



Why This Matters

The Disaster Assistance Recoupment Fairness Act of 2011 (DARFA) provides a limited time, discretionary authority for the Federal Emergency Management Agency (FEMA) Administrator to waive a debt arising from improper payments provided for disasters declared between August 28, 2005, and December 31, 2010. The Administrator was authorized to waive a debt if the excessive payment was based on FEMA error; there was no fault by the debtor; collection of the debt was against equity and good conscience; and the debt did not involve fraud, a false claim, or misrepresentation by the debtor or others with an interest in the claim.

FEMA Response

FEMA was given an opportunity to respond to our recommendations; however, they did not provide any comments, whether they concur or non-concur.

FEMA's Efforts to Recoup Improper Payments in Accordance With DARFA of 2011 (6)

What We Determined

FEMA's effort to recoup improper payments in accordance with DARFA was cost effective. Congress passed the DARFA legislation in an attempt to mitigate the potentially unfair impact caused by the improper payments made by FEMA to individuals receiving disaster assistance subsequent to Hurricane Katrina and ending with disasters in December 2010. Congress could have drafted legislation that waived all such debt or created a process that provided FEMA the authority to waive the debt. Congress chose the latter. Because FEMA spent approximately \$13.9 million on DARFA related activities and is scheduled to collect more than \$15.2 million from debtors that did not meet DARFA requirements to receive a waiver, it was cost effective for FEMA to reevaluate the appropriateness of collecting the debt specified in the DARFA legislation. In addition, FEMA could collect an additional \$281 million from debtors that never responded to Notice of Waiver letters significantly increasing cost effectiveness.

Although FEMA's processing of DARFA cases was cost effective, FEMA did not adequately document about \$58 million in potential improper payments it previously considered not warranted for recoupment. Specifically, FEMA determined that more than \$225 million in potential debts did not warrant recoupment. However, FEMA could only provide potential debt amounts totaling about \$167 million.

What We Recommend

Associate Administrator, Response and Recovery, FEMA:

- 1) Issue a directive stating that if FEMA is instructed to conduct a special review of potential recoupment cases, FEMA will apply, at a minimum, all of its comprehensive quality assurance review procedures.
- 2) Establish in the National Emergency Management Information System an audit trail that documents FEMA's decisions concerning the status of a potential debt. Specifically, in addition to documenting the reasons why FEMA no longer believes these cases require recoupment, FEMA should maintain in the National Emergency Management Information System information concerning the amount initially identified as the potential improper payment.

For Further Information:

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