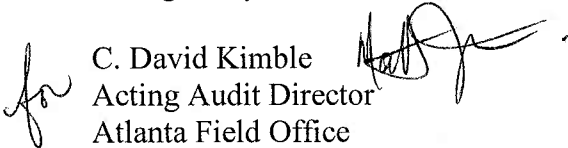




Homeland
Security

April 28, 2006

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

FROM:  C. David Kimble
Acting Audit Director
Atlanta Field Office

SUBJECT: *Review of Hurricane Katrina Debris Removal Contract
City of Tuscaloosa, Alabama
Report Number GC-AL-06-38*

We performed a review of contracts let by the City of Tuscaloosa, Alabama, for Hurricane Katrina debris removal activities. The objective of the review was to determine whether contracts were awarded according to federal procurement standards (44 CFR 13.36) and FEMA guidelines, and whether the city had adequate procedures for monitoring the activities of contractors.

As of October 12, 2005, the cut-off date of our review, the city had received an award of \$1,292,703 from the Alabama Emergency Management Agency, a FEMA grantee, for debris removal activities. The award provided funding for two projects (projects 67 and 207), and the city had let one contract for \$500,000 under project 67.

We interviewed city officials and reviewed contract documents, contractor billings, and other relevant documentation. The nature and brevity of this assignment precluded the use of our normal audit protocols; therefore, this review was not conducted according to generally accepted auditing standards. Had we followed such standards, other matters might have come to our attention.

This review was conducted 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, a copy of the report has been forwarded to the PCIE Homeland Security Working Group that is coordinating Inspectors General review of this important subject.

RESULTS OF REVIEW

Under project 67, the city awarded a unit price contract based on sealed bids. However, the city did not maintain the bid proposals received as required by federal regulation 44 CFR 13.36(b)(9). As a result, we could not determine whether the contract was awarded to the responsible bidder whose proposal was lowest in price (44 CFR 13.36(d)(2)). Nonetheless, the contract unit price appeared reasonable based on costs for similar work in the area. Moreover, the city's procedures for reviewing and approving the contractor's activities and billings were sufficient.

We discussed the record maintenance issue with city officials. They stated that proper records would be retained for future FEMA activities. Therefore, we consider this matter resolved and closed. Because this report contains no recommendation, no action is required.

Auditors Felipe Pubillones and Amos Dienye performed this review. Should you have any questions concerning this report, please contact me at (770) 220-5240.

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