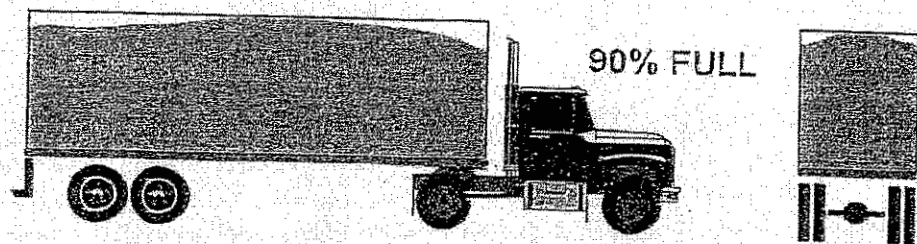
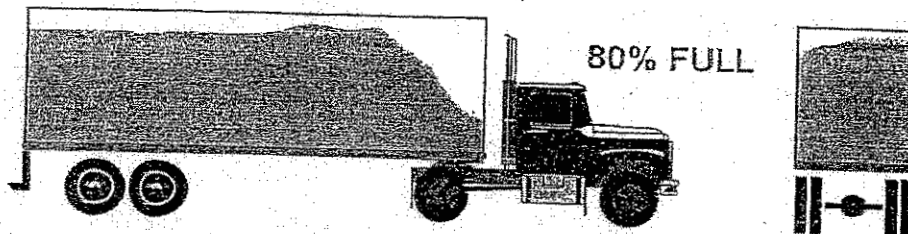
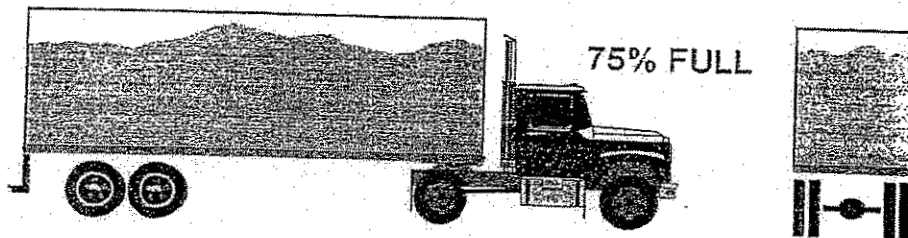
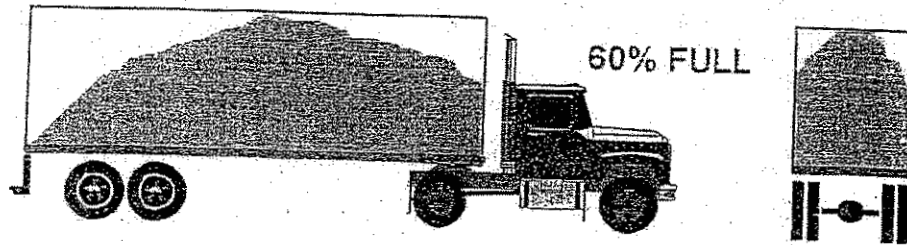


GUIDELINES
for
ESTIMATING
LOADS in TRUCKS

1. Ensure that the number and capacity (size) of the truck, which is written on the Load Ticket, is the same as what is marked on the side of the truck.
2. Make sure that the truck is loaded with disaster debris.
3. All estimated loads must be viewed from a tower or other suitable facility that is safe. The tower can be constructed of wood or metal, or be an exterior heavy-duty scissor lift. These towers must be capable of housing a minimum of three (3) people and anchored to ensure safety.
4. Ensure that the truck is empty when it leaves the disposal site.
5. If there is not a tailgate on the truck, the truck is not full.
6. If the truck is half full, in the Debris Quantity Section of the load ticket note that the load is 50% full. (See Attachment "A" for percentage example of loaded trucks).
7. A truck is 100% full only when the debris is filled completely to the "brim", with no air holes, and the truck is heaped above the sideboards. The truck must have a tailgate that secures the entire back of the truck.

NOTE: It is virtually impossible for a truck to be 100% loaded, because wood debris, tree branches and rubble cannot be placed in a truck with out having air holes/ voids.

Exhibit L
Attachment A



Final

INTERNAL REVIEW OFFICE

3 December 2005

MEMORANDUM THRU DEPUTY COMMANDER (Jack Hurdle)

FOR ON-SITE COMMANDER (Col Smithers), Katrina Louisiana Recovery Field Office

for
12/22/05

SUBJECT: Internal Review Observation - Katrina LA-RFO 142 - Ceres - Improper Tailgate & Questionable QA Practices

1. Audit Observation No. 142 - Ceres - Improper Tailgate & Questionable QA Practices

2. **Condition.** Refer to the enclosed IR Trip Report. Report indicates that a Ceres subcontractor had unsafe tailgate on LFD Transport #P12043. Also, QAs were writing load tickets at the debris site when trucks came to the tower with out load tickets, and were not accurately determining and reporting the size (% of max capacity) of the loads actually delivered. Additionally, the River Birch C&D and White goods site needs weatherproofing to limit wind and rain.

3. **Recommendation:** Recommend that Ceres be advised to remove from operation any unsafe equipment. Recommend that QAs be provided additional guidance on what to do when trucks come to debris sites without a load ticket or with a load ticket that was not signed by a QA. Recommend that QAs be provided additional guidance on determining & reporting the size of loads actually delivered. Recommend entrance & exit towers be weatherproofed.

Management Comments: CONCUR () NON-CONCUR

Cherie Anke
Debris Mission Manager

Discussed with RES.

Management Comments: CONCUR () NON-CONCUR

Hana Taylor
Safety Officer

Management Comments: CONCUR () NON-CONCUR

Charlotte Hatfield
Contracting

Notified CERES and gave them the placard for debris truck # P12043. No WP needed weatherproofing. Discussed w/ Hana Taylor - WP not needed. (Hf.)

Internal Review Response:

OK

GEORGE SULLIVAN *George Sullivan*
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

2 Encl

Katrina LA-RFO 142atch 1 - Ceres - Improper Tailgate & QA Practices.doc
Katrina LA-RFO 142atch2 - Ceres - Improper Tailgate & QA Practices.doc

Trip Report for December 2, 2005

I teamed up with Dennis Blythe and Camara Dupree, DCAA auditors. We visited the Kenner Debris site which was closed when we visited on November 26, 2005. The Kenner site was very active today. Ceres had not been notified that this site was to be closed so the Corps agreed to keep it open for an additional 5 days. While at the Kenner Debris site, I made the following observation.

- Observed a truck with a trailer attached that was hauling C&D. The trailer had wooden sides made of plywood approximately 8 feet tall and a tailgate approximately 14" tall. A 4'x 8' sheet of plywood was laid sideways and wedged between the load and the tailgate. Debris filled the front portion of the trailer and descended down to the top of the tailgate plywood. It is possible for debris to slide toward the back of the trailer and off onto the roadway thereby presenting a danger to vehicles following the trailer. The placard identified this truck as Ceres, LFD Transport, #P12043. This truck presents a safety hazard to the public. Ceres should be notified and take appropriate action to correct this problem. *Notified Ceres*

We then visited the KV Landfill. At the time of our visit, around 11:00, there had been no trucks. The QA on site stated that there were 5 trucks yesterday, December 1st. He also stated that the KV Landfill would be closing December 17th.

Our next stop was at the MSW part of River Birch on Highway 90. The ECC QA on site said that he was turning ECC trucks away because there was no Corps QA on site. He understood that there would be a Corps QA on site tomorrow, December 3rd.

At the River Birch C&D and White Goods sites, there is an urgent need for weatherproofing the entrance and exit towers. These towers are essentially open to the wind and cold and blowing rain. Ceres has erected two large white tents at the base of the towers and this offers some relief from the wind but not from the cold. Some type of heaters should be obtained for these tents. While at the River Birch C&D site, I made the following observation. *Has been presented to contracting office*

- Observed a Ceres truck, subcontractor Orbital, driven by H. Meggitt, placard # OS11757 or #0S11757 or #0511757, arriving without a load ticket. The Corps QA on site, Scott MacKimmon, wrote a load ticket for the truck. Further inquiry found that this was the second ticket for today and five or six tickets had been written yesterday. We asked Scott about the truck having no tickets and he said he would find out why. He immediately started calling someone. At this time, the DCAA auditors wanted to follow the truck to see where it was picking up debris. We left without knowing why the truck had no ticket. We got caught by a red light and eventually lost the truck. We returned to the debris site and upon further inquiry, found out that Scott had called Kevin Blair who I believe is the Corps rep for Zone 9. Kevin had told Scott that H. Meggitt was

picking up debris that the public had dumped from a street off of Lapalco. If this dump site was large enough to have had as many as 7 loads, then a QA should have been on site to issue the load tickets. Both of the tickets that I observed, #214319 and #250456, rated the load as 54 CY. The placard on the truck listed 54 CY. A. Kennell did the rating on one load and Scott MacKimmon rated the other load.

At the River Birch C&D Debris site, we noted that 19 of the 20 Ceres load tickets reviewed today were assessed at 100%. In the experience and observation of the auditors, we did not note any of the trucks entering the site having 100% loads. We will continue to monitor the situation and will most likely require follow-up at the billing stage at the RFO in Baton Rouge.

Peter's Road Location

Time in	Prime Contractor	Subcontractor	Ticket#	Truck#	Capacity (CY)	Load Amount	Driver
1155	Ceres	Jak	253537	KP11808	113	113	Jak
1137	Ceres	Jak	253536	KP11805	99	99	R. Viana
1116	Ceres	Jak	253534	KP11809	120	120	C. Biser
1112	Ceres	Jak	253535	KP11806	100	100	J. Hernandez
1037	Ceres	Jak	253533	P11873	99	99	M. DeCarvaldo
1028	Ceres	Jak	253532	P1841	112	112	Williams
1006	Ceres	Jak	253531	K11807	116	116	Bloomfield
0932	Ceres	Jak	213420	KP11805	99	99	R. Viana
0944	Ceres	Jak	253529	KP11808	113	113	Jak
0919	Ceres	Jak	253530	KP11806	100	100	J. Hernandez

Zone West (LaPalco Blvd)

Time in	Prime Contractor	Subcontractor	Ticket#	Truck#	Capacity (CY)	Load Amount	Driver
1149	Ceres	Le Nouveau	250455	LN11732	42	42	Jones
1049	Ceres	Le Nouveau	213461	LN9786	44	43	Ruffin
1050	Ceres	Durr	214320	P11853	31	31	Phillips
1035	Ceres	Orbital	214319	OS11757	54	54	Meggitt
1024	Ceres	Chaquette	250454	P11869	20	20	Taulli
1017	Ceres	Total Recall	250453	P15024	17	17	Myers
0952	Ceres	Durr	214318	P11866	31	31	Lambert
0942	Ceres	Le Nouveau	253469	P15097	35	35	Ruffin
0915	Ceres	Ted's TS	250452	2700	25	25	Ted Reine
0900	Ceres	Durr	214317	P11853	31	31	Phillips

We feel that the large number of 100% assessment should be looked into further at the RFO office.

Harold Germany, Internal Review
Dennis Blythe, DCAA
Camara Dupree, DCAA

Final

INTERNAL REVIEW OFFICE

16 December 2005

MEMORANDUM THRU DEPUTY COMMANDER (Jack Hurdle) *JH*

FOR ON-SITE COMMANDER (Col Smithers), Katrina Louisiana Recovery Field Office

12/22/05

SUBJECT: Internal Review Observation - Katrina LA-RFO 169 - Ceres - River Birch C&D - Amounts Recorded on Load Tickets

1. Audit Observation No. 169 - Ceres - River Birch C&D - Amounts Recorded on Load Tickets

2. **Condition.** Refer to the enclosed IR Trip Report. Report indicates that the CYs of debris recorded as hauled on load tickets issued at River Birch C&D were sometimes very liberal resulting in overstatement of the amount of debris actually hauled.

3. **Recommendation:** Recommend that additional guidance be provided to QAs on how to determine CYs of debris hauled and that QA supervisors at debris sites review and discuss summary sheets with individuals making load assessments prior to submitting the day's activity to the RE's office. Also consider rotating QAs among different debris sites.

Management Comments: CONCUR () NON-CONCUR

Cherita Ashby
Debris Mission Manager

RE will provide refresher training on load determinations

Internal Review Response: *OK*

George Sullivan
GEORGE SULLIVAN
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

1 Encl
Katrina LA-RFO 169atch 1 - Ceres - River Birch C&D - Load Tickets.doc

Trip Report for December 15, 2005

Visited the Highway 90 – River Birch C&D site for the purpose observing the site QA's assessment of debris loads. We have visited this site a number of times over the past two weeks and observed a large percentage of 100% assessments. During this visit, I personally observed a contracted QA make assessments on ten trucks. The assessments are listed below. It is my opinion that his assessments were more on the liberal side. Ceres truck #P11896 was placard at 22 CY. It was assessed at 19 CY. I estimated that the load (mainly privacy fence and other wood pieces) was 15 CY since it appeared to have a lot of dead space. One particular truck (#15281) was placard at 29 CY and only had approximately ¼ of the trailer filled. The load was assessed at 19 CY. I estimated the load at 8 CY.

Truck No.	Placard CY	Assessed CY	Percentage
P11896	22	19	86.4%
P15266	36	31	86.1%
5040	24	22	91.6%
JPH741	26	24	92.3%
P15214	27	26	96.3%
P15227	41	39	95%
P15046	46 (42 ?)	44	95.6%
P15275	46	42	91.3%
P15281	29	19	65.5%
TU4888	48	42	87.5%

I recorded truck # 15046 having a placard CY rating of 42. The West Zone C&D summary page recorded the placard CY as 46. I searched my database (dated 12/2/05) and could not find that truck number.

Overall, the load assessments, particularly the 100% assessments, seems to have drop a little. I attribute the drop to the number of recent trips that I and the DCAA auditors have made to the site.

Based on my observations today and over the past few weeks, I recommend that all QA's assigned to debris attend a refresher QA class. In addition, I recommend that the QA in charge at each debris site review and discuss all summary sheets with the individuals making the assessments prior to submitting the days activity to the RE's office.

Harold Germany, Internal Review
Randy Gentry, Internal Review
Camara Dupree, DCAA

MEMORANDUM THRU DEPUTY COMMANDER (Jack Hurdle)

FOR ON-SITE COMMANDER (Col Smithers), Katrina Louisiana Recovery Field Office

SUBJECT: Internal Review Observation - Katrina LA-RFO 173 – P&J and Ceres – Accuracy of Load Tickets

1. Audit Observation No. 173 – P&J and Ceres – Accuracy of Load Tickets

2. Condition. Refer to enclosed IR Trip Reports. Reports indicate that the CYs of debris recorded as hauled on load tickets issued at Gill Vegetative Site, Brownsvillage Vegetative Site and Gentilly Landfield were often very liberal resulting in overstatement of the amount of debris actually hauled. Loads at these sites were generally estimated at about 97% of maximum capacity by the QAs.

3. Recommendation: Recommend that QAs receive additional guidance on how to determine CYs of debris hauled and that QA supervisors at debris sites review and discuss summary sheets with individuals making load assessments prior to submitting the day's activity to the RE's office. Also, consider rotating QAs among different debris sites.

Management Comments: () CONCUR () NON-CONCUR

Debris Mission Manager

Management Comments: () CONCUR () NON-CONCUR

Contracting Officer

Internal Review Response:

GEORGE SULLIVAN
Chief, Internal Review Office
Hurricane Katrina – LA-RFO

1 Encl

Katrina LA-RFO 173atch 1 - P&J and Ceres - Accuracy of Load Tickets.doc

Katrina LA-RFO 173atch 2 - P&J and Ceres - Accuracy of Load Tickets.doc

Katrina LA-RFO 173atch 3 - P&J and Ceres - Accuracy of Load Tickets.doc

TRIP REPORT
19 DECEMBER, 2005

Visited the following Debris Sites:

Tangipahoa Parish Gill Vegetative Debris Site,
St. Tammany Parish Brownsvillage White Goods Site
St. Tammany Brownsvillage Vegetative Debris Site.

Issues/Observations: Tangipahoa Parish Gill Vegetative Debris Site

- 1 - Observed GoTech QA writing tickets on trucks as they entered the site –
- 2 - Observed GoTech QA not checking that trucks are empty as they departed the debris site. This is a small debris site with the dumping area in full view of the tower. The same number of trucks arriving during the day makes it unlikely that you would have more than two at a time, usually it is just one. It is obvious to everyone around when the truck raises its bed and dumps its load. In addition, the tractor operator usually assists the driver in dumping his load.
- 3 - Recorded data on 6 trucks that had been processed at the site. Detail on each truck is provided in the chart listed below. Note that truck no. TL3213 had 100% loads. I personally observed the QA make an assessment of 30 CY on a truck with a placard CY of 31. Even though the truck was full, the load consisted of various size tree trunks and various size limbs. There was plenty of dead space in the load.

**Ceres
Tangipahoa Parish
Gill Vegetative Site**

Time	Truck No.	Placard Capacity	Ticket No.	Load Amount	Load %
07.53	TL3213	31	420706	31	100.0%
08.17	TL3220	42	420707	41	97.6%
08.37	TL3131	31	420708	27	87.1%
08.52	TL3213	31	420709	31	100.0%
09.52	TL3220	42	420710	41	97.6%
10.19	TL3213	31	420711	30	96.8%
Total		208		201	96.6%

Issues/Observations: St. Tammany Parish Brownsvillage Road Vegetative Debris Site

- 1 - Observed that the trucks coming from the Pearl River zone had a large number of 100% loads. Truck No. 3207 and 3235 had three loads of 100% each. There was no activity at the time that I was there so I was unable to observe the onsite QA assessing a load. Suggest that a query be performed on these two trucks.
- 2 - I feel like the assessments are unusually high for the type of debris coming through this site. When a truck is loaded with trees, there is a lot of dead space created.

**Ceres
St. Tammany Parish
Brownsvillage Road Vegetative Site
Pearl River**

Time	Truck No.	Placard Capacity	Ticket No.	Load Amount	Load %
8.29	2075	52	424839	51	98.0%
11.36	2075	52	424845	51	98.0%
6.01	3207	23	424835	23	100.0%
9.53	3207	23	424841	23	100.0%
12.00	3207	23	424848	23	100.0%
6.00	3223	29	424834	26	89.6%
11.46	3223	29	424847	29	100.0%
6.19	3224	25	424837	23	92.0%
10.27	3224	25	424842	25	100.0%
10.45	3235	28	424843	28	100.0%
12.42	3235	28	424849	28	100.0%
13.43	3235	28	424852	28	100.0%
6.02	5538	20	424836	18	90.0%
11.37	5538	20	424846	20	100.0%
12.53	5538	20	424850	19	95.0%
13.59	5538	20	424853	19	95.0%
8.09	5572	47	424838	45	95.7%
9.50	5572	47	424840	45	95.7%
11.31	5572	47	424844	46	97.8%
13.10	5572	47	424851	46	97.8%
Total		633		616	97.3%

**Ceres
 St. Tammany Parish
 Brownsvillage Road Vegetative Site
 Slidell**

Time	Truck No.	Placard Capacity	Ticket No.		
8.13	2040	43	424368	42	97.7%
9.34	2040	43	424372	43	100.0%
10.21	2065	50	424376	49	98.0%
13.15	2065	50	424385	50	100.0%
9.29	2068	50	424371	48	96.0%
11.49	2068	50	424382	48	96.0%
10.32	2127	45	424378	43	95.6%
13.24	2127	45	424386	42	93.3%
10.53	3182	81	424380	79	97.5%
8.37	3184	54	424369	53	98.1%
10.03	3184	54	424375	53	98.1%
12.17	3184	54	424383	51	94.4%
11.22	3204	40	424381	37	92.5%
13.48	3204	40	424387	38	95.0%
7.09	3532	38	424366	36	94.7%
10.30	5524	84	424377	81	96.4%
8.06	5526	74	424367	71	95.9%
9.44	5526	74	424373	72	97.3%
9.10	5560	49	424370	48	98.0%
10.41	5560	49	424379	49	100.0%
10.00	0145	62	424374	59	95.2%
12.36	0145	62	424384	60	96.8%
Total		1191		1152	96.7%

Harold Germany, Internal Review

Trip Report for December 1, 2005

I teamed up with Dennis Blythe and Camara Dupree, DCAA auditors, and visited the Old Gentilly Landfill. This is a C&D, Mulch and White Goods site. This site was very active today. We made the following observations.

ECC from ZIP 70075, 40 Arpent Rd. Canal, St. Bernard Parish

Time In	Truck #	Capacity (CY)	Load Ticket #	Load Amount	Driver
0632	0901101047	47	177098	41	J. Cushman
0746	0901101047	47	177099	41	J. Cushman
0927	0604018025	25	177831	18	Mike Sanders
1014	0901101047	47	177100	39	J. Cushman
1103	0604029018	18	177832	14	P. Medders

ECC from ZIP 70043, Paris Rd. Canal, St. Bernard Parish

Time In	Truck #	Capacity (CY)	Load Ticket #	Load Amount	Driver
0826	0604029018	18	177734	15	P. Medders
0740	0604007016	16	177733	10	L. Ceaser
0739	060401626	26	177732	22	Labiche
0723	0604030022	22	177731	16	C. Jacobson
0722	060409019024	24	177830	17	Mark Sanders

P&J from Orleans Parish

Time In	Truck #	Capacity (CY)	Load Ticket #	Load Amount	Driver
1045	28562	42	199050	42	Omni
1100	26256	32	447218	30	BER
0950	29514	62	447218	62	Note 1
1046	28519	48	393058	44	Note 1
1015	29235	37	397299	37	Note 1
1016	29668	29	447600	28	Note 1
1024	11900	86	198362	82	Note 1
1035	29107	48	456716	47	Note 1
1027	026468	40	198171	36	Note 1
1056	11985	29	476379	29	Note 1

- We noted four of the ten P&J load tickets reviewed today were assessed at 100%. The trucks that we observed entering the site did not have 100% loads. An informal observation had been made previous to our visit and the impression was that the P&J tower crews were assessing an unusual number of 100% loads. Georgiann Schult at the RFO ran a query comparing load capacity to load assessment for each truck entering the Old Gentilly Landfill Site for ECC and P&J for the time period November 29, 2005 through

December 1, 2005. She was able to obtain results for ECC but did not get any results for P&J. It appears that the load tickets for that time period for P&J had not been entered into the database at the time she ran her query. We will continue to monitor the situation and will ask Georgiann to run the query again next week.

- Observed an ECC truck with a makeshift tailgate that did not appear to be very secure. The tailgate itself was made of what appeared to be a chain link fence gate and was held in place with a 2" ratchet strap. Backing up the ratchet strap were two bungee cords. If the ratchet strap failed to hold, there was nothing other than the bungee cords to prevent the load from falling out of the truck. This was an ECC truck with the following information on the placard. ECC-Camese, St. Bernard, CE 111, Truck No. 06-01-009-021.
- ECC drivers need to observe the speed limit while at the debris site. QA's are good about telling drivers to slow down.
- We followed two P&J trucks to each of their pickup sites. All crews were working and observing safety rules. Streets were blocked off with large red "Stop" signs and flagmen were present. Everyone that we observe was wearing hardhats, steel toed boots and safety vests. When the truck was being loaded, the crews stayed well away from the truck and loader.
- We receive some complaints from both crews about P&J segregation crews separating debris and pushing the debris up into the yard, then the ROE crew comes along and pulls it back out to the sidewalk as one pile and then the debris removal crew has to separate the pile before they can move it out. This is a lot of wasted effort on P&J's part and is slowing down the process of debris removal. The QC on one of the sites said that red tape items (asbestos) and white goods have been there quite a while. This area was in the vicinity of the intersection of Selma and Painter Streets.

Harold Germany, Internal Review
Dennis Blythe, DCAA Auditor
Camara Dupree, DCAA Auditor

Trip Report for November 29, 2005

Teamed up with DCAA auditors, Camara Dupree and Dennis Blythe. Visited the following debris sites and made the following observations.

Kenner Landfill – Site is closed. Met with the Corps QA at site entrance. The QA is sending what few trucks arrive at Kenner to the River Birch site. A few small remaining piles of debris are being loaded out.

Laferniere Park – We were told by the Kenner Landfill QA that this site is also closed.

KV Landfill – Only one truck had come in this morning. Bayou Home truck with placard number BH15111 for 21 CY. QA gave it 18 CY.

Jefferson Parish Landfill – There are no warning signs posted near the entrance to this landfill, however, there are two Louisiana state troopers with lights flashing stationed on the shoulder of both east and west bound lanes near the entrance. We estimated that there were approximately 70 trucks, either in line, dumping or exiting this site. There was an ECC water truck on site but we have yet to see a Ceres water truck in the last couple of visits. As we passed near the exit tower, the QA was coming down from the tower. There was no one else in the tower. As we exited the site, the QA was sitting in his vehicle while 3 trucks exited without anyone observing if their trucks were empty. With the number of trucks entering the site and dumping, it is very easy for a truck to just pass on through unnoticed and re-enter the site if the tower isn't being manned.

Old Gentilly Rd. Landfill – Very active today. The QA's in one of the P&J towers estimated that over 300 trucks had come through as of 1:30 today. A water truck was spraying water at the site. QA's said that this was the first time the truck had sprayed today. At the time, it was quite windy and the dust was starting to get heavy. QA's at the exit tower requested additional protection against the wind and particularly the rain. There is no overhang on the tower which allows the rain to easily blow in. Exit tower QA's had confiscated four load tickets from trucks that were exiting the site while still loaded. I observed 5 trucks from the tower and all were empty.

While at Old Gentilly Rd. Landfill, I observed a load summary sheet in one of the P&J towers with the following data.

Placard Load CY	QA Assigned Load
51	49
69	69
26	26
23	23
38	35
30	24

I observed another load summary sheet in the other P&J tower and the loads ran from about 50% to 80%. Both load summary sheets were dated November 29, 2005. The QA's in one of P&J's tower appear to be quite liberal in estimating CY of debris.

At all sites visited, all personnel were wearing hard hats and safety vests. At the exit to the Old Gentilly Landfill, safety cones were in place and a flagman was directing exit traffic.

Recommendations:

That the contractors, P&J and Ceres, provide additional protection against the wind and rain at all towers.

That an analysis be performed on the load summary sheets from the two P&J towers to determine the number of 100% loads.

Harold Germany, Internal Review

25 January 2006

MEMORANDUM THRU DEPUTY COMMANDER (Mike Park)

FOR ON-SITE COMMANDER (COL Pearson), Katrina Louisiana Recovery Field Office

SUBJECT Internal Review Observation - Katrina LA-RFO: 187 - QA Training and Staffing and Safety Concerns

1. Audit Observation No. 187 -Corps QA Training and Staffing and Safety Concerns

2. **Condition.** Refer to the enclosed IR Trip Reports dated 12, 13 and 14 January 2006. Auditors noted that QA's at several debris sites may be inappropriately assessing load amount. This seems to be an issue at numerous sites. Also, the IR Report dated 12 January 2006 indicates QA staffing at CWS Slidell C&D site may be inadequate requiring load tickets to be written at the debris site. Additionally, the auditors observed a couple of potential safety concerns. It should be noted that the issue regarding the lack of an exit tower at Recovery 1 Vegetative site has been previously addressed satisfactorily by the Debris Mission Manager and is considered a non-issue for this report and no further comment is necessary.

3. Recommendation:

- QA's should assess loads more critically to ensure that the drivers are paid only on the loads delivered. This issue should be addressed through additional training and guidance to all QA's.
- A QA needs to be assigned to the pickup area for C&D debris and sign the tickets as otherwise we cannot be certain that the trucks are picking up debris from legitimate locations.
- Contractors at pickup site should be reminded to observe proper safety procedures. Additionally, auditors concluded that a barrier should be installed at the Ceres Highway 90 Vegetative Site.

Safety Officer: E-mail comments attached.

Debris Mission Manager: See attached e-mail comments and report with embedded comments from responsible Resident Engineers.

Internal Review Response: Management comments satisfactorily address auditor concerns.

3 Encls



RANDY GENTRY
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

TRIP REPORT
12 JANUARY 2006

Issues/Observations: CWS Slidell C&D Site

- 1 - Sample of trucks dropping off debris is as follows:

**Ceres
CWS Slidell Landfill**

Time	Truck No.	Placard Capacity	Ticket No.	Assessed Load Amount	Load %
7:29:00 AM	3235	28	357762	27	96.43%
7:40:00 AM	3207	23	357542	21	91.30%
8:01:00 AM	6501	40.7	357545	39.7	97.54%
8:04:00 AM	6500	30.3	357547	29.3	96.70%
8:17:00 AM	5526	74	357548	72	97.30%
8:31:00 AM	3224	25	357550	24	96.00%
8:35:00 AM	5545	81	357553	81	100.00%
8:50:00 AM	5538	20	357555	20	100.00%
9:06:00 AM	3235	28	357768	26	92.86%
9:12:00 AM	5524	<u>84</u>	357770	<u>82</u>	97.62%
Total		434		422	97.24%

Loads rated at 100% or slightly below for most loads. It appears that the QA at the site may be overly generous in assessing load amounts.

- 2 - There was apparently no QA assigned to the pickup area for C&D debris as the QA in the tower was filling out the tickets in their entirety when the trucks arrived at the landfill.
- 3 - In pickup area in Slidell we noted that there were no safety signs on the site and flagman was not paying attention and properly directing traffic around the pickup area.

Recommendations:

- 1 - QAs should assess loads more critically and ensure that the drivers are paid only on the loads delivered.
RESPONSE:
Tower Q.A's have been properly trained and subsequently have well-trained drivers and loaders of what constitutes a "full-load" and thus they usually comply.
- 2 - A QA needs to be assigned to the pickup area for C&D debris and sign the tickets as otherwise we cannot be certain that the trucks are picking up debris from legitimate locations.
RESPONSE:
Manpower limitations only allow for personnel at towers. Q.A. Supervisor performs periodic checks and has not noticed any wrongful actions.
- 4 - Contractors at pickup site should be reminded to observe proper safety procedures.
RESPONSE:
Contractors are continuously reminded of COE safety requirements.

John DiCarlo, Internal Review Auditor
Harold Germany, Internal Review Auditor

TRIP REPORT
13 JANUARY 2006

Issues/Observations: ECC Highway 90 C&D Site

- 1 - No issues noted during our visit.

Issues/Observations: Ceres Highway 90 Vegetative Site

- 1 - Sample of trucks dropping off debris is as follows:

**Ceres
Highway 90 Vegetative Debris (West
Bank)**

Time	Truck No.	Placard Capacity	Ticket No.	Assessed Load Amount	Load %
6:00:00 AM	P0021	27	363235	27	100.00%
7:10:00 AM	JS11821	26	374934	26	100.00%
7:39:00 AM	P15295	29	374327	29	100.00%
7:40:00 AM	P15450	29	373358	29	100.00%
8:25:00 AM	P15451	29	362295	29	100.00%
9:14:00 AM	P15024	17	374161	17	100.00%
9:19:00 AM	2710	23	373400	23	100.00%
10:27:00 AM	P11869	20	374163	20	100.00%
10:31:00 AM	KP11598	23	374188	23	100.00%
10:39:00 AM	P15024	<u>17</u>	374165	<u>17</u>	100.00%
Total		240		240	100.00%

Loads rated at 100% for all loads. It appears that the QA at the site is overly generous in assessing load amounts.

- 2 - No barrier at the entrance tower.

Recommendations:

- 1 - QAs should assess loads more critically and ensure that the drivers are paid only on the loads delivered. We have instructed our QA's to appropriately cut the incoming vegetative loads for the CERES trucks.
- 2 - Barrier should be installed at entrance tower. Also, barriers are not included in the contract; however, CERES said that they will remedy this situation.

Issues/Observations: KV Landfill Vegetative Site

- 1 - No issues noted during our visit. No truck loads at the time of our visit to this site.

Issues/Observations: Kenner Transfer Site

- 1 - Site closed.

John DiCarlo, Internal Review Auditor

TRIP REPORT
14 JANUARY 2006

Issues/Observations: P&J Old Gentilly C&D Site

1 - Sample of trucks dropping off debris is as follows:

**P & J
Old Gentilly 95 Tower 2**

Time	Truck No.	Placard Capacity	Ticket No.	Assessed Load Amount	Load %
9:01:00 AM	28944	32	463273	32	100.00%
9:04:00 AM	28399	25	403757	25	100.00%
9:22:00 AM	22611	115	502977	115	100.00%
9:30:00 AM	28398	26	403762	26	100.00%
9:38:00 AM	28681	50	568713	47	94.00%
9:39:00 AM	53954	20	403764	20	100.00%
9:45:00 AM	28740	62	403452	59	95.16%
9:49:00 AM	29803	35	545359	35	100.00%
9:52:00 AM	26654	44	402425	44	100.00%
9:55:00 AM	28611	114	502978	114	100.00%
Total		523		517	98.85%

Most loads assessed at 100%. It appears that the QAs at the site are overly generous in assessing load amounts. Similar observations made at Tower 3.

Recommendations:

- 1 - QAs should assess loads more critically and ensure that the drivers are paid only on the loads delivered. Remains unanswered by Resident Engineer - By copy of this IRO, I am notifying the RE for the P&J Sector that additional training may be required to ensure proper load assessment.

Response: No additional training is necessary. Proper load assessment has been implemented and is being enforced/recorded through the receiving towers.

Issues/Observations: Recovery 1 Vegetative Site

- 1 - No exit tower.

Recommendations:

- 1 - Install exit tower to ensure trucks dump their loads before exiting. (Non issue per cover letter)

John DiCarlo, Internal Review Auditor

INTERNAL REVIEW OFFICE

05 March 2006

MEMORANDUM THRU DEPUTY COMMANDER (Mike Park)

FOR ON-SITE COMMANDER (COL Pearson), Katrina Louisiana Recovery Field Office

SUBJECT: Internal Review Observation - Katrina LA-RFO: 215 - Ceres Trucks with Questionable Sideboards

1. **Audit Observation No. 215 - Subject as above.**

2. **Condition.** Refer to the enclosed IR Trip Report dated 23 February 2006. Auditors observed two debris trailers questionable sideboards. The observations raised questions regarding the accuracy or authenticity of the capacities stated on the placards.

3. **Recommendation:** The two trucks, Ceres # 3223 and # GS 3235 should be inspected, re-measured and recertified. If the re-measurement results in a difference in capacity, all load tickets for these two trucks should be adjusted.

Management Comments:

CONCUR NON-CONCUR

Safety Officer

CONCUR NON-CONCUR

Debris Mission Manager

CONCUR NON-CONCUR

Contracting Officer

Internal Review Response:

Encl

JERRY BARTUS
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

TRIP REPORT
3 March 2006

Issues/Observations: Jefferson Parish

1 - No Issues. I observed CERES C&D crews operating in zones 5 and 20 of Jefferson Parish picking up debris from the right of way. The crews were observing proper safety procedures with flagmen restricting access to the work area and crew members wearing their personal protective equipment.

Issues/Observations: Highway 90 CERES C&D

1 - I obtained a sample of CERES load assessments data while at the site. Average assessment of the debris loads was 93%. After spending some time in the tower looking at loads in the truck, I felt, from my perspective, that the assessments of the loads was consistently on the high side. Personnel at the site were wearing their personal protective equipment.

Ceres					
Highway 90 C&D					
St Charles				Assessed	
Time	Truck No.	Placard Capacity	Ticket No.	Load Amount	Load %
10:06:00 AM	P15235	31	466406	29	93.55%
11:32:00 AM	P15241	31	466407	30	96.77%
12:44:00 PM	P15235	31	466408	30	96.77%
12:48:00 PM	AR15724	29	131425	27	93.10%
1:48:00 PM	AR15726	43	468163	40	93.02%
West Bank					
12:18:00 PM	P15213	23	528775	22	95.65%
1:10:00 PM	P15279	49	531353	49	100.00%
1:42:00 PM	P15832	31	480199	23	74.19%
1:59:00 PM	P15449	36	536111	33	91.67%
3:03:00 PM	P15827	<u>39</u>	530960	<u>36</u>	92.31%
Total		343		319	93.00%

Recommendation:

1 - QA supervisor for the tower should visit tower and observe assessments of loads to evaluate whether QAs are properly and fairly assessing loads.

John DiCarlo, Internal Review

*Trip Report – March 3, 2006
Various Locations within Orleans Parish
Observations/Issues*

Crowder Transfer Site

Observation: Discussion with P&J personnel revealed that the purpose of this site was the collection electronic goods retrieved from pickup points and recycling them. It was further determined that they were not receiving any deliveries today. However, there were personnel sorting and packing the electronic goods.

Issues: None noted.

Elysian Fields Transfer Site

Observation: In order to determine the general location of ECC debris crews, we stopped at the tower to examine the day's tickets and get the locations where trucks picked up debris. We reviewed several tickets from zip codes 70115 & 70117, listed the locations and left the site to check on the debris crews.

Issues: None noted.

Various locations Orleans Parish

After driving in the areas covered by these zip codes, we did not find any crews. We then returned to the transfer site and followed some of the trucks to their next pick up point. This resulted in the following observations/issues.

Observation: We observed the debris crew operation at Burgandy & Manzant streets. The on site QA was Patrick Hammack, FEMA QA. The subcontractor to ECC was PIR with Mr. Red Hosenback in charge. There were flaggers and signs with cones, all personnel were wearing the proper safety gear. The bobcat loader was utilized properly and there were no safety problems noted. This was a well trained, efficient crew.

Issues: None noted.

Observation: We observed the debris crew operation at Robertson & St. Anthony streets. Warren Fiegel, an employee of Cooley, Dennis & Denmon, was the Corps QA on site. The subcontractor to ECC was Rich Driscoll. There were flaggers and signs with cones; all personnel were wearing the proper safety gear. The bobcat loader was utilized properly and there were no safety problems noted. This was a well trained, efficient crew.

Issues: None noted.

Joseph C. Cecchini
Auditor, Internal Review

TRIP REPORT 03 FEBRUARY, 2006

Observations: Highway 90 C&D Landfill

- 1 - Observed two P&J departing Highway 90 C&D Landfill. Followed vehicles with the intention of verifying that their C&D debris removal was from authorized areas. Was unable to continue following vehicles after they exited I-10 to avoid congested traffic. Proceeded to Highway 61 to Jefferson Davis/Canal area but was never able to locate the two vehicles.

Observations: P&J B1 and B2 Work Zones

- 1 - Observed P&J crew working at the Baudin/S. Gayoso area. All safety requirements were being followed.
- 2 - Observed an EE&G asbestos containment crew working in the vicinity of

S. Salcedo/ S. Gayoso. The crew was working a dwelling with slate roofing tiles that contained asbestos. I was not allowed inside the cone area due to not have a respirator so I observed the crew working from a distance. All streets had been blocked off with warning signs and cones and flagmen were posted on all streets.

- 3 - Observed a P&J crew working the area between S. Clarke St. and Jefferson Davis. Crew is doing a good job of clearing debris. Crew also observing all safety requirements.
- 4 - Sporadic gutting of houses after P&J crews that have worked to clear an area of debris continues to plague crews.

Harold Germany, Internal Review

MEMORANDUM FOR ON-SITE RFO COMMANDER (Col. Vesay), Katrina Recovery Field Office

THRU: RFO DEPUTY COMMANDER: (Maj. Cain), Katrina Recovery Field Office

Subject: Debris Mission Audit Observation, Hurricane Katrina, RFO 05-25, Debris Mission – Trucks Leaving Site without Dumping All Debris (Jones County)

Observation: On October 10, 2005, we observed four trucks leave the Airport dumpsite in Laurel, MS with a considerable amount of debris remaining in the trucks. The exit road allows exiting trucks to steer 12 – 15ft wide of the tower. This effectively prevents anyone in the tower from seeing into the exiting trucks. Additionally, the trucks exit the site at an excessive speed and do not stop at the tower.

Criteria: According to the prime contractor's debris management plan, the vehicle inspection tower will allow the USACE representative to ensure that each truck or trailer is completely empty when leaving. The debris management plan additionally states that, once off loaded, the truck exits the site passing the vehicle inspection tower, where the trailer is verified as empty.

Cause: The subcontractors are driving through the site exit without being inspected. Additionally, the exit road allows trucks to pass 12 – 15ft wide of the inspection tower. This prevents the tower personnel from seeing into the bottom of the exiting truck.

Effect: This practice results in prime and subcontractors receiving payment for hauling the same material multiple times.

Recommendation: All exiting vehicles should be required to come to a stop at the exit tower. They should be visually inspected to assure they are completely empty. Any contractor found to still have material should be required to reenter the site and empty the remaining debris. Additionally, the contractor should maintain an exit path that requires drivers to pass the exit tower close enough for tower personnel to see in the cargo area.

Managers Comments:

Action has been taken at all debris sites to ensure trucks pass directly beneath tower upon exiting and stop signs placed at all towers to ensure that they are checked on the way out. Jamie Triplett

Larry McCusker
Team Leader, Internal Review
Katrina, RFO

final

INTERNAL REVIEW OFFICE

29 November 2005

MEMORANDUM THRU DEPUTY COMMANDER (Jack Hurdle)

FOR ON-SITE COMMANDER (Col Smithers), Katrina Louisiana Recovery Field Office

*12/22/05
COT*

SUBJECT: Internal Review Observation - Katrina LA-RFO 137 - Ceres - Exit Towers

1. Audit Observation No. 137 - Ceres - Exit Towers

2. **Condition.** Refer to the enclosed DCAA Issue Paper. Report indicates that Ceres didn't have exit towers installed at Slidell C&D Site nor at the Brownsvillage Vegetation Site. Also, the exit tower at Camp Villere White Goods Site was not properly anchored and QAs felt the tower was not safe to use. The contractor was not in compliance with the contract requirements for inspection towers. Without inspection towers QAs can not ensure that trucks have been completely unloaded.

3. **Recommendation:** Recommend Ceres be advised to construct the proper inspection towers at the sites identify above as required by the contract.

Management Comments: CONCUR () NON-CONCUR

Cherie Anke
Debris Mission Manager

Management Comments: CONCUR () NON-CONCUR

See attached memorandum of 11 DEC 05. Corrections made.
C/for

[Signature]
Safety Officer

Management Comments: CONCUR () NON-CONCUR

See attached memo from Safety

[Signature]
Contracting Officer

Internal Review Response:

[Signature]

[Signature]

GEORGE SULLIVAN
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

MEMORANDUM FOR MR. GEORGE SULLIVAN, CHIEF USACE INTERNAL REVIEW

Subject: Debris Mission – Ceres Inspection Tower Non-Compliance – Katrina

Observation: DCAA site visits to St. Tammany Parish, Louisiana, debris sites from November 15 through November 28, 2005, disclosed contract non-compliances regarding the inspection towers. We made the following observations at each site, regarding the inspection towers and monitoring of trucks:

- Slidell C&D Site – At this site, there is only a single inspection tower, and the exit is not within clear view of the entrance tower; thus, there is no observation of trucks as they exit the site to ensure that they have been completely unloaded. *we are only responsible for the tower*
- Brownsvillage Vegetation Site – At this site, there is only a single inspection tower. The exit road is positioned too far from the inspection tower to enable the observation of trucks as they exit. As a result, the QA in the tower is not able to verify that all trucks are completely unloaded before leaving the site. In addition, the inspection tower does not have the proper buffers or landing necessary to ensure safety.
- Camp Villere White Goods Site – At this site, the single inspection tower is unsafe and not built to the specific criteria of the contract. The support posts are not adequately anchored into the ground. The contractor recently attempted to anchor the tower using a quarter inch wire cable and two metal stakes driven about six inches into the ground. The QAs on site are unable to use the tower, as it is not adequately anchored to ensure their safety. *Corrected*

Criteria: Contract Number W912P8-05-D-0024, Section C2.7.4, Inspection Tower, states the following: “The contractor shall construct an inspection tower using pressure treated wood. The floor elevation of the tower shall be 10 foot above the existing ground elevation. The floor area shall be 8’ by 8’, constructed of 2”x8” joists, 16” O.C. with ¾” plywood supported by four 6” x 6” posts. A 4 foot high wall constructed of 2” x 4” studs and ½ inch plywood shall protect the perimeter of the floor area. The floor area shall be covered with a corrugated tin roof. The roof shall provide a minimum of 7 ft. of headroom below the support beams. Wooden steps shall provide access with a handrail. Include the construction of a work table, 4’x 2-1/2’ x ¾ “ plywood supported at all four corners. The inspection tower shall be adequately anchored.”

The vehicle inspection tower(s) will be placed at the primary ingress/egress road at each TDSR site. The vehicle inspection tower will allow the USACE representatives to visually estimate the load for each truck or trailer hauling debris into the site and to ensure that each truck or trailer is completely empty when leaving. The contractor is paid based on the load size determined by the QA’s visual inspection of the truck from the tower.

Cause(s): It appears the contractor did not comply with specific contract requirements for the building of the inspection towers at the St. Tammany debris sites. It also appears that the contractor’s truck drivers have not been instructed that each truck is required to be inspected when exiting debris sites.

Effect:

The absence of an adequate exit tower at the Slidell C&D Site and Brownsvillage Vegetation Site prevents the QAs from adequately inspecting the trucks to ensure that they are completely unloaded. This provides the opportunity for truck drivers to leave debris in the bed of the truck while receiving full credit for each load, resulting in government overpayments to the contractors and minimizing the amount of debris being cleared from the right-of-ways.

The condition of the present tower at Camp Villere could prevent the QAs from performing their mission duties, as this problem creates an unsafe work environment that could result in injuries to the QAs.

Recommendation: Where space or traffic limitations dictate, we recommend the contractor place a designated tower at the Slidell C&D and Brownsvillage sites for USACE representatives to inspect exiting trucks. Furthermore, these towers should be constructed in compliance with the contract specifications. We also recommend that the necessary repairs be made to the inspection tower at the Camp Villere White Goods Site to make the tower safe for QA use.

Salesha Trussell, Auditor
Keith Delhom, Supervisory Auditor

MEMORANDUM FOR GEORGE SULLIVAN, CHIEF USACE INTERNAL REVIEW

SUBJECT: Debris Mission – CERES Inspection Tower Non-Compliance – Katrina

REF: Debris Site Visits from Nov 15-28 November

1. Slidell C&D Site – Tipping Fee Site – This is not our site and we do not control the site, our responsibility ends at the tower.
2. Brownsvillage Vegetation Site – The trucks are now passing back in front/or closer to the tower. There is an old tower in front of the new tower used as a buffer and in addition cones will be placed around tower.
3. Camp Villere White Goods Site – Tower has been retrofitted and anchored correctly into the ground.



GENE TAYLOR
LA-RFO Safety Manager

MEMORANDUM THRU DEPUTY COMMANDER (Jack Hurdle) *JH*
FOR ON-SITE COMMANDER (Col Smithers) Katrina Louisiana Recovery Field Office

SUBJECT: Internal Review Observation - Katrina LA-RFO 156 - Ceres - Sun Roadside Debris Site - No Exit Tower

- 1. **Audit Observation No. 156 - Ceres - Sun Roadside Debris Site - No Exit Towers**
- 2. **Condition.** Refer to the enclosed DCAA Issue Paper. Report indicates that an exit tower was not in place at the Sun Roadside Debris Site.
- 3. **Recommendation:** Recommend that contractor be advised to construct an exit tower at the Sun Roadside Debris Site.

Management Comments: CONCUR* () NON-CONCUR
Gov't OAS are able to easily view dumping area and are assuring that trucks are empty. With the small quantity of debris remaining to go to this site, we do not recommend constructing an exit tower.
Cherte Arly
 Debris Mission Manager

Management Comments: CONCUR* () NON-CONCUR
Sean Sedd 12/1/05
 Contracting Officer

Internal Review Response:
Agree with debris for mgr. If site is closing it would be a waste to build a tower at this time.
 GEORGE SULLIVAN
 Chief, Internal Review Office
 Hurricane Katrina - LA-RFO
 Katrina LA-RFO 156atch 1 - Ceres - Sun Roadside Debris Site - No Exit Tower.doc

December 04, 2005

MEMORANDUM FOR MR. GEORGE SULLIVAN, CHIEF USACE INTERNAL REVIEW

Subject: Debris Mission – Ceres Inspection Tower Non-Compliance – Katrina

- Observation: DCAA site visit to the Sun Roadside dumps in Sun, Louisiana on December 03, 2005 disclosed contract non-compliances regarding the inspection towers. At this site, there is only a single inspection tower, and the exit is not within clear view of the entrance tower; thus, there is no observation of trucks as they exit the site to ensure that they have been completely unloaded.
- Criteria: Contract Number W912P8-05-D-0024, Section C2.7.4, Inspection Tower, states the following: "The contractor shall construct an inspection tower using pressure treated wood. The floor elevation of the tower shall be 10 foot above the existing ground elevation. The floor area shall be 8' by 8', constructed of 2"x8" joists, 16" O.C. with ¾" plywood supported by four 6" x 6" posts. A 4 foot high wall constructed of 2" x 4" studs and ½ inch plywood shall protect the perimeter of the floor area. The floor area shall be covered with a corrugated tin roof. The roof shall provide a minimum of 7 ft. of headroom below the support beams. Wooden steps shall provide access with a handrail. Include the construction of a work table, 4'x 2-1/2' x ¾" plywood supported at all four corners. The inspection tower shall be adequately anchored."
- The vehicle inspection tower(s) will be placed at the primary ingress/egress road at each TDSR site. The vehicle inspection tower will allow the USACE representatives to visually estimate the load for each truck or trailer hauling debris into the site and to ensure that each truck or trailer is completely empty when leaving. The contractor is paid based on the load size determined by the QA's visual inspection of the truck from the tower.
- Cause(s): It appears the contractor did not comply with specific contract requirements for the building of the inspection towers at the St. Tammany debris sites. It also appears that the contractor's truck drivers have not been instructed that each truck is required to be inspected when exiting debris sites.
- Effect: The absence of an adequate exit tower prevents the QAs from adequately inspecting the trucks to ensure that they are completely unloaded. This provides the opportunity for truck drivers to leave debris in the bed of the truck while receiving full credit for each load, resulting in government overpayments to the contractors and minimizing the amount of debris being cleared from the right-of-ways.
- Recommendation: Where space or traffic limitations dictate, we recommend the contractor place a designated tower at the site for USACE representatives to inspect exiting trucks. Furthermore, these towers should be constructed in compliance with the contract specifications.

Tonja Laney, Auditor
Keith Delhom, Supervisory Auditor

Final

INTERNAL REVIEW OFFICE

13 December 2005

MEMORANDUM THRU DEPUTY COMMANDER (Jack Hurdle) *mf*

FOR ON-SITE COMMANDER (Col Smithers) Katrina Louisiana Recovery Field Office

Copy to 11/11/06

SUBJECT: Internal Review Observation - Katrina LA-RFO 162 - P&J and ECC - Site Management Plans and Exit Towers

1. Audit Observation No. 162 - P&J and ECC - Site Management Plans and Exit Towers

2. **Condition.** Refer to the enclosed DCAA Issue Paper. Report indicates that exit tower was not in place at the Recovery 1 debris site off of Chef Menteur Blvd.

3. **Recommendation:** Recommend that contractors be advised to submit adequate Site Management Plans, including a requirement for an entrance and exit tower at each disposal site and that towers be constructed as required.

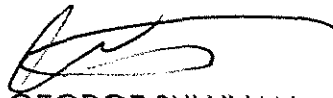
Management Comments: () CONCUR (✓) NON-CONCUR

Cherie Ashby *see e-mail from R.E.*
Debris Mission Manager

Management Comments: (X) CONCUR () NON-CONCUR

Charlotte Hofstetter *see e-mail 12/19/2 J. Fogarty*
Contracting Officer

Internal Review Response: *OK*

for 
GEORGE SULLIVAN
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

1 Encl
Katrina LA-RFO 162atch 1 - P&J and ECC - Site Management Plans and Exit Towers.doc

December 10, 2005

MEMORANDUM FOR MR. GEORGE SULLIVAN, CHIEF USACE INTERNAL REVIEW

Subject: Debris Mission – ECC and P&J - Recovery 1 Debris Site and No Exit Tower – Katrina

Observation: On December 9, 2005, we visited the Recovery 1 debris disposal site located off of Chef Menteur Blvd. We noted concerns regarding the lack of an exit tower for visual inspection of truck contents.

Criteria: We noted that an identical situation exists at the Recovery 1 Debris Site to a situation noted at the Old Gentilly debris site in previous observations, and consequently the same criteria apply. A previous Quick Report number 36, which pertains to ECC debris prime contractor's omission of a provision for entrance and exit towers at the Old Gentilly disposal site; P&J is also using the above mentioned disposal site and is subject to the same FAR requirements, relating to the government's right of inspection, as ECC.

Cause(s): The conditions noted above are indicative of a control weakness regarding inspection towers. The Recovery 1 site has one thoroughfare that serves as both the entrance and exit road; however, the entrance tower is placed beyond the point where the trucks exit the dump pile and access the main road into and out of the site.

Effect: The lack of exit towers allows the opportunity for trucks to leave without dumping their loads and re-enter the entrance tower to be re-measured and ultimately receive payment for the same load twice.

Recommendation: We recommend the USACE ensure P&J and ECC submit adequate Site Management Plans, including a requirement for an entrance and exit tower at each applicable disposal site to ensure the Government has the opportunity to visually inspect each truck upon entrance and exit.

Dennis Blythe, Auditor
Keith Delhom, DCAA Supervisory Auditor

MEMORANDUM THRU DEPUTY COMMANDER (Mike Park)

FOR ON-SITE COMMANDER (COL Pearson), Katrina Louisiana Recovery Field Office

SUBJECT: Internal Review Observation - Katrina LA-RFO: 213 - Highway 90 C & D Site Exit Tower and Highway 90 Landfill ECC Tower 3 Flaggers

1. Audit Observation No. 213 - Subject as above.

2. Condition. Refer to the enclosed IR Trip Report dated 22 February 2006. Auditors observed that:

- Placement of the Highway 90 C & D Site exit tower makes it difficult to see inside some trucks to verify there empty, particularly large 18 wheelers and trucks with high sides. In addition, the trucks speed by the tower which makes it difficult for tower personnel to react in time to stop and check them.
- There were no flaggers to provide traffic control at the entrance or exit road at Highway 90 Landfill ECC Tower 3

3. Recommendations:

- Move the Highway 90 C & D exit tower from its current position to a position near the end of the exit road. Place a stop sign at the end of the exit road.
- Ensure that flaggers are assigned at the entrance and exit road at Highway 90 Landfill ECC Tower 3.

Management Comments:

CONCUR NON-CONCUR

Safety Officer

CONCUR NON-CONCUR

Debris Mission Manager

CONCUR NON-CONCUR

Contracting Officer

INTERNAL REVIEW OFFICE

23 February 2006

SUBJECT: Internal Review Observation - Katrina LA-RFO: 213 - Highway 90
C & D Site Exit Tower and Highway 90 Landfill ECC Tower 3 Flaggers

Internal Review Response:

Encls

JERRY BARTUS
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

TRIP REPORT
22 FEBRUARY, 2006

Issues/Observations: Kenner Airport Transfer Site

- 1 - No Issue - Visited the Kenner Airport Transfer Site. No activity going on at the time of the visit. They had 9 trucks this morning. Their average assessments of debris loads for those 9 trucks was 95%.

Recommendations: None

Issues/Observations: Highway 90 C&D Site

- 1 - **Issue** – Visited the Highway 90 C&D site to do a follow-up to my recent report of the exit tower being unmanned. There were two QAs in the tower today. **The placement of the tower makes it difficult to see inside some trucks, particularly the large 18 wheelers and those trucks with high sides. In addition, the trucks speed by the tower which makes it difficult for the tower personnel to react in time to stop them.**

Recommendations:

- 1 - **Move the tower from its current position to a position near the end of the exit road. Place a stop sign at the end exit road. Placing a stop sign at the end of the exit road will require the trucks drivers to stop before entering the highway (Live Oak Blvd) and thereby allowing exit tower personnel the opportunity to verify that the trucks are empty and stop those that are not empty.**

Response (Fogarty): Disagree with moving the tower but do agree that trucks need to stop at the tower. Also, visited the site today and did not observe any problems with the tower personnel acknowledging that the beds were empty. Also disagree with the requirement for USACE contractors to provide flagmen on Live Oak, however, do agree that a stop sign should be placed at the entrance to Live Oak.

Issues/Observations: Zone 3 (Marrero Area) Stump Removal Program

- 1 - Visited three locations where stumps had been extracted today. The locations were 2307 Broas Drive, 2241 Kathleen and 2350 Champagne. The subcontractor on these removals was Divilla. All areas were cleaned and fill dirt added. Streets were cleaned off. The crew was just wrapping things up at 2350 Champagne. They had broken a water line and a gas line but had everything under control and repaired in short order. They were working in an area with overhead power lines plus power lines running across the street. The knuckle boom operator, Troy, said that he had plenty of people watching out for him today. All personnel working in this area had on their PPE and warning signs out. Also had two flagmen station at both ends of the work area for traffic control.

Recommendations: None

Harold Germany, Internal Review

Trip Report – 21 Feb 2006

Highway 90 Landfill

Observations/Issues

Internal Review Office (11-7a)

29 September 2005

MEMORANDUM FOR ON-SITE AREA ENGINEER (Eddie Sosebee), Katrina Alabama Recovery Office

Subject: Audit Report 2005-153, Hurricane Katrina Debris Mission, Disposal Site Controls

1. Jim your actions in all 3 waste compartments
2. Bdoc - help
3. File copy to IR after completion notes

9/29/05

1. Internal Review (IR) observed debris disposal at various areas during the week. Generally the processes and compliances are good. The overall management of the debris mission is exceptional. The few issues observed by IR are minor and are the result of limited resources and bad weather. The following disposal site issue was observed.

2. The QA's at the Dirt, Inc tower can not verify that the trucks are empty when leaving. The original design was to have the trucks exit near the towers. Due to bad roads and incoming congestion, the trucks are exiting out away from the tower. Some of the disposal sites require the trucks to enter the site on one side of the tower and exit on the other side of the tower. This type of set up allows for the optimum level of control with minimal personnel requirements.

3. In past emergency operations, it was found that some trucks did not empty their load and was paid for the same load of debris multiple times. Another past situation has been that some trucks had boxes in the bottom of the trucks. A small amount of debris was put on top of the boxes and the truck received payment for full loads. Because of these past fraudulent actions, QA's at the towers are supposed to verify that the truck is empty when leaving the disposal site. This cannot be done if the trucks exit away from the tower.

4. Recommendation 1: Recommend directing the trucks to pass by the QA towers after the load is dumped. The QA's should verify that the truck is empty when leaving. *concur*

5. Recommendation 2: Recommend a QA team begin random re-measurements for capacity verification at the disposal sites. After year end close out, there should be sufficient QA's to monitor the mission as designed. By having QA's at the disposal site to verify measurements and equipment safety compliance, we will accomplish a couple of control issues. This will verify load capacity, ensure equipment still meets standards, and that the trucks are empty when leaving the disposal site. *concur*

6. Recommendation 3: Recommend rotating tower QA's so that debris trucks are not over using one site. Based on conversations with truck drivers, the drivers are not necessarily going to the closest disposal site. The truck operators believe some QA's are giving higher load percentages than others. Some truckers are going to a particular site to get higher pay loads. They are also selecting disposal sites to get extra mileage. *concur, confirm this has been done*

Melissa L Moreno
Melissa L Moreno
Chief, Internal Review Office
Katrina Alabama RFO

[Signature]
 Concur () Non-Concur _____

25 September 2005

MEMORANDUM FOR ON-SITE RFO COMMANDER (Col. Vesay), Katrina Recovery Field Office

THRU: RFO DEPUTY COMMANDER: (Maj. Cain), Katrina Recovery Field Office

Subject: Audit Observation, Hurricane Katrina, RFO 05-07, Petal Dump Site, Forrest County – Truck leaving debris dump site not completely unloaded.

Condition/Observation:

On September 23, 2005, we observed the following conditions:

- a self-loading truck exiting the Petal dumpsite in Forrest County without completely unloading the debris from its truck bed.
- The site has only one inspection tower, serving as both the entrance and exit tower, positioned between two roads.
- The placement of the tower to the exit road does not allow for proper inspection of the truck beds upon their departure from the dump site

Criteria:

Section 2.f of the Debris Management Plan DACW29-02-R-0002 states that “The vehicle inspection tower(s) will be placed at the primary ingress/egress road at each TDSR site. The vehicle inspection tower will allow the USACE representative to visually estimate the load for each truck or trailer hauling debris into the site and to ensure that each truck or trailer is completely empty when leaving.”

Effect:

Inflating the quantity of debris removed by hauling it twice, fraudulently being paid twice for the same load.

Recommendation:

- We recommend that all truck drivers be instructed to ensure that their truck is emptied of all debris before exiting the dump site.
- We recommend that driver's be reminded of their responsibility to verify that his/her truck is completely empty before inspection at the exit tower.
- We recommend that the QA's be reminded to ensure the trucks are completely empty when leaving the dump site.
- We recommend that the truck drivers be instructed by the prime contractor to pass closely to the exit tower to facilitate the QAs' visual inspection of the truck's bed upon leaving the dump site.

Larry McCusker
Team Leader, Internal Review
Katrina, RFO

cc: Glen Smith – Debris Mission Manager

MEMORANDUM FOR ON-SITE RFO COMMANDER (Col. Vesay), Katrina Recovery Field Office

THRU: RFO DEPUTY COMMANDER: (Maj. Cain), Katrina Recovery Field Office

Subject: Debris Mission Audit Observation, Hurricane Katrina, RFO 05-25, Debris Mission – Trucks Leaving Site without Dumping All Debris (Jones County)

Observation: On October 10, 2005, we observed four trucks leave the Airport dumpsite in Laurel, MS with a considerable amount of debris remaining in the trucks. The exit road allows exiting trucks to steer 12 – 15ft wide of the tower. This effectively prevents anyone in the tower from seeing into the exiting trucks. Additionally, the trucks exit the site at an excessive speed and do not stop at the tower.

Criteria: According to the prime contractor's debris management plan, the vehicle inspection tower will allow the USACE representative to ensure that each truck or trailer is completely empty when leaving. The debris management plan additionally states that, once off loaded, the truck exits the site passing the vehicle inspection tower, where the trailer is verified as empty.

Cause: The subcontractors are driving through the site exit without being inspected. Additionally, the exit road allows trucks to pass 12 – 15ft wide of the inspection tower. This prevents the tower personnel from seeing into the bottom of the exiting truck.

Effect: This practice results in prime and subcontractors receiving payment for hauling the same material multiple times.

Recommendation: All exiting vehicles should be required to come to a stop at the exit tower. They should be visually inspected to assure they are completely empty. Any contractor found to still have material should be required to reenter the site and empty the remaining debris. Additionally, the contractor should maintain an exit path that requires drivers to pass the exit tower close enough for tower personnel to see in the cargo area.

Managers Comments:

Action has been taken at all debris sites to ensure trucks pass directly beneath tower upon exiting and stop signs placed at all towers to ensure that they are checked on the way out. Jamie Triplett

Larry McCusker
Team Leader, Internal Review
Katrina, RFO

MEMORANDUM THRU DEPUTY COMMANDER (Mike Park)

FOR ON-SITE COMMANDER (COL Pearson), Katrina Louisiana Recovery Field Office

SUBJECT Internal Review Observation - Katrina LA-RFO 185 - QA Staffing and Safety Issues at the Brownsvillage and Stranco Debris Sites

1. Audit Observation No. 185 - QA Staffing and Safety Issues at the Brownsvillage and Stranco Debris Sites

2. **Condition.** Refer to the enclosed IR Trip Report dated 10 January 2006. IR auditors observed at both debris sites that QA's lack the staffing to verify that trucks had emptied their loads prior to leaving. *This same issue was identified in Katrina Report LA-RFO 182 at the Old Gentilly debris site.* Additionally, the report identifies safety concerns with several trucks entering the debris site. Auditors also noted problems with the legibility of load tickets for stumps.

3. Recommendations:

- An additional QA should be assigned to the exit tower and stationed at the base of the tower in the event a truck attempts to depart without dumping.
- Another tower, an exit tower, is needed at the other exit road to ensure that the trucks are actually dumping their loads.
- Tower QA's should compile a daily list of trucks with safety violations such as inadequate tailgates and submit this list to the appropriate RE office. These trucks should be required to be recertified.
- A QA needs to be assigned to the pickup area for vegetative debris and sign the tickets as otherwise we cannot be certain that the trucks are picking up debris from legitimate locations.
- The resident engineer for the area needs to emphasize the importance of filling out the tickets for stumps legibly to ensure that it is known who the responsible individuals are and that the corps is paying the proper amount for the stumps.

Management Comments: () CONCUR () NON-CONCUR
Debris Mission Manager

Maurice S. Felte

Management Comments: () CONCUR () NON-CONCUR
Safety Officer

Greg Groenewald

LA RFO, Internal Review

SUBJECT Internal Review Observation - Katrina LA-RFO 185 - QA Staffing and Safety Issues at the Brownsvillage and Stranco Debris Sites

Internal Review Response: *Debris comments are embedded in report. I will continue to monitor.*



RANDY GENTRY

Chief, Internal Review Office
Hurricane Katrina - LA-RFO

1 Encl

TRIP REPORT
10 JANUARY 2006

Issues/Observations: Brownsvillage Vegetative Site

- 1 - QA is the only individual at the site. There is one Entrance/Exit tower there and as such he has full responsibility for the tower. If a truck that isn't empty doesn't respond to the QA's request to stop (an air horn), the QA does not have time to exit the tower and get the truck number. Also if the QA is not in the tower when the truck exits, he cannot tell if the truck is empty when it exits. If he would be injured, get sick or is otherwise disposed it would create a problem for the operation of the site.

Recommendations:

- 1 - Another individual needs to be assigned to the site to aid in the proper operation of the site and allow for some coverage of the site if one individual cannot for some reason perform their duties.

Issues/Observations: Stranco Covington Debris Site

- 1 - Entrance/Exit tower had only one QA assigned to the tower. If a truck that isn't empty doesn't respond to the QA's request to stop (an air horn), the QA does not have time to exit the tower and get the truck number. While this tower was supposed to serve the purpose of an exit tower as well there was another place where trucks could exit without passing by this tower. As such some trucks may not dump their load and the QA could not verify that the truck was empty when it left the landfill.

RESPONSE

Manpower numbers now allow us to have two Q.A.'s assigned to Stranco Tower. It is the COE policy that all our contractors exit the same tower they are issued tickets at. Q.A.'s have been instructed to pull/void tickets, if contractors do not allow our Q.A.'s to verify they fully dumped their load. It should be noted that Stranco landfill is used by the COE and OMNI. OMNI has their own tower and subsequently has their own truck entering and exiting from this additional tower.

- 2 - Observed several trucks entering the debris site with a 14"-16" gap at the rear of the truck from the tailgate to the top of the sideboards. The added sideboards prevent the tarp from laying flat on the material at the end of the truck. This gap allows debris to fall out or be sucked out of the rear of the truck when in transit to debris sites thereby endangering vehicular traffic. Also noted that several trucks did not use their tarp to cover the load and again debris could be lost out of the truck in transit to the site.

RESPONSE

Covington Q.A. Supervisor has notified Mr. Ken Brown with CERES concerning these issues. Q.A.'s have been again instructed to note safety issues on their daily QAR Reports.

- 3 - There was apparently no QA assigned to the pickup area for vegetative debris as the QA in the tower was filling out the tickets in their entirety when the trucks arrived at the landfill.

RESPONSE

Manpower issue. We will continue to have Q.A.'s perform periodic checks of debris loading areas.

- 4 - The tickets for stumps were not always legible for the individual signing at the collection site and the size of the stumps.

RESPONSE

Q.A.'s have been instructed to use ball-point pens and to press firmly when completing stump tickets.

Recommendations:

- 1 - An additional QA should be assigned to the exit tower and stationed at the base of the tower in the event a truck attempts to depart without dumping. Another tower, an exit tower, is needed at the other exit road to ensure that the trucks are actually dumping their loads.
- 2 - Tower QA's should compile a daily list of trucks with safety violations such as inadequate tailgates and submit this list to the appropriate RE office. These trucks should be required to be recertified.

- 3 - A QA needs to be assigned to the pickup area for vegetative debris and sign the tickets as otherwise we cannot be certain that the trucks are picking up debris from legitimate locations.
- 4 - The resident engineer for the area needs to emphasize the importance of filling out the tickets for stumps legibly to ensure that it is known who the responsible individuals are and that the corps is paying the proper amount for the stumps.

John DiCarlo, Internal Review Auditor
Harold Germany, Internal Review Auditor

Trip Report
10 January 2006

Supplemental Information

At the BrownsVillage Veg site, the dump area is completely out of sight of the tower. There is only one QA (corps) at the tower. There is a dozer operator at the landfill. We were there when one truck arrived and when we drove on to the dump area, the truck was departing and I mentioned to John that I bet that the QA didn't even get out of his chair to check to see if the truck. We were too late to see if this happened.

Also, he sees the same drivers all the time and is on a first name basis with them. I think it would be a good idea to rotate these tower people, say like every two weeks.

At the stanco landfill, the Corps tower is at one end of the landfill. Trucks with mixed veg dump at the far end of the dump site. Once the truck leaves the Corps tower, it is hard to keep up with whether he dumps or not (lot of activity there) and he departs at the far end of the dump site. So there is no way to verify he is empty. We need an exit tower at that location. The drawback to having an exit tower at that location is the amount of dust kicked up by all the traffic and the proximity to the burning that is going on (yeah, they apparently didn't hear about a burn ban in that parish). The alternative would be to require the trucks to return and exit at the entrance tower. There is a lane on both sides of the entrance tower.

Also, the QA at the stanco tower is writing the debris tickets at the tower. There is no QA at the debris pickup site to write tickets. Also, who is writing the stump tickets. Do we have a QA on site when they pick up the stumps? We asked Sid that question and I think it caught him flatfooted.

Harold

INTERNAL REVIEW OFFICE

20 February 2006

MEMORANDUM THRU DEPUTY COMMANDER (Mike Park)

FOR ON-SITE COMMANDER (COL Pearson), Katrina Louisiana Recovery Field Office

SUBJECT: Internal Review Observation - Katrina LA-RFO: 210 - Manning of Exit Tower, Highway 90 C&D Landfill

1. **Audit Observation No. 210 - Subject as above.**
2. **Condition.** Refer to the enclosed IR Trip Report dated 19 February 2006. Auditors' observed that the exit tower at the Highway 90 C&D Landfill was not properly manned to ensure trucks exiting the landfill were empty.
3. **Recommendation:** The exit tower QA should be counseled on proper job performance. In addition, the supervising QA for the Highway 90 Landfill should make unannounced visits to the exit tower.

Management Comments:

CONCUR NON-CONCUR

Debris Mission Manager

CONCUR NON-CONCUR

Contracting Officer

Internal Review Response:

Encls

JERRY BARTUS
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

TRIP REPORT
19 FEBRUARY, 2006

Issues/Observations: Highway 90 C&D Landfill

- 1 - Issue – During our visit to the Highway 90 Landfill, we exited the landfill by way of the exit tower on our way to the ECC tower. We did not see anyone in the exit tower. There was a vehicle parked at the base of the tower but it appeared that no one was in the vehicle as we drove by. After our visit of about 20-25 minutes at the ECC tower, we exited again by the exit tower and seeing no one in the tower or in the vehicle, we parked some distance away where we could observe the tower. After about 5 minutes, the tower QA (Mobile Group employee) exited a Porta-Potty and entered his vehicle. In less than a minute after QA entered his vehicle, a truck that had emptied his load drove past the exit tower. The QA made no effort to exit the vehicle to see if the truck was indeed empty. We drove down to the tower and inquired of the QA how things were going. His first words were that he had been told that if he got cold, he could sit in his vehicle. He stated that there had only been a couple of trucks come through this morning and that things were slow. The time was around 10:30. The Ceres tower had around 8-10 trucks and ECC had around 30 trucks this morning. It is our opinion that the exit tower QA had been asleep in his vehicle....the driver's seat in his vehicle was in a reclining position.
- 2 - No Issue – We visually checked the debris assessment summary sheets at both the Ceres and ECC towers and found that loads appeared to have been assessed fairly. We observed the tower QA assessing three trucks and agreed that the assessments were fair.

Recommendations: The exit tower QA should be counseled on proper job performance. In addition, the supervising QA for the Highway 90 Landfill should make unannounced visits to the exit tower.

RESPONSE: The contractor QA (Mobile Group) is assigned to Ceres (Sector 3). Ceres has two towers at the Hwy. 90 site (one vegetative and one C&D). Only one or two loads of vegetation come in per day and the tower is not manned full time. When the QAs learn that a load of vegetative debris is enroute, they send someone to the Vegetative Tower. The C&D Exit Tower is normally staffed with app. 5 people. It is quite possible that the auditor was looking at the vegetative tower and a C&D truck drove by. If that is the case, the inspector would not have inspected the departing truck

Harold Germany, Internal Review
John DiCarlo, Internal Review

*Trip Report 19 February 2006
Slidell Landfill*

Observations/Issues:

Observation: I interviewed the site QA and was informed that (a) there were no C&D loads processed in today; (b) they have five crews plus one loader in the area; and (c) the loader is broke down. The loader will not be fixed before Tuesday am.

Issues: None noted. The project engineer is aware of the loader problem.

Joseph C. Cecchini, Auditor, Internal Review

MEMORANDUM FOR ON-SITE RFO COMMANDER (Col. Vesay), Katrina Recovery Field Office

THRU: RFO DEPUTY COMMANDER: (Maj. Cain), Katrina Recovery Field Office

Subject: Hurricane Katrina, RFO 05-19 – Debris Removal from Private Property (Citizens Dump Site, Old Mobile Road, Jackson County, MS)

Contractor: AshBritt Construction
Subcontractor: Crowder-Gulf

Observation: On September 30, 2005, DCAA auditors visited the Industrial (Old Mobile Road) Debris Site located in Jackson County. This was a follow up visit to observe the current state of the previously reported condition (DCAA Report No. 1751/2005B17900010-011, dated September 26, 2005) concerning the absence of an observation tower at the exit site, ensuring that the trucks leaving the site are empty.

They entered the debris site at approximately 3:30 p.m. through the area where the trucks were exiting and observed a QA that was stationed at the exit within eyesight of the citizen dump site (approximately 20 feet away). The citizen dump site is a designated area located within the Industrial Site where citizens can bring their personal debris without any fee. They approached him and inquired about the day's operations. He stated that his sole responsibility was to issue loading tickets for the trucks exiting with reduction debris to be relocated to the MacLand debris site. He informed us that he was temporarily repositioned from the Long Street dump site. The QA further stated that this particular dump-site was very unorganized and chaotic, making it very difficult to monitor the situation. He commented that he observed a specific St. George truck (subcontracted under Crowder-Gulf) that was continuously loading his truck with debris from the citizen dump site and re-entering the debris reduction site through the entrance tower to be issued a ticket and unload his trailer. He commented that the driver had not appeared in the last several minutes and indicated that he might have gone to lunch. At this point they asked the QA if he would record the driver's placard number; they left their contact information for him to relay the information he obtained.

They also asked the QA for his name and he stated he would prefer not to have his name associated, but that his name was Brian. Before they were able to return to our vehicle, the QA called their attention to the approaching driver and indicated that he was the driver to whom he was referring. At this point, they attempted to reposition their vehicle to a better vantage for observation. They watched the driver climb the citizen dump pile and enter the excavator. He proceeded to load his trailer himself. They documented the driver's placard number (issued under Number 1088 with an approved hauling capacity of 21 cubic yards) and the activities of the driver through digital photographs. When the driver had loaded approximately half of the trailer, another man approached the driver. After a brief conversation, the second man proceeded to enter the excavator, and the driver returned to the truck and waited to be loaded. When the load was complete, the driver exited the dump site. They exited as well, and drove to the entrance observation tower of the debris reduction site and observed him being issued a loading ticket by QA personnel. He then pulled around the entrance tower and unloaded his trailer with the debris he obtained from the citizen dump site.

Other Information: In other conversation with the QA personnel, he indicated that to his understanding, the equipment utilized on site was owned by St. George which was subsequently leased or rented to Crowder-Gulf. Additionally, they noted that the tailgate of the trailer appeared to be in violation of the Contractor Safety Bulletin, dated September 22, 2005. Specifically, they noted that the right side of the tailgate did not appear to be properly secured.

Criteria: Audit Observation Hurricane Katrina, RFO 05-01, Debris Reduction Site Visits, dated September 13, 2005 reported the following conditions:

- "insufficient number of Quality Assurance personnel to supervise the subcontractors loading the debris".
- "inspection towers were not erected at the exit point of the dump site."

Cause(s): The absence of an observation tower at the exit site, ensuring that the trucks leaving the site are empty, and an insufficient number of QA personnel to supervise the subcontractors loading and unloading debris.

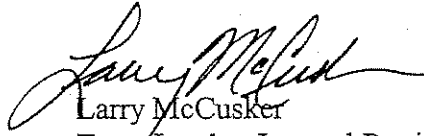
Effect: Fraudulent requests for payment of debris that was removed from an unauthorized site.

Recommendation: Where space or traffic limitations dictate, we recommend the contractor place a designated tower for USACE representatives to inspect exiting trucks. Additionally, we recommend proper staffing to maintain accountability of contractor performance. As an additional control, we recommend that load tickets be issued by authorized QA personnel at the load site to prevent the removal of debris from unauthorized load sites.

Auditor's Comments:

This issue was turned over to CID (Criminal Investigation Division of the Army), their report is attached.

Monetary Savings: \$25,000.


Larry McCusker
Team Leader, Internal Review
Katrina, RFO

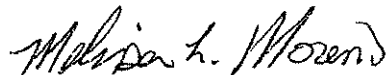
Internal Review Office

Date: September 20, 2005

MEMORANDUM FOR ON-SITE AREA ENGINEER (Eddie Sosebee), Katrina
Alabama Recovery Office

Subject: High Rate Mileage

1. On 17 Sept 2005, IR obtained a copy of the load ticket data base. Our objective is to determine if sub-contractors, truck drivers, etc are intentionally traveling to disposal site outside of the 15 mile radius. The government pays an extra \$2.00 per cubic yard for vegetative debris that is carried over 15 miles. The government pays an extra \$3.31 per cubic yard for C&D debris.
2. For the period between 8-September and 16-September 2005, the government owes an additional \$77,396 as a result of trucks claiming the higher rate. The extra mileage and cost (\$41,726) may be justified for the C&D loads, as there are not as many disposal areas. Generally, there is a disposal site within 15 miles of all debris pick up areas.
3. There were 503 tickets tuned in with greater than 15 miles for vegetative debris, between 8-Sept and 16-Sept-05. IR reviewed 303 of the 503 tickets. We did not find a significant number of trucks traveling outside of the 15 mile radius. However, we did find that a high percentage of odometer readings appear to be invalid. We mapped out the distance between the reported loading site and the disposal site using Maquest.com. In addition to using the computerized mapping program, IR drove several of the routes to verify distance. Of the 303 tickets reviewed, 56% of the reported mileages were over stated, based on the map program. The results are captured in the attached spreadsheet.
4. Recommendation 1: Based on the high rate of invalid reporting of odometer readings, recommend requiring the contractor, P&J, validate all claims to the higher rate. The validation should be limited to vegetative debris hauled after 16 September 2005.
5. Recommendation 2: Recommend warning contractor that fraudulent claims will be reported to CID for investigation.


Melissa L Moreno
Chief, Internal Review Office
Katrina Alabama RFO

() Concur () Non-Concur _____

Attachments

MEMORANDUM FOR MS. MELISSA MORENO, CHIEF, SAM INTERNAL REVIEW

Subject: Overstated Subcontractor Truck Mileage – Debris Mission (Mobile County)

Condition/Observation:

A truck and trailer, Number 013241, that was hauling debris for P&J subcontractor LND, arrived at the Dawes Debris Pit and provided the QA in the tower odometer readings of 21 miles from Pace Parkway in Mobile (Load Ticket Number 53174). I drove back to the load site and registered only 11.6 miles. The QA obtained the ticket from the driver, as well as prior tickets, that were for 11 miles.

Cause: We observed that the driver of the truck was Hispanic, so the error appears to be the language barrier.

Effect: The contractor would be overpaid the two dollar difference between the 0 to 15 mile rate of \$10.60/cubic yard (cu) and the 16 to 30 mile rate of \$12.60/cu.

Recommendation: The prime contractor, Phillips and Jordan, Inc., should ensure all subcontractor truck drivers are fluent enough in English to correctly state their mileage and to communicate this information to the USACE QAs.

Corrective Actions: I discussed the issue with Ms. Moreno, who asked for a report and interim notification so she could have the ticket mileage addressed immediately.

Auditor Response: We will continue to monitor contractor practices to ensure correct mileage is recorded on load tickets.

Walt Lawrence, Sr. Auditor
Mike Hankins, Supervisory Auditor

2 October 2005

MEMORANDUM FOR ON-SITE AREA ENGINEER (EDDIE SOSEBEE), KATRINA ALABAMA RECOVERY FIELD OFFICE

SUBJECT: Audit Report 2005-156, Hurricane Katrina Debris Mission, Overstated Subcontractor Truck Mileage Irvington Site Inspection

1. Internal Review (IR) received the attached Defense Contract Audit Agency (DCAA) report observing a subcontractor of Phillip & Jordan, Incorporated overstating truck mileage by 10 miles over the actual miles driven. The subcontractor would be paid \$2 more per cubic yard for claiming the additional miles.
2. The Data Manager, Mary O'Neil, has been notified. She will adjust the mileage in the data base to prevent overpayment.

Melissa Moreno
Melissa L. Moreno
Chief, Internal Review Office
Katrina Alabama RFO

PSJ
() Concur Non-Concur _____

Copy of this will be furnished to P+J Project Mgr,
Paul Meckes.

PSJ
10/4/05

MEMORANDUM THRU DEPUTY COMMANDER (Jack Hurdle) *for*

FOR ON-SITE COMMANDER (Col Smithers), Katrina Louisiana Recovery Field Office *CO*

SUBJECT: Internal Review Observation - Katrina LA-RFO 141 - Ceres - Removal of Debris from Private Property

1. **Audit Observation No. 141 - Ceres - Removal of Debris from Private Property**

2. **Condition.** Refer to the enclosed DCAA Issue paper. Report indicates that a Ceres subcontractor was removing debris from private property.

3. **Recommendation:** Recommend that Ceres be advised to assign sufficient QCs to each area to ensure that subcontractors are removing debris only from the public right-of-way. Recommend that QAs be advised not to approve load tickets for debris collected from private property. Also recommend coordination with Ceres to adjust invoices to remove from billings the load tickets identified in the enclose DCAA Issue paper and any additional load tickets for truck numbers SS 3203 and SS 3221 that represent debris collected from private property.

12/5/05

Management Comments: CONCUR NON-CONCUR

The Contracting Officer as well as the Resident Engineer have been notified that CERES needs to furnish adequate QCs per the contract. Also, the Debris Mission Manager and Resident Engineer should retrain QAs regarding acceptable & unacceptable debris. The 5 tickets addressed in this report have been pulled for nonpayment along with two others per IR recommendation.

Management Comments: CONCUR NON-CONCUR

Charlotte H. Stetter
Contracting

See Hr of 12/19/05 Attached

Internal Review Response:

Issue resolved.

For: *[Signature]*
GEORGE SULLIVAN
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

MEMORANDUM FOR MR. GEORGE SULLIVAN, CHIEF USACE INTERNAL REVIEW

Subject: Debris Mission – Ceres Debris Removal Non-Compliance – Katrina

Observation: On November 29, 2005, we observed two subcontractor trucks, SS-3203 & SS-3221, loading debris from beyond the right-of-way (ROW). The trucks were loading on two adjacent roads, Cyprian Road & Milk Plant Road, in Loranger, LA. We observed no apparent debris/vegetation in the ROW on these two streets. Along the streets, there are wooded lots with fallen vegetation, and we observed the loader approximately five feet off the public road, reaching another 10 to 15 feet into the lot with his equipment. Drivers stated that they plan to haul debris from this area today and tomorrow, although the auditors do not see debris in the ROW in their planned work area. It seems the drivers are hauling debris collected from the wooded lots, beyond the public right-of-way.

The trucks observed hauled their loads to the Loranger Debris Site. We reviewed the November 29, 2005 load tickets for these trucks, as follows:

Truck No.	Load Ticket	Time	Capacity	Load Size	Driver*	Loading Area*
SS 3203	G-419011	10:17	37	34	Owens	Milk Plant Rd.
SS 3203	G-421844	12:16	37	35	Owens	Milk Plant Rd.
SS 3221	G-419012	10:19	31	29	Owens	Milk Plant Rd.
SS 3221	G-421842	11:59	31	30	Owens	Milk Plant Rd.
SS 3221	G-421852	13:20	31	28	Owens	Milk Plant Rd.

*as indicated on the load ticket

Criteria: The contractor is required to only remove debris from the right-of-way. Task Order 0002 of Ceres contract no. W912P8-05-D-0024 allows for the “debris clearance and removal, reduction, and disposal of debris from parish and municipality Right-of-Way (ROW) and other eligible public property.” Furthermore, entering private property for the removal of debris has not been authorized.

Cause(s): The subcontractor is not in compliance with the contract specifications for authorized debris removal. The trucks in question did not appear to be loading debris from public right-of-ways as authorized. Furthermore, the prime contractor does not have a sufficient number of QCs in the field to appropriately monitor lower tier subcontractors.

Effect: The government is being charged for the removal of debris that is not contractually obligated. This could result in contract overruns and failure to meet the contract goals. Further, the government and contractor are left vulnerable to potential legal issues arising from trespassing on private property.

Recommendation: The contractor should assign a sufficient number of QCs to each area to ensure that all subcontractors are only removing debris from the public right-of-way. The contractor should also implement a plan of action for the management of repeat violators. The government should consider non-payment to contractor for removal of debris that is not contractually obligated.

Salesha Trussell, Auditor
Keith Delhom, Supervisory Auditor

MEMORANDUM THRU DEPUTY COMMANDER (Jack Hurdle) *JMP*

FOR ON-SITE COMMANDER (Col Smithers), Katrina Louisiana Recovery Field Office *W. H. G. G. G.*

SUBJECT: Internal Review Observation - Katrina LA-RFO 160 – Ceres – Removal of Debris from Private Property

1. Audit Observation No. 160 – Ceres – Removal of Debris from Private Property

2. **Condition.** Refer to the enclosed DCAA Issue Paper. Report indicates that subcontractors (trucks SS-3203 & SS-3221) were removing debris from private property. The contractor is not providing sufficient quality control in the field to appropriately monitor lower tier subcontractors.

3. **Recommendation:** Recommend that contractor be advised to instruct its subcontractors to only remove debris from authorized areas and to strengthen its quality control over subcontractors loading debris. Recommend that contractor billings be adjusted to remove those load tickets identified in the attached report for debris removed from private property. Also, recommend that debris managers provide additional guidance to QAs on what constitutes eligible debris.

Management Comments: CONCUR () NON-CONCUR

Chetie Auld
Debris Mission Manager

RE informed contractor that any trucks caught hauling from public property will have placard pulled.

Management Comments: CONCUR () NON-CONCUR

Charlotte Hostetter
Contracting Officer

see attached ltr

Internal Review Response: *OK for*

[Signature]
GEORGE SULLIVAN
Chief, Internal Review Office
Hurricane Katrina – LA-RFO

MEMORANDUM FOR MR. GEORGE SULLIVAN, CHIEF USACE INTERNAL REVIEW

Subject: Debris Mission – Ceres Debris Removal Non-Compliance – Katrina

Observation: On December 9, 2005, we observed two subcontractor trucks, SS-3203 & SS-3221, loading debris from beyond the right-of-way (ROW). The trucks were observed loading on St. Alexander Road in Husser, LA. They were loading debris in front of an empty lot. The driver, Russell, of truck no. SS-3221 stated that he was the one who had pushed the debris forward to the roadside, and the crew's equipment used to push the debris was still sitting in the middle of the empty lot. We observed no other apparent debris/vegetation along the ROW on St. Alexander Road.

The subcontractor's unauthorized removal of debris from private property is a recurring problem, as it was previously reported in Quick Report No.77, dated December 1, 2005. On November 29, 2005, we had observed these two subcontractor trucks, SS-3203 & SS-3221, loading debris from beyond the ROW on Milk Plant Road, in Loranger, LA.

The trucks observed hauled their loads to the Loranger Debris Site. We reviewed the December 9, 2005 load tickets for these trucks, as follows:

Truck No.	Load Ticket	Time	Capacity	Load Size	Loading Area*
SS 3203	G-419412	07:44	37	37	St. Alexander Rd.
SS 3221	G-419413	07:51	31	30	St. Alexander Rd.
SS 3203	G-419417	08:52	37	36	St. Alexander Rd.
SS 3221	G-419421	09:11	31	31	St. Alexander Rd.
SS 3203	G-419427	10:01	37	37	St. Alexander Rd.
SS 3221	G-419429	10:19	31	31	St. Alexander Rd.
SS 3203	G-419436	11:11	37	37	St. Alexander Rd.
SS 3221	G-419438	11:30	31	30	St. Alexander Rd.
SS 3203	G-419461	13:44	37	34	St. Alexander Rd.
SS 3221	G-419464	13:57	31	29	St. Alexander Rd.

*as indicated on the load ticket

Criteria: The contractor is required to only remove debris from the right-of-way. Task Order 0002 of Ceres contract no. W912P8-05-D-0024 allows for the "debris clearance and removal, reduction, and disposal of debris from parish and municipality Right-of-Way (ROW) and other eligible public property." Furthermore, entering private property for the removal of debris has not been authorized.

Cause(s): The subcontractor is not in compliance with the contract specifications for authorized debris removal, as the S&S subcontractor crew has been observed loading debris from private property beyond the public right-of-ways on more than one occasion. Furthermore, the prime contractor does not have a sufficient number of QCs in the field to appropriately monitor lower tier subcontractors.

Effect: The government is being charged for the removal of debris that is not contractually obligated. This could result in contract overruns and failure to meet the contract goals. Further, the government and contractor are left vulnerable to potential legal issues arising from trespassing on private property.

Recommendation: The prime contractor should instruct its subcontractors on the contract specifications for authorized debris removal. The contractor should assign a sufficient number of QCs to each area to ensure that all subcontractors are only removing debris from the public right-of-way. The contractor should also implement a plan of action for the management of repeat violators. The government should consider non-payment to contractor for removal of debris that is not contractually obligated.

Salesha Trussell, Auditor
Keith Delhom, Supervisory Auditor



DEPARTMENT OF THE ARMY
LOUISIANA RECOVERY FIELD OFFICE, CORPS OF ENGINEERS
 1900 N. LOBDELL BOULEVARD
 BATON ROUGE, LOUISIANA 70806

December 21, 2005

Reply to Attention Of:
 Contracting Division

David McIntyre
 Ceres Environmental Services, Inc.
 3825 85th Avenue, North
 Brooklyn Park, MN 55443

Dear Mr. McIntyre:

On December 9, 2005, two subcontractor trucks, SS-3203 and SS-3221, were observed loading debris from beyond the right-of-way (ROW). The trucks were loading on St. Alexander Road in Husser, LA. They were loading debris in front of an empty lot. The driver, Russell, of Truck No. SS-3221 stated that he was the one who had pushed the debris forward to the roadside, and the crew's equipment used to push the debris was still sitting in the middle of the empty lot. We observed no other apparent debris/vegetation along the ROW on St. Alexander Road. The following load tickets for December 9, 2005 were reviewed.

Truck No.	Load Ticket	Time	Capacity	Load Size	Driver	Loading Area
SS 3203	G-419412	07:44	37	37		St. Alexander Road
SS 3221	G-419413	07:51	31	30	Russell	St. Alexander Road
SS 3203	G-419417	08:52	37	36		St. Alexander Road
SS 3221	G-419421	09:11	31	31	Russell	St. Alexander Road
SS 3203	G-419427	10:01	37	37		St. Alexander Road
SS 3221	G-419429	10:19	31	31	Russell	St. Alexander Road
SS 3203	G-419436	11:11	37	37		St. Alexander Road
SS 3221	G-419438	11:30	31	30	Russell	St. Alexander Road
SS 3203	G-419461	13:44	37	34		St. Alexander Road
SS 3221	G-419464	13:57	31	29	Russell	St. Alexander Road

This is a recurring problem, Trucks SS-3203 and SS-3221 were identified in a letter to you dated December 19, 2005 for collecting debris out of the ROW at St. Alexander Road in Husser, LA. You are reminded that Contract No. W912P8-05-D-0024, Task Order 0002 allows for debris clearance and removal, reduction, and disposal of debris from parish and municipality Right-of-way (ROW) and other eligible public property. Entering private property for the removal of debris has not been authorized. As the prime contractor, you are responsible for ensuring subcontractor compliance with the contract specifications for authorized debris removal by providing sufficient Quality Control personnel in the field to appropriately monitor lower tier subcontractors. Non-adherence to these requirements can result in non-payment of improper hauls and potential legal issues arising from trespassing on private property. Deductions will be made from your invoices for the improper hauls noted above.

You are hereby requested to take corrective action to resolve these issues and provide me with a response on the action taken to resolve them by December 29, 2005. Thank you for your attention to this matter.

Charlotte Hofstetter

Charlotte G. Hofstetter
 Contracting Officer

MEMORANDUM THRU DEPUTY COMMANDER (Mike Park)

FOR ON-SITE COMMANDER (COL Pearson), Katrina Louisiana Recovery Field Office

SUBJECT: Internal Review Observation - Katrina LA-RFO: 198 - Ceres Subcontractor KBR - Unauthorized Debris Removal & Use of Contract Equipment

1. Audit Observation No. 198 - Ceres Subcontractor KBR-Unauthorized Debris Removal & Use of Contract Equipment

2. **Condition.** Refer to the enclosed DCAA Issue Paper dated 31 January 2006. Auditors observed two subcontractor trucks loading debris on private property beyond the right-of-way. A third truck, designated for use under the contract, was hauling debris for a private job.

3. **Recommendations:** Ceres should inform its subcontractors of contract requirements for authorized debris removal and the use of contract equipment. The contractor should assign a sufficient number of QCs to each area or zone to ensure that all subcontractors are only removing debris from the public right-of-way. The contractor should implement a plan of action for repeat violators. The government should consider non-payment to the contractor for removal of debris that is not contractually obligated.

Management Comments:

CONCUR NON-CONCUR

Debris Mission Manager

CONCUR NON-CONCUR

Contracting Officer

INTERNAL REVIEW OFFICE

1 February 2006

SUBJECT: Internal Review Observation - Katrina LA-RFO: 198 - Ceres
Subcontractor KBR - Unauthorized Debris Removal & Use of Contract
Equipment

Internal Review Response:

Encl

JERRY BARTUS
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

January 31, 2006

MEMORANDUM FOR MR. RANDY GENTRY, CHIEF USACE INTERNAL REVIEW

Subject: Debris Mission – Ceres Subcontractor KBR- Unauthorized Debris Removal & Use of Contract Equipment - Katrina

Observation: On January 30, 2006, we observed two KBR subcontractor trucks, Nos. 3223 and 5538, loading debris on private property beyond the right-of-way. The trucks were observed loading debris from residential property on Old Spanish Trail in Slidell, LA. Both trucks and their drivers, as well as the bobcat and chainsaw operators, were observed on private property removing vegetative debris. The trucks pulled into the front yard to load, and the bobcat operator and chainsaw operator were cutting and loading debris that was well beyond the public right-of-way.

A review of the load tickets at the Brownsvillage site disclosed that three of the ten loads hauled by these trucks today specified Old Spanish Trail as the loading site. These load tickets are as follows:

<u>Time In</u>	<u>Truck No.</u>	<u>Capacity</u>	<u>Load Size</u>	<u>Load Ticket No.</u>
14:04	3223	29	27	G-474569
16:46	5538	20	20	G-474576
17:01	3223	29	28	G-474577

The QA at the Slidell C&D Landfill also reported a KBR truck who had hauled a private load using a truck with a Ceres placard designated for work under this contract. The truck, No. 5527, had hauled a C&D load to the landfill, but refused a load ticket and requested to pay cash for the load for the landfill tipping fee. He stated that he had been instructed to haul a private load for KBR.

Criteria: The contractor is required to only remove debris from the right-of-way. Task Order No. 0002 of Ceres Contract W912P8-05-D-0024 allows for the “debris clearance and removal, reduction, and disposal of debris from parish and municipality Right-of-Way (ROW) and other eligible public property.” Furthermore, entering private property for the removal of debris has not been authorized in St. Tammany Parish.

In addition, Ceres Contract No. W912P8-05-D-0024, Section C1.5.4 states “Trucks or equipment which are designated for use under this contract shall not be used for any other work during the working hours under this contract. The Contractor shall not solicit work from private citizens or others to be performed in the designated work area during the period of performance. Under no circumstances will the Contractor mix debris hauled for others with debris hauled under this contract.”

Cause(s): The subcontractor is not in compliance with the contract specifications for authorized debris removal and use of contract equipment. The trucks observed were not loading debris from the public right-of-way as authorized, and the third truck was hauling debris for a private job with a truck that has been designated for use under this contract. The prime contractor has not adequately informed its subcontractors of all contract requirements, and there are not a sufficient number of QCs in the field monitoring the lower tier subcontractors performing debris removal.

Effect: The government is being charged for the removal of debris that is not contractually obligated. This could result in contract overruns and failure to meet the contract goals. Further, the government and contractor are left vulnerable to potential legal issues arising from trespassing on private property. The use of contract equipment to haul debris for private citizens or others could also result in slowing production and failure to meet contract goals.

Recommendation: The prime contractor should adequately inform its subcontractors of contract requirements, specifically the contract specifications for authorized debris removal and use of contract equipment. The contractor should assign a sufficient number of QCs to each area or zone to ensure that all subcontractors are only removing debris from the public right-of-way. The contractor should implement a plan of action for the management of repeat violators. The government should consider non-payment to the contractor for removal of debris that is not contractually obligated.

RESPONSE: This has been discussed with Ceres before. Basically, if this happens again Corps will direct Ceres to pull truck placards. Ceres has informed their sub contractors of this policy.

Salesha Trussell, Auditor
Keith Delhom, Supervisory

Auditor

October 4, 2005

MEMORANDUM FOR ON-SITE AREA ENGINEER (Eddie Sosebee), Katrina
Alabama Recovery Office

Subject: Audit Report 2006-3, Hurricane Katrina Debris Mission, Loading on Personal
Property

Condition/Observation:

CESAM-IR observed a P&J labeled truck loading debris on private property. The truck was behind a barn on Padgett Switch Rd, Irvington. See picture IMG_0288.JPG. There were several men loading C&D material on top on vegetative debris. Several trucks exited a private driveway and traveled north on Padgett Switch Rd. One truck was full, the other two where empty. The trucks pulled into a service station on the corner of Padgett Switch Rd and Highway 90. See pictures IMG_0292.JPG and IMG_0293.JPG. IR followed the truck to determine where he was going to get a debris ticket. The trucks were followed to a dead end road (Barns Rd, Theodore). The trucks pull up into a private driveway.

The QA supervisor, Paul Whitmer was called. Paul sent the Thompson QA, Stewart Morgan, to the area. The truck driver saw the QA and requested a ticket. The QA asked the driver where the truck was loaded. He said it was loaded on Barns Rd. The QA gave him a ticket for C&D loaded on Barnes Rd.

IR followed the truck to Dirt Inc., to obtain a copy of the debris ticket. The ticket number is 133757. See picture IMG_0294.

Recommendations:

1. The Corps should withhold payment from P&J for that debris ticket.
2. The QA's should have personal knowledge of where the debris comes from before signing tickets. Preferably the QA should be on site when the debris is loaded. The QA's cannot verify the eligibility or validate that the loads are not mixed unless they are present.
3. The practice of the truckers loading the trucks then looking for a QA, should be stopped. The QA and the truckers need to connect before the truck is loaded.

Melissa L. Moreno
Chief, Internal Review Office
Katrina Alabama RFO

() Concur () Non-Concur _____

November 8, 2005

MEMORANDUM FOR MR. GEORGE SULLIVAN, CHIEF USACE INTERNAL REVIEW

- Subject:** Debris Mission – ECC Load Site, Lakewood Country Club– Katrina
- Observation:** On November 7, 2005, we followed a truck from the Old Gentilly 95 dumpsite to a debris load site at the Lakewood Country Club golf course in Orleans Parish. We noted concerns regarding the type of debris being loaded. We observed and took pictures of subcontractor crews, MSM and Chrome Dome Dumping, collecting vegetation debris on the golf course approximately 100 to 500 yards off Tullis Road. AAA Tree Service was on site cutting down trees; the crews working for ECC were also collecting this debris from AAA.
- An MSM crew leader advised us that he has four crews collecting debris both off the road and well into this golf course, as approved by OMNI and ECC. He also informed us that the golf course owner plans to spend \$150 million to remodel and improve the golf course.
- The MWH USACE QA representative informed us that she has been writing approximately 28 load tickets per day over the last several days from the golf course. Additionally, another QA was also on site a couple days ago writing approximately the same amount of tickets.
- Criteria:** A large part of the payment on this contract is dependent on the quantity of debris contents in the trucks. Although we do not have a finalized task order for ECC, the Scope of Work for Orleans Parish, Limited Private Property Debris Removal, Concept of Operations section provides the following guidance:
- Commercial establishments or property are not part of this operation; and
 - No personal property outside of existing debris piles shall be collected.
- Cause(s):** ECC and the subcontractor(s) seem to be in noncompliance with the terms of the contract. There seems to be a material weakness in contractor control and oversight at load/collection sites to ensure only contract-eligible debris is collected and subsequently paid for by the government.
- Effect:** This material weakness in controls could provide an opportunity for truck drivers to collect and be paid for debris that is out of the contract scope, as well as minimize the amount of contract-eligible debris being cleared.
- Recommendation:** We recommend the contractor ensure all of its subcontractor crews are fully aware of the contract terms regarding what constitutes eligible debris. We further recommend that any government-approved deviations from the contract-eligible debris guidelines be documented and maintained by the subcontractor crew leader.

Scott Harkleroad, Senior Auditor
Dawn Wandelt, Senior Auditor
Gregory Jackson, Supervisory Auditor
Keith Delhom, Supervisory Auditor

MEMORANDUM FOR ON-SITE AREA ENGINEER (Eddie Sosebee), Katrina
Alabama Recovery Office

Subject: Audit Report 2006-4, Hurricane Katrina Debris Mission, General Observations

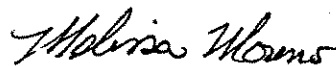
Condition/Observation:

CESAM-IR observed several trucks come thru Dirt Inc that were marked C&D where the load was mostly vegetative. This mixing of debris cost the government an extra \$2.84 per cubic yard. Attached are two examples of mis-classification.

- Ticket No.: 129079. Truck No: 12958. Loading QA: David Rich. Debris was falling from the truck. See pictures IMG_0301.JPG, IMG_0299.JPG, IMG_0300.JPG and IMG_0305.JPG.
- Ticket No.: 130691. Truck No.: 012772. See Pictures IMG_0298.JPG, IMG_0295.JPG

IR observed Tower QAs reducing quantities by voids not included in total capacities. For example: When the tail gate does not come to the top of the truck the measuring yard reduces the capacity of the truck by the triangle above the tail gate. The tower QA's are not aware of these situations. The towers QAs are deducting this triangle from the load for payment. There are numerous variations of truck shapes. The tower QAs need to know how the trucks are measured. A detailed SOP used to measure trucks need to be developed for future missions. This should be shared with the tower QA's for consistency.

IR observed three trucks parked in a shopping center on Hillcrest and Cottage Hill Rd. There were orange stickers on the placards. They appear to be violations. P&J should investigate the abandoned trucks. See pictures IMG_0306.JPG, IMG_0309.JPG, IMG_0306.JPG.



Melissa L. Moreno
Chief, Internal Review Office
Katrina Alabama RFO

MEMORANDUM FOR ON-SITE AREA ENGINEER (Eddie Sosebee), Katrina
Alabama Recovery Office

Subject: Report number 2006-024, Mixed Debris and Safety Issue

1. IR continues to observe predominantly vegetative loads being classified as C&D. the following are examples of predominantly vegetative loads being classified as C&D. This cost the government an extra \$2.84 per CY.
2. On 10/23/05, IR observed a truck being loaded on Lancaster Rd. The load had mostly vegetative debris. It did contain a broom and a small amount of household trash. See pictures IMG_0354.JPG, IM_0355.JPG, and IMG_0356.JPG. The truck number was 012862 and the QA was Candida Crain. Ms Crain said that she was told to give them credit for C&D if it had anything other than vegetation in the stack. She was not aware of any requirements to separate debris at the curb.
3. IR also observed a citizen approach the QA, Candida Crain, at the same location above. The citizen said that she was trimming her bushes and requested they come back to that area of the street and pick up her landscape trimmings. The QA said that she would get the crew back there to pick up the trimmings. This was a minor incident and created good will with the citizens. However, some QA's are refusing to pick up non-hurricane debris and some are.
4. IR observed several loads brought into Lott, Inc, that had minimal C&D. Most of these loads said that they came from the Prichard area. Prichard has some high crime areas. Therefore, the QA's were instructed get everything and get out. The attached picture is an example of minimal C&D. See picture IMG_0363.JPG, IMG_0364.JPG, IMG_0365.JPG, IMG_0366.JPG, and IMG_0367.JPG. The ticket says it came from Prichard. However, the street name is not a valid address in Prichard. IR followed one truck from the disposal site back to a loading site. The area was in Eight mile and was not a dangerous area.
5. On 10/19/05, a QA instructed the contractor not to mix C&D and vegetative debris. The contractor intentionally mixed the debris after being instructed not to. The QA voided the ticket (#84780). The trucker got another ticket (#85259) from another QA. The QA who signed the intentionally mixed load was John Carter. Copies of tickets attached.

6. Safety Issue: On Oct 23, 2005, IR followed a truck with a loose chain. The chain came close to hitting several vehicles as it passed. See picture IMG_0361.JPG. IR reported it to safety and to the QA.

7. Recommendations:

- Recommendation 1: Remind the QAs and QA supervisors that our mission is to pick up hurricane debris only.
- Recommendation 2: Remind QAs and QA supervisors that C&D loads cost the tax payers extra money. Care should be given to call the loads appropriately.
- Recommendation 3: Remind QAs that they should be witnessing the loading of debris. They should not sign tickets for trucks already loaded.

Melissa L Moreno
Chief, Internal Review Office
Katrina Alabama RFO

() Concur () Non-Concur _____

Attachments

Final

INTERNAL REVIEW OFFICE

4 December 2005

MEMORANDUM THRU DEPUTY COMMANDER (Jack Hurdie)

FOR ON-SITE COMMANDER (Col Smithers, Katrina Louisiana Recovery Field Office)

CS 12/22/05

SUBJECT: Internal Review Observation - Katrina LA-RFO 148 - Ceres - Inadequate Site Management - Gill Dump Site

1. Audit Observation No. 148 - Ceres - Inadequate Site Management - Gill Dump Site

2. **Condition.** Refer to the enclosed DCAA Issue Paper. Report indicates that there were no contractor personnel at the Gill Dump Site. QA said contractor representative had not been on site for about a week. Also, there was no water truck at the site for dust control and fire suppression as specified in contractor's site management plan.

3. **Recommendation:** Recommend that Ceres be advised to provide on site management and have a water truck on site in accordance with site management plan.

Management Comments: CONCUR () NON-CONCUR

Cherie Cripe
Debris Mission Manager

Management Comments: CONCUR () NON-CONCUR

HS Danton
Safety Officer

Addressed in contracting letter

Management Comments: CONCUR () NON-CONCUR

Kevin P. Kinnick
Contracting

see attached Letter to contractor

Internal Review Response:

DK

George Sullivan

GEORGE SULLIVAN
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

MEMORANDUM FOR MR. GEORGE SULLIVAN, CHIEF USACE INTERNAL REVIEW

Subject: Debris Mission – Ceres No Contractor Representative Onsite-Katrina

Contractor: Ceres

Observation: On December 2, 2005, we observed the Gill dump site in Tangipahoa Parish. At this site we noted the following conditions:

- There were no contractor personnel at the dumpsite. The QA onsite stated that the contractor had not had a representative onsite for approximately a week. The debris is being dumped in random locations at the site. The contractor is not managing this dump site.
- There is no water truck onsite.

Criteria: The Ceres contract W912P8-05-D-0024 C2.2.1 states that, “the contractor shall provide specified equipment, operators and laborers for dumpsite management and debris reduction operations as specified in the task order.” C2.2.5 states, “The work shall consist of constructing an appropriate reduction site, managing the operations of the reduction site, perform debris reduction by air curtain incineration, or chipping of debris, excluding concrete, asphalt, masonry, and metal.” C2.6.2 states, “The Contractor shall supervise and direct the work, using skilled labor and proper equipment for all tasks.” In addition, the contractor’s site management plan states that, “additional plans that are incorporated into the site management plan are the fire prevention plan and the dust control plan.” The fire prevention plan states, “A water truck shall remain onsite for dust control and fire suppression.”

Cause(s): The contractor is not in compliance with the contract of the site management plan for the Gill dumpsite in Tangipahoa Parish.

Effect: The debris is not being managed in accordance with the contract at the Gill dumpsite. In addition, this is a safety hazard because there is no fire control at a dumpsite that still has burning debris.

Recommendation: The contractor should provide on site management and have a water truck onsite in accordance with the site management plan.

Tonja Laney, Auditor
Salesha Trussell, Auditor
Keith Delhom, Supervisory Auditor



DEPARTMENT OF THE ARMY
LOUISIANA RECOVERY FIELD OFFICE, CORPS OF ENGINEERS
1900 N. LOBDELL BOULEVARD
BATON ROUGE, LOUISIANA 70806

December 19, 2005

Reply to Attention Of:
Contracting Division

David McIntyre
Ceres Environmental Services, Inc.
3825 85th Avenue, North
Brooklyn Park, MN 55443

Dear Mr. McIntyre:

On December 2, 2005 personnel from our Internal Review office observed the following non-compliance issues at the Gill dump site in Tangipahoa Parish:

1. No contractor personnel at the dumpsite. The QA On site stated that there had been no contractor representative on site for approximately a week, and the debris is being dumped in random locations at the site.

2. There was no water truck on site.

You are referred to Sections C2.2.1, C2.2.5 and C2.6.2 of your contract Number W912P8-05-D-0024 and your site management plan. This letter is to reiterate the need to comply with the requirements of the contract specifications and serves as notice that corrective action must be taken.

You are hereby requested to take corrective action to resolve this issue and provide me with a response on the action taken to resolve this issue by December 28, 2005. Thank you for your attention to this matter

A handwritten signature in black ink that reads "Kevin P. Henricks".

Kevin P. Henricks
Contracting Officer



DEPARTMENT OF THE ARMY
VICKSBURG DISTRICT, CORPS OF ENGINEERS
4155 CLAY STREET
VICKSBURG, MISSISSIPPI 39183-3435

16 October 2005

REPLY TO
ATTENTION OF:
CEMVK-CT

AshBritt, Inc
1280 SW 36th Avenue
Suite 102 AshBritt, Inc
1280 SW 36th Avenue
Suite 102
Pompano Beach, FL 33069

CURE NOTICE

Dear Mr. Perkins,

Reference my letters dated October 2, 2005 and October 8, 2005. You are hereby notified that that Government considers the continued deficiencies in the contract as conditions that are endangering performance of your contract:

**a. Failure to provide Performance and Payment Bonds -
(Reference Contract Clause 52.228-16 - "Performance and
Payment Bonds -Other Than Construction")**

I previously addressed this issue with you in my October 8, 2005 letter, with the understanding that the bonds would be received by October 11, 2005. You have currently been working without adequate bonding protection. The Contract required the bonds be submitted within one (1) day after the Notice to Proceed. Your failure to provide the required bonds is unacceptable and a violation of the contract.

**b. Failure to comply with Safety Requirements; Failure
to submit adequate Safety Plans in a timely manner -
(Reference Statement of Work, Paragraph C1.9.0 and Contract
Special Provision H-5, "Safety Requirements").**

Site specific Safety Plans have not been received for all Reduction Sites. Safety Plans for Collection/Haul Task Orders were received on October 8, 2005 for several locations. The plans that were received have been submitted

FOR INCORPORATION was rejected, COMMENTS were made and returned to you for revisions. In addition, Site Specific Safety Plans for each Reduction Site are overdue. We are still awaiting Plans for Pike, Leake and McClain. Numerous incidents of safety violations have been cited. The experience and qualifications of your subcontractors are questionable in light of the accident rate. This is unacceptable and future violations will not be tolerated.

c. Failure to comply with Reporting Requirements - (Reference Paragraph C.1.6.0 - Reporting; Section E.1 "Contractor's Daily Inspection Reports"; Section 2.0 Debris management Plan, Paragraph 2.b, e-g; Contractor's Quality Assurance/Quality Control, Paragraphs 2, 3 and 5).

Work Plans, Progress Schedules and Reports for each Task Order have not been submitted to the Resident Engineers as required by the contract. This deficiency was addressed during our meeting on September 30, 2005. You indicated that corrective action would be taken immediately. However, I have seen little progress to comply with daily reporting requirements.

d. Failure to segregate Debris - (Reference Paragraph C 1.8.0 'Handling and Collection of Waste').

My on-site representative has issued at least fourteen (14) "Notices of Non-Compliance", citing improper commingling of debris, improper disposal of debris and removal of debris outside the Right of Way. This high number is unacceptable and is an indication to me that adequate supervision and Quality Control procedures are not in place as required by the Contract. This must be corrected immediately.

e. Failure to prosecute the work in a diligent manner; Delay in Utilizing sites selected for Disposal - (Reference Scope of Work Paragraph C 1.4.0 - "Performance Schedule"; Section 2.0 Debris Management Plan, Paragraph 2c and e; Quality Assurance/Quality Control Paragraph 2.3.5).

The contract requires mobilization and debris removal operations to commence within twenty-four (24) hours after issuance of a Task Order. The Notice to Proceed was issued more than two weeks before operations commenced in Leake County. Your production rate has dropped significantly without notice or reasonable explanation. We have provided you the Rights of Entry (ROE) and the Environmental clearances for Hancock County, Magnolia Site. You cited a

safety concern regarding this site. However, the Resident Engineer for Hancock disputes this claim and directed you to begin using the site. Similar issues also exist for Forrest and Lamar Counties. Your disregard of the agreed to performance and production schedules is not acceptable.

f. Damage to Homeowner Property - (Reference Contract Clause - Inspection - Dismantling, Demolition and Removal on Improvements) .

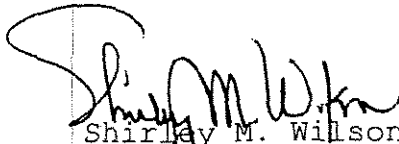
I have been informed of damages to landowners' property in the Beaux Chenes subdivision. In particular, Lot Nos. 7817 and 7801 of Rue Morgan Drive sustained damage to their mailboxes. I expect these reports to be investigated and rectified if damages were caused by you or your subcontractors. Please inform me of the results of your investigation, once completed.

Because of your work performance and failure to comply with the Terms and Conditions of the contract, I am issuing AshBritt an Interim Unsatisfactory Rating in our Past Performance Database (PPMIS.).

Please provide to me a written Corrective Plan for all of the above deficiencies. Unless these conditions are cured within ten (10) days after receipt of this Notice, the Government may terminate the Task Orders and the Contract for Default under the Terms and Conditions of the "Default Clause" of the basic contract.

I am available to discuss these issues with you at your convenience. I may be reached at Area Code 228, Telephone Number 435-9610.

Sincerely,



Shirley M. Willson
Contracting Officer
Task Force Hope

ACKNOWLEDGEMENT

Receipt of this Cure Notice was received on the 16th
day of October 2005.

AshBritt, Inc.

By:

Ami Loomis
Contract Administrator

ACKNOWLEDGEMENT

Receipt of this Cure Notice was received on the 16th
day of October 2005.

AshBritt, Inc.

By:

Ann Loomis
Contract Administrator

Performance Assessment Report

Interim

Period Report: From: 2005/10/12 To: 2005/10/17

SECTION I

1a. Contractor	ASHBRITT, INC	2a. Contract Number:	W912P8-05-D-0025
Division:		2b. Modification Number	
Street 1:	480 S ANDREWS AVE ST2103	2c. Del/Task Order No:	DE01 - DE16
Street 2:		2d. Life Cycle Value:	\$500000000
Street 3:		(Base + Options)	
City:	POMPANO BEACH	2e. Current Value:	\$500000000
State:	FL	3a. Award Date	2005/09/15
Zip:	33069-3538	3b. Completion Date:	2006/09/30
Country:	USA		
Place of Performance	Various locations in MS		
1b. CAGE:	00Z46		
1c. DUNS:	848970893		

Section III

- 5. Method of Contract:
Negotiated
- 6. Type of Contract:
FFP
- 7. Socio-economic Program:
W/O
- 8. Competition:
Competed Action
- 9. Type of Supply/Service:
Non-Commercial

SECTION IV

- 10. Business Sector:
Services
- 11.a FSCs:
F999 - Other Environ Svcs, Studies, & Analytical Support

11.b NAICS:

237990 - Other Heavy and Civil Engineering Construction

12. Description of Requirement:

Debris Removal, Dumpsite Management, and Debris Reduction for the Hurricane Relief effort in Mississippi.

13. Sub-Contractors:

Ratings:

The following rating standards were used to evaluate the contractor's performance. The following ratings apply to all items in Section V.

- Ratings**
Exceptional (Dark Blue)
Very Good (Purple)
Satisfactory (Green)
Marginal (Yellow)
Unsatisfactory (Red)

SECTION V (All Business Sectors other than Systems)

14.

a. Quality of Product/Service (Unsatisfactory (Red))

Numerous incidents of safety violations have been cited. The experience and qualifications of your subcontractors is questionable in light of the accident rate. This is unacceptable. Although daily safety reports are required, they have not been provided.

Failure to segregate Debris - (Reference: Paragraph C1.8.0 "Handling and Collection of Waste")

My on-site representative has issued at least fourteen (14) "Notices of Non-compliance" citing improper commingling of debris, improper disposal of debris and removal of debris outside the Right of Way. This high number is unacceptable and is an indication to me that adequate supervision and Quality Control procedures are not in place as required by the contract. This must be corrected immediately.

Damage to Homeowner Property - (Reference: Contract Clause – Inspection- Dismantling, Demolition and Removal of Improvements)

The Government has been informed of damages to landowners' property in the Beaux Chene subdivision. In particular, Lot Nos. 7817 and 7801 of Rue Morgan Drive sustained damage to their mailboxes. I expect these reports to be investigated and rectified if damages were caused by you or your subcontractors.

b. Schedule (Unsatisfactory (Red))

The Safety Plan that was submitted for incineration was rejected; comments were made and returned to you for revision. To date, the revised plan has not been resubmitted. In addition, Site specific Safety Plans for each reduction site are overdue. Safety plans for collection/haul task orders were received on October 8, 2005, for the following areas: Jones County, Covington, County, Pass Christian MS, Lincoln County, Forrest County, Hancock County, Jackson County, Clarke County, George County, Walthall County and Lamar County. We are still awaiting Safety Plans for the following sites: Pike, Leake, and McClain.

Site specific Safety Plans have not been received for all Reduction sites. Safety plans for collection/haul task orders were received on October 8, 2005 for several locations. The plans that were received have been submitted to the Debris Mission Manager for review. The Safety plan for incineration was rejected, comments were made and returned to you for revision. In addition, Site Specific Safety Plans for each reduction site are overdue. We are still awaiting Plans for the Pike, Leake and McClain. Numerous incidents of safety violations have been cited. The experience and qualifications of your subcontractors is questionable in light of the accident rate. This is unacceptable and future violations will not be tolerated.

Magnolia Site - Hancock County. You cited a safety concern regarding this site. However, the

Resident Engineer for Hancock County disputes this claim and directed you to begin using the site. We have the Rights of Entry (ROE) and the site has received Environmental clearance. Similar issues also exist for Forrest and Lamar Counties.

The contract requires mobilization and debris removal operations to commence within twenty-four (24) hours after issuance of a Task Order. The Notice to Proceed was issued more than two weeks before operations commenced in Leake County. Your production rate has dropped significantly without notice or reasonable explanation. We have provided you the Rights of Entry (ROE) and the Environmental clearances for Hancock County, Magnolia Site. You cited a safety concern regarding this site. However, the Resident Engineer for Hancock disputes this claim and directed you to begin work on this site. Similar issues also exist for Forrest and Lamar Counties. Your disregard of the agreed to performance and production schedules is not acceptable.

c. Cost Control

d. Business Relations (Unsatisfactory (Red))

Your Workers' Compensation Insurance policy expired on 25 Sep 05. This policy is required by the contract and the lack of this policy puts your employees (to include subcontractors) and the Government at great risk in the event of injury or death. Although you provided a new Worker's Compensation policy on 8 Oct 05, changes were requested and this revised/changed policy was not provided to the Government until 15 Oct 05.

You have failed to provide performance and payment bonds as required by the contract. This issue was addressed to you via a letter on October 8, 2005, with the understanding that the bonds would be received by October 11, 2005. You have currently been working without adequate bonding protection. The Contract requires the bonds be submitted within one (1) day after Notice to Proceed of the original Task Order. Your failure to provide the required bonds is a violation of the contract and is unacceptable.

e. Management of Key Personnel (Unsatisfactory (Red))

The Safety Plan that was submitted for incineration was rejected; comments were made and returned to you for revision. To date, the revised plan has not been resubmitted. In addition, Site specific Safety Plans for each reduction site are overdue. Safety plans for collection/haul task orders were received on October 8, 2005, for the following areas: Jones County, Covington, County, Pass Christian MS, Lincoln County, Forrest County, Hancock County, Jackson County, Clarke County, George County, Walthall County and Lamar County. We are still awaiting Safety Plans for the following sites: Pike, Leake, and McClain.

In addition, operations have not started in Leake County although a Notice to Proceed was issued over two (2) weeks ago.

Task Order specific Work Plans, Progress Schedules, and Reports to the Resident Engineers have not been implemented as discussed and agreed to during a meeting between Government personnel and Ashbritt personnel on 30 September 2005. The Government's on-site representative has issued at least eight "Notices of Non-Compliance" citing improper commingling of debris, improper disposal of debris, and removal of debris outside the Right of Way.

Magnolia Site - Hancock County. You cited a safety concern regarding this site. However, the Resident Engineer for Hancock County disputes this claim and directed you to begin using the site. We have the Rights of Entry (ROE) and the site has received Environmental clearance. Similar issues also exist for Forrest and Lamar Counties.

f. Other (Optional) (Unsatisfactory (Red))

You have failed to provide performance and payment bonds as required by the contract. This issue was addressed to you via a letter on October 8, 2005, with the understanding that the bonds would be received by October 11, 2005. You have currently been working without adequate bonding protection. The Contract requires the bonds be submitted within one (1) day after Notice to Proceed of the original Task Order;

SECTION VI

15. Evaluator(s):

Name:	Last STIEGLER	First LAURA	MI M	Date Approved by Evaluator:	2005/10/17
Element:	All				
Commercial:	(256)-895-1171			DSN:	760-1171
FAX Comm:	(256)-895-8234			FAX DSN:	760-8234
International:	---			Int FAX Comm:	---
E-Mail Address:	Laura.M.Stiegler@hnd01.usace.army.mil				

16. Contracting Officer/Program Manager:

Name:	Last WILSON	First SHIRLEY	MI M	Date Approved by KO/PM:	2005/10/17
Commercial:	(601)-631-5337			DSN:	-
FAX Comm:	0--			FAX DSN:	-
International:	---			Int FAX Comm:	---
E-Mail Address:	Shirley.M.Wilson@mvk02.usace.army.mil				

17. Contractor Review:

Name:	Last HELEN	First GANNON	MI	Position/Title	
Date PAR Sent To Contractor:	2005/10/17				
Date Contractor Received PAR:	2005/10/17			Date of Receipt of Contractor Response:	
Commercial:	(954)-545-3535			DSN:	-
FAX Comm:	(954)-545-3585			FAX DSN:	-
International:	---			Int FAX Comm:	---
E-Mail Address:	info@ashbritt.com				
Contractor Comments follow (if applicable).					

no entry

18. Reviewing Official: (None)

19. Source Selection Availability.

Date of Final Review:	2005/12/17	Date PAR entered into PPIMS:	2005/12/17
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MEMORANDUM FOR COMMANDER, Col. Vesay, Katrina Recovery Field Office
(RFO)

THRU CIVILIAN DEPUTY COMMANDER, Mr. Wayne Forrest, Katrina RFO

SUBJECT: Hurricane Katrina – RFO 05-95 – Blue Roof Billing & Re-measurement
(Ceres, Prime Contractors)

Subject: **Review of Ceres Billings – Katrina (Performed by DCAA, COE and Ceres)**

Observation:

The purpose of the evaluation is to determine the accuracy of the contractor billed amounts/costs for temporary roofing. In our review of the Right of Entry (ROE) forms submitted in support of Ceres billings listed in the USACE database as of November 30, 2005, we used a Dollar Unit Sample program to statistically select a sample of ROEs for our review. We excluded all ROEs with no square feet plastic billed from the sampling universe.

We performed the statistical sampling for variables, i.e. claimed or billed blue roof square feet, using dollar unit sampling (DUS), known outside the audit context as probability proportional to size sampling (PPS), each item has a selection probability that is proportional to its dollar (absolute value) size. This translates to an equal chance of selection for each dollar in a stratum. DUS is sometimes referred to as monetary unit sampling (MUS), reflecting the fact that the sample selection method is adaptable to any measure of size. Except for the option of a stratum for total review, the need for stratification based on physical unit magnitudes is eliminated in DUS.

We statistically selected a total of 208 sample items. With the assistance of the USACE and the contractor, we were able to remeasure all of the 208 selected ROEs in order to verify the billed square footage (SF) quantity. We compared the billed temporary roofing amounts for the selected items with the temporary roofing remeasured amounts. In a number of instances, the billed amounts differed from the remeasured amounts.

Based on our review the following discrepancies were found and indicate the amounts billed by the contractor are inaccurate. Of the \$1,172,774 absolute value of sampled transactions reviewed, we questioned \$169,274. We projected these costs across the stated universe of ROE's to determine total projected questioned costs of \$2,332,669.

The sample parameters and results are summarized in the schedule below:

<u>Stratum</u>	<u>Universe ROE's</u>	<u>Sampled Items</u>	<u>Exceptions</u>	<u>Universe ROE's Amount</u>	<u>Sample Amount</u>	<u>Sample Questioned Amount</u>	<u>Projected Questioned Amount</u>	<u>Sch.</u>
High \$	18	18	16	\$ 516,926	\$ 516,926	\$ 98,246	\$ 98,246	1
Projected	21,328	190	173	53,224,454	655,848	71,028	2,234,423	2
Total	<u>21,346</u>	<u>208</u>	<u>189</u>	<u>\$ 53,741,380</u>	<u>\$ 1,172,774</u>	<u>\$ 169,274</u>	<u>\$ 2,332,669</u>	

Further details regarding individual findings on each ROE are provided in the attached schedules.

Criteria:

The General Requirements of the contract section 01000, under subsection 8.3 Payment, states "The plastic sheeting shall be paid by the area of roof covered in square feet. In addition, the Contractor Quality Control section 01451A, under subsection 3.1 General Requirements of the contract states, "The Contractor is responsible for quality control and shall establish and maintain an effective quality control system in compliance with the Contract Clause titled Inspection of Construction." Reference FAR 52.246-12. Furthermore, the Contractor Quality Control, Section 01451A, under subsection 3.7.1 Final Acceptance Inspection states, "The Contract Officer's Representative and the Contractor shall agree upon the final material quantities installed and shall sign the Right of Entry form as documentation."

Cause(s):

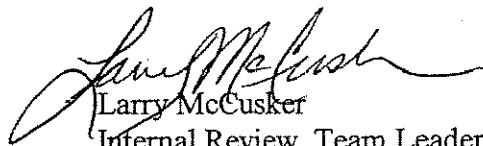
The contractor may have taken inaccurate measures due to a variety of reasons such as QC inexperience, lack of time, physical barriers such as debris, etc.

Effect:

Based upon our sample results, the government has been over billed a projected total amount of \$2,332,669.

Recommendation:

We recommend that any over payment/billed plastic (square footage) be pursued from the contractor.


 Larry McCusker
 Internal Review, Team Leader
 Taskforce Hope
 Hurricane Katrina-Mississippi

cc: Missy Arnold, Contracting, MVK

Schedule 1

High Dollar Stratum Detail

Sample Item Number	ROE Number	(a) Contractor Billed Plastic in SF	(b) Remeasured Plastic in SF	(c) = (a)-(b) Plastic Difference in SF	(d) = (c)*\$1.87 Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	Not
1	457671	30000	22704	7,296	\$ 13,643.52	\$ 13,643.52	
2	579920	29179	30194	(1,015)	(1,898.05)	(1,898.05)	
3	561831	20179	16610	3,569	6,674.03	6,674.03	
4	556529	17290	17290	0	0.00	0.00	1
5	457232	15040	6517	8,523	15,938.01	15,938.01	
6	457928	15000	7557	7,443	13,918.41	13,918.41	
7	564443	13855	9711	4,144	7,749.28	7,749.28	
8	579246	13855	13855	0	0.00	0.00	2
9	440750	13844	9752	4,092	7,652.04	7,652.04	
10	553902	13480	12587	893	1,669.91	1,669.91	
11	446389	13374	14862	(1,488)	(2,782.56)	(2,782.56)	
12	561750	12728	13224	(496)	(927.52)	(927.52)	
13	583900	12187	1227	10,960	20,495.20	20,495.20	
14	448015	11728	12487	(759)	(1,419.33)	(1,419.33)	
15	551562	11302	12646	(1,344)	(2,513.28)	(2,513.28)	
16	588803	11290	1234	10,056	18,804.72	18,804.72	3
17	583494	11080	10375	705	1,318.35	1,318.35	
18	446361	11020	11061	(41)	(76.67)	(76.67)	
Total Estimated Over billing					\$ 98,246.06	\$ 98,246.06	

Notes to Schedule 1

1. The selected ROE had its temporary roof replaced with a permanent roof. The total roof area of the structure exceeded the amount billed for the structure. Since the ROE did not specifically state that temporary roofing covered the entire structure; we limited the allowable amount to the amount listed on the ROE Final Evaluation quantity.
2. The selected ROE had its temporary roof replaced with a permanent roof. We could not verify coverage; therefore we accepted the ROE Final Evaluation quantity.
3. The selected ROE was billed at 11,290 SF. The actual ROE Final Evaluation Quantity was stated as 1,290 SF. We limited the allowable amount to the amount of square footage re-measured.

Projection Stratum Detail

Sample Item Number	ROE Number	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.87	Statistical Projection of Difference \$	Note
		Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate		
1	579543	7819	4430	3,389	\$ 6,337.43	\$ 121,416.57	
2	561835	6532	3751	2,781	5,200.47	119,264.84	
3	556765	5290	5389	(99)	(185.13)	(5,242.48)	
4	561917	5265	3104	2,161	4,041.07	114,977.80	
5	552427	4810	4849	(39)	(72.93)	(2,271.31)	
6	446735	4475	2404	2,071	3,872.77	129,641.69	
7	562934	4300	4131	169	316.03	11,009.71	
8	459485	4230	3948	282	527.34	18,675.25	
9	588755	4174	4071	103	192.61	6,912.62	
10	440612	4120	2878	1,242	2,322.54	84,446.57	
11	562769	4050	3150	900	1,683.00	62,250.82	
12	551391	3800	1380	2,420	4,525.40	178,397.75	
13	447310	3635	2927	708	1,323.96	54,561.52	
14	449123	3350	3350	0	0.00	0.00	1
15	588912	3330	2420	910	1,701.70	76,551.69	
16	458187	3165	3165	0	0.00	0.00	2
17	457825	3158	3173	(15)	(28.05)	(1,330.57)	
18	555008	3130	3983	(853)	(1,595.11)	(76,341.78)	
19	552866	3118	2875	243	454.41	21,831.71	
20	549703	2991	2373	618	1,155.66	57,880.15	
21	564208	2864	2758	106	198.22	10,367.89	
22	440759	2800	1404	1,396	2,610.52	139,664.17	
23	563618	2800	2664	136	254.32	13,606.25	
24	554132	2774	3114	(340)	(635.80)	(34,334.45)	
25	461382	2750	2160	590	1,103.30	60,100.34	
26	434699	2732	2113	619	1,157.53	63,469.86	
27	584290	2720	1713	1,007	1,883.09	103,709.41	3
28	448799	2700	2429	271	506.77	28,116.62	
29	556621	2700	1062	1,638	3,063.06	169,944.75	
30	588585	2687	2276	411	768.57	42,848.12	
31	588419	2636	2202	434	811.58	46,121.34	
32	561109	2616	1762	854	1,596.98	91,448.74	
33	460552	2587	2629	(42)	(78.54)	(4,547.90)	
34	493029	2555	2578	(23)	(43.01)	(2,521.71)	
35	579602	2520	3164	(644)	(1,204.28)	(71,588.45)	
36	583785	2508	2223	285	532.95	31,832.81	
37	588291	2475	1891	584	1,092.08	66,099.06	
38	563417	2466	2481	(15)	(28.05)	(1,703.95)	
39	554248	2448	2448	0	0.00	0.00	
40	562746	2440	1058	1,382	2,584.34	158,663.06	3
Subtotal Carried Over Next Page					\$ 47,946.80	\$ 1,883,928.51	

Projection Stratum Detail

Sample Item Number	ROE Number	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.87	Statistical Projection of Difference \$	Note
		Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate		
Subtotal Carried Forward from Prior Page					\$ 47,946.80	\$ 1,883,928.51	
41	557257	2410	2385	25	46.75	2,905.90	
42	549576	2400	1830	570	1,065.90	66,530.57	
43	579921	2400	1938	462	863.94	53,924.78	4
44	557142	2311	2058	253	473.11	30,667.49	
45	561740	2288	2384	(96)	(179.52)	(11,753.65)	
46	447272	2270	1848	422	789.14	52,076.79	
47	440333	2250	1665	585	1,093.95	72,833.46	
48	447773	2249	2045	204	381.48	25,409.63	
49	583378	2240	1820	420	785.40	52,524.13	
50	460858	2232	1302	930	1,739.10	116,720.29	3
51	460970	2230	2246	(16)	(29.92)	(2,009.89)	
52	561212	2200	1780	420	785.40	53,479.12	3
53	584895	2190	1999	191	357.17	24,431.32	
54	463429	2182	1985	197	368.39	25,291.18	3
55	553584	2160	1611	549	1,026.63	71,199.38	3
56	552204	2150	2150	0	0.00	0.00	1
57	547117	2122	1918	204	381.48	26,930.38	
58	561171	2120	1502	618	1,155.66	81,660.16	3
59	584438	2112	1706	406	759.22	53,850.50	
60	434503	2100	2069	31	57.97	4,135.23	
61	555500	2100	2005	95	177.65	12,672.49	3
62	557220	2056	1864	192	359.04	26,159.88	
63	549390	2040	1848	192	359.04	26,365.05	
64	551314	2000	2000	0	0.00	0.00	1
65	551057	1975	1814	161	301.07	22,835.81	3
66	551326	1940	1391	549	1,026.63	79,273.54	
67	547841	1931	2020	(89)	(166.43)	(12,911.16)	5
68	557898	1930	1944	(14)	(26.18)	(2,032.02)	
69	449680	1920	1821	99	185.13	14,444.14	
70	588654	1910	1494	416	777.92	61,012.33	
71	582102	1904	1845	59	110.33	8,680.46	
72	550325	1900	1263	637	1,191.19	93,916.83	
73	563197	1900	1318	582	1,088.34	85,807.85	3
74	552263	1890	1569	321	600.27	47,577.42	
75	446656	1888	1725	163	304.81	24,184.84	
76	493330	1860	1486	374	699.38	56,326.95	
77	431870	1855	1767	88	164.56	13,289.12	
78	457777	1850	1469	381	712.47	57,691.37	
79	550858	1850	1597	253	473.11	38,309.49	3
80	583446	1832	1814	18	33.66	2,752.36	
Subtotal Carried Over Next Page					\$ 68,240.04	\$ 3,341,092.03	

Projection Stratum Detail

Sample Item Number	ROE Number	(a) Contractor Billed Plastic in SF	(b) Remeasured Plastic in SF	(c) = (a)-(b) Plastic Difference in SF	(d) = (c)*\$1.87 Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	Note
Subtotal Carried Forward from Prior Page					\$ 68,240.04	\$ 3,341,092.03	
81	579179	1820	1784	36	67.32	5,541.01	
82	561888	1800	1584	216	403.92	33,615.44	
83	552710	1788	1447	341	637.67	53,424.99	
84	460973	1740	1999	(259)	(484.33)	(41,697.32)	5
85	584288	1728	1256	472	882.64	76,516.64	
86	434483	1701	1701	0	0.00	0.00	1
87	461433	1700	1525	175	327.25	28,836.78	
88	563401	1700	1590	110	205.70	18,125.98	
89	564757	1700	1241	459	858.33	75,634.75	3
90	449590	1680	1566	114	213.18	19,008.73	
91	459031	1680	1841	(161)	(301.07)	(26,845.67)	
92	460670	1658	1635	23	43.01	3,885.98	
93	561872	1642	1559	83	155.21	14,159.98	
94	556101	1625	983	642	1,200.54	110,672.39	
95	554744	1624	1624	0	0.00	0.00	1
96	447744	1600	1951	(351)	(656.37)	(61,453.23)	
97	448899	1600	1223	377	704.99	66,005.33	
98	553862	1600	2202	(602)	(1,125.74)	(105,398.43)	
99	493016	1550	1485	65	121.55	11,747.33	
100	462400	1542	1348	194	362.78	35,243.17	3
101	583789	1533	968	565	1,056.55	103,243.78	
102	561902	1527	1285	242	452.54	44,394.99	
103	576264	1518	1407	111	207.57	20,483.72	
104	579811	1510	1500	10	18.70	1,855.16	
105	457316	1500	0	1,500	2,805.00	280,128.71	6
106	551649	1500	1185	315	589.05	58,827.03	
107	562309	1500	1512	(12)	(22.44)	(2,241.03)	5
108	431742	1496	1536	(40)	(74.80)	(7,490.07)	
109	583998	1496	1292	204	381.48	38,199.37	
110	448881	1482	1199	283	529.21	53,492.86	
111	463537	1475	809	666	1,245.42	126,485.23	
112	553904	1469	1573	(104)	(194.48)	(19,832.12)	
113	588143	1450	1700	(250)	(467.50)	(48,298.05)	
114	555063	1444	1392	52	97.24	10,087.74	3
115	579065	1440	1332	108	201.96	21,009.65	3
116	563936	1421	1213	208	388.96	41,004.06	
117	463562	1410	1186	224	418.88	44,502.72	
118	462778	1407	1493	(86)	(160.82)	(17,122.29)	
119	563068	1400	1190	210	392.70	42,019.31	3
120	554292	1400	1390	10	18.70	2,000.92	
Subtotal Carried Over Next Page					\$ 79,740.54	\$ 4,450,867.57	

Projection Stratum Detail

Sample Item Number	ROE Number	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.87	Statistical Projection of Difference \$	Note
		Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate		
Subtotal Carried Forward from Prior Page					\$ 79,740.54	\$ 4,450,867.57	
121	556880	1394	1587	(193)	(360.91)	(38,783.96)	
122	554919	1365	1158	207	387.09	42,481.06	
123	434561	1360	1005	355	663.85	73,121.83	
124	564000	1350	1370	(20)	(37.40)	(4,150.05)	
125	561127	1344	1282	62	115.94	12,922.60	
126	564464	1331	1071	260	486.20	54,720.86	
127	442553	1312	1340	(28)	(52.36)	(5,978.36)	
128	459622	1280	1280	0	0.00	0.00	1
129	562494	1278	1213	65	121.55	14,247.55	
130	575857	1272	1762	(490)	(916.30)	(107,911.22)	5
131	562716	1267	1232	35	65.45	7,738.36	
132	457802	1250	1135	115	215.05	25,771.84	3
133	548157	1250	1250	0	0.00	0.00	7
134	550048	1250	1225	25	46.75	5,602.57	
135	553375	1250	1292	(42)	(78.54)	(9,412.32)	
136	583685	1248	1213	35	65.45	7,856.17	
137	440139	1207	1207	0	0.00	0.00	1
138	461342	1200	1098	102	190.74	23,810.94	3
139	493305	1200	1644	(444)	(830.28)	(103,647.62)	
140	556380	1180	582	598	1,118.26	141,963.53	
141	564736	1173	1341	(168)	(314.16)	(40,120.74)	
142	461490	1152	1187	(35)	(65.45)	(8,510.85)	
143	556501	1150	1072	78	145.86	19,000.03	
144	554873	1130	1118	12	22.44	2,974.82	
145	583806	1125	1481	(356)	(665.72)	(88,645.17)	
146	449474	1124	1124	0	0.00	0.00	8
147	457690	1120	1938	(818)	(1,529.66)	(204,594.00)	5
148	459078	1114	1428	(314)	(587.18)	(78,959.08)	
149	440029	1100	1180	(80)	(149.60)	(20,373.00)	
150	554134	1100	1086	14	26.18	3,565.27	
151	554799	1080	1187	(107)	(200.09)	(27,753.49)	
152	551146	1050	918	132	246.84	35,216.18	
153	450885	1050	1064	(14)	(26.18)	(3,735.05)	
154	446912	1008	987	21	39.27	5,836.01	
155	562578	1000	1131	(131)	(244.97)	(36,696.86)	
156	557366	960	952	8	14.96	2,334.41	
157	564250	960	854	106	198.22	30,930.88	
158	552239	945	894	51	95.37	15,118.06	
159	564647	936	650	286	534.82	85,594.88	
160	563599	935	1009	(74)	(138.38)	(22,170.61)	
Total Estimated Over billing					\$ 78,343.65	\$ 4,260,233.04	

Projection Stratum Detail

Sample Item Number	ROE Number	(a)	(b)	(c) = (a)-(b)	(d) = (c)* \$1.87	Statistical Projection of Difference \$	Note
		Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate		
Subtotal Carried Forward from Prior Page					\$ 78,343.65	\$ 4,260,233.04	
161	582211	925	797	128	239.36	38,763.76	
162	463497	915	1461	(546)	(1,021.02)	(167,158.77)	5
163	563928	900	787	113	211.31	35,171.72	
164	460507	882	882	0	0.00	0.00	1
165	583627	876	816	60	112.20	19,186.90	
166	462667	850	1294	(444)	(830.28)	(146,326.05)	
167	440646	846	646	200	374.00	66,224.28	
168	440062	800	1620	(820)	(1,533.40)	(287,131.92)	
169	457235	800	800	0	0.00	0.00	1
170	588396	800	684	116	216.92	40,618.66	
171	461060	790	932	(142)	(265.54)	(50,352.25)	5
172	563001	790	683	107	200.09	37,941.48	
173	552463	760	707	53	99.11	19,535.29	
174	582161	750	893	(143)	(267.41)	(53,411.21)	
175	564903	720	2047	(1,327)	(2,481.49)	(516,292.77)	5
176	462703	700	368	332	620.84	132,861.04	
177	552459	700	700	0	0.00	0.00	1
178	557233	700	741	(41)	(76.67)	(16,407.54)	
179	551925	650	815	(165)	(308.55)	(71,109.59)	
180	553178	640	698	(58)	(108.46)	(25,386.66)	
181	462323	608	573	35	65.45	16,125.83	
182	462960	570	570	0	0.00	0.00	1
183	446031	540	540	0	0.00	0.00	1
184	554328	510	451	59	110.33	32,407.05	
185	440368	500	500	0	0.00	0.00	1
186	555816	500	556	(56)	(104.72)	(31,374.41)	5
187	561856	481	592	(111)	(207.57)	(64,645.09)	
188	434418	400	1407	(1,007)	(1,883.09)	(705,224.02)	5
189	448032	280	288	(8)	(14.96)	(8,003.68)	
190	562303	215	462	(247)	(461.89)	(321,822.28)	
Total Estimated Over billing					\$ 71,028.21	\$ 2,234,422.81	

Notes to Schedule 2

1. The selected ROE had its temporary roof replaced with a permanent roof. We could not verify coverage; therefore we accepted the ROE Final Evaluation quantity.
2. The selected ROE was in the sample database, but the actual work was performed by another contractor. We accepted the ROE Final Evaluation quantity.
3. The selected ROE had its temporary roof replaced with a permanent roof. We took exception to billed amounts in excess of the total roof area of the structure.
4. The selected ROE still had the temporary roof in place covering a metal roof. The ROE documented that the roof was unsafe and the work was not completed. We limited the allowable amount to the re-measured plastic area.
5. The selected ROE had its temporary roof replaced with a permanent roof. The ROE noted full coverage; we allowed actual re-measurement of entire roof even though the re-measurement is greater than the original ROE quantity.
6. The selected ROE did not have a temporary roof and the permanent roof had not been repaired. The homeowner stated that she was told her home did not qualify. Observations of the roof disclosed no signs of blue plastic or furring strips. Furthermore, the observations of the permanent roof disclosed that damage was still evident. We take exception to the total billed amount.
7. The home for this selected ROE has been demolished; therefore we accept the ROE Final Evaluation quantity.
8. The selected ROE had its temporary roof replaced with a permanent roof. The total roof area of the structure exceeded the amount billed for the structure. Since the ROE did not specifically state that temporary roofing covered the entire structure; we limited the allowable amount to the amount listed on the ROE Final Evaluation quantity.



MEMORANDUM FOR COMMANDER, Col. Vesay, Katrina Recovery Field Office
(RFO)

THRU CIVILIAN DEPUTY COMMANDER, Mr. Wayne Forrest, Katrina RFO

SUBJECT: Hurricane Katrina – RFO 05-96 – Blue Roof Billing & Re-measurement
(Carothers Prime Contractors)

Subject: **Review of Carothers Billings – Katrina (Performed by DCAA, COE
and Carothers)**

Observation:

The purpose of the evaluation is to determine the accuracy of the contractor billed amounts/costs for temporary roofing. In our review of the Right of Entry (ROE) forms submitted in support of Carothers billings listed in the USACE database as of November 30, 2005, we used a Dollar Unit Sample program to statistically select a sample of ROEs for our review. We excluded all ROEs with no square feet plastic billed from the sampling universe.

We performed the statistical sampling for variables, i.e. claimed or billed blue roof square feet, using dollar unit sampling (DUS), known outside the audit context as probability proportional to size sampling (PPS), each item has a selection probability that is proportional to its dollar (absolute value) size. This translates to an equal chance of selection for each dollar in a stratum. DUS is sometimes referred to as monetary unit sampling (MUS), reflecting the fact that the sample selection method is adaptable to any measure of size. Except for the option of a stratum for total review, the need for stratification based on physical unit magnitudes is eliminated in DUS.

We statistically selected a total of 427 sample items. With the assistance of the USACE and the contractor, we remeasured 422 of the sampled ROEs in order to verify the billed square footage (SF) quantity. The reasons for not remeasuring ROEs was the inability to get permission by the property owner, the structure was demolished, we could not locate the property and the inability to access the property to remeasure the roof. For those possible to remeasure, we compared the billed temporary roofing amounts for the selected items with the temporary roofing remeasured amounts. In a number of instances, the billed amounts differed from the remeasured amounts. We took no exceptions to those ROEs we were unable to remeasure for any reason.

Based on our review the following discrepancies were found and indicate the amounts billed by the contractor are inaccurate. Of the \$1,883,765 absolute value of sampled transaction reviewed, we questioned \$268,793. We projected these costs across the stated universe of ROE's to determine total projected questioned costs of \$6,341,988.

The sample parameters and results are summarized in the schedule below:

<u>Stratum</u>	<u>Universe ROE's</u>	<u>Sampled Items</u>	<u>Exceptions</u>	<u>Universe ROE's Amount</u>	<u>Sample Amount</u>	<u>Sample Questioned Amount</u>	<u>Projected Questioned Amount</u>	<u>Scj</u>
High \$	38	38	25	\$ 533,158	\$ 533,158	\$ 62,944	\$ 62,944	1
Projected	19,424	389	294	53,077,357	1,350,607	205,849	6,279,044	2
Total	19,462	427	319	\$ 53,610,515	\$ 1,883,765	\$ 268,793	\$ 6,341,988	

Further details regarding individual findings on each ROE are provided in the attached schedules.

Criteria:

The General Requirements of the contract section 01000, under subsection 8.3 Payment, states "The plastic sheeting shall be paid by the area of roof covered in square feet. In addition, the Contractor Quality Control section 01451A, under subsection 3.1 General Requirements of the contract states, "The Contractor is responsible for quality control and shall establish and maintain an effective quality control system in compliance with the Contract Clause titled Inspection of Construction." Reference FAR 52.246-12. Furthermore, the Contractor Quality Control, Section 01451A, under subsection 3.7.1 Final Acceptance Inspection states, "The Contract Officer's Representative and the Contractor shall agree upon the final material quantities installed and shall sign the Right of Entry form as documentation."

Cause(s):


The contractor may have taken inaccurate measures due to a variety of reasons such as QC inexperience, lack of time, physical barriers such as debris, etc.

Effect:

Based upon our sample results, the government has been over billed a projected total amount of \$6,341,988.

Recommendation:

We recommend that any over payment/billed plastic (square footage) be pursued from the contractor.


 Larry McCusker
 Internal Review, Team Leader
 Taskforce Hope
 Hurricane Katrina-Mississippi

cc: Missy Arnold, Contracting, MVK

Schedule 1

High Dollar Stratum Detail

Sample Item Number	ROE Number	(a) Contractor Billed Plastic in SF	(b) Remeasured Plastic in SF	(c) = (a)-(b) Plastic Difference in SF	(d) = (c)*\$1.65		Statistical Projection of Difference \$	N	
					Plastic SF Difference Times Contract Plastic Rate				
1	436765	14957	14711	246	\$	405.90	\$	405.90	
2	452011	14859	13096	1763		2,908.95		2,908.95	
3	452009	13806	11955	1851		3,054.15		3,054.15	
4	442879	12728	11309	1419		2,341.35		2,341.35	
5	452231	12390	10408	1982		3,270.30		3,270.30	
6	432117	10885	10575	310		511.50		511.50	
7	436790	10080	9374	706		1,164.90		1,164.90	
8	439662	10000	9157	843		1,390.95		1,390.95	
9	460233	9928	13347	(3419)		(5,641.35)		(5,641.35)	
10	435221	9675	8947	728		1,201.20		1,201.20	
11	437730	8518	8518	0		0.00		0.00	
12	452804	8500	6224	2276		3,755.40		3,755.40	
13	495014	8288	7619	669		1,103.85		1,103.85	
14	462273	7755	10190	(2435)		(4,017.75)		(4,017.75)	
15	432276	7740	6495	1245		2,054.25		2,054.25	
16	495030	7722	7157	565		932.25		932.25	
17	433152	7651	8117	(466)		(768.90)		(768.90)	
18	454359	7600	6193	1407		2,321.55		2,321.55	
19	454721	7600	4896	2704		4,461.60		4,461.60	
20	444724	7549	4847	2702		4,458.30		4,458.30	
21	434996	7485	1392	6093		10,053.45		10,053.45	
22	435455	7425	6377	1048		1,729.20		1,729.20	
23	455531	7425	6129	1296		2,138.40		2,138.40	
24	454726	7300	4896	2404		3,966.60		3,966.60	
25	437177	7224	5146	2078		3,428.70		3,428.70	
26	441008	7140	7140	0		0.00		0.00	
27	452010	7000	6089	911		1,503.15		1,503.15	
28	437378	7000	4515	2485		4,100.25		4,100.25	
29	431132	6984	6319	665		1,097.25		1,097.25	
30	495010	6892	7157	(265)		(437.25)		(437.25)	
31	432690	6818	4771	2047		3,377.55		3,377.55	
32	441064	6735	12825	(6090)		(10,048.50)		(10,048.50)	
33	546426	6667	6384	283		466.95		466.95	
34	454223	6620	4329	2291		3,780.15		3,780.15	
35	495034	6545	4556	1989		3,281.85		3,281.85	
36	495035	6545	4606	1939		3,199.35		3,199.35	
37	495036	6545	4606	1939		3,199.35		3,199.35	
38	495037	6545	4606	1939		3,199.35		3,199.35	
Total Estimated Over billing						\$	62,944.20	\$	62,944.20

Projection Stratum Detail

	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.65			
Sample Item Number	ROE Number	Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	N
1	495039	6545	4606	1939	\$ 3,199.35	\$ 40,422.94	
2	454645	5225	2178	3047	5,027.55	79,569.36	
3	548264	4971	5228	(257)	(424.05)	(7,054.22)	
4	441003	4950	4274	676	1,115.40	18,633.79	
5	450071	4838	3948	890	1,468.50	25,100.58	
6	452866	4799	3627	1172	1,933.80	33,322.42	
7	453086	4644	2421	2223	3,667.95	65,314.10	
8	559179	4536	2891	1645	2,714.25	49,482.60	
9	452603	4503	3428	1075	1,773.75	32,573.63	
10	458175	4420	2318	2102	3,468.30	64,888.86	
11	435923	4410	2743	1667	2,750.55	51,577.07	
12	459805	4375	3136	1239	2,044.35	38,641.41	
13	441357	4158	3399	759	1,252.35	24,906.75	
14	433221	4106	3224	882	1,455.30	29,309.56	
15	454423	4080	3388	692	1,141.80	23,142.25	
16	437371	4000	2850	1150	1,897.50	39,228.12	
17	431165	3971	2499	1472	2,428.80	50,578.69	
18	439750	3908	2678	1230	2,029.50	42,944.77	
19	438552	3881	3415	466	768.90	16,383.32	
20	452790	3828	3716	112	184.80	3,992.14	
21	560627	3798	3268	530	874.50	19,040.60	
22	455323	3782	3864	(82)	(135.30)	(2,958.37)	
23	436879	3768	4406	(638)	(1,052.70)	(23,103.06)	
24	435785	3748	2928	820	1,353.00	29,852.04	
25	548030	3709	2521	1188	1,960.20	43,703.81	
26	458153	3624	2127	1497	2,470.05	56,362.90	
27	434051	3614	3588	26	42.90	981.62	
28	444073	3600	2044	1556	2,567.40	58,974.84	
29	442694	3554	3581	(27)	(44.55)	(1,036.59)	
30	559109	3543	2879	664	1,095.60	25,571.52	
31	439072	3506	2432	1074	1,772.10	41,797.67	
32	558564	3499	2495	1004	1,656.60	39,151.59	
33	545336	3463	3182	281	463.65	11,071.68	
34	433134	3456	2500	956	1,577.40	37,743.65	
35	430785	3402	2638	764	1,260.60	30,642.11	
36	443707	3384	2135	1249	2,060.85	50,360.70	
37	432684	3381	3381	0	0.00	0.00	
38	454436	3350	2573	777	1,282.05	31,647.24	
39	439821	3300	1705	1595	2,631.75	65,948.73	
40	445322	3281	3004	277	457.05	11,519.49	
Subtotal Carried Over Next Page					\$ 62,191.80	\$ 1,250,230.31	

Projection Stratum Detail

	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.65			
Sample Item Number	ROE Number	Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	Not
Subtotal Carried Forward from Prior Page					\$ 62,191.80	\$ 1,250,230.31	
41	459978	3257	1704	1553	2,562.45	65,059.90	
42	438277	3206	3088	118	194.70	5,022.02	2
43	454133	3200	1502	1698	2,801.70	72,401.47	2
44	454634	3200	2007	1193	1,968.45	50,868.64	2
45	439456	3180	2163	1017	1,678.05	43,636.86	2
46	430937	3178	2010	1168	1,927.20	50,147.42	2
47	436820	3160	2659	501	826.65	21,632.68	2
48	456342	3154	2249	905	1,493.25	39,151.34	2
49	547098	3128	2438	690	1,138.50	30,098.30	2
50	430801	3127	3139	(12)	(19.80)	(523.62)	4
51	458324	3126	1953	1173	1,935.45	51,199.85	6
52	452254	3121	2770	351	579.15	136,445.65	7
53	452112	3120	2468	652	1,075.80	28,513.64	2
54	455117	3104	2910	194	320.10	8,527.85	
55	455168	3100	2345	755	1,245.75	33,231.12	2
56	456433	3098	1940	1158	1,910.70	51,001.96	2
57	463049	3094	3094	0	0.00	0.00	8
58	433539	3028	2527	501	826.65	22,575.72	2
59	454109	3000	2456	544	897.60	24,742.14	2
60	545102	3000	1654	1346	2,220.90	61,218.61	2
61	454848	3000	2320	680	1,122.00	30,927.68	2
62	454714	2975	2745	230	379.50	10,548.74	2
63	441664	2963	2621	342	564.30	15,749.04	2
64	452211	2961	2470	491	810.15	22,625.74	2
65	430706	2931	3456	(525)	(866.25)	(24,440.11)	4
66	439070	2920	3162	(242)	(399.30)	(11,308.17)	
67	456553	2885	2308	577	952.05	27,289.13	
68	441802	2878	2957	(79)	(130.35)	(3,745.38)	4
69	576043	2836	2246	590	973.50	28,386.08	2
70	445060	2825	2786	39	64.35	1,883.67	2
71	436315	2812	2310	502	828.30	24,358.36	2
72	436904	2811	2566	245	404.25	11,892.27	2
73	437999	2800	1886	914	1,508.10	44,539.76	2
74	439184	2798	2392	406	669.90	19,798.76	2
75	463153	2791	2578	213	351.45	10,413.09	
76	546511	2786	2553	233	384.45	11,411.28	2
77	436031	2766	2495	271	447.15	13,368.32	2
78	442854	2766	1979	787	1,298.55	38,822.39	2
79	452303	2747	1741	1006	1,659.90	49,968.81	2
80	454059	2741	2432	309	509.85	15,381.87	2
Subtotal Carried Over Next Page					\$ 103,877.40	\$ 2,383,053.19	

Projection Stratum Detail

	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.65			
Sample Item Number	ROE Number	Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	Ne
Subtotal Carried Forward from Prior Page					\$ 103,877.40	\$ 2,383,053.19	
81	453731	2740	2089	651	1,074.15	32,418.29	2
82	430778	2740	2102	638	1,052.70	31,770.92	2
83	547810	2736	1344	1392	2,296.80	69,419.72	6
84	436835	2723	1876	847	1,397.55	42,441.96	
85	459315	2720	2086	634	1,046.10	31,803.88	2
86	458926	2716	2185	531	876.15	26,676.23	
87	432979	2704	2001	703	1,159.95	35,473.85	2
88	454102	2700	2122	578	953.70	29,209.48	2
89	452371	2700	1736	964	1,590.60	48,716.15	2
90	456017	2689	2250	439	724.35	22,275.80	2
91	452459	2688	2267	421	694.65	21,370.39	2
92	443293	2673	2513	160	264.00	8,167.34	2
93	435723	2668	1586	1082	1,785.30	55,335.15	2
94	459908	2656	2201	455	750.75	23,374.54	
95	452407	2656	2378	278	458.70	14,281.59	
96	546677	2625	2393	232	382.80	12,059.20	2
97	449881	2624	2169	455	750.75	23,659.59	2
98	444572	2600	2687	(87)	(143.55)	(4,565.68)	2
99	436343	2600	1981	619	1,021.35	32,484.56	2
100	545685	2598	2207	391	645.15	20,535.12	2
101	463259	2595	2330	265	437.25	13,933.76	
102	443534	2582	1485	1097	1,810.05	57,970.90	2
103	443239	2580	2029	551	909.15	29,140.14	2
104	456499	2580	1913	667	1,100.55	35,274.90	2
105	436341	2576	2452	124	204.60	6,568.04	2
106	431974	2562	1923	639	1,054.35	34,031.53	2
107	463183	2554	2233	321	529.65	17,149.20	2
108	450112	2540	2772	(232)	(382.80)	(12,462.75)	4
109	458250	2538	2431	107	176.55	5,752.44	2
110	456795	2538	1781	757	1,249.05	40,697.15	2
111	436046	2525	1889	636	1,049.40	34,368.09	
112	458736	2520	2034	486	801.90	26,314.52	2
113	455021	2509	2140	369	608.85	20,067.14	2
114	558298	2494	1989	505	833.25	27,628.33	2
115	452375	2467	2196	271	447.15	14,988.56	2
116	547509	2448	1595	853	1,407.45	47,544.17	2
117	433222	2444	2342	102	168.30	5,694.54	2
118	442986	2419	1584	835	1,377.75	47,098.85	2
119	434789	2412	1684	728	1,201.20	41,182.60	
120	435794	2396	1856	540	891.00	30,751.52	2
Subtotal Carried Over Next Page					\$ 138,534.00	\$ 3,483,654.90	

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Projection Stratum Detail

	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.65			
Sample Item Number	ROE Number	Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	No
Subtotal Carried Forward from Prior Page					\$ 138,534.00	\$ 3,483,654.90	
121	456340	2395	1681	714	1,178.10	40,677.32	2
122	435648	2380	1732	648	1,069.20	37,149.91	2
123	443271	2363	1893	470	775.50	27,139.00	2
124	450043	2360	2563	(203)	(334.95)	(11,736.64)	4
125	545958	2352	1935	417	688.05	24,191.26	2
126	548582	2352	1946	406	669.90	23,553.12	2
127	456230	2348	2098	250	412.50	14,527.86	2
128	441638	2342	2342	0	0.00	0.00	8
129	559197	2340	2003	337	556.05	19,650.51	2
130	547288	2304	1975	329	542.85	19,483.78	2
131	432496	2303	2420	(117)	(193.05)	(6,931.89)	4
132	434997	2293	1935	358	590.70	21,302.90	
133	434028	2269	1848	421	694.65	25,316.71	2
134	456789	2269	1910	359	592.35	21,588.36	2
135	432269	2268	1828	440	726.00	26,470.94	2
136	587592	2261	1953	308	508.20	18,587.02	2
137	444465	2260	2260	0	0.00	0.00	8
138	430966	2257	1510	747	1,232.55	45,159.46	2
139	453931	2251	2086	165	272.25	10,001.57	2
140	452626	2240	1835	405	668.25	24,669.86	2
141	434961	2222	1732	490	808.50	30,089.27	
142	430780	2212	1453	759	1,252.35	46,818.38	
143	432034	2211	2123	88	145.20	5,430.67	
144	442327	2200	1695	505	833.25	31,320.48	2
145	454693	2200	1526	674	1,112.10	41,801.98	2
146	441126	2190	1537	653	1,077.45	40,684.48	2
147	455761	2183	1999	184	303.60	11,500.69	
148	456384	2176	1269	907	1,496.55	56,873.25	
149	444638	2170	1783	387	638.55	24,333.86	2
150	545709	2170	1838	332	547.80	20,875.56	
151	456256	2156	0	2156	3,557.40	136,445.65	9
152	444162	2150	2073	77	127.05	4,886.66	2
153	444783	2148	1923	225	371.25	14,292.49	2
154	430835	2142	2142	0	0.00	0.00	8
155	438644	2137	1764	373	615.45	23,815.74	2
156	442380	2120	1646	474	782.10	30,507.19	2
157	453750	2120	1494	626	1,032.90	40,290.08	
158	453907	2120	1896	224	369.60	14,416.90	2
159	436789	2120	1719	401	661.65	25,808.82	2
160	435119	2115	1533	582	960.30	37,546.75	
Subtotal Carried Over Next Page					\$ 165,876.15	\$ 4,502,194.85	

Projection Stratum Detail

	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.65			
Sample Item Number	ROE Number	Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	No
Subtotal Carried Forward from Prior Page					\$ 165,876.15	\$ 4,502,194.85	
161	445963	2113	1821	292	481.80	18,855.72	
162	443900	2113	1835	278	458.70	17,951.68	
163	442809	2108	2247	(139)	(229.35)	(8,997.13)	4
164	444127	2100	1562	538	887.70	34,956.08	2
165	436959	2100	1849	251	414.15	16,308.50	
166	458066	2100	1944	156	257.40	10,135.96	
167	443784	2060	1844	216	356.40	14,306.92	2
168	443061	2057	1543	514	848.10	34,094.83	
169	462146	2057	2057	0	0.00	0.00	6
170	433342	2050	1734	316	521.40	21,032.60	2
171	445971	2050	1737	313	516.45	20,832.92	2
172	450029	2040	1552	488	805.20	32,639.94	2
173	455016	2035	1940	95	156.75	6,369.70	2
174	547599	2022	2219	(197)	(325.05)	(13,293.67)	4
175	441818	2020	1229	791	1,305.15	53,429.95	2
176	460548	2016	2187	(171)	(282.15)	(11,573.51)	4
177	558525	2015	1660	355	585.75	24,038.81	
178	431075	2008	1337	671	1,107.15	45,595.13	2
179	546019	2006	2176	(170)	(280.50)	(11,563.19)	4
180	439245	2000	1653	347	572.55	23,673.32	
181	444330	2000	1454	546	900.90	37,249.66	2
182	444435	2000	1390	610	1,006.50	41,615.92	
183	435430	1981	1525	456	752.40	31,407.98	2
184	432741	1980	1937	43	70.95	2,963.21	2
185	436858	1972	1929	43	70.95	2,975.23	
186	455416	1965	1965	0	0.00	0.00	8
187	443216	1955	1841	114	188.10	7,956.42	2
188	458795	1950	1952	(2)	(3.30)	(139.94)	4
189	445234	1950	1689	261	430.65	18,262.73	
190	439386	1938	1767	171	282.15	12,039.32	2
191	442162	1935	1794	141	232.65	9,942.55	2
192	433725	1933	1927	6	9.90	423.53	2
193	546155	1929	1526	403	664.95	28,505.75	2
194	436672	1924	1767	157	259.05	11,134.08	2
195	433692	1920	1363	557	919.05	39,583.45	
196	454459	1920	1752	168	277.20	11,938.99	2
197	432686	1919	1301	618	1,019.70	43,941.33	2
198	444890	1913	1492	421	694.65	30,028.03	
199	430830	1909	1968	(59)	(97.35)	(4,217.02)	4
200	442640	1908	1646	262	432.30	18,736.25	
Subtotal Carried Over Next Page					182,145.15	5,175,336.88	

Projection Stratum Detail

	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.65			
Sample Item Number	ROE Number	Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	Note
Subtotal Carried Forward from Prior Page					182,145.15	5,175,336.88	
201	443713	1903	3088	(1185)	(1,955.25)	(84,964.84)	4
202	445258	1903	1747	156	257.40	11,185.24	2
203	432694	1900	1527	373	615.45	26,786.44	2
204	456673	1899	1547	352	580.80	25,291.66	2
205	546455	1895	1623	272	448.80	19,584.81	2
206	438760	1890	1341	549	905.85	39,634.21	
207	442604	1884	1893	(9)	(14.85)	(651.81)	
208	443076	1882	1343	539	889.35	39,077.69	2
209	452020	1872	1891	(19)	(31.35)	(1,384.87)	4
210	545424	1872	1560	312	514.80	22,740.94	2
211	444078	1864	1460	404	666.60	29,572.98	
212	438226	1860	1448	412	679.80	30,223.44	2
213	452239	1850	1534	316	521.40	23,306.39	2
214	455534	1848	1328	520	858.00	38,393.80	2
215	459588	1842	1189	653	1,077.45	48,370.80	2
216	436542	1824	1790	34	56.10	2,543.39	2
217	441314	1822	1941	(119)	(196.35)	(8,911.65)	
218	455157	1820	1639	181	298.65	13,569.59	2
219	436185	1815	1470	345	569.25	25,935.95	2
220	453210	1813	1813	0	0.00	0.00	8
221	445815	1808	1808	0	0.00	0.00	8
222	437712	1800	1800	0	0.00	0.00	8
223	545239	1796	1605	191	315.15	14,510.65	2
224	458668	1783	1639	144	237.60	11,019.73	
225	545474	1774	1551	223	367.95	17,151.85	
226	462230	1773	1891	(118)	(194.70)	(9,080.99)	
227	430656	1773	1150	623	1,027.95	47,944.52	2
228	456628	1770	1526	244	402.60	18,809.46	2
229	436440	1763	1886	(123)	(202.95)	(9,519.46)	4
230	443099	1763	1918	(155)	(255.75)	(11,996.07)	
231	431940	1761	1752	9	14.85	697.34	2
232	449746	1760	1474	286	471.90	22,172.42	2
233	435175	1758	1096	662	1,092.30	51,380.56	2
234	547002	1758	1835	(77)	(127.05)	(5,976.29)	2
235	438406	1747	1559	188	310.20	14,683.33	2
236	462218	1747	1686	61	100.65	4,764.27	
237	438069	1740	1740	0	0.00	0.00	8
238	456559	1740	1447	293	483.45	22,976.19	
239	432513	1740	1250	490	808.50	38,424.35	2
240	545562	1740	1562	178	293.70	13,958.23	2
Subtotal Carried Over Next Page					194,033.40	5,717,561.13	

Projection Stratum Detail

	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.65			
Sample Item Number	ROE Number	Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	Note
Subtotal Carried Forward from Prior Page					194,033.40	5,717,561.13	
241	436101	1736	1420	316	521.40	24,836.88	
242	438752	1734	1734	0	0.00	0.00	5
243	436187	1728	1284	444	732.60	35,058.95	2
244	430521	1720	1167	553	912.45	43,868.86	2
245	463274	1719	1102	617	1,018.05	48,974.38	2
246	433154	1710	1485	225	371.25	17,953.37	
247	545735	1708	1452	256	422.40	20,450.87	2
248	434033	1708	1708	0	0.00	0.00	8
249	459547	1706	1519	187	308.55	14,956.23	2
250	433852	1692	1622	70	115.50	5,644.91	
251	460199	1685	1815	(130)	(214.50)	(10,526.96)	4
252	436635	1685	1788	(103)	(169.95)	(8,340.59)	4
253	549691	1666	997	669	1,103.85	54,791.20	2
254	458738	1658	1409	249	410.85	20,491.54	2
255	430949	1654	1098	556	917.40	45,866.86	2
256	454158	1652	1213	439	724.35	36,258.86	2
257	450176	1650	2173	(523)	(862.95)	(43,249.14)	4
258	460167	1650	1624	26	42.90	2,150.05	
259	456443	1643	1354	289	476.85	24,000.48	2
260	450157	1640	1568	72	118.80	5,990.30	
261	453869	1638	1217	421	694.65	35,069.36	2
262	547183	1638	1638	0	0.00	0.00	8
263	456356	1629	1363	266	438.90	22,280.26	2
264	449411	1625	1531	94	155.10	7,892.86	
265	442664	1610	1361	249	410.85	21,102.46	
266	459379	1602	1989	(387)	(638.55)	(32,961.59)	4
267	437596	1600	2837	(1237)	(2,041.05)	(105,489.54)	
268	460725	1600	1166	434	716.10	37,010.88	2
269	437534	1596	1470	126	207.90	10,772.02	
270	547037	1592	866	726	1,197.90	62,223.33	2
271	456447	1590	1755	(165)	(272.25)	(14,159.45)	4
272	437588	1584	1442	142	234.30	12,231.87	
273	436894	1581	1591	(10)	(16.50)	(863.03)	4
274	456778	1580	1343	237	391.05	20,466.85	
275	435783	1569	1327	242	399.30	21,045.15	2
276	432272	1562	1562	0	0.00	0.00	10
277	442278	1560	1560	0	0.00	0.00	8
278	463923	1556	1588	(32)	(52.80)	(2,806.08)	4
279	445169	1546	1529	17	28.05	1,500.37	2
280	456631	1544	1270	274	452.10	24,213.80	
Subtotal Carried Over Next Page					203,288.25	6,176,267.70	

MEMORANDUM FOR COMMANDER, Col. Vesay, Katrina Recovery Field Office
(RFO)

THRU CIVILIAN DEPUTY COMMANDER, Mr. Wayne Forrest, Katrina RFO

SUBJECT: Hurricane Katrina – RFO 05-96 – Blue Roof Billing & Re-measurement
(Carothers Prime Contractors)

Subject: **Review of Carothers Billings – Katrina (Performed by DCAA, COE
and Carothers)**

Observation:

The purpose of the evaluation is to determine the accuracy of the contractor billed amounts/costs for temporary roofing. In our review of the Right of Entry (ROE) forms submitted in support of Carothers billings listed in the USACE database as of November 30, 2005, we used a Dollar Unit Sample program to statistically select a sample of ROEs for our review. We excluded all ROEs with no square feet plastic billed from the sampling universe.

We performed the statistical sampling for variables, i.e. claimed or billed blue roof square feet, using dollar unit sampling (DUS), known outside the audit context as probability proportional to size sampling (PPS), each item has a selection probability that is proportional to its dollar (absolute value) size. This translates to an equal chance of selection for each dollar in a stratum. DUS is sometimes referred to as monetary unit sampling (MUS), reflecting the fact that the sample selection method is adaptable to any measure of size. Except for the option of a stratum for total review, the need for stratification based on physical unit magnitudes is eliminated in DUS.

We statistically selected a total of 427 sample items. With the assistance of the USACE and the contractor, we remeasured 422 of the sampled ROEs in order to verify the billed square footage (SF) quantity. The reasons for not remeasuring ROEs was the inability to get permission by the property owner, the structure was demolished, we could not locate the property and the inability to access the property to remeasure the roof. For those possible to remeasure, we compared the billed temporary roofing amounts for the selected items with the temporary roofing remeasured amounts. In a number of instances, the billed amounts differed from the remeasured amounts. We took no exceptions to those ROEs we were unable to remeasure for any reason.

Based on our review the following discrepancies were found and indicate the amounts billed by the contractor are inaccurate. Of the \$1,883,765 absolute value of sampled transaction reviewed, we questioned \$268,793. We projected these costs across the stated universe of ROE's to determine total projected questioned costs of \$6,341,988.

Projection Stratum Detail

	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.65			
Sample Item Number	ROE Number	Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	Note
Subtotal Carried Forward from Prior Page					205,852.35	6,338,233.41	
321	438074	1280	1280	0	0.00	0.00	13
322	442091	1274	1274	0	0.00	0.00	8
323	439107	1267	1124	143	235.95	15,399.94	
324	438043	1264	1264	0	0.00	0.00	8
325	441725	1254	886	368	607.20	40,041.47	2
326	438767	1248	1176	72	118.80	7,871.86	
327	431109	1242	1281	(39)	(64.35)	(4,284.53)	4
328	441600	1242	1434	(192)	(316.80)	(21,093.05)	4
329	441883	1240	1240	0	0.00	0.00	4
330	433061	1230	1159	71	117.15	7,876.13	2
331	437005	1224	945	279	460.35	31,101.58	14
332	432028	1221	1087	134	221.10	14,974.38	2
333	438876	1219	1241	(22)	(36.30)	(2,462.51)	4
334	460080	1206	1238	(32)	(52.80)	(3,620.45)	
335	437297	1200	1096	104	171.60	11,825.29	2
336	454711	1200	1200	0	0.00	0.00	8
337	452321	1195	952	243	400.95	27,745.85	
338	442392	1192	932	260	429.00	29,761.63	2
339	546678	1184	1059	125	206.25	14,405.16	
340	447104	1173	963	210	346.50	24,427.61	2
341	438244	1170	1024	146	240.90	17,026.55	2
342	444345	1168	1168	0	0.00	0.00	8
343	456853	1168	2222	(1054)	(1,739.10)	(123,128.18)	4
344	441146	1160	1078	82	135.30	9,645.30	2
345	449853	1152	1071	81	133.65	9,593.83	2
346	434013	1152	1234	(82)	(135.30)	(9,712.28)	4
347	442806	1131	1229	(98)	(161.70)	(11,822.88)	4
348	431186	1120	1583	(463)	(763.95)	(56,405.66)	4
349	439744	1111	948	163	268.95	20,018.58	9
350	439403	1104	1104	0	0.00	0.00	8
351	545144	1102	1065	37	61.05	4,581.21	
352	454507	1100	835	265	437.25	32,871.00	
353	443546	1100	1047	53	87.45	6,574.20	2
354	455285	1098	1498	(400)	(660.00)	(49,706.98)	4
355	433478	1096	1761	(665)	(1,097.25)	(82,788.65)	
356	432521	1087	1272	(185)	(305.25)	(23,222.12)	4
357	456616	1062	884	178	293.70	22,869.42	2
358	545194	1060	1060	0	0.00	0.00	8
359	548204	1050	947	103	169.95	13,384.67	
360	439290	1043	1043	0	0.00	0.00	8
Subtotal Carried Over Next Page					205,662.60	6,311,981.78	

Schedule 2
Page 10 of 10

Projection Stratum Detail

	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.65			
Sample Item Number	ROE Number	Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	Note
Subtotal Carried Forward from Prior Page					205,662.60	6,311,981.78	
361	431112	1042	1042	0	0.00	0.00	8
362	463253	1036	838	198	326.70	26,077.45	2
363	547052	1018	1045	(27)	(44.55)	(3,618.89)	4
364	444293	1000	1000	0	0.00	0.00	8
365	549404	973	973	0	0.00	0.00	10
366	545320	950	868	82	135.30	11,777.41	2
367	435961	945	1088	(143)	(235.95)	(20,647.33)	4
368	454605	940	940	0	0.00	0.00	8
369	450060	935	739	196	323.40	28,602.51	
370	547164	931	931	0	0.00	0.00	8
371	455274	881	1004	(123)	(202.95)	(19,049.73)	4
372	462414	864	864	0	0.00	0.00	8
373	455802	861	861	0	0.00	0.00	8
374	548357	846	729	117	193.05	18,870.14	
375	456158	820	847	(27)	(44.55)	(4,492.72)	
376	441616	820	693	127	209.55	21,132.44	
377	463508	800	800	0	0.00	0.00	8
378	432336	754	0	754	1,244.10	136,445.65	12
379	548397	742	742	0	0.00	0.00	8
380	438994	720	605	115	189.75	21,793.40	
381	436041	700	749	(49)	(80.85)	(9,551.20)	4
382	495022	648	763	(115)	(189.75)	(24,214.89)	
383	606157	646	646	0	0.00	0.00	8
384	462524	642	1360	(718)	(1,184.70)	(152,598.09)	4
385	432442	608	483	125	206.25	28,052.15	
386	433225	592	733	(141)	(232.65)	(32,498.03)	4
387	432573	578	844	(266)	(438.90)	(62,793.33)	4
388	431108	294	287	7	11.55	3,248.71	
389	454922	259	258	1	1.65	526.82	
Total Estimated Over billing					205,849.05	6,279,044.25	

Notes to Schedule 2

1. The selected ROE still had the temporary blue roof in place. The structure was gutted and appeared to be vacant. We limited the allowable amount to the actual re-measurement.
2. The selected ROE had its temporary roof replaced with a permanent roof. We took exception to billed amounts in excess of the total roof area of the structure.
3. The owner of the structure for this ROE stated that the contractor only covered a small portion of the roof and he (the owner) covered the remaining parts of the roof. The ROE Final Evaluation quantity appeared to be for the whole roof, we allowed the actual re-measurement of what the owner verified as covered.
4. The selected ROE had its temporary roof replaced with a permanent roof. The ROE noted full coverage; we allowed actual re-measurement of entire roof even though the re-measurement is greater than the original ROE quantity.
5. The owner refused access to the property; therefore the selected ROE was not measured. We allowed the ROE Final Evaluation quantity.
6. The structure for the selected ROE had a permanent roof installed at the time the USACE/contractor did final measurement and inspection. We accepted the re-measured total livable roof area.
7. The selected ROE appeared to be commercial property. The ROE was authorized by Jones Builders, Inc. We accepted the re-measured total livable roof area.
8. The selected ROE had its temporary roof replaced with a permanent roof. We could not verify coverage; therefore we accepted the ROE Final Evaluation quantity.
9. The owner of the selected ROE claims the temporary blue roof was installed by a church group and to his knowledge no FEMA plastic was placed over the church plastic. The temporary roof had been replaced with a permanent roof. We accepted the re-measured total livable roof area.



MEMORANDUM FOR COMMANDER, Col. Vesay, Katrina Recovery Field Office
(RFO)

THRU CIVILIAN DEPUTY COMMANDER, Mr. Wayne Forrest, Katrina RFO

SUBJECT: Hurricane Katrina – RFO 05-97 – Blue Roof Billing & Re-measurement
(Carothers Prime Contractors)

Subject: **Review of S & M and Associates Billings – Katrina (Preformed by DCAA,
COE and S & M)**

Observation:

The purpose of the evaluation is to determine the accuracy of the contractor billed amounts/costs for temporary roofing. In our review of the Right of Entry (ROE) forms submitted in support of S & M and Associates billings listed in the USACE database as of November 30, 2005, we used a Dollar Unit Sample program to statistically select a sample of ROEs for our review. We excluded all ROEs with no square feet plastic billed from the sampling universe.

We performed the statistical sampling for variables, i.e. claimed or billed blue roof square feet, using dollar unit sampling (DUS), known outside the audit context as probability proportional to size sampling (PPS), each item has a selection probability that is proportional to its dollar (absolute value) size. This translates to an equal chance of selection for each dollar in a stratum. DUS is sometimes referred to as monetary unit sampling (MUS), reflecting the fact that the sample selection method is adaptable to any measure of size. Except for the option of a stratum for total review, the need for stratification based on physical unit magnitudes is eliminated in DUS.

We statistically selected a total of 201 sample items. With the assistance of the USACE and the contractor, we remeasured 200 of the sampled ROEs in order to verify the billed square footage (SF) quantity. The primary reason for not remeasuring the one ROE was the inability to access the property to remeasure the roof. For those possible to remeasure, we compared the billed temporary roofing amounts for the selected items with the temporary roofing remeasured amounts. In a number of instances, the billed amounts differed from the remeasured amounts. We took no exceptions to the ROE that we were unable to remeasure.

Based on our review the following discrepancies were found and indicate the amounts billed by the contractor are inaccurate. Of the \$513,345 absolute value of sampled transactions reviewed, we questioned \$36,778. We projected these costs across the stated universe of ROE's to determine total projected questioned costs of \$425,105.

The sample parameters and results are summarized in the schedule below:

<u>Stratum</u>	<u>Universe ROE's</u>	<u>Sampled Items</u>	<u>Exceptions</u>	<u>Universe ROE's Amount</u>	<u>Sample Amount</u>	<u>Sample Questioned Amount</u>	<u>Projected Questioned Amount</u>	<u>Sch.</u>
High \$	13	13	4	\$ 107,231	\$ 107,231	\$ 13,738	\$ 13,738	1
Projected	<u>6,388</u>	<u>188</u>	<u>112</u>	<u>11,046,948</u>	<u>406,114</u>	<u>23,040</u>	<u>411,367</u>	2
Total	<u>6,401</u>	<u>201</u>	<u>116</u>	<u>\$ 11,154,179</u>	<u>\$ 513,345</u>	<u>\$ 36,778</u>	<u>\$ 425,105</u>	

Further details regarding individual findings on each ROE are provided in the attached schedules.

Criteria:

The General Requirements of the contract section 01000, under subsection 8.3 Payment, states "The plastic sheeting shall be paid by the area of roof covered in square feet. In addition, the Contractor Quality Control section 01451A, under subsection 3.1 General Requirements of the contract states, "The Contractor is responsible for quality control and shall establish and maintain an effective quality control system in compliance with the Contract Clause titled Inspection of Construction." Reference FAR 52.246-12. Furthermore, the Contractor Quality Control, Section 01451A, under subsection 3.7.1 Final Acceptance Inspection states, "The Contract Officer's Representative and the Contractor shall agree upon the final material quantities installed and shall sign the Right of Entry form as documentation."

Cause(s):

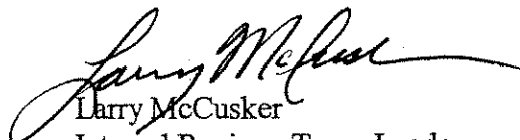
The contractor may have taken inaccurate measures due to a variety of reasons such as QC inexperience, lack of time, physical barriers such as debris, etc.

Effect:

Based upon our sample results, the government has been over billed a projected total amount of \$425,105.

Recommendation:

We recommend that any over payment/billed plastic (square footage) be pursued from the contractor.


 Larry McCusker
 Internal Review, Team Leader
 Taskforce Hope
 Hurricane Katrina-Mississippi

cc: Missy Arnold, Contracting, MVK

Schedule 1

High Dollar Stratum Detail

Sample Item Number	ROE Number	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.14	Statistical Projection of Difference \$	
		Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate		
1	549798	10980	10139	841	958.74	958.74	
2	495053	9752	9498	254	289.56	289.56	
3	587406	8865	7295	1,570	1,789.80	1,789.80	
4	559382	8272	8399	(127)	(144.78)	(144.78)	
5	547755	7575	5973	1,602	1,826.28	1,826.28	
6	576087	7021	1523	5,498	6,267.72	6,267.72	
7	587477	7011	5292	1,719	1,959.66	1,959.66	
8	558194	6045	6943	(898)	(1,023.72)	(1,023.72)	
9	447466	5900	5267	633	721.62	721.62	
10	587471	5808	4725	1,083	1,234.62	1,234.62	
11	450754	5776	5635	141	160.74	160.74	
12	564723	5542	5542	0	0.00	0.00	
13	440848	5515	5780	(265)	(302.10)	(302.10)	
Total Estimated Over Billing					\$	13,738.14	\$ 13,738.14

Notes to Schedule 1

1. The selected ROE had its temporary roof replaced with a permanent roof. We allowed actual re-measurement of the entire habitable roof area.
2. The selected ROE was for the address of this structure, but there was an ROE posted in the window listing another address. We measured the structure and limited the allowable amount to the actual re-measurement of the entire habitable roof area.
3. The selected ROE had its temporary roof replaced with a permanent roof. The ROE noted full coverage; we allowed actual re-measurement of entire roof even though the re-measurement is greater than the original ROE quantity.
4. We were not able to access the property for the selected ROE. Since it appeared that the structure could support the ROE Final Evaluation quantity; we limited the allowable amount to the amount listed on the ROE.

Projection Stratum Detail

Sample Item Number	ROE Number	(a) Contractor Billed Plastic in SF	(b) Remeasured Plastic in SF	(c) = (a)-(b) Plastic Difference in SF	(d) = (c)*\$1.14 Plastic SF Difference Times Contract Plastic Rate	Statistical Projection of Difference \$	Note	
1	549275	4875	4484	391	445.74	4,712.88	1	
2	546577	4514	3076	1,438	1,639.32	18,718.96	1	
3	559652	4306	4175	131	149.34	1,787.65	1	
4	587727	4051	4728	(677)	(771.78)	(9,819.99)		
5	576704	3973	3571	402	458.28	5,945.55	1	
6	455849	3946	3309	637	726.18	9,485.64	1	
7	560705	3865	3189	676	770.64	10,277.36		
8	564449	3654	4277	(623)	(710.22)	(10,018.53)	2	
9	558964	3635	2671	964	1,098.96	15,583.22	1	
10	549647	3411	3425	(14)	(15.96)	(241.17)		
11	547376	3403	3196	207	235.98	3,574.32	1	
12	560437	3375	2258	1,117	1,273.38	19,447.50	1	
13	455933	3371	2753	618	704.52	10,772.44	1	
14	585628	3355	3122	233	265.62	4,080.82		
15	447235	3274	2112	1,162	1,324.68	20,855.08	1	
16	450355	3140	2890	250	285.00	4,678.37	1	
17	447602	3120	2664	456	519.84	8,588.05		
18	450285	3109	3015	94	107.16	1,776.61		
19	558937	3075	2919	156	177.84	2,981.01	1	
20	549871	2992	2583	409	466.26	8,032.42	1	
21	560819	2970	2369	601	685.14	11,890.56		
22	560166	2954	1832	1,122	1,279.08	22,318.59	1	
23	585670	2901	2558	343	391.02	6,947.54	1	
24	576549	2888	2413	475	541.50	9,664.53	1	
25	576521	2808	2797	11	12.54	230.19		
26	549815	2785	2182	603	687.42	12,722.62	1	
27	587139	2759	2457	302	344.28	6,431.91	1	
28	549405	2681	2681	0	0.00	0.00	3	
29	585616	2655	2414	241	274.74	5,333.80		
30	560296	2586	3780	(1,194)	(1,361.16)	(27,130.65)	2	
31	560754	2561	2564	(3)	(3.42)	(68.83)	2	
32	447807	2550	2352	198	225.72	4,562.57	1	
33	549739	2540	2471	69	78.66	1,596.25	1	
34	585460	2535	2057	478	544.92	11,079.86		
35	549485	2523	2413	110	125.40	2,561.89		
36	495467	2498	2388	110	125.40	2,587.53		
37	575169	2445	2353	92	104.88	2,211.02		
38	450526	2438	2385	53	60.42	1,277.40		
39	587534	2410	2361	49	55.86	1,194.71		
40	559337	2400	1611	789	899.46	19,317.47		
Subtotal Carried Over Next Page						14,222.64	225,947.15	

Projection Stratum Detail

Sample Item Number	ROE Number	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.14		Statistical Projection of Difference \$	Note
		Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate			
		Subtotal Carried Forward from Prior Page				14,222.64	225,947.15	
41	463730	2374	2484	(110)	(125.40)	(2,722.68)		
42	549148	2355	2300	55	62.70	1,372.32		
43	447742	2341	2234	107	121.98	2,685.76		
44	546634	2340	2536	(196)	(223.44)	(4,921.81)	2	
45	435935	2315	2136	179	204.06	4,543.46		
46	558721	2314	1921	393	448.02	9,979.61	1	
47	450940	2293	2437	(144)	(164.16)	(3,690.14)	2	
48	559001	2292	1852	440	501.60	11,280.35	1	
49	587083	2284	2171	113	128.82	2,907.15		
50	576880	2241	0	2,241	2,554.74	58,760.36	4	
51	447920	2235	1705	530	604.20	13,934.22		
52	450498	2222	2184	38	43.32	1,004.90		
53	558616	2200	2153	47	53.58	1,255.34		
54	585324	2190	1706	484	551.76	12,986.31	1	
55	458287	2188	2188	0	0.00	0.00	5	
56	587163	2184	1915	269	306.66	7,237.43	1	
57	560427	2175	1876	299	340.86	8,077.86	1	
58	558731	2169	2576	(407)	(463.98)	(11,026.03)		
59	558761	2162	2112	50	57.00	1,358.94	1	
60	559518	2160	1996	164	186.96	4,461.43	1	
61	587851	2156	1895	261	297.54	7,113.38	1	
62	545998	2152	1437	715	815.10	19,523.08	1	
63	558847	2143	2083	60	68.40	1,645.18	1	
64	576487	2135	1858	277	315.78	7,623.71		
65	495072	2115	1840	275	313.50	7,640.24	1	
66	495077	2108	1180	928	1,057.92	25,867.94	1	
67	447941	2107	1808	299	340.86	8,338.56	1	
68	547833	2076	2526	(450)	(513.00)	(12,737.07)		
69	558792	2072	1961	111	126.54	3,147.88	1	
70	576463	2072	2383	(311)	(354.54)	(8,819.73)	2	
71	447923	2071	2379	(308)	(351.12)	(8,738.87)	2	
72	587881	2070	1773	297	338.58	8,430.83	1	
73	559266	2062	3190	(1,128)	(1,285.92)	(32,144.37)	2	
74	576490	2052	1873	179	204.06	5,125.78		
75	547586	2030	2361	(331)	(377.34)	(9,581.12)	2	
76	560404	2029	1694	335	381.90	9,701.69		
77	559497	1992	1992	0	0.00	0.00	5	
78	558489	1988	1942	46	52.44	1,359.65	1	
79	547626	1976	2519	(543)	(619.02)	(16,147.20)		
80	576178	1976	1271	705	803.70	20,964.60	1	
		Subtotal Carried Over Next Page				21,027.30	383,746.09	

Projection Stratum Detail

Sample Item Number	ROE Number	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.14	Statistical Projection of Difference \$	Note
		Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate		
Subtotal Carried Forward from Prior Page					21,027.30	383,746.09	
81	463781	1974	1556	418	476.52	12,442.67	1
82	546732	1974	2001	(27)	(30.78)	(803.71)	2
83	455822	1961	1480	481	548.34	14,412.92	
84	450869	1960	2244	(284)	(323.76)	(8,514.26)	2
85	450770	1944	2307	(363)	(413.82)	(10,972.23)	
86	560858	1938	2397	(459)	(523.26)	(13,916.93)	2
87	450708	1916	1761	155	176.70	4,753.58	1
88	576505	1914	1790	124	141.36	3,806.84	
89	437735	1900	1276	624	711.36	19,298.14	
90	587126	1900	2035	(135)	(153.90)	(4,175.08)	2
91	587081	1892	1413	479	546.06	14,876.43	1
92	450707	1872	1250	622	709.08	19,524.01	
93	559615	1863	1509	354	403.56	11,165.41	
94	549427	1829	1479	350	399.00	11,244.47	1
95	548107	1822	1336	486	554.04	15,673.73	1
96	551388	1804	1739	65	74.10	2,117.20	
97	560911	1780	2097	(317)	(361.38)	(10,464.63)	2
98	587325	1763	1974	(211)	(240.54)	(7,032.58)	2
99	558481	1760	1413	347	395.58	11,585.14	
100	546498	1758	2549	(791)	(901.74)	(26,438.82)	2
101	576716	1753	2074	(321)	(365.94)	(10,759.88)	
102	576948	1750	1252	498	567.72	16,721.52	
103	455371	1740	1340	400	456.00	13,508.13	1
104	453565	1720	2028	(308)	(351.12)	(10,522.20)	2
105	559787	1711	1545	166	189.24	5,700.89	1
106	558664	1690	1632	58	66.12	2,016.63	1
107	557028	1688	1516	172	196.08	5,987.43	1
108	560734	1648	1239	409	466.26	14,583.12	1
109	450499	1625	1874	(249)	(283.86)	(9,003.90)	2
110	587107	1618	2898	(1,280)	(1,459.20)	(46,485.33)	2
111	548145	1616	1644	(28)	(31.92)	(1,018.13)	2
112	585257	1607	1890	(283)	(322.62)	(10,347.97)	
113	585648	1600	1209	391	445.74	14,359.56	
114	549084	1599	1599	0	0.00	0.00	5
115	587510	1584	1903	(319)	(363.66)	(11,833.68)	2
116	585487	1582	1142	440	501.60	16,342.96	1
117	547663	1560	1235	325	370.50	12,241.74	1
118	587834	1527	1469	58	66.12	2,231.89	
119	453269	1512	1268	244	278.16	9,482.49	1
120	558470	1492	1492	0	0.00	0.00	5
Subtotal Carried Over Next Page					23,639.04	455,533.66	

Projection Stratum Detail

Sample Item Number	ROE Number	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.14	Statistical Projection of Difference \$	Note
		Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate		
		Subtotal Carried Forward from Prior Page			23,639.04	455,533.66	
121	450994	1479	1848	(369)	(420.66)	(14,660.29)	
122	558428	1475	1475	0	0.00	0.00	5
123	459823	1465	1465	0	0.00	0.00	5
124	559367	1462	1476	(14)	(15.96)	(562.68)	2
125	447913	1460	1390	70	79.80	2,817.28	1
126	576717	1457	1452	5	5.70	201.65	
127	559736	1450	1247	203	231.42	8,226.45	1
128	587240	1433	1235	198	225.72	8,119.02	1
129	560015	1421	1814	(393)	(448.02)	(16,251.11)	
130	549842	1391	1835	(444)	(506.16)	(18,756.00)	2
131	549722	1390	1571	(181)	(206.34)	(7,651.53)	2
132	560249	1369	1288	81	92.34	3,476.69	1
133	450440	1357	1043	314	357.96	13,596.72	
134	450379	1340	2153	(813)	(926.82)	(35,650.88)	2
135	576380	1339	1339	0	0.00	0.00	6
136	558391	1318	1806	(488)	(556.32)	(21,756.49)	2
137	558393	1305	1808	(503)	(573.42)	(22,648.63)	2
138	559889	1296	1296	0	0.00	0.00	5
139	549380	1284	895	389	443.46	17,802.01	1
140	560888	1283	1100	183	208.62	8,381.25	
141	450912	1279	1243	36	41.04	1,653.93	1
142	559407	1277	1449	(172)	(196.08)	(7,914.47)	
143	587153	1277	1235	42	47.88	1,932.60	
144	548404	1251	1059	192	218.88	9,018.38	1
145	456207	1240	1042	198	225.72	9,382.70	1
146	559717	1234	1195	39	44.46	1,857.09	1
147	585210	1210	911	299	340.86	14,520.12	
148	450360	1200	1211	(11)	(12.54)	(538.64)	
149	450439	1196	986	210	239.40	10,317.45	1
150	558064	1190	2114	(924)	(1,053.36)	(45,625.69)	
151	447853	1190	794	396	451.44	19,553.87	1
152	559830	1181	794	387	441.18	19,255.09	
153	560933	1175	1175	0	0.00	0.00	5
154	576650	1164	960	204	232.56	10,298.21	
155	559386	1159	857	302	344.28	15,311.16	
156	548058	1144	1073	71	80.94	3,646.84	1
157	585405	1143	1230	(87)	(99.18)	(4,472.57)	
158	447868	1131	1131	0	0.00	0.00	5
159	587221	1128	1134	(6)	(6.84)	(312.56)	
160	547398	1096	924	172	196.08	9,221.52	
		Subtotal Carried Over Next Page			23,167.08	447,322.15	

Projection Stratum Detail

Sample Item Number	ROE Number	(a)	(b)	(c) = (a)-(b)	(d) = (c)*\$1.14	Statistical Projection of Difference \$	Note
		Contractor Billed Plastic in SF	Remeasured Plastic in SF	Plastic Difference in SF	Plastic SF Difference Times Contract Plastic Rate		
Subtotal Carried Forward from Prior Page					23,167.08	447,322.15	
161	549368	1073	1095	(22)	(25.08)	(1,204.78)	
162	447914	1058	1132	(74)	(84.36)	(4,109.89)	2
163	559322	1030	968	62	70.68	3,537.03	
164	587463	1027	1081	(54)	(61.56)	(3,089.64)	2
165	560471	1021	964	57	64.98	3,280.45	
166	576740	1010	1010	0	0.00	0.00	5
167	587006	1007	857	150	171.00	8,752.78	1
168	587097	1005	990	15	17.10	877.02	
169	576673	989	930	59	67.26	3,505.42	
170	559811	980	773	207	235.98	12,411.63	
171	576507	977	407	570	649.80	34,281.89	
172	547981	940	1675	(735)	(837.90)	(45,945.60)	2
173	587462	917	1126	(209)	(238.26)	(13,392.49)	
174	585830	901	756	145	165.30	9,456.44	
175	576730	898	898	0	0.00	0.00	5
176	546615	880	750	130	148.20	8,680.51	
177	576027	799	844	(45)	(51.30)	(3,309.41)	
178	559004	717	705	12	13.68	983.44	
179	450996	708	424	284	323.76	23,570.54	1
180	585365	648	612	36	41.04	3,264.46	
181	450403	629	1056	(427)	(486.78)	(39,889.78)	
182	587280	584	769	(185)	(210.90)	(18,614.16)	
183	576605	570	500	70	79.80	7,216.18	
184	560065	528	528	0	0.00	0.00	5
185	450408	484	314	170	193.80	20,638.97	1
186	436986	484	484	0	0.00	0.00	5
187	547983	437	477	(40)	(45.60)	(5,378.52)	
188	587626	408	696	(288)	(328.32)	(41,477.90)	
Total Estimated Over Billing					23,039.40	411,366.74	

Notes to Schedule 2

1. The selected ROE had its temporary roof replaced with a permanent roof. We took exception to billed amounts in excess of the total habitable roof area of the structure.
2. The selected ROE had its temporary roof replaced with a permanent roof. The ROE noted full coverage; we allowed actual re-measurement of entire roof even though the re-measurement is greater than the original ROE quantity.
3. The selected ROE was re-measured but the documented calculation sheet was misplaced; therefore we accept the ROE Final Evaluation quantity.
4. The tenant of the selected ROE stated that there was never a temporary roof installed. We contacted the landlord for the property and he stated that he did not cancel the ROE. We question the total billed amount for the selected ROE.
5. The selected ROE had its temporary roof replaced with a permanent roof. We could not verify coverage; therefore we accepted the ROE Final Evaluation quantity.
6. The selected ROE was in the sample database, but the actual work was performed by another contractor. We accepted the ROE Final Evaluation quantity.

17 February 2006

MEMORANDUM THRU DEPUTY COMMANDER (Mike Park)

FOR ON-SITE COMMANDER (COL Pearson), Katrina Louisiana Recovery Field Office

SUBJECT: Internal Review Observation - Katrina LA-RFO: 207 - Roofing Mission - Review of SHAW Billings - Katrina

1. **Audit Observation No. 207 - subject as above.**

2. **Condition.** Refer to the enclosed DCAA Issue Paper dated 14 February 2006. Auditors evaluated the accuracy of contractor billed amounts/costs for temporary roofing and based on their sample results, it appears that the government has been over billed. The auditors' projected questioned amount is \$2,061,812.

3. **Recommendation:** The USACE may wish to pursue recovery of any over-billed plastic square footage from SHAW.

Management Comments:

() CONCUR () NON-CONCUR

Contracting Officer

Internal Review Response:

Encl

JERRY BARTUS
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

MEMORANDUM FOR MR. JERRY BARTUS, CHIEF INTERNAL REVIEW

Subject: Roofing Mission – Review of SHAW Billings – Katrina

Observation:

The purpose of the evaluation was to determine the accuracy of the contractor billed amounts/costs for temporary roofing. In our review of the Right of Entry (ROE) forms submitted in support of Shaw billings listed in the COE database as of January 7, 2006, we used a Dollar Unit Sample program to statistically select a sample of ROEs for our review. We excluded all ROEs with no square feet plastic billed from the sampling universe.

We performed the statistical sampling for variables, i.e. claimed or billed blue roof square feet, using dollar unit sampling (DUS), known outside the audit context as probability proportional to size sampling (PPS), each item has a selection probability that is proportional to its dollar (absolute value) size. This translates to an equal chance of selection for each dollar in a stratum. DUS is sometimes referred to as monetary unit sampling (MUS), reflecting the fact that the sample selection method is adaptable to any measure of size. Except for the option of a stratum for total review, the need for stratification based on physical unit magnitudes is eliminated in DUS.

We statistically selected a total of 231 sample items. With the assistance of the COE and the contractor, we remeasured as many of the sampled ROEs as possible in order to verify the billed square footage (SF) quantity. The primary reason for not remeasuring ROEs was the inability to get permission by the property owner to remeasure the roof. For those possible to remeasure, we compared the billed temporary roofing amounts for the selected items with the temporary roofing remeasured amounts. In a number of instances, the billed amounts differed from the remeasured amounts. For ROEs we were unable to remeasure for any reason, we took no exceptions.

The amounts billed appear to be inaccurate. Of the \$1,053,001 absolute value of sampled transaction reviewed, we questioned \$149,311. We projected these costs across the stated universe of ROE's to determine total projected questioned costs of \$2,061,812.

The sample parameters and results are summarized in the schedule below:

<u>Stratum</u>	<u>Universe ROE's</u>	<u>Sampled Items</u>	<u>Exceptions</u>	<u>Universe ROE's Amount</u>	<u>Sample Amount</u>	<u>Sample Questioned Amount</u>	<u>Projected Questioned Amount</u>	<u>Sch.</u>
High \$	23	23	18	\$ 374,007	\$ 374,006	\$ 93,259	\$ 93,259	1
Projected	<u>17,922</u>	<u>208</u>	<u>115</u>	<u>37,077,882</u>	<u>678,995</u>	<u>56,052</u>	<u>1,968,553</u>	2
Total	<u>17,945</u>	<u>231</u>	<u>133</u>	<u>\$ 37,451,889</u>	<u>\$ 1,053,001</u>	<u>\$ 149,311</u>	<u>\$ 2,061,812</u>	

Further details regarding individual findings on each ROE are provided in the attached schedules.

Criteria:

The General Requirements of the contract section 01000, under subsection 8.3 Payment, states "The plastic sheeting shall be paid by the area of roof covered in square feet. In addition, the Contractor Quality Control section 01451A, under subsection 3.1 General Requirements of the contract states, "The Contractor is responsible for quality control and shall establish and maintain an effective quality control system in compliance with the Contract Clause titled Inspection of Construction." Reference FAR 52.246-12. Furthermore, the Contractor Quality Control, Section 01451A, under subsection 3.7.1 Final Acceptance Inspection states, "The Contact Officer's Representative and the Contractor shall agree upon the final material quantities installed and shall sign the Right of Entry form as documentation."

Cause(s):

The contractor may have taken inaccurate measures due to a variety of reasons such as QC inexperience, lack of time, physical barriers such as debris, etc.

Effect:

Based upon our sample results, the government has been over billed a projected total of \$2,061,812.

Recommendation:

The USACE may wish to pursue recovery of any over billed plastic SF from the contractor.

S. Cohn, Auditor
R. Ehlert, Auditor
E. Wright, Auditor
C. Dupree, Auditor
L. Roberts, Auditor
T. Depp, Auditor
D. Blythe, Auditor
S. Trussell, Auditor

/signed/
Keith Delhom, Supervisory Auditor

INTERNAL REVIEW OFFICE

17 February 2006

MEMORANDUM THRU DEPUTY COMMANDER (Mike Park)

FOR ON-SITE COMMANDER (COL Pearson), Katrina Louisiana Recovery Field Office

SUBJECT: Internal Review Observation - Katrina LA-RFO: 208 - Roofing Mission - Review of LJC Billings - Katrina

1. **Audit Observation No. 208 - subject as above.**
2. **Condition.** Refer to the enclosed DCAA Issue Paper dated 17 February 2006. Auditors evaluated the accuracy of contractor billed amounts/costs for temporary roofing and based on their sample results, it appears that the government has been over billed. The auditors' projected questioned amount is \$894,948.
3. **Recommendation:** The USACE may wish to pursue recovery of any over-billed plastic square footage from LJC.

Management Comments:

() CONCUR () NON-CONCUR

Contracting Officer

Internal Review Response:

Encl

JERRY BARTUS
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

February 17,

MEMORANDUM FOR MR. JERRY BARTUS, CHIEF INTERNAL REVIEW

Subject: Roofing Mission – Review of LJC Billings – Katrina

Observation:

The purpose of the evaluation was to determine the accuracy of the contractor billed amounts/costs for temporary roofing. In our review of the Right of Entry (ROE) forms submitted in support of LJC billings listed in the COE database as of January 12, 2006, we used a Dollar Unit Sample program to statistically select a sample of ROEs for our review. We excluded all ROEs with no square feet plastic billed from the sampling universe.

We performed the statistical sampling for variables, i.e. claimed or billed blue roof square feet, using dollar unit sampling (DUS), known outside the audit context as probability proportional to size sampling (PPS), each item has a selection probability that is proportional to its dollar (absolute value) size. This translates to an equal chance of selection for each dollar in a stratum. DUS is sometimes referred to as monetary unit sampling (MUS), reflecting the fact that the sample selection method is adaptable to any measure of size. Except for the option of a stratum for total review, the need for stratification based on physical unit magnitudes is eliminated in DUS.

We statistically selected a total of 200 sample items. With the assistance of the COE and the contractor, we remeasured as many of the sampled ROEs as possible in order to verify the billed square footage (SF) quantity. The primary reason for not remeasuring ROEs was the inability to get permission by the property owner to remeasure the roof. For those possible to remeasure, we compared the billed temporary roofing amounts for the selected items with the temporary roofing remeasured amounts. In a number of instances, the billed amounts differed from the remeasured amounts. For ROEs we were unable to remeasure for any reason, we took no exceptions.

The amounts billed appear to be inaccurate. Of the \$1,670,701 absolute value of sampled transaction reviewed, we questioned \$85,145. We projected these costs across the stated universe of ROE's to determine total projected questioned costs of \$894,948.

The sample parameters and results are summarized in the schedule below:

<u>Stratum</u>	<u>Universe ROE's</u>	<u>Sampled Items</u>	<u>Exceptions</u>	<u>Universe ROE's Amount</u>	<u>Sample Amount</u>	<u>Sample Questioned Amount</u>	<u>Projected Questioned Amount</u>	<u>Sc</u>
High \$	4	4	2	\$ 1,086,958	\$ 1,086,958	\$ 39,879	\$ 39,879	1
Projected	<u>15,910</u>	<u>196</u>	<u>91</u>	<u>27,993,530</u>	<u>583,743</u>	<u>45,266</u>	<u>855,069</u>	2
Total	<u>15,914</u>	<u>200</u>	<u>93</u>	<u>\$ 29,080,488</u>	<u>\$ 1,670,701</u>	<u>\$ 85,145</u>	<u>\$ 894,948</u>	

Further details regarding individual findings on each ROE are provided in the attached schedules.

Criteria:

The General Requirements of the contract section 01000, under subsection 8.3 Payment, states "The plastic sheeting shall be paid by the area of roof covered in square feet. In addition, the Contractor Quality Control section 01451A, under subsection 3.1 General Requirements of the contract states, "The Contractor is responsible for quality control and shall establish and maintain an effective quality control system in compliance with the Contract Clause titled Inspection of Construction." Reference FAR 52.246-12. Furthermore, the Contractor Quality Control, Section 01451A, under subsection 3.7.1 Final Acceptance Inspection states, "The Contact Officer's Representative and the Contractor shall agree upon the final material quantities installed and shall sign the Right of Entry form as documentation."

Cause(s):

The contractor may have taken inaccurate measures due to a variety of reasons such as Quality Control personnel inexperience, lack of time, physical barriers such as debris, etc.

Effect:

Based upon our sample results, the government has been over billed a projected total of \$894,948.

Recommendation:

The USACE may wish to pursue recovery of any over billed plastic SF from the contractor.

S. Cohn, Auditor
R. Ehlert, Auditor
E. Wright, Auditor
C. Dupree, Auditor
L. Roberts, Auditor
T. Depp, Auditor
D. Blythe, Auditor
S. Trussell, Auditor

/signed/
Keith Delhom, Supervisory Auditor

MEMORANDUM THRU DEPUTY COMMANDER (Mike Park)

FOR ON-SITE COMMANDER (COL Pearson), Katrina Louisiana Recovery Field Office

SUBJECT: Internal Review Observation - Katrina LA-RFO: 217 - Roofing Mission - Review of Simon Billings - Katrina

1. **Audit Observation No. 217 - subject as above.**
2. **Condition.** Refer to the enclosed DCAA Issue Paper dated 6 March 2006. Auditors evaluated the accuracy of contractor billed amounts/costs for temporary roofing and based on their sample results, it appears that the government has been over billed. The auditors' projected questioned amount is \$536,568.
3. **Recommendation:** The USACE may wish to pursue recovery of any over-billed plastic square footage from Simon.

Management Comments:

() CONCUR () NON-CONCUR

Contracting Officer

Internal Review Response:

Encl

JERRY BARTUS
Chief, Internal Review Office
Hurricane Katrina - LA-RFO

MEMORANDUM FOR MR. MICHEAL ROSE, CHIEF INTERNAL REVIEW

Subject: Roofing Mission – Review of Simon Billings – Katrina

Observation:

The purpose of the evaluation is to determine the accuracy of the contractor billed amounts/costs for temporary roofing. In our review of the Right of Entry (ROE) forms submitted in support of Simon billings listed in the COE database as of January 24, 2006, we used a Dollar Unit Sample program to statistically select a sample of ROEs for our review. We excluded all ROEs with no square feet plastic billed from the sampling universe.

We performed the statistical sampling for variables, i.e. claimed or billed blue roof square feet, using dollar unit sampling (DUS), known outside the audit context as probability proportional to size sampling (PPS), each item has a selection probability that is proportional to its dollar (absolute value) size. This translates to an equal chance of selection for each dollar in a stratum. DUS is sometimes referred to as monetary unit sampling (MUS), reflecting the fact that the sample selection method is adaptable to any measure of size. Except for the option of a stratum for total review, the need for stratification based on physical unit magnitudes is eliminated in DUS.

We statistically selected a total of 215 sample items. With the assistance of the COE and the contractor, we remeasured as many of the sampled ROEs as possible in order to verify the billed square footage (SF) quantity. The primary reason for not remeasuring ROEs was the inability to get permission by the property owner to remeasure the roof. For those possible to remeasure, we compared the billed temporary roofing amounts for the selected items with the temporary roofing remeasured amounts. In a number of instances, the billed amounts differed from the remeasured amounts. We took no exceptions to those ROEs we were unable to remeasure for any reason.

The amounts billed appear to be inaccurate. Of the \$929,072 absolute value of sampled transaction reviewed, we questioned \$42,427. We projected these costs across the stated universe of ROE's to determine total projected questioned costs of \$536,568.

The sample parameters and results are summarized in the schedule below:

<u>Stratum</u>	<u>Universe ROE's</u>	<u>Items</u>	<u>Sampled Exceptions</u>	<u>Universe ROE's Amount</u>	<u>Sample Amount</u>	<u>Sample Questioned Amount</u>	<u>Projected Questioned Amount</u>	<u>Sch.</u>
High \$	8	8	4	\$ 287,192	\$ 287,192	\$ 10,247	\$ 10,247	1
Projected	<u>14,770</u>	<u>207</u>	<u>87</u>	<u>29,414,458</u>	<u>641,880</u>	<u>32,180</u>	<u>526,321</u>	2
Total	<u>14,778</u>	<u>215</u>	<u>91</u>	<u>\$ 29,701,650</u>	<u>\$ 929,072</u>	<u>\$ 42,427</u>	<u>\$ 536,568</u>	

Further details regarding individual findings on each ROE are provided in the attached schedules.

Subject: Roofing Mission – Review of Simon Billings – Katrina

Criteria:

The General Requirements of the contract section 01000, under subsection 8.3 Payment, states “The plastic sheeting shall be paid by the area of roof covered in square feet. In addition, the Contractor Quality Control section 01451A, under subsection 3.1 General Requirements of the contract states, “The Contractor is responsible for quality control and shall establish and maintain an effective quality control system in compliance with the Contract Clause titled Inspection of Construction.” Reference FAR 52.246-12. Furthermore, the Contractor Quality Control, Section 01451A, under subsection 3.7.1 Final Acceptance Inspection states, “The Contract Officer’s Representative and the Contractor shall agree upon the final material quantities installed and shall sign the Right of Entry form as documentation.”

Cause(s):

The contractor may have taken inaccurate measures due to a variety of reasons such as QC inexperience, lack of time, physical barriers such as debris, etc.

Effect:

Based upon our sample results, the government has been over billed a projected total amount of \$536,568.

Recommendation:

The USACE may wish to pursue recovery of any over billed plastic SF from the contractor.

S. Cohn, Auditor
R. Ehlert, Auditor
C. Dupree, Auditor
L. Roberts, Auditor
T. Depp, Auditor
D. Blythe, Auditor
S. Trussell, Auditor

Evelyn Wright, Supervisory Auditor

File Copy

INTERNAL REVIEW OFFICE

29 November 2005

MEMORANDUM THRU DEPUTY COMMANDER (Jack Hurdle)

FOR ON-SITE COMMANDER (Col Smithers), Katrina Louisiana Recovery Field Office

SUBJECT: Internal Review Observation - Katrina LA-RFO 138 – Simon Billings for Installing Blue Tarp - Estimated to Actual Variances & Exact Matches

1. Audit Observation No. 138 - Simon Billings for Installing Blue Tarp – Estimated to Actual Variances & Exact Matches

2. **Condition.** Refer to the enclosed DCAA Issue Papers. Reports indicate that the contractor and the QAs are not always accurately measuring estimated and final quantities of blue tarp used and billed to the Corps. Refer also to IR Reports LA RFO -96, LA RFO-109, and LA RFO-112 which reported similar conditions with other contractors.

3. Recommendations:

- a. Recommend that the contractor and the QAs be advised to coordinate and accurately measure the amounts of blue tarp actually used and recorded on ROEs.
- b. Recommend the roofing mission manager consider having QAs review and re-measure the amount of blue tarp actually installed for ROEs where estimated and actual quantities billed differ significantly and in those instances where estimated and actual are the same for very large quantities.
- c. Recommend that Contracting pursue adjustments to contractor billings for any ROES determined to have inaccurate measurements for finals.

Management Comments: () CONCUR () NON-CONCUR

Roofing Mission Manager

Management Comments: () CONCUR () NON-CONCUR

Contracting Officer

Internal Review Response:

GEORGE SULLIVAN
Chief, Internal Review Office
Hurricane Katrina – LA-RFO

2 Encl

Katrina LA-RFO 138atch 1 - Simon Billings for Installing Blue Tarps.doc
Katrina LA-RFO 138atch 2 - Simon Billings for Installing Blue Tarps.doc

MEMORANDUM FOR MR. GEORGE SULLIVAN, CHIEF INTERNAL REVIEW

Subject: Roofing Mission – Review of Simon Billing: Estimate to Actual Variances – Katrina

Observation: We reviewed 626 completed Right of Entry (ROE) forms submitted in support of Simon's CZ07-Orleans Parish invoice, Pay Estimate #2. Our review revealed 117 ROE forms (19% of the total ROE forms reviewed) where the contractor recorded a roof area covered that was 60% greater than estimated. We noted only a few ROE forms out of the total 626 ROE forms reviewed that included an attempt at documenting an explanation for significant variances from the initial estimate.

We selected 10 ROE forms from the 117 ROE forms noted above to measure in order to verify the billed square footage (SF) quantity. During field observations on November 17, 2005, we noted 8 ROEs with an overstated claimed SF of roof area covered and one ROE with an understated claimed SF. The results of our evaluation disclosed a total estimated net overbilling of \$6,450, which is 43 percent of the originally billed amount, as shown below:

SIMON Estimate to Actual Variance - Sample									
ROE	Address	City	Zip	USACE Original ROE Estimate	Billed Plastic SF	DCAA Measured Blue Tarp	% Billed over Actual	\$ Claimed over Actual	Comments
1	465281 1031-1033 Marengo St	New Orleans	70115	120	1,500	612	145%	\$ 1,527	1
2	485773 824 THAYER ST	New Orleans	70114	195	2,332	1,884	24%	\$ 771	
3	521097 1302 8TH ST	New Orleans	70115	32	375	162	131%	\$ 366	
4	485312 425 PARK BLVD	New Orleans	70114	224	1,800	1,325	36%	\$ 817	
5	485468 5831 Abbey Dr	New Orleans	70131	300	2,100	738	185%	\$ 2,343	
6	478017 907 Flanders St	New Orleans	70114	121	670	604	11%	\$ 114	
7	570404 1532 Flanders St	New Orleans	70114	30	160	144	11%	\$ 28	
8	499361 1636 Constantinople	New Orleans	70115	281	1,260	486	159%	\$ 1,331	
								Total Estimated Overbilling	\$ 7,296
9	485166 5212 - 14 Constance St.	New Orleans	70115	120	2,208	2,700	-18%	\$ (846)	
								Total Estimated Underbilling	\$ (846)
								Total Estimated Net Overbilling	\$ 6,450
								Total Estimated Net Overbilling	43%

Comment 1: Could not see a part that was about 25 deep 32 wide, slope of 2-12

We found that one of the ROEs sampled represented a home with a permanent roof already in place; we took no exceptions since we determined that hypothetical 100% coverage would not result in a billable SF less than the actual SF claimed.

Criteria: The General Requirements of the contract section 01000, under subsection 8.3 Payment, states "The plastic sheeting shall be paid by the area of roof covered in square feet." In addition, the Contractor Quality Control, Section 01451A, under subsection 3.7.1 Final Acceptance Inspection states, "The Contract Officer's Representative and the Contractor shall agree upon the final material quantities installed and shall sign the Right of Entry form as documentation." Consequently, it is essential that the square feet of plastic used to cover a roof be measured and, as a result, any large variances agreed upon between the Contract Officer's representative and the contractor's representative should be clearly documented on the ROE form.

Cause(s): It seems the contractor did not comply with the terms of the contract by adequately coordinating, verifying, documenting, and measuring square feet of plastic used in covering a roof.

Effect: We could not quantify the effect on the pay request taken as a whole, nor did we attempt to quantify the cost impact on the contractor's total of pay requests. However, based on our limited testing of 10 ROE forms, it appears that the government has been over billed by the contractor for the amount of \$6,450. The total over billing may be more since we only reviewed 10 of the 117 ROE forms submitted in support of the Orleans pay estimate no. 2 where the contractor recorded 60% greater roof area covered than estimated.

Recommendation: We recommend the contractor comply with the terms of the contract by adequately coordinating with QA representatives, accurately measuring, verifying, and documenting the square feet of plastic billable for covering a roof.

Also, if an ROE includes plastic in excess of the initial estimate, we recommend the contractor include on its invoice only those items that have been reconciled with the Contract Officer's representative. The USACE may wish to pursue recovery of any overbilled plastic SF from the contractor.

Dawn Wandelt, Senior Auditor
Gerry Fortner, Senior Auditor
Keith Delhom, Supervisory Auditor

MEMORANDUM FOR MR. GEORGE SULLIVAN, CHIEF INTERNAL REVIEW

Subject: Roofing Mission – Review of Simon Billing of Estimate & Actual Exact Matches – Katrina

Observation: We reviewed 626 completed Right of Entry (ROE) forms submitted in support of Simon's CZ07-Orleans Parish invoice, Pay Estimate #2. Our review revealed 154 ROE forms (25% of the total ROE forms reviewed) where the contractor's claimed roof area covered as recorded on the ROE form matched the ROE estimate exactly.

We selected 10 ROE forms from the 154 ROE forms noted above to measure in order to verify the billed square footage (SF) quantity. During field observations on November 17, 2005, we noted 10 ROEs with an overstated claimed SF of plastic and zero ROEs with an understated claimed SF. The results of our evaluation disclosed a total estimated overbilling of \$26,775, which is 52 percent of the originally billed amount, as shown below:

SIMON Estimate & Actual Exact Matches - Sample										
	ROE	Address	City	Zip	USACE Original ROE Estimate	Billed Plastic SF	DCAA Measured Blue Tarp	% Billed over Actual	\$ Claimed over Actual	Comments
1	476657	2101 Westbend	New Orleans	70114	10,112	10,112	8,132	24%	\$ 3,406	1
2	478006	5692 Tullis Dr	New Orleans	70131	6,256	6,256	4,952	26%	\$ 2,243	2
3	570027	3575 MIMOSA CT	New Orleans	70131	4,576	4,576	2,584	77%	\$ 3,426	
4	485738	3601 Silver Maple Ct.	New Orleans	70131	4,207	4,207	2,483	69%	\$ 2,965	
5	570216	3873 North Teak Ave	New Orleans	70131	4,188	4,188	1,400	199%	\$ 4,795	3
6	485120	923 PHILIP ST	New Orleans	70130	3,744	3,744	1,920	95%	\$ 3,137	4
7	503113	9 FIVE OAKS	New Orleans	70131	3,500	3,500	3,084	13%	\$ 716	
8	485022	4750 Lennox	New Orleans	70131	3,200	3,200	1,816	76%	\$ 2,380	
9	478035	1732 & 1734 Elizar Dr	New Orleans	70114	3,000	3,000	2,730	10%	\$ 464	
10	485718	3649 Silver Maple Ct.	New Orleans	70131	2,749	2,749	864	218%	\$ 3,242	
									Total Estimated Overbilling	\$ 26,775
									Total Estimated Overbilling	52%

Comment 1: One section of this condo did not have furring strips. Therefore the COE may not have paid 768 feet of the computation. Additionally there was one SSR

Comment 2: ROE includes entire 8-unit Apt. complex: 5692, 5668, 5672, 5676, 5680, 5684, 5688, and 5696

Comment 3: Covered 8 ft patio on back. Roof slope gave deduction of 10 feet X 50 feet

Comment 4: Roofers covered front porch, which was entire front measure

We found that none of the ROEs sampled represented homes with a permanent roof already in place.

Criteria: The General Requirements of the contract section 01000, under subsection 8.3 Payment, states "The plastic sheeting shall be paid by the area of roof covered in square feet. In addition, the Contractor Quality Control section 01451A, under subsection 3.1 General Requirements of the contract states, "The Contractor is responsible for quality control and shall establish and maintain an effective quality control system in compliance with the Contract Clause titled Inspection of Construction." Reference FAR 52.246-12. Furthermore, the Contractor Quality Control, Section 01451A, under subsection 3.7.1 Final Acceptance Inspection states, "The Contract Officer's Representative and the Contractor shall agree upon the final material quantities installed and shall sign the Right of Entry form as documentation."

Cause(s): With 25% of the ROE forms reviewed completed with an exact match between the actual plastic claimed and the ROE estimate, it seems the contractor relied upon the original estimate without taking an actual measurement at the worksite.

Effect: We could not quantify the effect on the pay request taken as a whole, nor did we attempt to quantify the cost impact on the contractor's total of pay requests. However, based on our limited testing of 10 ROE forms it appears that the government has been over billed by \$26,775. The total over billing may be more since we only reviewed 10 of the 154 ROE forms submitted in support of the Orleans pay estimate no. 2 where the contractor's actual plastic claimed as recorded on the ROE form matched the ROE estimate exactly.

Recommendation: We recommend the contractor coordinate and measure actual billable roof area covered. The contractor should take this measurement at the worksite with a QA representative present to determine actual claimed plastic to invoice. The USACE may wish to pursue recovery of any overbilled plastic SF from the contractor.

Dawn Wandelt, Senior Auditor
Gerry Fortner, Senior Auditor
Keith Delhom, Supervisory Auditor

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INTERNAL REVIEW OFFICE

10 December 2005

MEMORANDUM THRU DEPUTY COMMANDER (Jack Hurdle)

FOR ON-SITE COMMANDER (Col Smithers), Katrina Louisiana Recovery Field Office

SUBJECT: Internal Review Observation - Katrina LA-RFO 153 – Double Billings for Duplicate Addresses

1. **Audit Observation No. 153 - Double Billings for Duplicate Addresses**

2. **Condition.** Refer to the enclosed DCAA issue Paper. Report indicates that in some cases homeowners are initiating more than one ROE for the same property. Furthermore, contractors may double-billing the government for work completed at the same address by a crew of the same prime contractor or another crew of a different prime contractor.

3. **Recommendation:** The contractor should have internal control procedures to assure that it accurately bills the government. We recommend the contractor strengthen its quality control supervision at the worksite. The USACE may wish to coordinate investigation of the 57 ROE sets identified in the attached spreadsheet that have not yet been examined and pursue recovery of any double-billed plastic square footage from the contractor.

Management Comments: () CONCUR () NON-CONCUR

Roofing Mission Manager

Management Comments: () CONCUR () NON-CONCUR

Contracting

Internal Review Response:

GEORGE SULLIVAN
Chief, Internal Review Office
Hurricane Katrina – LA-RFO

1 Encl

Katrina LA-RFO 153atch Double Billing for Duplicate Addresses QR 84.doc

MEMORANDUM FOR MR. GEORGE SULLIVAN, CHIEF INTERNAL REVIEW

Subject: Roofing Mission – Double Billings for Duplicate Addresses – Katrina

Observation: We reviewed the inactive-paid ROEs in the November 23, 2005 Katrina database and identified the ROEs with duplicate addresses. We then analyzed these ROEs and eliminated those ROEs that (1) had zero plastic billed on the second ROE; (2) appeared to be legitimate billings of a multi-unit building; (3) appeared to be a small re-work or follow-up work. We determined that 68 ROE sets (136 different ROE numbers) were potentially double billed and require investigation.

We then selected a sample of 11 Jefferson Parish ROE sets (22 different ROE numbers) and examined the ROE forms. We determined that 5 of the 11 ROE sets were legitimate ROE invoice line items; 3 ROEs sets were incorrect addresses in the database and 2 were separate ROEs for the front and back of house. We then coordinated with a USACE IR auditor and QA to make field observations. The results of our evaluation disclosed a total estimated overbilling of \$18,187, which was estimated at 50 percent of the originally billed amount, as shown below:

INACTIVE-PAID ROEs From USACE KATRINA ROE Database as of November 23, 2005											ROE form Observation	Note
ROE	InvoiceNum	Ini Date	Est Date	WC Date	HomeOwner	Address	County	Cntr	Plastic	Comments	Comments	
1	573648	CZ04-002_Shaw	9/21/05	9/25/05	10/2/05		Jefferson	Shaw	1964	Dup with 489017	Both ROEs show full coverage of roof	a
	489017	CZ04-002_Shaw	9/22/05	9/21/05	10/4/05	Betty Williams 1128 King Dr	Jefferson	Shaw	1330	Dup with 573648		
2	473121	CZ04-002_Shaw	9/18/05	9/15/05	9/28/05	G Baudouin 1441 Lake Ave	Jefferson	Shaw	1850	Dup with 425275	Both ROEs show same Final GR and DC	b
	425275	CZ04-002_Shaw	9/16/05	9/15/05	9/26/05	Gerry F Stock 1441 Lake Ave	Jefferson	Shaw	2318	Dup with 473121		
	487420	CZ04-003_Shaw	9/25/05	10/1/05	10/8/05	William Alford 1904 Sugarloaf Dr	Jefferson	Shaw	1944	Dup with 580335	Both ROEs show whole roof	c
	580335	PayEst_2_LJC	9/26/05		10/13/05	Alford, William 1904 Sugarloaf Dr	Jefferson	LJC	2875	Dup with 487420		
4	480443	CZ04-003_Shaw	9/18/05		10/13/05	Karen Hunter 37 Lake Elizabeth	Jefferson	Shaw	2276	Dup with 478984	Both ROEs show same estimate diagram	d
	478984	PayEst_2_LJC	9/26/05		10/13/05	Hunter, Karen 37 Lake Elizabeth	Jefferson	LJC	1500	Dup with 480443		
5	506199	PayEst_2-LJC	10/16/05	10/3/05	10/6/05	jeandron, par 6109 irving st	Jefferson	LJC	2150		Both ROEs show same estimate diagram	e
	488339	PayEst_4_LJC	10/23/05	10/4/05	10/18/05	jeandron, par 6109 IRVING ST	Jefferson	LJC	1230			
6	476557	CZ04-003_Shaw	9/18/05		9/30/05	Robert Hama 856 Lamar Ave	Jefferson	Shaw	1940	Dup with 487227	ROE 487227 states "Dup ROE 476557 Not Done"	f
	487227	CZ04-003_Shaw	9/22/05	9/27/05	10/11/05	Robert Hama 856 Lamar Ave	Jefferson	Shaw	1510	Dup with 476557		
									Total SF Billed	21,937		
									Total Dollars Billed	\$ 36,373		
									Estimated overbilling for DCAA sample (50% assumed)	\$ 18,187		

Field Observations:

- a. USACE QA and IR auditor re-measured the current plastic at 1472 sq ft., including the garage.
- b. New roof, apartment complex. Both ROEs were signed by the property manager on 9/15/05. USACE QA and IR auditor could not conclude a reason for the second ROE or any additional roofing material.
- c. New roof, homeowner did not remember who did the work; however, QA found remnants of old blue roof with duct tape that he was aware LJC was using - Shaw did not use duct tape at any time. Therefore, LJC probably did this roof.
- d. Work appears to have been claimed by both contractors, QA stated the work was consistent with that of Shaw because of the tape used.
- e. USACE QA and IR auditor re-measured the current plastic at 1756 sq ft. Nearly entire roof covered.
- f. USACE QA and IR auditor re-measured the current plastic at 1450 sq ft.

Criteria:

Even if the homeowner fills out two ROEs, the contractor should only invoice one time for work performed under the contract. The General Requirements of the contract section 01000, under subsection 8.3 Payment, states "The plastic sheeting shall be paid by the area of roof covered in square feet. In addition, the Contractor Quality Control section 01451A, under subsection 3.1 General Requirements of the contract states, "The Contractor is responsible for quality control and shall establish and maintain an effective quality control system in compliance with the Contract Clause titled Inspection of Construction." Reference FAR 52.246-12. Furthermore, the Contractor Quality Control, Section 01451A, under subsection 3.7.1 Final Acceptance Inspection states, "The Contact Officer's Representative and the Contractor shall agree upon the final material quantities installed and shall sign the Right of Entry form as documentation."

Cause(s):

It appears that the homeowner may be initiating more than one ROE form for the same work. We can only speculate the motives of the homeowner. In some instances, zero plastic was billed on the second ROE, but we noted repeated instances where the second contractor seems to be invoicing for work already done, either by another crew of the same prime contractor, or another crew of a different prime contractor.

Effect:

We could not quantify the effect on the total amount invoiced to date because we did not pull and analyze each of the 68 ROE sets (136 different ROE numbers) determined by our analysis to be potentially double billed. However, based on our limited testing of 11 ROE sets, it appears that the government has been overbilled by approximately \$18,187 due to 6 ROE sets being double-billings. The total overbilling may be more since we only reported on 6 of the 68 ROE sets. We estimated the additional potential double-billing from our analysis as follows:

Total SF Billed on the 57 ROE sets	136,987 SF
Total Dollars Billed on the 57 ROE sets	\$ 236,797
Estimated double-billing (50% assumed)	\$ 118,399

Recommendation:

The contractor should have internal control procedures to assure that it accurately bills the government. We recommend the contractor strengthen its quality control supervision at the worksite. The USACE may wish to coordinate investigation of the 57 ROE sets not yet examined (see attached Excel file, extracted from the USACE database) and pursue recovery of any double-billed plastic SF from the contractor.



57 Duplicate ROE Sets.xls

Dawn Wandelt, Senior Auditor
Sam Cohn, Technical Specialist
Keith Delhom, Supervisory Auditor

Roofing Trip Report for 1 November 2005

- Visited the Resident Engineer's office for roofing in St. Tammany Parish located in the Crossing shopping center off of Interstate 10 East. Mr. Arnold Taylor is the Corps RE at this location.
- Main roofing contractor is Shaw. Mr. Taylor said he is having trouble with Shaw in getting ROE's out quickly. He reported that Shaw is not acting on the ROE's immediately. He has 1,440 ROE's active as of today. Some of these are in the estimating stage, some are awaiting work by Shaw, and some are awaiting final closeout.
- Mr. Taylor has another office he oversees in Mandeville/Covington.
- The RE complained of Shaw inflating prices by covering more square footage than the estimate; and also, by listing more square footage covered than he really covered. He showed me one such ROE to illustrate the latter. It showed the Corps estimate at 424 square feet. The Shaw final roofing estimate AFTER the roof had been covered showed 1610 square feet. The Corps' final QA on the ROE showed that only 424 square feet had been covered. This means that the Shaw roofers listed nearly 4 times as many square feet covered than was actually covered.
- Despite these problems, Corps employee morale in the office is good with everyone continuing to do a very good job and determined to prevent inflationary final estimates by the contractor.

Herbert J. Sharbel
Internal Review Office
1 November 2005

MEMORANDUM FOR DONNA JOHNSON, HQ-IR

Subject: Roofing Mission – L.J.C Roofing Contractor – Katrina

Observation: On October 10, 2005 we visited the East Bank COE offices to discuss the roofing operations relating to L.J.C. on the West Bank. L. J. C. had just started operations on the West Bank, however L. J. C. has had operations on the East Bank. During our discussions, it was brought to our attention that the contractor and the Corps representatives had informally agreed to not having a re-inspection of a roof estimate if the excess roofing, as determined by the roofing crew, exceeded the original QA estimate by an amount under fifty percent. We were told the roofing crew or QC would take digital pictures of the work order and roof where the additional work would be necessary and then the contractor would include this documentation in the final ROE package. The Resident Engineer stated that this informal agreement had been reached before the current East Bank COE offices had been set up. The contractor's representative and the Resident Engineer both agreed that this arrangement seemed to be working well.

Cause(s): It appears that a lack of timely response by QAs to roofing crew requests for re-inspections lead to the establishment of this informal agreement to expedite the placement of Blue Roof.

Effect: This informal agreement may lead to a large overstatement of required roofing and the related payment to the contractor, in addition to the over-utilization of scarce Blue Roof material and wasted roofing crew time.

Recommendation: We recommend the establishment of a formal percentage or square foot amount "reasonableness" test before the requirement of a re-inspection. We believe that fifty percent of the original estimate is excessive and unreasonable and does not adequately protect the Government from waste or abuse.

Gerald Fortner, Senior Auditor
Evelyn Wright, Senior Auditor
Dennis Blythe, Auditor
Camara Dupree, Auditor
Keith Delhom, Supervisory Auditor

MEMORANDUM FOR MR. DEAN CRISCOLA, CHIEF USACE INTERNAL REVIEW

Subject: Roofing Mission – LJC Unpaid Wages

Observations: In a previous quick report (number 27) we cited LJC for not complying with the terms of the contract by assuring their work crews are paid timely. Subsequent to issuance of this quick report, we continued to receive numerous complaints from workers regarding lack of payment. On October 24, 2005, we met with roofers who worked previously for LJC for one week and were not paid for the work. The roofers are currently working for prime contractor, LJC. Unfortunately they have not been paid since the inception of work. They were issued check #2274 from RST Gutters, Inc., a subcontractor to LJC, in the amount of \$12,231.30. The check was drawn against a bank account from Washington Mutual. RST Gutters told the workers not to cash the check because there were insufficient funds at this time. RST Gutters stated that they had received a bad check from Classic Roofing, a higher tier LJC subcontractor, as the reason for the bad check. It appears that Classic Roofing may be where the non payment problem exists. In addition to being issued a bad check, the men stated that the bad check did not contain the correct amount. They believe the check was short by \$3400 of regular wages because it did not include wages for small roof repairs and steep roof pitch. We were notified today that some of the roofers left the area and went back to Texas. LJC’s roofing organization structure is as follows:

Prime Contractor-	LJC
Subcontractors	1 st Sub-Liberty Roofing
	2 nd Sub-Classic Roofing
	Russ McWilliams (469) 767 6206
	Mike Last name not available (504) 834-6899
	3 rd Sub RST Gutters, Inc.
	4709 Turner Warnell #A
	Arlington, TX. 76001
	POC-Ron Edwards (817) 561-9130
	(817) 614-7709
	Crews

Criteria: FAR 52.222-11 SUBCONTRACTS provides several FAR clauses that the Contractor or subcontractor shall insert in any subcontracts, including Payrolls and Basic Records, Davis-Bacon Act, and Compliance with Davis-Bacon and Related Act Regulations. FAR 52.222-11 states, “The Prime Contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with all the contract clauses cited in this paragraph.”

The contract includes FAR 52.222-6 DAVIS BACON ACT, which states “All laborers and mechanics employed or working upon the site of the work will be paid

unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account ...”

Causes: It seems the prime contractor, LJC, has failed to assure that payments are made to the work crews in accordance with the FAR clause cited above. It also appears that the subcontractor, RST, is in violation of the DAVIS BACON ACT as described above.

Effects: Failure to make payments to work crews in accordance with the provisions of the labor clauses in the contract could result in loss of production. As discussed above, we have been advised that some work crews have already left the area. There could also be a recruiting impact with USACE projects in response to future disaster recovery projects.

Recommendations:

We recommend that LJC ensure that all work crews are reimbursed for work already performed in accordance with the terms of the contract. We also recommend that LJC ensures that all employees are paid based on work completed unconditionally and without subsequent deduction or rebate on any account.

We also recommend that Right of Entry certificates and payments be withheld from any contractor that continues to have this reported condition until a plan for corrective action is submitted and progress towards it is demonstrated.

Please appraise us on the course of action to this finding.

Evelyn Wright, Senior Auditor
Virginia DuBois, Senior Auditor
Keith Delhom, Supervisory Auditor

MEMORANDUM FOR DONNA JOHNSON, HQ-IR

Subject: Roofing Mission – Shaw Roofing Contractor – Katrina

Observation: It was brought to our attention during a previous meeting on October 10, 2005 with Joe Nolan, resident engineer, that there had been instances of QA's accompanying QC's on final inspections only to arrive at the location and find that there was no blue roofing plastic installed despite the contractor's assertion of completion through attending the final inspection. On October 11, 2005 we visited the Shaw staging site in order to attend a meeting between Shaw and Corps representatives. The purpose of the meeting was to discuss Shaw's corrective action program relating to existing problems identified by the COE in the performance of the contract by Shaw. During the meeting, the contractor stated that they had, on hand, over 2,100 ROE's that were in the final stages of completion or fully completed and ready for Corps final inspection. It was also indicated by Shaw personnel that they wished to withhold the ROE's until they had a chance to go through them to identify and address any instances of false claims.

Cause(s): The request to withhold the approximately 2,100 ROE's until the contractor can go through them to identify and address instances of false claims would indicate that Shaw is failing to adequately monitor and inspect the roofing efforts of its subcontractors and crews as required within the following clauses of the contract. Had the contractor been meeting the following contractual obligations, there would not be a need to review the 2,100 ROE's prior to relinquishing them to the Government for final inspection and acceptance.

- FAR 52.246-12(b) - INSPECTION OF CONSTRUCTION (as incorporated on page 71 of the contract)
The Contractor shall maintain an adequate inspection system and perform such inspections as will ensure that the work performed under the contract conforms to contract requirements. The Contractor shall maintain complete inspection records and make them available to the Government. All work shall be conducted under the general direction of the Contracting Officer and is subject to Government inspection and test at all places and at all reasonable times before acceptance to ensure strict compliance with the terms of the contract.
- CONTRACTOR QUALITY CONTROL Section 01451A of Contract, Section 3.6.3 FOLLOW-UP PHASE (page 108 of the contract) states:
Daily checks shall be performed to assure control activities are providing continued compliance with contract requirements, until completion of the particular feature of work. The checks shall be made a matter of record in the CQC documentation (See 3.8 DOCUMENTATION for the nature and extent of the required evidence of execution of Quality Control obligations).

Effect:

The contractor's failure to maintain adequate inspection and quality control procedures over its roofing subcontractors and crews has a compounded effect in potentially harming the Government.

First, the contractor's non-compliance with FAR 52.246-12(b) INSPECTION OF CONSTRUCTION is preventing the Government from performing its obligations under the same clause. FAR 52.246-12(i) states:

Unless otherwise specified in the contract, the Government shall accept, as promptly as practicable after completion and inspection, all work required by the contract or that portion of the work the Contracting Officer determines can be accepted separately. Acceptance shall be final and conclusive except for latent defects, fraud, gross mistakes amounting to fraud, or the Government's rights under any warranty or guarantee.

By not maintaining proper control and inspection procedures over its subcontractors and crews, Shaw has increased the potential for false claims and has delayed the Government's ability to promptly accept work by effectively delaying completed ROE's for further review and inspection procedures that should have been performed prior to completion.

Additionally, the contractor's non-compliance and further withholding of effectively completed ROE's in order to identify and address false claims, Shaw will be placing an administrative burden on the Corps by relinquishing a large number of ROE's for final processing at one time rather than the quantities completed on a more real-time basis. This will most likely result in the Corps having to rearrange some of its QA's from other areas or functions in order to meet the increased demand for final inspections placed on the Corps by Shaw.

Finally, the withholding and inspection of the ROE's for false claims will prevent the Government from being able to identify and quantify the number of false claims that exist, and will effectively prevent the Government from being able to address instances of false claims and potential suspected irregularities.

Recommendation: We recommend that the contractor be required to comply with its contractual obligation to maintain proper quality control measures over and perform inspections of the work being performed by its subcontractors and crews. Additionally, we would recommend that the Corps exercise its right to inspect under FAR 52.246-12(b) - INSPECTION OF CONSTRUCTION. Under this clause, "*All work shall be conducted under the general direction of the Contracting Officer and is subject to Government inspection and test at all places and at all reasonable times before acceptance to ensure strict compliance with the terms of the contract*". Immediate inspection of the ROE's will allow the Government to identify and quantify false claims and potential irregularities and initiate appropriate action on any findings of such activity. Additionally, immediate inspection will allow the Government to

perform its obligation to promptly accept all valid claims for final work, and will allow for timely resolution of ROE's.

Gerald Fortner, Senior Auditor
Evelyn Wright, Senior Auditor
Dennis Blythe, Auditor
Camara Dupree, Auditor
Keith Delhom, Supervisory Auditor

MEMORANDUM FOR DONNA JOHNSON, HQ-IR

Subject: Roofing Mission – Shaw Roofing Quality Control Program – Katrina

Observation: On September 16, 2005, we visited several completed temporary roofing worksites located in Zone 4 (Slidell, LA) with a USACE Quality Assurance (QA) representative and a Shaw Quality Control (QC) representative. We accompanied the USACE QA and Shaw QC to observe the post inspection process and final approval of the right to entry form (ROE).

We visited 7 locations with the QA and QC and observed the following example deficiencies with the completed roofs:

- ROE NO. 422236: Non eligible areas such as the garage were covered and were not on the original estimate. The furring strips were improperly applied and were broken rather than cut. Valleys and roof peak areas were not properly covered.
- ROE 422236 and 422253: Original estimate called for a small roof repair per the contract terms (tar paper, etc); however repair was completed using plastic and furring strips. The Shaw QC advised many subcontractors do have the appropriate material to complete the small roof repair as required. L? (Not)?
- ROE 425419: Original estimate was previously revised by a USACE QA to increase square footage. A detailed roof drawing was provided with the ROE, however the subcontractor did not follow the drawing and covered and additional 400 square feet. We also noted quality issues such as improper furring strip application, tape pulling off and improper valley coverage.

Similar quality deficiencies were noted relative to all 7 houses and ALL 7 were rejected and scheduled for rework by the USACE QA.

Shaw's Contract requires (under FAR 52.236-6) that the prime provide adequate supervision during performance of this contract. Specifically, the contractor shall directly superintend the work or assign and have on the worksite a competent superintendent with the authority to act for the Contractor. In addition the contractor is required to implement an adequate/approved QC plan in accordance with Section 01451A, General Requirements (Section 3) of the contract.

Cause(s): In appears Shaw and/or subcontract QC representatives had not visited the 7 worksites prior to or during roof repair as QC's have been occupied with post completion inspections. In appears that Shaw has not placed adequate personnel to administer the work being performed and/or has failed to adequately train subcontractor personnel.

Effect: Without proper supervision provided by the prime contractor quality issues are compromised resulting in a potential for significant rework, wasting of resources and an indefinite delay in mission completion.

Subject: Roofing Mission – Shaw Roofing Quality Control Program – Katrina

Recommendation: We recommend the contractor be contacted immediately and requested to provide an action plan to correct the apparent deficiencies in their QC operations. This action plan should specifically emphasize the initial and follow up training of roof crews and monitoring of the quality of work.

The contractor should be compelled to adhere to the terms of the contract provided in FAR 52.236-6 and under Section 01451A and provide adequate supervisor and QC oversight of the work being performed by its subcontractors. If contractor personnel are not available Shaw should ensure that adequate QC supervision is being provided by each of its subcontractors.

Steve Gregg, Sr. Auditor
Walter Schminky, Supervisory Auditor

MEMORANDUM FOR MR. LARRY MCCUSKER, INTERNAL REVIEW TEAM LEADER

Subject: Roofing Mission – ROE Recording Process (Harrison County)

Observation: On September 28, 2005, we attempted to verify the existence and performance of blue roof crews working under contract/subcontract to Carothers. We arrived at the staging site and requested site addresses that were to be covered that day. We received photocopies of handwritten lists for Gulfport that contained ROE numbers in addition to QC ID numbers, names, and direct connect phone numbers. The Carothers representative had to pull the site addresses from a separate database. When attempting to obtain the addresses, we discovered at least 12 ROE numbers for which the addresses were not in their database. We obtained addresses for one complete sheet containing 6 ROEs, which was headed "Do 1-5 First!"; these seemed to be scattered around town.

After an inspection of the contractor's staging site, we left to perform our observations. We stopped at a gas station and talked to a roofing crew. They confirmed that their addresses were scattered. The ROEs we had obtained were scattered around Gulfport, some 6 to 8 miles from the others. After spending some time trying to locate crews, we contacted the Carothers representative in the afternoon, who in turn contacted the subcontractor, Kent Hall. The Carothers representative returned our call and stated that the Kent Hall representative told him that the crews had prior ROEs that had not been completed. Since the contractor's ROE list was not up to date, we were unable to find any blue roof starts from the lists provided by the Carothers representative.

Criteria: Timely recordkeeping enables an efficient work flow and timely response to a required work effort within the designated areas and zones specific to Hurricane Katrina. ROEs identify and control this work effort.

Cause(s): It seems the contractor is not sorting their ROEs by address so that their crews would not waste time traveling from one site to another. It also seems the contractor has not adequately considered the nature and impact of such preliminary effort.

Effect: This internal control weakness presents an immeasurable risk to the USACE that:

- Separate crews will be traveling to the same area at different times to install the blue roofs instead of one crew efficiently working one area. This will result in excessive amounts of time wasted on travel as well as the use of a limited supply of fuel.
- Time spent setting up and packing the work area to go to scattered locations in lieu of an organized plan reduces the number of homes that the contractor can complete daily.
- The contractor may not be able to quickly respond to data requests from government agencies relating to ROE addresses and status. Additionally, the contractor would not be able to quickly identify worksites for additional QA response. This may result in excessive time traveling, non-productive time waiting to find an address, and the additional use of a limited supply of fuel.

Recommendation: We recommend the contractor presort their ROEs by address instead of sorting only by the current zip code since the zip code covers too large of an area. This would ensure that each crew is able to minimize their road time, thereby increasing the time available to install blue roofs. In addition, we recommend the contractor record their ROEs in their database before issuing them to their QCs for distribution in the field. This would ensure that the contractor's control site would have an easily accessible record of ROEs for overall control of work.

Gerald Fortner, Senior Auditor
 Scott Harkleroad, Senior Auditor
 Mike Hankins, Supervisory Auditor

MEMORANDUM FOR DONNA JOHNSON, HQ-IR

Subject: Roofing Mission – Shaw Roofing Contractor – Katrina

Observation: On October 11, 2005 we visited the Shaw staging site for the purpose of attending a meeting of the Shaw and COE personnel. The purpose of the meeting was to discuss Shaw's corrective action plan relating to existing problems identified by the COE in the performance of the contract by Shaw. During the meeting, the contractor stated that they had, on hand, over 2,100 ROEs that were in the final stages of completion or fully completed. Additionally, they stated that they normally provide a two to three day backlog of ROEs to their crews. The example given by the Shaw representatives was that if the crew could do 10 roofs a day they would be given 30 ROEs.

At the conclusion of the meeting, we believed that the corrective action plan, as proposed by Shaw, did not adequately address existing problems.

Cause(s): It appears that Shaw is failing to adhere to the following clauses of the contract.

- 52.246-12 d - INSPECTION OF CONSTRUCTION (page 72 of the contract), Summary Section 3.6.3 (page 111 of the contract). The contractor seems to have failed the requirement to have an adequate inspection system in that they seem to have difficulty in identifying locations where roofing crews work. They seem to have failed in the following requirement: *Daily checks shall be performed to assure control activities are providing continued compliance with contract requirements, until completion of the particular feature of work. The checks shall be made a matter of record in the CQC documentation.* They distribute what they stated to be a three day backlog of ROEs, in which the roofing crew could be, at any time, working on any one of the distributed ROEs. Compound this by the stated seven subcontractors with their own backlogs, and timely inspection and control seems to be impossible.
- General Requirements Section 3.2 (page 98 of the contract) which states in part *As roof repairs are performed and executed by the Contractor's crew, the Contractor shall attach one copy of the respective completed and executed ROE to a daily tabulated log sheet. (Section excluded by DCAA in this report). Originals of the completed and executed ROEs (copies will not be accepted) shall be delivered by the Contractor to the Government's representative **on a daily basis.** (emphasis added by DCAA).* The contractor stated that they had, on hand, 2,100 ROEs that were near completion or completed.

Effect: The failure to have an adequate quality control program will lead to substantial rework and wasted government furnished material. The failure seems to be primarily due to the inability to identify the location of the roofing crews without going through numerous steps which seem to consist of contacting the subcontractor, having the subcontractor contact a crew chief (QC or other) who contacts the crew for the information on the location. On this date the

contractor required about one hour to obtain the location of the work area of three observed crews. Since Shaw has responsibility for a stated 277 roofing crews, this is considered unacceptable.

Recommendation: We believe the following steps would greatly improve locating crews and related quality control compliance of the contract:

- Since the roofing crews can only process so many roofs on a daily basis, issue only the number of ROEs for a day's roofing, with maybe one extra, in case the homeowner is lucky enough to have had the roof repaired before the Blue Roof could be installed. Require the issued ROEs to be completed or denied before issuing additional ROEs.
- If the roofing crew is working without a trailer, requiring returns to the staging site during the day to obtain more material for further ROEs, only issue the number of ROEs for the material the roofing crew can carry, plus one as above. Require the issued ROEs to be completed or denied before issuing additional ROEs.
- Require the roofing crew to contact their QC at the start of, AND at the finish of a roof with the ROE number next to be started, with the QC writing down the ROE number as started and finished and the next to be started. The contact would be as simple as "QC, starting XXXXXX". When the crew finished, the call could be "QC, we finished XXXXXX, going to YYYYYY".

The performance of the above steps would enable the contractor to more easily locate their crews, enabling their QCs to be more efficient in their required site visits for quality and safety control, enabling the QCs to perform more site visits in the same length of time, and aid in the preparation of the contractually required daily report logs. Additionally, because only a day's worth of ROEs are issued, the contractor could more easily submit the completed ROEs on a daily basis, as required by contract.

Gerald Fortner, Senior Auditor
Evelyn Wright, Senior Auditor
Dennis Blythe, Auditor
Camara Dupree, Auditor
Keith Delhom, Supervisory Auditor

MEMORANDUM FOR Commander, Katrina Alabama Recovery Office

Subject: Report number 2006-27, Emergency Management Credit Card Use

Background

Readiness Branch requested a review of credit cards used during Hurricane Katrina. IR identified four card holders from USbank "Unusual Spending Activity" report. The cardholders were Frances Cole, Operations (OP), Solomon Curry, Logistics Management (LM), Curtis Flournoy (LM), and Dorothy Simms (LM).

Results

We reviewed 119 transactions totaling \$32,712.59. These transactions occurred from September 5 to October 10, 2005. There were procedure violations in 83% of these transactions. There were violations in 100% of the LM created transactions. Specifically, 99 of the 119 transactions were made without certified purchase requests. There were 25 transactions made prior to Mobile District receiving funds. These were referred to Office of Counsel and Resource Management as potentially administrative Anti-Deficiency Act (ADA) violations. It was concluded that that we exceeded the District's administrative subdivision of funds, but not a reportable ADA. It was not reported because funds were available in the Rock Island District.

Criteria

- *Federal Managers Financial Integrity Act of 1982*, codified in 31 U.S.C. 3512. This law states that "Management is responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. Management shall consistently apply the internal control standards to meet each of the internal control objectives and to assess internal control effectiveness." Circular No. A-123 is the instruction manual for this law. This circular was revised in FY 05. The new Appendix B establishes standard requirement and practices for improving the management of government charge card programs.
- *DoD Financial Management Regulation, Volume 3, Chapter 8*. The DoDFMR states that commitments (PR&Cs) shall be established in advance for commercial purchase cards. Such commitments shall be used by an activity to ensure positive funds control and limit expenditures to funds available.
- *SAMDR 715-1-5, Contracting and Acquisition Regulation, Small Purchase Procurement Manual* states "Prior to confirmation of an order, a Purchase Request and Commitment (PR&C) document shall be approved and certified."

Condition and Causes

The general attitude is that the Emergency Response Operation justifies non-compliance with the internal control standards. The Corps operations are under greater scrutiny, by the public and many audit organizations, during these type missions. Hurricane Katrina related Credit Card Purchases are already being targeted for external review. This is not the time to be relaxed with internal controls. Even on emergency missions, the US Army Corps of Engineers has Corps of Engineers Financial Management System (CEFMS) access, or reach back options, almost from the start of the operation. There was access to the system for all dates covered by this review. There are very specific guidelines for funding and obligation authority for Civil Emergency Management Programs.

Another cause of the violations was a misunderstanding regarding verbal orders. Federal Emergency Management Agency (FEMA) is the only agency from which the Corps accepts verbal authorizations. Only HQ can accept the verbal authorization. A memorandum for record (MFR) is created to document the verbal authorization. The verbal authorization must be followed up with a written funding document within 3 days. Resource Management uses the MFR to establish funding in our financial management system. The credit card procedures should not deviate from the normal procedures.

Training was not a cause of these violations. Each credit cardholder was aware of the requirements. Some had created MFRs stating that they were deviating from the procedures because of the situation. A justification for making purchases without funding, was that they were making emergency essential purchases. However, the receipts showed purchases of office supplies such as printer cartridges and toner. In an emergency situation, the Commander can authorize use of District 3125 funds. This possibility was not requested.

Internal Controls

Controls existed to prevent the inappropriate use of the credit cards. The controls were circumvented and ignored. There is more visibility on transactions during emergencies than any other time. Compliance with the controls should be emphasized and enforced for responders. GAO audit report dated June 27, 2002, "Purchase Cards: Control Weaknesses Leave Army Vulnerable to Fraud, Waste and Abuse", led to this issue being one of the Army's reported material weakness for the past few years.

Recommendations

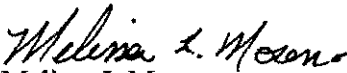
(Contracting Division and Logistics Management):

- A. Counsel and re-train these credit card holders.
- B. Require compliance with credit card regulations and procedures. Develop consequences for non-compliance.

Management Comments

- *LM*: Concur. "I do not agree to how we've been tasked to do business nor does this process supports the loggies having to do these missions."
- *RM*: Concur. "Emergencies are unique events and require specific, prescribed, expedient operating procedures. It is a continual challenge to have people ask before they do - e.g., prepare a PR&C before they buy. Recommend a one page "How to ..." fact sheet be prepared to offer one more opportunity for no inadvertent mistakes. Basic fiscal law rule: bonafide need, proper and sufficient funding. The one pager could be included in every emergency deployment package with emphasis at the orientation briefing."
- *CT*: Concur. "CT can train everybody in proper credit card procedures till the cows come home but the credit card holders & their bosses simply feel empowered by the emergency event to do whatever they feel they want or need to do. Unless cards are permanently pulled by CT in conjunction with a stern warning/admonishment from their office chief or the DE, we simply have to wait till the next emergency descends upon the district to see the exact same sorts of things happen again."
- *OC*: Concur. "Although OC strongly concurs, I do not believe retraining will significantly change the statistics of noncompliance."

The Internal Review Office appreciates the assistance and cooperation of LM, OC, CT and RM. These offices have appropriate responded to prevent future occurrences of this finding.


Melissa L Moreno
Chief, Internal Review Office
Katrina Alabama RFO