

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

October 10, 2017

The Honorable John Roth
Inspector General
U.S. Department of Homeland Security
245 Murray Drive SW, Building 410
Washington, DC 20528

Dear Inspector General Roth:

We write to request continued oversight by the Office of Inspector General for the Department of Homeland Security (DHS OIG) of disaster relief spending stemming from Hurricanes Harvey, Irma, and Maria. While we support the hurricane relief efforts that are underway, we want to ensure that appropriate oversight mechanisms are in place as the long-term recovery begins in affected communities. Congress must ensure that federal funds are spent efficiently and effectively.

On September 8, in the wake of Hurricane Harvey, Congress appropriated \$15.25 billion in disaster relief funding.¹ Federal funding has begun to flow into Texas, Florida, Puerto Rico, the U.S. Virgin Islands, and surrounding areas. To date, the Federal Emergency Management Agency (FEMA) has spent more than \$9 billion on the response to and recovery from Hurricanes Harvey, Irma, and Maria.²

FEMA has confronted questions about its ability to protect taxpayer dollars from waste, fraud, and abuse. The DHS OIG conducted audits of \$1.55 billion in Public Assistance grants from FEMA's Disaster Relief Fund in Fiscal Year 2015, identifying \$457 million in questionable costs, such as duplicate payments, unsupported costs, improper contract costs, and unauthorized expenditures.³ DHS OIG noted that the 29% questioned-cost rate "indicates FEMA's continued failure to manage disaster relief funds adequately."⁴ DHS OIG has also reported on poor grant

¹ Pub. L. No. 115-56 (2017).

² Email from the Federal Emergency Management Agency, Congressional Affairs Division, to Homeland Security and Governmental Affairs Committee Staff (Oct. 9, 2017).

³ Department of Homeland Security Office of Inspector General, *Summary and Key Findings of Fiscal Year 2015 FEMA Disaster Grant and Program Audits* (Nov. 29, 2016) (OIG-17-13-D).

⁴ *Id.*

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management practices by FEMA grantees and subgrantees, lack of transparency in the administration of disaster relief funds, and systematic workforce challenges at FEMA.⁵

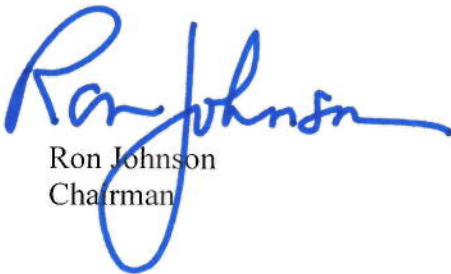
Aggressive and independent oversight of disaster relief spending is necessary to protect the interests of taxpayers and to ensure that disaster assistance reaches hurricane victims, which is why we support additional funding to DHS OIG for disaster relief oversight.

We encourage DHS OIG to conduct capacity audits to evaluate grantees' and subgrantees' ability to properly manage grant funding and to adhere to federal procurement regulations. We also ask that DHS OIG utilize all data analytics tools at its disposal and to engage in information sharing with other OIGs through the Disaster Assistance Working Group. We are sending similar requests to the Offices of Inspector General for the Department of Housing and Urban Development and the Small Business Administration.


We are heartened to learn that DHS OIG auditors and investigators are on the ground monitoring disaster relief spending and contracting in real time. We ask that DHS OIG report evidence of wasteful spending, fraud, or poor contract management as it occurs – not after the fact – so that Congress can intervene as needed.

Thank you for your prompt attention to this matter.

Sincerely,



Ron Johnson
Chairman



Claire McCaskill
Ranking Member

cc: The Honorable Elaine Duke
Acting Secretary
Department of Homeland Security

⁵ Letter from John Roth, Inspector General, Department of Homeland Security, to Senator Ron Johnson, Chairman, Homeland Security and Governmental Affairs Committee (June 2, 2017).

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WASHINGTON, DC 20510-6250

October 10, 2017

Helen M. Albert
Acting Inspector General
U.S. Department of Housing and Urban Development
451 7th St. SW
Washington, DC 20410

Dear Ms. Albert:

We are writing to request immediate and intensive oversight by the Office of Inspector General for the Department of Housing and Urban Development (HUD OIG) to protect the interests of the taxpayer and to ensure that hurricane relief funds reach the victims of Hurricanes Harvey, Irma, and Maria.

On September 8, in the wake of Hurricane Harvey, Congress appropriated \$15.25 billion in disaster relief funding.¹ Of that total, \$7.4 billion was directed to the Community Development Block Grant (CDBG) program funded through HUD for emergency housing, restoration of infrastructure, and economic revitalization.²

While we fully support the hurricane relief efforts that are underway, we want to ensure that appropriate oversight mechanisms are in place as the long-term recovery begins in affected communities. Congress must ensure that federal funds are being spent efficiently and effectively.

Recently, HUD has confronted questions about its ability to protect taxpayer dollars from waste, fraud, and abuse. As you are aware, HUD OIG conducted 269 audits of Community Planning and Development (CPD) programs for Fiscal Years 2011 to 2015.³ Those audits questioned nearly \$2.8 billion for ineligible or undocumented program costs.⁴ HUD OIG has also reported on poor grant management practices by CDBG grantees and subgrantees, lack of transparency in the administration of CDBG Disaster Recovery funds, and widespread duplication of benefits.⁵

¹ Pub. L. No. 115-56 (2017).

² *Id.*

³ Office of Inspector General, Department of Housing and Urban Development, *Integrity Bulletin: Documenting the Life Cycle of a CPD Grant* (Fall 2016).

⁴ *Id.*

⁵ Email from Office of Inspector General, Department of Housing and Urban Development, to Homeland Security and Governmental Affairs Committee Staff (Sept. 16, 2017).

Aggressive and independent oversight of disaster relief spending protects the interests of taxpayers and maximizes assistance to hurricane victims, which is why we support additional funding to HUD OIG for disaster relief oversight.

We encourage HUD OIG to conduct capacity audits to evaluate grantees' and subgrantees' ability to properly manage CDBG funding and to adhere to federal procurement regulations. We also ask that HUD OIG utilize all data analytics tools at its disposal and to engage in information sharing with other OIGs through the Disaster Assistance Working Group that has been reactivated by the Council of Inspectors General for Integrity and Efficiency. We are sending similar requests to the Offices of Inspector General for the Department of Homeland Security and the Small Business Administration.

We are heartened to learn that HUD OIG has auditors and investigators stationed in offices near disaster affected areas to monitor disaster relief spending in real time. We ask that this team be directed to report evidence of wasteful spending, fraud, or poor contract management, as it occurs – not after the fact – so that Congress can intervene as needed.

Thank you for your prompt attention to this matter.

Sincerely,



Ron Johnson
Chairman



Claire McCaskill
Ranking Member

cc: The Honorable Ben Carson
Secretary
Department of Housing and Urban Development

RON JOHNSON, WISCONSIN, CHAIRMAN

JOHN McCAIN, ARIZONA
ROB PORTMAN, OHIO
RAND PAUL, KENTUCKY
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WASHINGTON, DC 20510-6250

October 10, 2017

Hannibal “Mike” Ware
Acting Inspector General
U.S. Small Business Administration
409 3rd St. SW, Suite 7150
Washington, DC 20416

Dear Mr. Ware:

We are writing to request immediate and intensive oversight by the Office of Inspector General for the Small Business Administration (SBA OIG) to protect the interests of the taxpayer and to ensure that hurricane relief funds reach the victims of Hurricanes Harvey, Irma, and Maria.

On September 8, in the wake of Hurricane Harvey, Congress appropriated \$15.25 billion in disaster relief funding.¹ Of that total, \$450 million was directed to SBA’s Disaster Loan Program, which provides low-interest financial assistance to businesses, nonprofit organizations, homeowners, and renters.²

While we support the hurricane relief efforts that are underway, we want to ensure that appropriate oversight mechanisms are in place as the long-term recovery begins in affected communities. Congress must ensure that federal funds are spent efficiently and effectively.

Recently, SBA has confronted questions about its ability to protect taxpayer dollars from waste, fraud, and abuse. As you are aware, SBA has consistently reported improper payment rates exceeding the threshold for significant improper payments as defined by the Improper Payments Elimination and Recovery Act of 2010.³ SBA OIG has also reported on widespread duplication of benefits, loan fraud allegations, and insufficient employee training within the Disaster Loan Program.⁴

Aggressive and independent oversight of disaster relief spending protects the interests of taxpayers and maximizes assistance to hurricane victims, which is why we support additional funding to SBA OIG for disaster relief oversight.

¹ Pub. L. No. 115-56 (2017).

² *Id.*

³ Statement of Hannibal “Mike” Ware, Acting Inspector General, U.S. Small Business Administration, before the House Committee on Small Business (Apr. 26, 2017).

⁴ *Id.*

Hannibal "Mike" Ware

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We encourage SBA OIG to utilize any and all data analytics tools at its disposal and to engage in information sharing with other OIGs through the Disaster Assistance Working Group that was reactivated by the Council of Inspectors General for Integrity and Efficiency. We are sending similar requests to the Offices of Inspector General for the Department of Homeland Security and the Department of Housing and Urban Development.


We are heartened to learn that SBA OIG has auditors and investigators stationed in offices near disaster affected areas to monitor disaster loans in real time. We ask that this team be directed to report evidence of wasteful spending, improper payments, or duplication of benefits as they occur – not after the fact – so that Congress can intervene as needed.

Thank you for your prompt attention to this matter.

Sincerely,



Ron Johnson
Chairman



Claire McCaskill
Ranking Member

cc: Linda McMahon
Administrator
Small Business Administration