMA concurs. Specifically:

Recommendation 1: Ensure applicants understand the possible consequences of making false statements or omissions on applications for Federal funding by:

- restating the legal statements at critical junctures in the application process, and
- making it clear at critical junctures in the application process that FEMA may use external parties to verify the accuracy of representations made in the application process.

Response: Concur. FEMA will evaluate the application process and identify appropriate junctures to restate legal authorities contained within the Declaration and Release section of FEMA Form 009-0-3. FEMA will develop the necessary requirements to update the intake process and implement a plan of action for the changes to be integrated into the system to modify the application language. FEMA will obtain required approval from the Office of Management and Budget on modifications to application language.

Interim Milestones	Estimated Completion Dates
1. Develop plan of action	11/30/2015
2. Develop requirements & obtain a cost estimate	12/31/2015
3. Fund development	02/29/2016
4. Complete development & testing	08/31/2016
5. Obtain OMB approvals	02/28/2017
6. Testing and deployment approval	08/31/2017
7. Production Deployment	12/31/2017

FEMA considers this recommendation resolved and open.

Estimated Completion Date (ECD): 12/31/2017

Recommendation 2: Expand current use of an insurance database to review high-risk cases for possible duplication of benefits and recoup any excessive or ineligible funds that FEMA paid to recipients.

Response: Concur. Recognizing limitations and challenges associated with a database FEMA currently uses, the Agency will assess the potential to utilize it to review high-risk cases for possible duplication of benefits. During such time, FEMA will also continue to explore other database options. Upon identification of a cost-effective, viable, and practical insurance database for this purpose, FEMA will employ its usage and establish a methodology for reviewing cases and recouping excessive or ineligible funds that FEMA paid to recipients.



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Interim Milestones	Estimated Completion Dates
1. Develop evaluation criteria	01/31/2016
2. Evaluate available databases	04/30/2016
3. Define data sharing requirements	09/30/2016
4. Evaluate risk criteria	12/31/2016
5. Evaluate case review criteria	03/31/2017
6. Evaluate case review frequency	06/30/2017

ECD: 06/30/2017

Recommendation 3: Continue to research options to develop or use an already established database to determine, at the time of application, whether applicants have private insurance coverage.

Response: Concur. FEMA, through open solicitation, sought input from the private sector on possible ways to independently verify insurance coverage. As the Report reflects, the partnership FEMA explored with a contracted third party vendor presented information sharing challenges and limitations associated with the quality and comprehensiveness of available data. FEMA will continue to take various actions, which may include conducting market research, holding or attending industry days, or regularly engaging the insurance industry, to identify and explore possible options to develop or use an already established database to determine, at the time of application, whether applicants have private insurance coverage.

FEMA considers this recommendation resolved and open.

ECD: 08/31/2016

Again, thank you for the opportunity to review and comment on this Draft Report. Technical comments were previously provided under separate cover. We look forward to working with you in the future. Please direct any questions or concerns regarding this response to Gary McKeon, Director of FEMA's GAO/OIG Audit Liaison Office at 202-646-1308.



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Appendix B

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