

**Additional Controls Needed
to Better Manage
FEMA's Transitional
Sheltering Assistance Program**





DHS OIG HIGHLIGHTS

Additional Controls Needed to Better Manage FEMA's Transitional Sheltering Assistance Program

March 29, 2019

Why We Did This Audit

This interim report is part of an ongoing audit to determine the extent FEMA is meeting disaster survivors' transitional shelter needs after the California wildfires and Hurricanes Harvey, Irma, and Maria in 2017.

What We Recommend

This report contains no recommendations.

For Further Information:

Contact our Office of Public Affairs at (202) 981-6000, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

During our ongoing audit of the Federal Emergency Management Agency (FEMA) Transitional Sheltering Assistance (TSA) program, we determined that FEMA does not require disaster survivors to notify the agency when they vacate hotels participating in the TSA program, thus allowing the hotels to continue to bill FEMA for unoccupied rooms. Because FEMA is unaware when disaster survivors vacate the hotels, the agency does not know the magnitude of unnecessary hotel charges. Consequently, FEMA could not account for associated TSA payments it may have paid since August 2017, related to the 2017 hurricane season and California wildfires.

Additionally, FEMA does not include its Office of the Chief Security Officer Tip Line information on the *TSA Terms and Conditions* form used by hotels and disaster survivors; nor does it require hotels to provide disaster survivors with copies of the completed forms.

Unless FEMA requires notification of hotel departures, it increases its risks of paying for unoccupied hotel rooms. These issues may affect FEMA's ability to detect potential fraud, waste, and abuse of TSA program funds, as well as survivors' ability to comply with TSA requirements.

FEMA Response

FEMA agreed with our initial findings and has initiated actions to improve the TSA program.



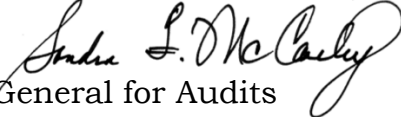
OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

March 29, 2019

MEMORANDUM FOR: Keith Turi
Assistant Administrator, Recovery
Federal Emergency Management Agency

FROM: Sondra F. McCauley 
Assistant Inspector General for Audits

SUBJECT: *Additional Controls Needed to Better Manage FEMA's
Transitional Sheltering Assistance Program*

For your action is our interim report, *Additional Controls Needed to Better Manage FEMA's Transitional Sheltering Assistance Program*. Because our full audit remains ongoing, we are not making recommendations in this interim report, but we identify actions the Federal Emergency Management Agency (FEMA) can take to strengthen internal controls to prevent and better detect potential fraud, waste, and abuse. We considered FEMA's technical comments and incorporated the formal comments in this final interim report.

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

Please call me with any questions, or your staff may contact Katherine Trimble, Deputy Assistant Inspector General for Audits, at (202) 981-6000.



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Background

Under the Transitional Shelter Assistance (TSA) program, the Federal Emergency Management Agency (FEMA) provides transitional sheltering in hotels for individuals displaced by emergencies or major disasters. Providing hotel lodging reduces the number of disaster survivors housed in congregate shelters.¹ Once FEMA notifies disaster survivors of their eligibility for the TSA program, the survivors are responsible for locating available rooms at participating hotels.

To verify applicant eligibility, FEMA requires hotel personnel and disaster survivors to complete *TSA Terms and Conditions* forms with the survivors' information, FEMA registration number, check-in date, signature, and date acknowledging acceptance of TSA program requirements. Appendix B contains an example of a *TSA Terms and Conditions* form.

After Hurricanes Harvey, Irma, Maria, and the California wildfires in 2017, FEMA activated TSA programs in Texas, Florida, Puerto Rico, and California. Table 1 shows the number of households served through TSA programs by state or territory and associated costs.

Table 1. TSA Households and Total Expenditures from August 2017 to September 2018

State (Disaster Declaration Number)	Households	Total Estimated Expenditures
California (4344)	646	\$3,667,865
Florida (4337)	27,332	\$119,058,404
Puerto Rico (4336 & 4339)	7,024	\$105,586,586
Texas (4332)	54,640	\$414,181,611
Total	89,642	\$642,494,466

Source: FEMA TSA Expense Summary Sheets for listed disasters

FEMA Paid TSA Hotels for Unoccupied Rooms

Since August 2017, FEMA has paid hotels in the TSA program for an unknown number of unoccupied rooms. Internal controls over financial reporting should help safeguard assets from waste, loss, unauthorized use, or misappropriation, as well as ensure compliance with laws and regulations pertaining to financial

¹ FEMA defines congregate shelters as any private or public facility that provides contingency congregate refuge to evacuees, but which day-to-day serves a non-refuge function, such as schools, stadiums, and churches (or church-sponsored residences or facilities).



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reporting.² Although FEMA requires disaster survivors to sign and date *TSA Terms and Conditions* forms upon check-in, it does not require them to document or notify FEMA or hotel personnel when they check out of their rooms. Consequently, FEMA officials indicated it is difficult to know when disaster survivors leave the hotels and which dates of occupancy are billable.

FEMA provided five examples of disaster survivors leaving the TSA program since August 2017 without notifying hotel personnel or FEMA. Although the disaster survivors were no longer at the hotels, the hotels continued to bill FEMA for the rooms in all five cases. Our analysis showed that FEMA paid about \$4,700 to TSA hotels for these unoccupied rooms for a total of 41 nights. FEMA is uncertain about the magnitude of unnecessary payments related to the 2017 hurricane season and across all disasters since August 2017.

FEMA Does Not Provide Tip Line Information on Its *TSA Terms and Conditions* Form

Our review of FEMA's *TSA Terms and Conditions* form revealed that FEMA did not provide disaster survivors and TSA hotels with the Office of the Chief Security Officer Tip Line³ information for reporting allegations of fraud, waste, and abuse. According to one TSA hotel manager in Kansas, local police used a warrant to execute a search of a disaster survivor's hotel room and uncovered evidence of fraud against FEMA and the TSA program. However, the hotel manager did not report the incident to FEMA because he was not aware of the requirement or of the existence of the Office of the Chief Security Officer Tip Line. Further, FEMA does not require hotel personnel to provide disaster survivors with copies of their completed *TSA Terms and Conditions* forms, which may affect survivors' ability to comply with TSA requirements or timely report fraud, waste, and abuse.

According to the Government Accountability Office's *Fraud Framework*, reporting mechanisms such as hotlines can help managers detect instances of potential fraud and deter individuals from engaging in fraudulent behavior. FEMA's Office of the Chief Security Officer Tip Line is the primary mechanism for directly reporting allegations of fraud, waste, and abuse related to FEMA programs. DHS Management Directive 810.1 requires FEMA to promptly advise DHS OIG of allegations of misconduct.

² OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control* (2016) – Reporting on Internal Controls, VI at 41 (Definition of Material Weakness).

³ FEMA officials sometimes refer to the Office of the Chief Security Officer Tip Line as the FEMA Disaster Fraud Hotline.



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Until FEMA ensures disaster survivors receive copies of the *TSA Terms and Conditions* form with the FEMA information, disaster survivors may lack awareness on how to report potential fraud in FEMA programs. Unreported fraud can limit FEMA's and the OIG's ability to prevent, detect, and deter fraud, waste, and abuse of Federal programs and funds.

Conclusion

FEMA could benefit by requiring, as a condition of the TSA program, that disaster survivors and hotel personnel immediately document or notify FEMA when disaster survivors vacate hotels. Inclusion of FEMA's Office of the Chief Security Officer Tip Line information on the *TSA Terms and Conditions* form could also ensure disaster survivors and hotels have the information needed to report allegations of waste, fraud, and abuse in the TSA program. Additionally, hotels should provide copies of their completed *TSA Terms and Conditions* forms to disaster survivors.

We are continuing our audit work in this area. We will include formal recommendations on these issues in our full audit report.

Management Comments and OIG Analysis

FEMA provided written comments to our draft report. We included a copy of FEMA's management comments in their entirety in appendix A. We also received technical comments and revised our report as appropriate.

FEMA Management Comment: FEMA management noted that it has initiated changes to improve FEMA's ability to detect potential fraud, waste, and abuse of TSA funds. The changes include adding a fraud hotline number to the *TSA Terms and Conditions* form and working with its contractor to encourage lodging providers to give a copy of the form to disaster survivors at check in. Additionally, FEMA acknowledged that while it currently has no requirement for disaster survivors to notify FEMA when they vacate lodging, it monitors hotel check-in and check-out data provided by the lodging contractor.

OIG Response: We commend FEMA for adding a fraud hotline number to the *TSA Terms and Conditions* form to address one issue we identified in this report. We also appreciate FEMA's efforts to monitor survivors' hotel check-in and check-out data provided by the lodging contractor to ensure they fall within TSA eligibility timeframes. However, monitoring the data alone will not suffice to alert FEMA of instances where survivors leave their rooms unoccupied before their eligibility periods expire, without checking out with the



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hotels. As noted in our report, requiring survivors to notify FEMA of their departures may help ensure FEMA does not continue to pay hotels unnecessarily for unoccupied rooms. We will address in our full audit report FEMA's corrective actions in response to this interim report.

Objective, Scope, and Methodology

We are issuing this interim report as part of an ongoing audit to determine the extent FEMA is meeting transitional sheltering needs of disaster survivors of Hurricanes Harvey, Irma, and Maria and the California wildfires in 2017. To report on FEMA's TSA program, we interviewed officials from FEMA's Fraud Prevention and Investigations Branch, Individual Assistance Division, Finance Center, and Program Support Branch. We interviewed executives from the TSA contract vendor. We reviewed and analyzed key internal FEMA documentation, including *Individuals and Households Program Unified Guidance* (September 2016), Fraud Prevention & Investigations Branch's *Draft 2016 TSA Program Review*, FEMA's operational draft *Transitional Sheltering Assistance Playbook/SOP* (2017), and FEMA's *TSA Terms and Conditions* forms used during 2017 for the TSA program.

The 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*. We performed this audit work in accordance with OIG policies and procedures and under the authority of the *Inspector General Act of 1978*. This report does not contain recommendations.


Office of Audits major contributors to this interim report are Yesi Starinsky, Director; Andrew Smith, Audit Manager; James Lloyd, Auditor-in-Charge; Lauren Bullis, Auditor; Stefanie Holloway, Auditor; Corinn King, Auditor; Jessica Makowski, Program Analyst; James Townsend, Program Analyst; Deborah Mouton-Miller, Communications Analyst; and John Skrmetti, Independent Referencer.



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Appendix A
FEMA Comments to the Interim Report

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

 **FEMA**

January 31, 2019

MEMORANDUM FOR: John V. Kelly
Senior Official Performing the
Duties of the Inspector General

FROM: Joel Doolin 
Associate Administrator
Office of Policy and Program Analysis

SUBJECT: Management Response to OIG Draft Report: "Additional
Controls Needed to Better Manage FEMA's Transitional
Sheltering Assistance Program"
(Project No. OIG-18-078-AUD-FEMA)

Thank you for the opportunity to review and comment on this 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.

When appropriate, FEMA provides Transitional Shelter Assistance (TSA) for a limited period of time to disaster survivors who are unable to return to their pre-disaster primary residence because their home is either uninhabitable or inaccessible due to a Presidentially-declared disaster. TSA is intended to reduce the number of survivors in congregate shelters by transitioning them into short-term accommodations through direct payments to lodging providers (i.e., hotels and motels). TSA is funded under Section 403 of the Stafford Act and is subject to a state cost-share. FEMA bases the amount of TSA on the maximum lodging rate plus taxes for a given locality, as determined by the General Services Administration. Survivors are responsible for all other costs associated with lodging and amenities, including, but not limited to incidental room charges or amenities, such as telephone, room service, or food.

We are pleased that the OIG is reviewing this important program and has shared initial conclusions related to its ongoing audit work with FEMA leadership, who has already begun to implement changes to improve FEMA's ability to detect potential fraud, waste, and abuse of TSA funds.

It is important to note that while no requirement currently exists for disaster survivors to notify FEMA when they vacate lodging, survivors are notified at time of initial eligibility

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of a date until which they may be eligible for TSA. Survivors are also notified that any lodging costs beyond that date will be solely their responsibility. To monitor survivor participation in TSA, FEMA regularly receives updated checked in/checked out status information of each participating survivor from the lodging contractor. This information originates at point of lodging and is entered and updated into a mechanized system by personnel at participating lodging providers.

In addition, FEMA has updated the TSA Terms & Conditions (T&C) form to include Disaster Fraud Hotline information so participants more readily have the information available needed to report allegations of fraud, waste, and abuse in TSA. While presently there is no contractual requirement for lodging providers to provide a copy of the T&C form to disaster survivors, FEMA's Office of Response and Recovery has been working with the current TSA contractor since Hurricane Florence in September 2018 to encourage lodging providers to provide a copy of the T&C document to the TSA survivors at check in and is in the process of determining how best to incorporate this requirement into future contracts.

FEMA is committed to supporting our citizens and first responders to ensure that as a nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards. We look forward to the receipt of OIG's final report and any formal recommendations on these issues once the ongoing audit is completed.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions.



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Appendix B
FEMA Terms and Conditions Form Example

U.S. Department of Homeland Security FEDERAL EMERGENCY MANAGEMENT AGENCY Transitional Sheltering Assistance Terms and Conditions	
THIS PORTION SHOULD BE FILLED OUT BY THE GUEST & INITIALED BY LODGING PROVIDER (LP)	
Period of Assistance Ends: (November 29 2017) Checkout (November 30, 2017)	
<input type="checkbox"/> Initial Check-in:	Date: _____ LP INITIAL ____
OR	
<input type="checkbox"/> Extension Acknowledgement:	Date: _____ LP INITIAL ____
THIS PORTION SHOULD BE FILLED OUT BY THE LODGING PROVIDER	
HEAD OF HOUSEHOLD/APPLICANT INFORMATION	
Last Name: _____	First Name: _____
Last 4 Digits of SSN: _____	FEMA Registration ID: _____ Date of Birth: _____
Terms and Conditions for FEMA's Direct Payment of Hotel Lodging	
<ul style="list-style-type: none"> • I understand that this Period of Assistance ends on November 29 2017. • I understand if I have been deemed eligible for rent from IHP, I will only be allowed to remain in Transitional Sheltering through the end of the period of assistance. • I understand that if I stay beyond checkout time on November 30, 2017, I will be responsible for any further costs. • FEMA will pay the nightly room rate and taxes for your hotel stay up to the approved GSA lodging rate for your lodging location. You will be responsible for any expense above the FEMA approved amount for your stay. • I understand that FEMA may terminate my hotel assistance prior to the date in this agreement without further notice if any of the following applies to me: <ul style="list-style-type: none"> ○ I have been informed that my home has been inspected and found safe to occupy; ○ I advised FEMA that my home was not damaged as a result of the disaster; ○ I have insurance to cover my additional living expenses for my temporary emergency shelter / housing needs; ○ I advised FEMA that I am no longer in need of housing assistance; ○ I have rejected all rental resources for temporary housing offered by FEMA; ○ I advised FEMA that I do not intend to seek alternate housing; ○ I have not responded to FEMA's attempts to contact me to discuss my case. • I understand that the Hotel/Motel is for my household's use only. • I understand that FEMA will only pay for the cost of the room and tax. All other amenities, including but not limited to, restaurant, club, room service, telephone, movie rental, Internet, laundry, dry cleaning, parking, and any other additional services or charges are my responsibility. • I understand that I will be notified by FEMA if my FEMA Direct Payment of Hotel Lodging is extended. 	
If you have questions regarding this notice or about temporary housing assistance, please call the FEMA Helpline at 1-800-621-FEMA (3362); for people who are deaf, hard of hearing or with speech disabilities, the TTY is 1-800-462-7585. If FEMA has determined that you are not eligible for any further housing assistance, you should have already received a letter explaining why. You may appeal that decision in writing, following instructions in the letter.	
If you have any other disaster related questions, visit www.disasterassistance.gov and click on Apply for Assistance for more information or call the FEMA Helpline.	
*Applicant (GUEST) Signature _____	*Date _____
Updated 10/31/2017 DR-4339-PR	



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Appendix C
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