



Homeland Security

November 14, 2005

MEMORANDUM FOR: Scott Wells
Deputy Federal Coordinating Officer
Joint Field Office, Baton Rouge, Louisiana
Tonda L. Hadley

FROM: Tonda L. Hadley
Director, Dallas Field Office of Audits

SUBJECT: *Washington Parish Contracting Problems*
Report Number GC-LA-06-08

The purpose of this memorandum is to inform you of our concerns regarding Washington Parish's debris monitoring contract, estimated at \$4 million. The contract does not comply with federal regulations in several respects. We believe FEMA and State of Louisiana officials should caution the Parish that continued use of this contract could result in the Parish's monitoring costs not being reimbursed by FEMA. We discussed our concerns with FEMA officials, and they generally share our concerns.

On September 15, 2005, 17 days after Katrina's landfall, the Parish signed a non-competitive monitoring contract that did not comply with several 44 CFR 13.36 contracting requirements. Specifically:

- The contract was not competitively bid as required by 44 CFR 13.36 (c)(1). (Section 13.36 requires full and open competition unless an exception applies. In this case, no exceptions are applicable.)
- Parish officials did not perform a cost/price analysis as required by 44 CFR 13.36 (d)(4)(ii) that is necessary when adequate price competition is lacking (44 CFR 13.36 (f)(1)).
- The contract included cost-plus-a-percentage-of-cost language prohibited by 44 CFR 13.36 (f)(4).
- The contract did not include a ceiling price that the contractor exceeds at its own risk as required by 44 CFR 13.36 (b)(10)(ii) for time and material contracts.

Under 44 CFR 13.43(a)(2), failure to comply with applicable statutes or regulations can result in the disallowance of all or part of the cost of the activity or action not in compliance. Therefore, we believe Washington Parish officials should take steps to correct these problems or make other debris monitoring arrangements.

We recommend that the Deputy Federal Coordinating Officer for FEMA Disaster Number DR-1603-LA request that FEMA and State personnel responsible for Washington Parish resolve these issues with Parish officials. Please advise me by November 21, 2005, of the actions taken or planned to implement the recommendation, including target completion dates for any planned actions. If you have questions concerning this report, please call me at (940) 465-----.

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.

cc: Principal Federal Officer
Deputy Principal Federal Officer
Finance & Administrative Section Chief/Comptroller, Joint Field Office
Chief of Staff, Joint Field Office
Louisiana State Coordinating Officer
Louisiana State Inspector General
Louisiana Legislative Auditor