

Office of Inspector General
Atlanta Field Office – Audit Division

U.S. Department of Homeland Security
3003 Chamblee-Tucker Road
Atlanta, Georgia 30341



Homeland Security

March 28, 2006

MEMORANDUM FOR: Nick Russo
Principal Federal Officer
Biloxi Joint Field Office
Biloxi, Mississippi

FROM: *Clifford Melby*
Clifford Melby
Gulf Coast Audit Manager

SUBJECT: *Review of FEMA Contracts Awarded by Contracting Officers
At the Jackson, Mississippi Joint Field Office
Report Number GC-MS-06-29*

The purpose of this memorandum is to inform you of the results of our review of contracts awarded by FEMA contracting officers at the Jackson, MS Joint Field Office (JFO). The objective of our review was to determine whether the FEMA contracting officers complied with Title 48 of the Federal Code of Regulations, also known as the Federal Acquisition Regulations (FAR), in selection of contractors for government services and products.

As of October 13, 2005, FEMA contracting officers at the JFO awarded 40 contracts totaling \$15.2 million. We reviewed 12 of these contracts totaling \$14.5 million (see attached exhibit). Our efforts included a review of information in the official contract files, interviews of FEMA contracting officers, and other reviews of procedures deemed necessary.

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, which is coordinating Inspectors General review of this important subject.

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 auditing standards. Had we followed such standards, other matters may have come to our attention.

RESULTS OF REVIEW

FEMA contracting officers at the Jackson, MS JFO generally complied with the FAR. However, in one instance, a sole source contract totaling \$200,000 for printing services was awarded without the

required justification.¹ Accordingly, controls to ensure the most beneficial price for government printing services were circumvented.

FAR Subpart 13.106-1(b) (1) states that, for purchases not exceeding the simplified acquisition threshold, “contracting officers may solicit from one source if the contracting officer determines that the circumstances of the contract action deem only one source reasonably available (e.g., urgency, exclusive licensing agreements, or industrial mobilization).” Also, FAR Subpart 13.106-3 requires contracting officers to obtain a fair and reasonable price and to document the agreed to price upon placing an order.

In the case of the one exception, the contracting officer awarded the printing service contract to a local vendor in the form of a blanket purchase agreement. However, the award was made without any evidence of competition or justification of urgency as required by the FAR. Moreover, for one order placed under the agreement, the contracting officer did not obtain a price quote. This order was for printing 60,000 brochures, entitled: Protecting Your Home From Flood Damages, under FEMA’s mitigation program. The \$34,015 billed for this printing service was paid without evidence of a prior agreement on price.

RECOMMENDATION

We recommend that the Federal Coordinating Officer instruct the Contracting Officer to terminate the blanket purchase agreement with the vendor and determine whether any future printing needs of the JFO should be fulfilled through GPO.

¹ FAR Subsection 8.802 requires Federal agencies to obtain printing through the Government Printing Office (GPO). FEMA waived this requirement for printing related to immediate needs following Hurricane Katrina. FEMA’s waiver was granted pursuant to section 301 of the Stafford Act, as amended, 42 U.S.C. Subsection 5141. The waiver allowed FEMA to obtain printing from private vendors.

DISCUSSION WITH MANAGEMENT AND FOLLOW-UP

We discussed the results of our review with the FEMA Comptroller at the JFO who concurred with our recommendation.

Please inform us by April 11, 2006, of actions taken to implement the recommendation. Your response should be sent to Gary J. Barard, Gulf Coast Audit Coordinator, at:

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Auditor Mary Stoneham performed this review. Should you have any questions concerning this report, please contact me at (404) 486-3629.

Attachment

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
Audit Liaisons, FEMA
Deputy Director, Gulf Coast Recovery
Alabama State Coordinating Officer
FEMA Regional Director, Region IV

Exhibit

List of Jackson, MS-JFO Contracts Reviewed

<u>Contract Number</u>	<u>Description</u>	<u>Amount</u>
HSFE04-05-P-5278	Rental of trailer pads	\$ 167,000.00
HSFE04-05-P-5277	Rental of trailer pads	\$ 329,175.00
HSFE04-05-P-5279	Rental of trailer pads	\$ 385,560.00
HSFE04-05-P-5285	Rental of trailer pads	\$ 103,800.00
HSFE04-05-P-5288	Rental of trailer pads	\$ 64,575.00
HSFE04-05-P-5280	Rental of trailer pads	\$ 92,400.00
HSFE04-05-P-5282	Rental of trailer pads	\$ 73,440.00
	Technical Staff via	
HSFE04-05-P-5090	GSA	\$ 260,000.00
HSFE04-05-P-5082	IT services	\$ 100,000.00
HSFE04-05-P-5093	IT services	\$ 100,000.00
HSFE04-06-P-4000	Printing Services	\$ 200,000.00
HSFE04-05-P-4007	Mobile Home Park	\$ 12,589,793.00
	Total Reviewed	\$ 14,465,743.00