



# U.S. DEPARTMENT OF HOMELAND SECURITY **OFFICE OF INSPECTOR GENERAL**

OIG-25-18

February 24, 2025

**FINAL REPORT**

## **FEMA Established a Process to Review Hermit's Peak Assistance Claims but Did Not Meet Required Processing and Reporting Timeframes**





# OFFICE OF INSPECTOR GENERAL

U.S. Department of Homeland Security

Washington, DC 20528 | [www.oig.dhs.gov](http://www.oig.dhs.gov)

February 24, 2025

MEMORANDUM FOR: Cameron Hamilton  
Senior Official Performing the Duties of the Administrator  
Federal Emergency Management Agency

FROM: Joseph V. Cuffari, Ph.D.  
Inspector General

SUBJECT: *FEMA Established a Process to Review Hermit's Peak Assistance Claims but Did Not Meet Required Processing and Reporting Timeframes*

**JOSEPH V  
CUFFARI**

Digitally signed by  
JOSEPH V CUFFARI  
Date: 2025.02.21  
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Attached for your action is our final report, *FEMA Established a Process to Review Hermit's Peak Assistance Claims but Did Not Meet Required Processing and Reporting Timeframes*. We incorporated the formal comments provided by your office.

The report contains two recommendations aimed at improving FEMA's ability to comply with the *Hermit's Peak/Calf Canyon Fire Assistance Act*. Your office concurred with both recommendations.

Based on information provided in your response to the draft report, we consider recommendations 1 and 2 open and resolved. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts.

Please send your response or closure request to [OIGAuditsFollowup@oig.dhs.gov](mailto:OIGAuditsFollowup@oig.dhs.gov).

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

Please contact me with any questions, or your staff may contact Kristen Bernard, Deputy Inspector General, Audits, at (202) 981-6000.

Attachment



# DHS OIG HIGHLIGHTS

## FEMA Established a Process to Review Hermit's Peak Assistance Claims but Did Not Meet Required Processing and Reporting Timeframes

February 24, 2025

### Why We Did This Audit

Congress appropriated about \$4 billion in funding to FEMA to administer compensation for individuals and businesses that suffered losses resulting from the 2022 Hermit's Peak/Calf Canyon Fire. We conducted this audit to determine whether FEMA's Claims Office established a systematic process to ensure that all payments are made in accordance with the *Hermit's Peak/Calf Canyon Fire Assistance Act*.

### What We Recommend

We made two recommendations to improve FEMA's ability to comply with the *Hermit's Peak/Calf Canyon Fire Assistance Act*.

#### For Further Information:

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

### What We Found

The Federal Emergency Management Agency's (FEMA) Hermit's Peak/Calf Canyon Claims Office (Claims Office) established a systematic claims process to ensure that all payments are made in accordance with the *Hermit's Peak/Calf Canyon Fire Assistance Act* (the Act). In January 2024, the Claims Office published the *Hermit's Peak/Calf Canyon Claims Program and Policy Guide*, Version 1.0, defining key roles and responsibilities related to accepting, reviewing, approving, and processing claims.

However, the Claims Office did not always determine compensation amounts within the 180-day timeframe required by the Act. We analyzed claims data from the week of August 18, 2024, and found that 13 percent of active claims were overdue. This occurred because FEMA did not develop and implement a staffing plan to ensure it hired enough staff to timely process claims. This inadequate staffing may continue to delay billions of dollars from reaching current and future claimants.

Additionally, the Claims Office did not meet mandatory Congressional reporting requirements because the reports were not prioritized. As a result, Congress was unable to provide appropriate oversight of funds, and FEMA risks expending appropriated funds without paying all valid claims.

### FEMA Response

FEMA concurred with both recommendations. Appendix B contains FEMA's management response in its entirety.



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U.S. Department of Homeland Security

### Background

The 2022 Hermit's Peak/Calf Canyon fire (the fire) was the largest wildfire in New Mexico history (see Figure 1). The Federal Emergency Management Agency (FEMA) estimated the fire burned over 300,000 acres and destroyed as many as 1,484 structures. The fire was formed from the merger of two wildfires. The Hermit's Peak fire began on April 6, 2022, when the U.S. Forest Service lost control of a prescribed burn. The Calf Canyon fire began on April 19, 2022, when an improperly extinguished U.S. Forest Service burn operation rekindled. The two fires merged on April 27, 2022. The U.S. Forest Service assumed responsibility for the fire. As a result of the fire, the President declared a major disaster, 4652-DR-NM, on May 4, 2022.

Figure 1. Hermit's Peak/Calf Canyon Fire



Source: Hermit's Peak/Calf Canyon Claims Office

On September 30, 2022, Congress passed the *Hermit's Peak/Calf Canyon Fire Assistance Act*<sup>1</sup> (the Act), providing \$2.5 billion to compensate victims of the fire. The Act was intended to provide persons<sup>2</sup> who suffered losses from the fire with a simple, expedited process to submit a claim to seek compensation from the U.S. Government. In addition to directing FEMA to issue an interim final rule within 45 days to process and pay claims, the Act established a 2-year deadline for injured parties to submit claims. Congress later extended the deadline to December 20, 2024.<sup>3</sup> The Act limited damages to the actual compensatory damages measured by injuries suffered. In December 2022, Congress added \$1.45 billion<sup>4</sup> in funding, leading to a total of \$3.95 billion available to compensate persons injured by the fire. As of September 17, 2024, the Hermit's Peak/Calf Canyon Claims Office (Claims Office) paid 9,942<sup>5</sup> claims totaling \$1.23 billion (31 percent of the appropriated funds), as shown in Table 1.

<sup>1</sup> Pub. Law 117-180, *Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023, Division G—Hermit's Peak/Calf Canyon Fire Assistance Act*.

<sup>2</sup> The Act defines an injured person as an individual, regardless of citizenship, or Indian Tribe, corporation, Tribal corporation, partnership, company, association, county, township, city, State, school district, or other non-Federal entity (including a legal representative) that suffered injury resulting from the fire.

<sup>3</sup> Pub. Law 118-83, *Continuing Appropriations and Extensions Act, 2025*.

<sup>4</sup> Pub. Law 117-328, *Consolidated Appropriations Act, 2023*.

<sup>5</sup> A claim is a signed proof of loss with supporting documentation.



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U.S. Department of Homeland Security

**Table 1. Appropriated Funds and Claims Office Payments  
as of September 17, 2024**

<b>Amount Appropriated by Congress</b>	<b>Amount Paid to Claimants</b>	<b>Appropriated Funds Remaining</b>
\$3.95 B	\$1.23 B	\$2.73 B

Source: Claims Office website as of September 17, 2024

On November 14, 2022, FEMA published an interim final rule, 44 Code of Federal Regulations (C.F.R.) Part 296, which implemented the Act and required FEMA to establish a Claims Office to receive, evaluate, process, and pay actual compensatory damages for injuries resulting from the fire. Starting in March 2023, FEMA established Claims Office locations at three New Mexico sites: Las Vegas, Mora, and Santa Fe. FEMA published the final rule on August 29, 2023, which incorporated public comments and established procedures for claimants to seek compensation. Before making compensation payments, the Act and final rule required the FEMA Administrator to:

- determine claim amounts within 180 days of submission;
- determine whether the claimant is an injured person and whether the injury was a result of the Hermit's Peak/Calf Canyon fire;
- determine whether the claimant received insurance benefits related to the claim and reduce the amount paid by the total insurance benefit;
- pay subrogation<sup>6</sup> claims, to the extent practicable, only after paying claims submitted by injured parties that are not insurance companies; and
- determine whether the damages in the claim were allowable and otherwise uncompensated, to include costs from loss of property, business loss, or financial loss.

We conducted this audit to determine whether FEMA's Claims Office established a systematic process to ensure that all payments are made in accordance with the Act. This is the first in a series of audits to provide oversight of funding provided by the Act.

<sup>6</sup> 44 C.F.R. Part 296.4, *Definitions*, defines a subrogee as an insurer or other third party that has paid to a claimant compensation for injury and is subrogated to any right that the claimant must receive payment under the Act.



## OFFICE OF INSPECTOR GENERAL

U.S. Department of Homeland Security

### Results of Audit

#### The Claims Office Established a Systematic Process to Review Claims

The Claims Office established a systematic process to ensure that all payments are made in accordance with the Act. In January 2024, the Claims Office published the *Hermit's Peak/Calf Canyon Claims Program and Policy Guide*<sup>7</sup> (Guide), Version 1.0, which defined key roles and responsibilities to accept, review, approve, and process claims in accordance with the Act. FEMA published the Guide on its website to inform claimants, community members, and Claims Office staff of the applicable policy guidelines for claims filed under the Act.

The Director of Operations for the New Mexico Joint Recovery Office<sup>8</sup> is responsible for overseeing staff who receive, evaluate, process, and pay claims at the aforementioned New Mexico sites. The Claims Office hired trusted members of the community as Navigators to work directly with claimants to prepare claim packages. The Claims Office used contracted licensed insurance adjusters as claims reviewers to review *Proof of Loss* submissions and estimate loss amounts. A separate claims reviewer performs a quality control review to ensure *Proof of Loss* determinations are supported. Federal employees within the Claims Office are delegated authority by the director as Authorized Officials to determine final payment amounts.

According to the Guide, the process begins when the claimant submits a *Notice of Loss* form. The Claims Office then assigns the claim to a Navigator who contacts the claimant to review the *Notice of Loss* and verify the information on the form. The claimant has up to 150 days after the *Notice of Loss* is acknowledged<sup>9</sup> to submit a completed *Proof of Loss* form (with documentation) substantiating the claim. The Claims Office has 180 days from the date the *Notice of Loss* is acknowledged to process the claim and notify the claimant of compensation. A Claims Reviewer reviews the *Proof of Loss* form and the supporting documentation and prepares a summary with the recommended compensation amount for each loss listed. The Claims Office provides a written decision to the claimant through a Letter of Determination. The claimant has 120 days to accept or reject the determination. See Figure 2 for a flowchart of the claims process.

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<sup>7</sup> *Hermit's Peak/Calf Canyon Claims Program and Policy Guide*, Version 1.1, was updated on May 15, 2024, with major revisions to Section 10, *Appeals & Arbitration of Claims*.

<sup>8</sup> With the establishment of the Claims Office in October 2022, all operational elements of the Claims Office were unified under the Claims Office Director and Deputy Director, who reported to FEMA's Office of Response and Recovery, Recovery Directorate. The New Mexico Joint Recovery Office was established in March 2024, and FEMA transferred direction and oversight of claims processing to the Director of Operations for the New Mexico Joint Recovery Office, who reports to the Deputy Regional Administrator of FEMA Region 6 in Denton, Texas.

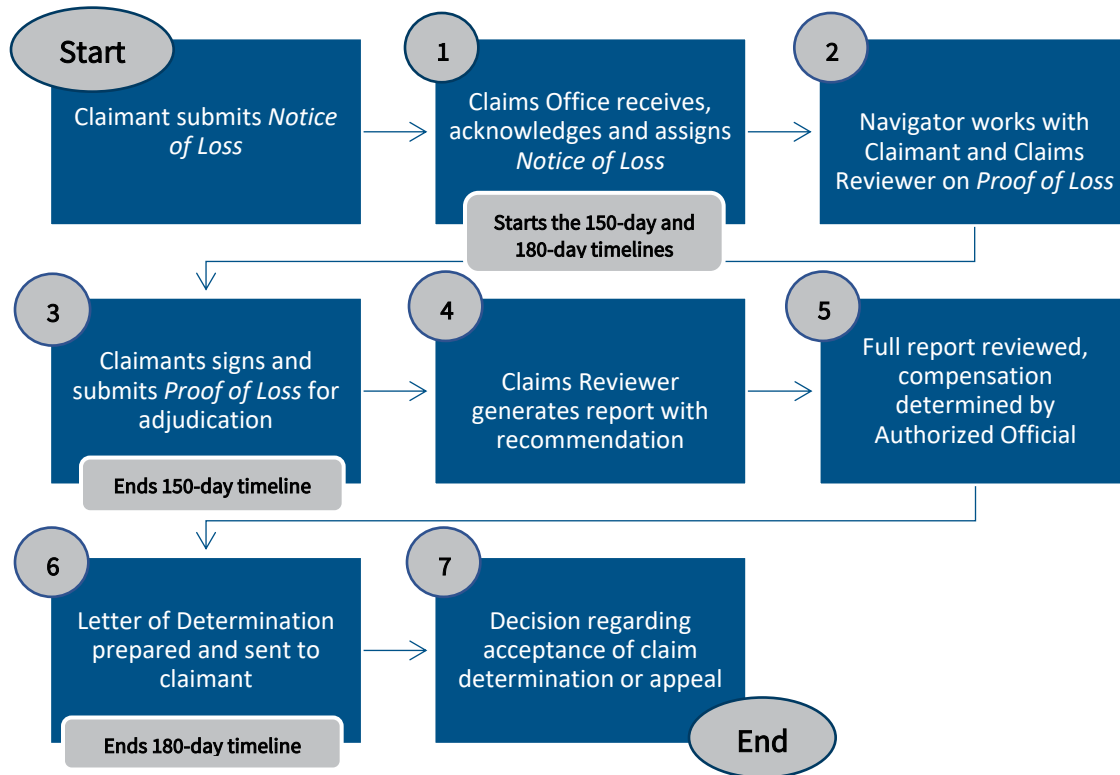
<sup>9</sup> Per 44 C.F.R. Part 296, § 296.5 (b), the Claims Office will provide the claimant with a written acknowledgement that the claim has been filed and a claim number.



## OFFICE OF INSPECTOR GENERAL

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Figure 2. Claims Office Process Flowchart



Source: Department of Homeland Security Office of Inspector General analysis of the *Hermit's Peak/Calf Canyon Claims Program and Policy Guide*

To help process claims, the Claims Office used the Claims and Loss Information Portal (CLIP) to input and maintain claim information, log claim reviews, and track and report claim status. The system is intended to ensure accurate and timely execution of claims throughout the claim lifecycle.

### The Claims Office Did Not Determine Compensation Amounts within the Required Timeframe

The Act requires FEMA to determine compensation amounts no later than 180 days after a claim is submitted. To meet this requirement, the Claims Office has 180 days from the date the *Notice of Loss* was acknowledged to process the claim and notify the claimant of compensation. However, the Claims Office did not always meet that requirement. We analyzed CLIP system data and the *Weekly Claims Office Performance Summary* report for the week of August 18, 2024,

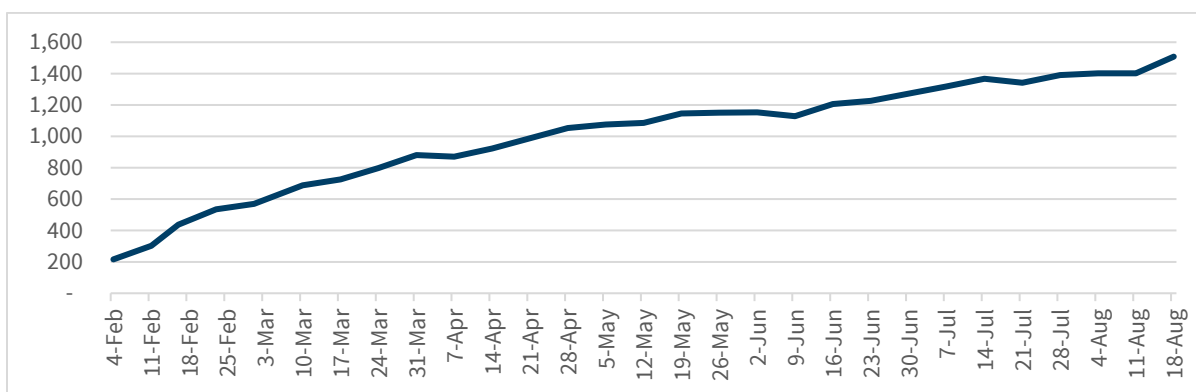


## OFFICE OF INSPECTOR GENERAL

U.S. Department of Homeland Security

and found that 13 percent of active claims were overdue.<sup>10</sup> Specifically, for at least 1,508<sup>11</sup> of 11,695 active claims in CLIP, it had been more than 180 days since the *Notice of Loss* was acknowledged. The requested claim amount for those active overdue claims was approximately \$4.3 billion. We also found the number of overdue claims has continued to increase since February 2024, when the Claims Office reported only 216 claims exceeding the 180-day requirement. See Figure 3 for weekly overdue claims between February and August 2024.

**Figure 3. Weekly Overdue Claims between February and August 2024**



Source: DHS OIG analysis of *Weekly Claims Office Performance Summary* reports between February 4, 2024, and August 18, 2024, and CLIP data

This occurred because FEMA did not develop and implement a staffing plan to ensure it hired enough staff to process the claims in a timely manner. According to a Claims Office official, FEMA approved a total of 450 positions for the Claims Office but did not have assurance the staffing levels were appropriate to meet current or future claim demands.

In February 2024, the Claims Office reorganized its staff into smaller teams to focus on overdue claims. It also implemented a weekly review process to monitor the overdue claims, emphasizing the option of granting extensions to allow claimants additional time to support a claim and prevent the claim from becoming overdue.

Although the Claims Office has taken steps to improve its processes, the number of overdue claims increased steadily during our audit, as illustrated in Figure 3. By not making claim determinations within 180 days, the Claims Office is hindering the recovery efforts of those

<sup>10</sup> A claim is overdue when the Claims Office exceeds 180 days from the *Notice of Loss* to notify the claimant of approved compensation amounts.

<sup>11</sup> The *Weekly Claims Office Performance Summary*, week of August 18, 2024, reported 1,423 overdue claims. However, based on our analysis of CLIP data an additional 85 claims should have been reported, totaling 1,508 overdue claims.





## OFFICE OF INSPECTOR GENERAL

U.S. Department of Homeland Security

impacted and is exposing FEMA to potential litigation for failing to meet statutory deadlines. Claimants experiencing prolonged delays may seek legal recourse, further straining FEMA’s resources and reputation. Additionally, inadequate staffing may continue to delay billions of dollars from reaching current and future claimants in a timely manner.

### FEMA Did Not Meet the Reporting Requirements in the Act

FEMA did not provide required annual and quarterly reports to Congress in accordance with the Act. The Act requires the FEMA Administrator to submit annual reports to Congress beginning on November 14, 2023; these reports must list each claim amount, a brief description of the claim, and the status or disposition of the claim. Additionally, the Act requires the FEMA Administrator to submit the Claims Office’s obligations and expenditures reports to Congress on December 30, 2022, and every 90 days thereafter until funds are expended.

As of October 30, 2024, 351 days after the required date, the Claims Office had not submitted the required annual report to Congress. Additionally, the Claims Office did not provide any quarterly reports to Congress until February 28, 2024, 425 days after the first report was required. See Table 2 for the status of the reporting requirements.

**Table 2. FEMA Quarterly and Annual Report Timeline**

Report	Date Required	Date Submitted	Days Late
Annual Report	November 14, 2023	Not Submitted	351
Quarterly Reports	December 30, 2022	February 28, 2024 <sup>12</sup>	425

Source: DHS OIG analysis of the Act and inquiries to Claims Office leadership

This occurred because the Claims Office did not prioritize reporting to Congress. A Claims Office official stated that reporting was not a priority of leadership, which instead focused on setting up the Claims Office and establishing the program. According to a Claims Office official, they began planning the annual report in November 2023 and provided a draft report to FEMA leadership in December of 2023, but the report was not made available to Congress at the conclusion of this audit.

Because FEMA did not meet reporting milestones, Congress was unable to provide appropriate oversight of funds expended by the Claims Office over the past 2 years. This is especially concerning considering that FEMA reported it is at risk for expending all Congressionally

<sup>12</sup> The FEMA Administrator submitted the Claims Office *Fiscal Year 2023 Obligations and Expenditures* report, which included all 2023 quarterly reports, and the *Fiscal Year 2024 Quarter 1 Obligations and Expenditures* report on February 28, 2024.



## OFFICE OF INSPECTOR GENERAL

U.S. Department of Homeland Security

appropriated funds before it can complete payments for all valid claims. According to an actuarial report commissioned by FEMA in August 2024, an additional \$1 billion in funding may be necessary to satisfy all claims under the Act.<sup>13</sup> This potential \$1 billion shortfall in funding represents a quarter of the total funding provided by Congress in 2022.

### Recommendations

**Recommendation 1:** We recommend the New Mexico Joint Recovery Office Director of Operations develop and implement a comprehensive staffing plan to evaluate and ensure that current staffing levels are adequate for processing claims within the timeframe mandated by the *Hermit's Peak/Calf Canyon Fire Assistance Act*.

**Recommendation 2:** We recommend the Administrator of FEMA publish an annual claims status report to Congress, on time, as required.

### Management Comments and OIG Analysis

FEMA provided management comments on a draft of this report. We included the comments in their entirety in Appendix B. We also received technical comments from FEMA on the draft report, and we revised the report as appropriate. FEMA concurred with both recommendations, and we consider both recommendations open and resolved. A summary of FEMA's responses to the recommendations and our analysis follows.

**FEMA Response to Recommendation 1:** Concur. FEMA Region 6 (which includes the New Mexico Joint Recovery Office) agrees with the importance of developing and implementing a comprehensive staffing plan. In addition to past and ongoing hiring efforts, FEMA Region 6 will develop and implement a comprehensive staffing plan to evaluate and ensure that current staffing levels are adequate for processing claims within the timeframe mandated by the Act. Estimated completion date: June 30, 2025.

**OIG Analysis:** FEMA's actions are responsive to the recommendation. This recommendation will remain open and resolved until we receive evidence FEMA developed and implemented a comprehensive staffing plan to evaluate and ensure staffing levels are adequate.

**FEMA Response to Recommendation 1:** Concur. FEMA, led by the Claims Office, will provide Congress the annual claims status report as part of the fiscal year 2024 Annual Congressional Report as required in the Act, subject to further guidance and requirements from both DHS and the Office of Management and Budget, as appropriate. Moving forward, FEMA will ensure that

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<sup>13</sup> The Financial Statement Liability Progress Report as of August 5, 2024, reported a total of \$4.951 billion in estimated actuarial liability.



## OFFICE OF INSPECTOR GENERAL

*U.S. Department of Homeland Security*

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the annual claims status report is provided to Congress, as appropriate. Estimated completion date: August 29, 2025.

**OIG Analysis:** FEMA's actions are responsive to the recommendation. This recommendation will remain open and resolved until we receive evidence FEMA published an annual claims status report to Congress.



## OFFICE OF INSPECTOR GENERAL

*U.S. Department of Homeland Security*

### Appendix A: Objective, Scope, and Methodology

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Pub. L. No. 107-296) by amendment to the *Inspector General Act of 1978*.

We audited FEMA's Hermit's Peak/Calf Canyon Fire Assistance Claims Office's claims process. The objective of our audit was to determine whether FEMA's Claims Office established a systematic process to ensure that all payments are made in accordance with the Act.

We assessed internal controls related to FEMA's design of a systematic process to receive, evaluate, process, and pay actual compensatory damages for injuries suffered from the fire. To determine whether FEMA designed a systematic process, we reviewed requirements in the Act and related regulations<sup>14</sup> and compared them to FEMA's *Hermit's Peak/Calf Canyon Program and Policy Guide* and related job aids and checklists. To observe FEMA's staff process claims, we visited three Claims Office sites in New Mexico: Santa Fe, Las Vegas, and Mora. We interviewed FEMA senior officials responsible for programmatic decisions, as well as Claims Office officials and staff responsible for policies, processes, and control activities, including:

#### FEMA Headquarters, Washington, DC

- Recovery Directorate Assistant Administrator
- Senior Advisor to the Administrator

#### Claims Offices at Santa Fe, Mora, and Las Vegas, New Mexico

- Chief Operating Officer, Deputy Director, and Senior Advisor
- Senior Counsel and Counsel
- Policy Section Chief
- Branch Chief, Recovery Analytics Division
- System of Record, Data & Training, Customer Experience, and Continuous Improvement Lead
- Advocate
- Claims Intake
- Two Navigators
- Three Claims Reviewers
- One Quality Control Reviewer
- Two Authorizing Officials

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<sup>14</sup> *Hermit's Peak/Calf Canyon Fire Assistance Act*, Public Law 117-180; *Consolidated Appropriations Act, 2023*, Public Law 117-328; *Continuing Appropriations and Extensions Act, 2025*, Public Law 118-83; and *Hermit's Peak/Calf Canyon Fire Assistance*, 44 C.F.R. Part 296.



## OFFICE OF INSPECTOR GENERAL

*U.S. Department of Homeland Security*

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- Two Site Leads
- Las Vegas Water Plant Officials

We relied on data from CLIP to determine the number of active and paid claims that exceeded 180 days. We performed limited data reliability procedures and determined the data was accurate and complete for the purposes of our audit findings and conclusions.

We conducted this audit from February through August 2024 pursuant to the *Inspector General Act of 1978*, 5 U.S.C. §§ 401–424, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### **DHS OIG’s Access to FEMA Information**

FEMA delayed OIG’s request for direct access to the data contained in the Hermit’s Peak/Calf Canyon CLIP. OIG requested access to CLIP on March 22, 2024, and FEMA provided OIG with direct access more than 4 months later.



## OFFICE OF INSPECTOR GENERAL

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### Appendix B: FEMA Comments on the Draft Report

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



# FEMA

BY ELECTRONIC SUBMISSION

January 17, 2025

MEMORANDUM FOR: Joseph V. Cuffari, Ph.D.  
Inspector General

FROM: Cynthia Spishak  
Associate Administrator  
Office of Policy and Program Analysis

CYNTHIA  
SPISHAK

Digitally signed by CYNTHIA  
SPISHAK  
Date: 2025.01.17 16:19:59  
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SUBJECT: Management Response to Draft Report: “FEMA Established a Process to Review Hermit’s Peak Assistance Claims but Did Not Meet Required Processing and Reporting Timeframes” (Project No. 23-065-AUD-FEMA)

Thank you for the opportunity to 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.

FEMA leadership is pleased to note the OIG’s positive recognition that FEMA established a systematic process to ensure that all payments are made in accordance with the “Hermit’s Peak/Calf Canyon Fire Assistance Act” (the Act).<sup>1</sup> FEMA remains committed to further simplifying the application process for claimants to seek compensation for injury or loss of property resulting from the 2022 Hermit’s Peak/Calf Canyon fire (the fire), as appropriate. This is evidenced by the efforts of FEMA’s Hermit’s Peak/Calf Canyon Claims Office (Claims Office), which strives to provide timely compensation and simplify the claims process for claimants. For example, FEMA:

- Hired trusted members of the community as “Navigators” to work directly with claimants to assist them to prepare claim packages and FEMA initially used contracted licensed insurance adjusters as claims reviewers to review Proof of Loss submissions and estimate loss amounts.
- Reorganized Claims Office staff into smaller, specialized teams in February 2024, to concentrate on overdue claims.

<sup>1</sup> Pub. Law 117-180, “Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023, Division G—Hermit’s Peak/Calf Canyon Fire Assistance Act,” dated September 30, 2022;  
<https://www.govinfo.gov/content/pkg/PLAW-117publ180/pdf/PLAW-117publ180.pdf>



## OFFICE OF INSPECTOR GENERAL

*U.S. Department of Homeland Security*

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- Implemented a weekly Claims Office review process on January 2, 2024, to monitor overdue claims proactively.
- Allocated 80 percent of claims processing staff as of September 9, 2024, to focus on claims for which compensation amounts were not determined within the 180-day timeframe required by the Act.
- Developed a daily reporting system in September 2024 that enables operations managers to track the status and movement of out-of-compliance claims through the processing line.
- Completed a six-week initiative in October 2024 to streamline quality control reviews, significantly reducing the amount of re-work required during claim processing.
- Adjusted the allocation of contract claim reviewers in December 2024 to ensure the ratio of reviewers aligns proportionally with the volume of out-of-compliance claims.

However, it is important that Congress and the public understand that FEMA leadership disagrees with the draft report's allegation that FEMA delayed OIG's request for direct access to the data contained in the Claims and Loss Information Portal (CLIP), as it does not acknowledge the complexities and extensive collaboration involved with obtaining access to this portal. For example, the OIG's report does not mention that CLIP is owned by the U.S. Department of Agriculture (USDA), not FEMA. In addition, the CLIP system contains personally identifiable information (PII) and sensitive PII of every applicant that has filed for assistance as a result of the fire. Accordingly, OIG's access request required USDA awareness, as well as involvement of staff in seven FEMA offices to issue the auditors a FEMA computer.

More specifically, to receive CLIP access all personnel must formally fill out a U.S. Department of Homeland Security (DHS) Personnel Visit Authorization Request (VAR) and submit it to FEMA Personnel Security to receive a Derived Alternative Credential (DAC) through FEMA's Integrated Security Management System (ISMS) run by the FEMA's Office of the Chief Security Officer Personnel Security Division (PSD). Anyone not having an active FEMA ISMS profile—including OIG personnel—then needs to undergo PSD vetting prior to approval for a FEMA credential. Once approved by the PSD to receive a DAC, all personnel must report in person to the Claims Office to complete the enrollment process for credentialing, after which FEMA's Office of the Chief Information Officer is able to issue credentials and provision accounts to allow access to the system.

Upon arriving at the Claims Office on June 17, 2024, OIG personnel received their DAC and FEMA computer. Unfortunately, technical difficulties with granting derived credentials arose and the Claims Office was not able to complete the process at that time. It was determined that the auditors would also require a security profile and this could not be done at the Claims Office. OIG staff members had to request this profile and apply for



## OFFICE OF INSPECTOR GENERAL

*U.S. Department of Homeland Security*

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derived credentials through FEMA Headquarters or FEMA Regional security offices. Due to the different locations of the OIG team members, this security process required coordination through seven different FEMA Offices, four FEMA Regions, and the OIG Security Office. By July 30, 2024, FEMA transmitted to each of the seven OIG staff members a link providing access to CLIP. This resulted in six of the OIG staff members successfully attaining access as of July 31, 2024. On August 8, 2024, the last remaining (i.e., seventh) OIG staff member (who had experienced some technical difficulty) confirmed to FEMA their ability to access CLIP.

These processes, although lengthy, were necessary to protect sensitive information in the USDA CLIP system and required extensive collaboration and coordination across multiple program offices, each of which contributed invaluable input, addressed key security considerations, and ultimately supported FEMA's provision of read-only access to the OIG. Although this timeline included unanticipated steps, FEMA worked in good faith to expeditiously establish the necessary infrastructure to facilitate OIG's access to CLIP, including providing OIG periodic updates throughout to ensure transparency on each development and working closely with the OIG to coordinate the access requirements. Accordingly, the contextually incomplete characterization in OIG's draft report that this was simply a delay of more than four months is misleading and inaccurate.

The draft report contained 2 recommendations with which FEMA concurs. Attached find our detailed response to each recommendation. FEMA previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for OIG's consideration, as appropriate

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions.

Attachment





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### Attachment: Management Response to Recommendations Contained in OIG 23-065-AUD-FEMA

OIG recommended that the Hermit's Peak/Calf Canyon Claims Office Director:

**Recommendation 1:** Develop and implement a comprehensive staffing plan to evaluate and ensure that current staffing levels are adequate for processing claims within the timeframe mandated by the Hermit's Peak/Calf Canyon Fire Assistance Act.

**Response:** Concur. FEMA Region 6 (which includes the NM JRO) agrees with the importance of developing and implementing a comprehensive staffing plan. The FEMA Claims Office, initially approved for 83 full-time positions, began hiring staff in November 2022 and launched operations in March 2023 with a small team of 52 staff, contractors, and deployed personnel. Since that time, the Claims Office worked to hire local staff to address growing claims processing needs, including conducting more than 15 local hiring events.

In March 2024, the FEMA Claims Office underwent a restructuring that created NM JRO under FEMA Region 6. The NM JRO currently directs and provides oversight for claims processing, including serving as the authorized official for determinations prior to any dispute resolution. Meanwhile, the FEMA Claims Office, which remains under FEMA Recovery Directorate Headquarters, manages the delivery and oversight of functions related to the Advocate's Office, appeals, external audits, arbitration, policy and system development, as well as financial management and reporting.

As of December 13, 2024, FEMA has approval for 272 full-time positions, split between the NM JRO and the Claims Office. There are also currently more than 400 staff, contractors, and deployed personnel supporting claims processing efforts. FEMA recognizes that the federal hiring process sometimes takes considerable time, contributing to delays in onboarding additional resources. Both the FEMA NM JRO and Claims Office continue to adjust staffing models to meet processing demands. Further, FEMA Region 6 will complete development and start implementation of a comprehensive staffing plan to evaluate and ensure that current staffing levels are adequate for processing claims within the timeframe mandated by the Hermit's Peak/Calf Canyon Fire Assistance Act.

Estimated Completion Date (ECD): June 30, 2025.



## OFFICE OF INSPECTOR GENERAL

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OIG recommended that the Administrator of FEMA:

**Recommendation 2:** Publish an annual claims status report to Congress, on time, as required.

**Response:** Concur. FEMA, led by the Claims Office, will provide Congress the annual claims status report as part of the fiscal year 2024 Annual Congressional Report as required in the Act, subject to further guidance and requirements from both DHS and the Office of Management and Budget processes, as appropriate. Moving forward, FEMA will ensure that the annual claims status report is provided to Congress, as appropriate.

ECD: August 29, 2025.



## **OFFICE OF INSPECTOR GENERAL**

*U.S. Department of Homeland Security*

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### **Appendix C: Report Distribution**

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Secretary  
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General Counsel  
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