




# Homeland Security

March 22, 2006

MEMORANDUM FOR: Michael Bolch  
Federal Coordinating Officer  
Montgomery Joint Field Office  
Montgomery, Alabama

FROM: C. David Kimble   
Gulf Coast Audit Manager

SUBJECT: *Review of Hurricane Katrina Contracts  
City of Orange Beach, Alabama  
Report Number GC-AL-06-27*

The purpose of this memorandum is to inform you of the results of our review of contracts let by the City of Orange Beach, Alabama, for Hurricane Katrina debris removal and sand reclamation activities. As of November 16, 2005, the city received an award of \$5,153,167 from the Alabama Emergency Management Agency, a FEMA grantee, for these activities. The award provided funding for six projects under which the city let eight contracts, as follows:

Projects	Approved Scope of Work	Amount Awarded	Number of Contracts	Estimated Cost of Contracts
19,20	Debris Removal	\$170,443	5	\$242,215
474,487,749,779	Sand Reclamation	\$4,982,724	3	\$4,963,192
<b>Totals</b>		<b>\$5,153,167</b>	<b>8</b>	<b>\$5,205,407</b>

The objective of the review was to determine whether the eight contracts were let in accordance with federal procurement requirements (44 CFR §13.36) and FEMA guidelines, and whether the city had adequate procedures for monitoring the activities of contractors. To achieve this objective, we interviewed city officials, reviewed contract documents, contractor billings, and other relevant documentation.

We concluded that the city complied with federal procurement requirements and FEMA guidelines when awarding the contracts, and that the city's procedures for monitoring the activities of contractors were adequate. In this respect, the city procured the services competitively, maintained

detailed contract files, and had sufficient procedures for reviewing and approving the contractors' activities and billings. Because this report contains no recommendations, no actions are required. The nature and brevity of this assignment precluded the use of our normal audit protocols; therefore, this review was not conducted in accordance with generally accepted government auditing standards. Had we followed such standards, other matters might have come to our attention.

We conducted this review in conjunction with the President's Council on Integrity and Efficiency (PCIE), as part of its examination of relief efforts provided by the federal government in the aftermath of Hurricanes Katrina and Rita. As such, we have forwarded a copy of the report to the PCIE Homeland Security Working Group that is coordinating Inspectors General review of this important subject.

Should you have any questions concerning this report, please contact me at (770) 220-5240.

cc: Under Secretary for Management  
Acting Director, FEMA  
Chief Financial Officer, DHS  
Chief Procurement Officer, DHS  
Audit Liaison, DHS  
Chief Financial Officer, FEMA  
Senior Procurement Officer, FEMA  
Deputy Director, Gulf Coast Recovery  
FEMA Regional Director, Region IV  
Alabama State Coordinating Officer