



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, if the excessive payment was based on FEMA error; there was no fault by the debtor; collection of the debt is against equity and good conscience; and the debt does not involve fraud, a false claim, or misrepresentation by the debtor or others with an interest in the claim.

FEMA Response

FEMA concurred with recommendation one and said it will continue to review and refer DARFA debt recoupment cases to Treasury since the debtor's response time to FEMA inquiries has expired. FEMA also concurred with recommendation two and said it will continue to review and process the remaining DARFA debt recoupment cases.

For Further Information:

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

FEMA's Efforts to Recoup Improper Payments in Accordance With DARFA of 2011 (5)

What We Determined

FEMA needs to review and process nearly 30,000 DARFA debt recoupment cases totaling approximately \$130 million. Specifically, FEMA needs to (1) refer to the Treasury Financial Management Service's Offset Program (Treasury) nearly 7,000 cases totaling about \$29 million where the debtor's response time to FEMA inquiries has expired; and (2) review and process the remaining cases totaling over \$101 million, whether debts are collected or compromised internally by FEMA or referred to Treasury for collection. Additionally, FEMA did not use a comprehensive quality assurance assessment to adjudicate DARFA waiver cases because it only reviewed debts FEMA initially determined it should not waive. FEMA's quality assurance assessment did not review any debts initially authorized a waiver.

As of March 8, 2013, FEMA granted waivers for applicants in approximately 86 percent of the cases it has reviewed. FEMA granted 17,496 waivers and denied 2,880 waivers totaling \$97,468,998 and \$15,227,128, respectively. FEMA has expended an estimated \$12,357,103 on related activities.

This is the fifth in a series of six Congressional mandated reports that are to be issued every 3 months through June 2013. FEMA's review of DARFA cases has concluded, however, they still are processing cases. Our next report we will provide our assessment of the cost effectiveness of FEMA's efforts to recoup improper payments in accordance with DARFA.

What We Recommend

Department of Homeland Security Chief Financial Officer, FEMA and Acting Associate Administrator, Response and Recovery, FEMA:

- 1) Review and refer DARFA debt recoupment cases totaling approximately \$29 million to Treasury since the debtor's response time to FEMA inquiries have expired.
- 2) Review and process remaining DARFA debt recoupment cases totaling more than \$101 million.