

FRIDAY, JUNE 30, 2006

COLLINS, LIEBERMAN SEEK TO ADDRESS GOVERNMENT FRAUD

Chairman Susan Collins (R-ME) and Ranking Member Joe Lieberman (D-CT) today sent a letter to the U.S. Government Accountability Office (GAO) requesting its assistance in further addressing the massive waste, fraud and abuse of taxpayer dollars that took place during the federal government's response to Hurricane Katrina.

The Senate Committee on Homeland Security and Governmental Affairs utilized the expertise of GAO's Forensic Audit and Special Investigations Unit (FSI) throughout its eight-month investigation into Hurricane Katrina, which culminated recently with legislation introduced to reform our federal emergency response system. FSI's findings played a critical role in the initial recommendations put forth by the committee, and in keeping with this established relationship, Collins and Lieberman have requested that FSI continue working with the committee as it develops proposals to prevent the fraud witnessed in Hurricane Katrina from occurring in future disasters.

The text of the letter is provided below:

June 30, 2006

The Honorable David M. Walker
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Comptroller General Walker:

The investigative work of our Committee and of GAO's FSI unit has uncovered massive and unacceptable fraud, waste and abuse of taxpayer dollars in the aftermath of Hurricane Katrina. We wrote to you on October 7, 2005, and requested that FSI perform forensic audits and special investigations of the government purchase card program, FEMA disbursements under the Individuals and Households Program (IHP), and contracts for activities at a high risk of fraud and abuse. FSI's work on these matters has been outstanding and has added greatly to the investigations conducted by our Committee.

On February 13, 2006, GAO testified before this Committee on its results from audits and related investigations of expedited assistance provided under the IHP. These findings were followed by testimony at a June 14, 2006, hearing before the House Committee on Homeland Security, Subcommittee on Investigations and estimated that through February 2006, FEMA made about \$1 billion in improper and potentially fraudulent payments. GAO also found that millions of dollars in payments were paid in the name of individuals incarcerated in prisons.

Our Committee is working on legislation to strengthen the nation's emergency management preparedness and response capabilities. As part of this undertaking, we are exploring options to help meet the dual objectives of ensuring that appropriate assistance is provided as quickly as possible to millions of individuals affected by a disaster, while also ensuring that assistance is provided in a manner that safeguards taxpayer dollars from waste, fraud and abuse. Based on the breadth of work that GAO has conducted to investigate and identify problems that arose in the aftermath of Hurricane Katrina, we request that GAO work with the Committee on recommendations for changes that could help prevent waste, fraud and abuse in the wake of future disasters. As an initial matter, we request that representatives of FSI meet with our staffs to chart a course for our collaborative work on this important matter.

Sincerely,

Susan M. Collins Joseph I. Lieberman

Chairman Ranking Member