



### Why This Matters

To maximize collections of delinquent debts and to protect the Federal Government's assets, Federal regulations and Federal Emergency Management Agency (FEMA) guidelines require Federal agencies to aggressively collect their debts, have a fair but aggressive program to recover delinquent debts, and to establish collection strategies consistent with their statutory authority. In addition, although Federal law requires agencies to transfer their non tax debts delinquent more than 180 days to Treasury, agencies should consider referring them earlier to accomplish efficient, cost effective debt collection.

### DHS Response

FEMA agreed with our recommendations. However, FEMA's planned actions were not adequate because they do not plan to immediately offset the \$23.1 million debt and revise its collection policies and procedures to include specific guidance on how to aggressively collect debts. FEMA acknowledged that it retains the right to internally offset this debt, but is deferring any action until after it receives guidance and training from Treasury. FEMA's reluctance to collect this debt immediately violates its fiduciary responsibility over the Disaster Relief Fund.

### For Further Information:

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

## FEMA's Efforts to Collect a \$23.1 Million Debt from Louisiana Should Have Been More Aggressive

### What We Determined

FEMA's efforts to collect the \$23.1 million debt from the State of Louisiana were not adequate because FEMA did not aggressively collect this debt as required by Federal regulations and FEMA guidelines. As a result, the State of Louisiana, more than 8 years later, owes the U.S. Government \$23.1 million plus \$6.2 million of accrued interest, penalties, and administrative fees, or \$29.2 million. FEMA should have acted quickly to collect these funds, but delayed aggressive action because of uncertainties regarding how to proceed. FEMA has the legal authority to offset this debt against FEMA funds due to the State. In addition, FEMA did not promptly transfer the \$23.1 million debt to the U.S. Treasury for collection although Federal statutes and regulations require debts delinquent for more than 180 days to be transferred to Treasury.

### What We Recommend

We recommend that FEMA's Office of Chief Financial Officer (1) take immediate action to administratively offset the \$23,131,010 debt plus \$6,190,310 in accrued interest, penalties, and administrative fees, totaling \$29,321,320; and (2) develop improved collection policies and procedures to provide FEMA employees with specific guidance on how to collect debts.