



Homeland  
Security

August 20, 2007

MEMORANDUM FOR: James W. Stark, Director  
FEMA Louisiana Transitional Recovery Office

*Tonda L. Hadley*

FROM: Tonda L. Hadley, Director  
Central Regional Office

SUBJECT: *Review of Hurricane Katrina Debris Removal Activities  
Washington Parish, Louisiana  
FEMA Disaster No. 1603-DR-LA  
Public Assistance Identification Number 117-99117-00  
Report Number DD-07-11*

Attached is our report on the subject review. We contracted with the independent public accounting firm Foxx & Company to perform this review. The report identifies six reportable conditions including unsupported costs claimed for right-of-way debris removal, direct labor hours charged for administrative personnel, unsupported claims for tree stumps, limited use of administrative allowance funds, contractual concerns with the monitoring contract, and costs claimed exceeding FEMA approved rates.

We discussed the results of this review with grantee and FEMA officials on June 11, 2007, and Parish officials on June 12, 2007. FEMA and grantee officials withheld comments on the report. Parish officials provided editing comments, which were incorporated into the report where appropriate, but withheld official comments. Please advise this office by November 20, 2007, of the actions taken or planned to implement the recommendations, including target completion dates for any planned actions. If you have questions concerning this report, please call me at (940) 891-8900.

Attachment

cc: DHS Audit Liaison  
FEMA Audit Liaison  
Deputy Director, GCRO  
Chief Financial Director, Gulf Coast Recovery Office  
Regional Director, FEMA Region VI  
Public Assistance Officer, FEMA Louisiana Transitional Recovery Office  
Chief of Staff, FEMA Louisiana TRO  
Manager, Compliance Audit Division, Louisiana Legislative Auditor  
Louisiana State Coordinating Officer  
Louisiana State Inspector General  
Louisiana Legislative Auditor  
Director of Finance, Gulf Coast Recovery Office



August 20, 2007

Office of Inspector General  
U.S. Department of Homeland Security  
Washington, D.C.

We performed a review of ongoing Hurricane Katrina debris removal activities in Washington Parish, Louisiana. The objective of the review was to determine whether the awarded contracts and contractor billings were in compliance with applicable Federal criteria. We also reviewed selected aspects of the Parish's overall management in view of the magnitude of the debris created by Katrina. We performed the review according to our GSA Contract Number GS-23F-9832H and Task Order TPD-FIG-06-K-00027 dated January 9, 2006.

The attached report includes recommendations to improve the Parish's management of the debris removal grants. We discussed the review results in draft with cognizant Department of Homeland Security, State of Louisiana, and Parish officials. The comments received were incorporated, as appropriate, within the body of the report.

We appreciate the opportunity to have conducted this review. If you have any questions, or if we can be of any further assistance, please call me at (513) 639-8843.

Sincerely,

Foxx & Company

Martin W. O'Neill  
Partner

# TABLE OF CONTENTS/ACRONYMS

<b>INTRODUCTION</b> .....	1
<b>RESULTS OF REVIEW</b> .....	1
A. Unsupported Costs for Right-of-Way Debris Removal .....	1
B. Direct Labor Hours Charged for Administrative Personnel.....	4
C. Unsupported Costs for Tree Stumps .....	5
D. Limited Use of Administrative Allowance Funds .....	6
E. Contractual Concerns with the Monitoring Contract .....	7
F. Excess Costs for Leaners and Hangers.....	8
<b>DISCUSSIONS WITH MANAGEMENT</b> .....	10
<b>ATTACHMENTS:</b>	
I. Schedule of Approved Project Worksheets and Questioned Costs .....	11
II. Objective, Scope, and Methodology .....	12

## ACRONYMS:

CFR	Code of Federal Regulations
DHS	Department of Homeland Security
FEMA	Federal Emergency Management Agency
PW	Project Worksheet

## INTRODUCTION

Hurricane Katrina struck Washington Parish, Louisiana (Parish) on August 29, 2005. The devastation was extensive. By September 30, 2006, the cut-off date for our review, FEMA approved 15 Public Assistance Grant Program Project Worksheets (PWs) for the removal of about 2.1 million cubic yards of debris from the Parish. The approved cost of the debris removal was over \$94.3 million. A schedule of the approved PWs is included as Attachment I.

Hurricane Katrina offered a tremendous challenge to Parish officials. The Parish had never experienced a disaster of this magnitude and Parish officials were unfamiliar with the federal requirements that came along with receiving financial assistance from FEMA. Nevertheless, the Parish, taken as a whole, did a commendable job in managing the removal of the debris created by Katrina. Even though our review identified the reportable conditions discussed in this report, the Parish learned quickly from mistakes made early in the clean-up effort.

FEMA funded 100 percent of the cost of debris removal for all applicants affected by Hurricane Katrina. As of September 30, 2006, the Parish received \$62.4 million from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (State), a FEMA grantee.

## RESULTS OF REVIEW

In the wake of Hurricane Katrina, the Parish removed large volumes of debris from the Parish. The removal of the debris helped to restore public health and safety to ensure economic recovery throughout the Parish. However, we identified the following reportable conditions that resulted in questioned costs of \$2,098,111:

- Unsupported Costs for Right-of-Way Debris Removal (\$743,700)
- Direct Labor Hours Charged for Administrative Personnel (\$613,325)
- Unsupported Costs for Tree Stumps (\$741,086)
- Limited Use of Administrative Allowance Funds
- Contractual Concerns with the Monitoring Contract
- Excess Costs for Leaners and Hangers

### **A. Unsupported Costs for Right-of-Way Debris Removal**

Through September 30, 2006, the cut-off date for our review, the State approved Parish reimbursement requests totaling \$24,225,338 under PWs 270, 2643, and 3242 for the removal of debris from right-of-ways. Of this amount, about \$743,700 was not supported. We identified additional areas of concern that were not quantified during our review but that the Parish should resolve to ensure that the costs claimed were accurate and supported.

The Parish relied exclusively on a monitoring contractor to oversee the activities of its right-of-way debris removal contractor. We applied an analytical technique (data mining) to databases

provided by the monitoring and debris removal contractors to test the supportability of the costs claimed. Our analysis identified \$743,700 of unsupported debris removal costs.

Recognizing the magnitude of cleanup needed, Parish officials elected to rely on a monitoring contractor to oversee the loading, hauling, and measuring of debris from right-of-ways within the Parish. The monitoring contractor's responsibility included assuring the Parish that costs billed by the right-of-way debris removal contractor were accurate and supported before the Parish submitted reimbursement requests for FEMA funds. However, the monitoring contractor's records did not include a compilation of the load tickets that supported individual invoices certified as accurate and supportable.

The risk level for unsupported costs was high because of the difficulty in reviewing contractor invoices for the magnitude of the debris removed from the Parish. Therefore, we obtained copies of the debris removal and monitoring contractors' databases that contained the official support for the Parish's reimbursement requests. We compared the costs and supporting information within and between the databases through the use of data mining to identify inconsistencies or other anomalies concerning the costs billed by the right-of-way debris removal contractor. Our comparisons identified the following anomalies:

#### Anomaly 1

The monitoring contractor provided a list of 525 trucks with certified capacities for hauling debris from the Parish. The list did not include equipment that did not have a capacity to haul debris (e.g., loaders). We matched the list of certified trucks to load tickets included in the databases the debris removal and monitoring contractors provided. The load tickets identified the trucks that hauled the debris. The comparisons identified 365 trucks that hauled debris but were not on the monitoring contractor's list of certified trucks. The monitoring contractor provided additional documentation in response to our questioning to support that 308 of the 365 trucks were certified, even though the 308 trucks had not been included on the list of certified trucks. The monitoring contractor did not provide supporting documentation that the remaining 57 trucks were certified to haul debris. Without official certifications, the cost of debris hauled in each truck was not eligible for reimbursement. The costs claimed for debris hauled by the 57 uncertified trucks totaled about \$64,000, which we question as ineligible.

#### Anomaly 2

As discussed in Anomaly 1, we identified 308 certifications from documentation the monitoring contractor provided in response to our questions concerning truck certifications. Of the 308 vehicle certifications, 171 were loaders and other non-hauling equipment. The databases included load tickets for the 171 vehicles indicating that the vehicles hauled debris even though they were not debris haulers. The costs claimed for the debris hauled by this equipment totaled about \$208,000, which we question as unsupported.

### Anomaly 3

The Parish based payments to the debris removal contractor on the monitoring contractor's determinations of cubic yards hauled to the dump locations. From an elevated tower, the monitoring contractor's personnel estimated the quantity of debris in the trucks. Guidance from FEMA and the monitoring contractor stated that it is virtually impossible for a truck to be 100 percent full when carrying vegetative or construction and demolition (C&D) debris. Still, the contractor databases included 2,457 truckloads (115,760 cubic yards) of vegetative and C&D debris estimated at 100 percent per truck. According to FEMA guidance and discussions with FEMA officials, estimates of capacities from towers should be in 5 percent increments. Because it was not feasible for trucks to be 100 percent full, the maximum capacity claimed should have been 95 percent. Accordingly, we question 5 percent (\$96,700) of the costs claimed (\$1,933,981) for the 2,457 truckloads of vegetative and C&D debris as unsupported.

### Anomaly 4

The databases included multiple entries for over 6,100 load ticket numbers for vegetative and C&D debris. Of the 6,100 load tickets, 297 were entered into the databases from three to five times. The database included 1,527 entries for the 297 tickets. The debris removal and the monitoring contractors maintained separate databases. Because slight differences in entries would cause the database comparisons to identify two separate entries for the same ticket number, we conservatively allowed two entry situations, one for each database. For example, inserts of extra spaces and capitalization differences when the contractors entered load ticket information into their respective databases would cause a mismatch between the two databases. After allowing two entries for each of the 297 tickets, we questioned 933 entries that represented 29,735 cubic yards of debris that was invoiced as hauled: 25,780 for C&D (\$12.00/CY) and 3,955 for vegetative debris (\$16.75/CY). The cost for hauling the 29,735 cubic yards of debris was about \$375,000, which we question as ineligible.

Our database comparisons identified additional areas of concern that should be resolved to ensure that the costs claimed for the removal of debris from right-of-ways were accurate and supported. The concerns include situations where (1) load tickets exist in the debris removal contractor's database but not in the monitoring contractor's database, and vice versa; (2) the two databases had different estimates of debris volume in trucks for the same load tickets; and, (3) truck capacities obtained from load tickets exceeded truck capacity measurements cited on individual official truck certifications. Because the condition of the supporting documentation maintained by the Parish and the monitoring contractor was poor, we could not quantify these concerns within the time and cost limitations of our review.

### *Conclusion/Recommendations:*

The nature and large number of anomalies demonstrate that the monitoring contractor did not maintain sufficient records to support the assurances provided to the Parish that the costs billed

by the debris removal contractor were accurate and supported. The monitoring contractor should have been able to identify the specific load tickets and other documentation that supported individual invoices the Parish received from the debris removal contractor. The monitoring contractor also should have been able to provide support to explain the anomalies identified from the database comparisons.

The responsibility for explaining and documenting the resolution of the anomalies and providing support for the costs claimed to FEMA rests with the Parish. The Parish should not pay the debris removal contractor for unsupported invoices. In addition, the State should re-evaluate the monitoring contractor's performance and make appropriate adjustments for the quality of services provided (reportable condition E.).

Accordingly, we recommend that the Director, FEMA Louisiana Transitional Recovery Office:

1. Disallow \$743,700 of ineligible and unsupported costs for debris removal, and
2. Require the State to analyze the cost concerns identified but not quantified during our review and provide the results of their analysis to FEMA for determination whether additional costs should be disallowed.

#### **B. Direct Labor Hours Charged for Administrative Personnel**

The monitoring contractor billed labor costs totaling \$613,325 for general management and administrative positions not identified as billable positions in its contract with the Parish. Therefore, we question the \$613,325 as ineligible because these costs do not comply with the terms of the contract and because they duplicate costs already included in the hourly rates of positions identified in the contract. Federal regulations at 44 CFR 13.36(b)(2), state that subgrantees are responsible for ensuring contractors perform according to the terms, conditions, and specifications of their contracts.

In December 2005, under PW 3144, the Parish awarded a time-and-material contract for monitoring the collection, removal, and demolition of debris from Parish right-of-ways. The contract included the same direct labor positions, fixed labor-hour rates, and tasks as those included in the Request for Proposals. The direct labor hour rates were not broken down into cost components and, therefore, are assumed to be "fully loaded" rates that include wages, overhead, general and administrative expenses and profit.

The costs claimed by the Parish through September 30, 2006, under PW 3144, included the following labor hour charges for general management and administrative positions that were not included in the monitoring contract:

<b>Positions</b>	<b>Claimed Labor Costs</b>
Supervisor, Accounting	\$ 74,900
Supervisor, Quality Assurance	1,680
Supervisor, Project Business Administrator	72,450
Supervisor, Health and Safety	230,650
Supervisor, Billing	38,640
Debris Monitor, Data Entry	195,005
Total Through September 30, 2006	\$613,325

*Conclusion/Recommendation:*

The terms of the monitoring contract did not provide for separate funding of general management and administrative positions. Further, these types of costs duplicate costs already included in the contractor's fully loaded rates and were therefore not allowable. We question the \$613,325 as ineligible.

We recommend that the Director, FEMA Louisiana Transitional Recovery Office:

3. Disallow the \$613,325 claimed by the Parish under PW 3144 for the cost of general and administrative positions charged by the monitoring contractor through September 30, 2006, and any similar claims subsequent to this date.

**C. Unsupported Costs for Tree Stumps**

Under PW 2643, FEMA approved \$8,052,000 for the removal and transportation of hazardous stumps from the Parish. As of September 30, 2006, the Parish claimed \$1,474,855 under this PW. However, the contractor's invoices supported only \$733,769 of the \$1,474,855 claimed. Federal regulations at 44 CFR 13.20(b)(6) require grantees and subgrantees to support their records with source documents such as cancelled checks, paid bills, payrolls, time and attendance records, and contract and subgrant award documents. Therefore, we question \$741,086 as unsupported (\$1,474,855 - \$733,769).

Parish officials did not prepare or review cost reimbursement requests before they sent reimbursement requests to the State. Instead, the officials relied on the monitoring contractor, who oversaw the right-of-way debris removal operation for the Parish, to prepare reimbursement requests. Parish officials were unaware of the unsupported costs claimed.

The monitoring contractor said that some of the unsupported costs were billed because the right-of-way debris removal contractor submitted invoices that were later replaced by invoices in which the amounts were changed. In addition, some invoices were submitted in two separate reimbursement requests. The monitoring contractor could not further explain the unsupported invoices.

*Conclusion/Recommendation:*

Improper accounting for costs associated with the removal and transportation of stumps resulted in the Parish claiming unsupported costs of \$741,086. Only \$733,769 of the Parish's \$1,474,855 claimed costs was supported by appropriate documentation.

Accordingly, we recommend that the Director, FEMA Louisiana Transitional Recovery Office,

4. Disallow \$741,086 of unsupported costs claimed under PW 2643.

**D. Limited Use of Administrative Allowance Funds**

The Parish did not spend its administrative allowance funds provided by FEMA and mistakenly planned to transfer unused funds to its General Fund. However, funds not expended by closeout of the grant must be returned to FEMA. Therefore, the Parish must forfeit unused administrative funds when the FEMA grants are closed out. As of September 30, 2006, the Parish received, but had not expended, \$293,221 of administrative allowance funds.

Title 44 CFR 206.228 states that a Statutory Administrative Allowance is provided to subgrantees to cover the necessary direct and indirect costs of requesting, obtaining, and administering federal disaster assistance. This Statutory Administrative Allowance (sliding scale) is automatically added as a percentage of the total amount of assistance for the subgrantee when projects are processed.<sup>1</sup> Federal requirements state that subgrantees must maintain records of how administrative allowance funds are spent. The records are subject to audit. In addition, at closeout, unused administrative allowance funds must be returned to FEMA.

Parish officials said that the administrative allowance funds had not been used because the monitoring contractors administered the debris removal projects. In addition, the officials were not aware that the funds could be used to recover costs incurred by the Parish to request and obtain grant funds or to enhance the Parish's ability to administer the grants. The officials also said they were not aware that any unused funds had to be returned to FEMA.

*Conclusions/Recommendations*

The Parish will lose administrative allowance funds not used before grant closeout. The Parish could have used the administrative allowance funds to enhance its ability to monitor debris removal activities and to ensure that only allowable and supported costs were claimed. For example, the Parish did not perform an independent analysis to determine if the monitoring contractor was adequately reviewing invoices and collecting supporting documentation from the debris removal contractor before approving the invoices and recommending to the Parish that it submit the invoices to the State for reimbursement. The Parish should spend the administrative allowance for eligible costs or return the unused funds to FEMA.

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<sup>1</sup> The Administrative Allowance is based on a sliding scale, ranging from 3 percent of the first \$100,000 of eligible costs to ½ percent of eligible costs in excess of \$5,000,000.

Accordingly, we recommend that the Director, Louisiana Transitional Recovery Office require the State to:

5. Advise the Parish on the federal requirements concerning how administrative allowance funds may be used, and
6. Ensure that the Parish returns any unused administrative funds to FEMA at closeout.

#### **E. Contractual Concerns with the Monitoring Contract**

The Parish's September 15, 2005 contract with the monitoring contractor did not comply with federal procurement standards. In OIG Report Number GC-LA-06-08, dated November 14, 2005, the OIG questioned the adequacy of the Parish's contracting procedures. The OIG reported that the award did not comply with several 44 CFR 13.36 procurement standards. Specifically, the report stated:

- The contract was not competitively bid,
- Parish officials did not perform a cost/price analysis that is necessary when adequate price competition is lacking,
- The contract included cost-plus-percentage-of -cost language, and
- The contract did not include a ceiling price that the Contractor exceeds at its own risk.

On February 24, 2006, FEMA responded to the OIG's report and said it had encouraged the Parish to re-bid the contract for debris monitoring responsibilities. The response also said that the Parish agreed and solicited bids from seven companies for debris monitoring; the Parish received three proposals and established a selection committee to review and evaluate the proposals based on the award criteria outlined in the project solicitation; and the Selection Committee's evaluation of the bid proposals resulted in the incumbent monitoring contractor being awarded the contract.

FEMA also stated in its response that, while the Parish did seek competitive proposals in its effort to re-bid the contract, they questioned whether the Parish had followed all the requirements of the applicable federal, state, and local laws and standards for procurement. FEMA said that the weighted evaluation criteria the Parish used for the award gave an unfair advantage to the contractor selected; for example, the proposal placed substantially more weight on having trained staff in place one day after the proposals were due (90 percent) than on contract costs (10 percent). FEMA's response also said that the labor pricing was 10 to 15 percent higher than the low bids. However, the response stated that FEMA did not contest the selection process because "FEMA had limited experience and institutional knowledge on the reasonableness of the costs associated with debris monitoring operations." The response also stated that, with no additional information and the acceptance by the Parish and the State of the re-bidding process and selection, FEMA had no basis to contest the unit prices and selection process. FEMA's response did not state whether it advised the Parish or State of the concerns mentioned in the response.

OIG officials concluded, based on FEMA's response, that the recommendation in their November 14, 2005 report was neither resolved nor closed as a result of the re-bid process. However, because the Parish's debris removal activities were being re-addressed in our review, OIG officials closed the audit for reporting purposes.

Our review of the work performed by the monitoring contractor disclosed numerous problems related to the monitoring contractor's oversight of the activities of the right-of-way debris removal contractor. The problems identified during our review included that the monitoring contractor:

- Did not ensure that the debris removal contractor's invoices were accurate and supported, even though the Parish relied on the monitoring contractor's assurances when requesting FEMA's cost reimbursements (reportable condition A).
- Claimed direct labor costs for administrative positions not identified as direct charges in the contract (reportable condition B).
- Improperly accounted for costs associated with the removal and transportation of stumps resulting in the Parish claiming unsupported costs (reportable condition C).

#### *Conclusion and Recommendation*

Because debris cleanup and monitoring at the Parish is complete, we are making no recommendation concerning the selection of the monitoring contractor. However, we recommend that the Director, Louisiana Transitional Recovery Office, require the State to

7. Advise the Parish to comply with federal procurement standards at 44 CFR 13.36 in future disasters, and
8. Evaluate the reasonableness of costs claimed for the monitoring contractor in light of the contractor's substandard performance in assuring the accuracy and supportability of the claims certified to the Parish and adjust the claimed costs accordingly.

#### **F. Excess Costs for Leaners and Hangers**

The Parish claimed costs that exceeded the approved FEMA rates provided for in the scope of work under PW 3384 for the removal of up-rooted trees (leaners) and branches hanging from trees (hangers) damaged by Hurricane Katrina. The Parish claimed \$33,106,379 for the removal of the leaners and hangers, whereas the cost based on the FEMA approved rates was only \$14,409,436. Therefore, the Parish claimed \$18,696,943 in excess of the amount approved by FEMA.

FEMA's Public Assistance Guide (FEMA 322) states that eligible costs are costs that are reasonable and necessary to accomplish the eligible work. A reasonable cost is a cost that is both

fair and equitable for the type of work being performed. Reasonable costs can be established by using average costs for similar work in the area.

Following Hurricane Katrina, Parish officials awarded a contract for the removal of debris from Parish right-of-ways. Parish officials said the original solicitation for right-of-way debris removal included a reference for the removal of damaged trees, but did not include a price matrix for submittal of rates by prospective bidders. The removal of leaners and hangers was overlooked because of the high level of activity that occurred after Hurricane Katrina. When the Parish determined that the contractor was to remove leaners and hangers, the existing right-of-way contractor submitted rates that were approved by the Parish and included in the contract through a change order.

The Parish did not perform a cost analysis to determine whether the contractor's proposed unit costs for the change order were reasonable. The Parish also did not communicate with FEMA before initiating the change order. However, Parish officials said the rates were reasonable based on an undocumented price analysis they performed after the fact.

FEMA approved rates for the removal of leaners and hangers in the PW that were considerably less than the rates included in the Parish's contract change order. FEMA determined that the Parish contractor's rates were unreasonable based on the average costs of bids received by another Parish in the area. Therefore, the amount approved in the PW reflected the reduced rates. The Parish appealed FEMA's decision to reduce the rates. At the conclusion of our review, FEMA had not made a decision on this appeal, according to Parish officials.

The Parish submitted two reimbursement requests to the State claiming costs under PW 3384 based on invoices received from the right-of-way contractor. The contractor's invoices were based on the rates included in the right-of-way contract with the Parish. However, the monitoring contractor, who prepared reimbursement requests for the Parish, reduced the rates and prepared the first request for \$14,409,436 based on the rates approved by FEMA. At the request of the Parish, the monitoring contractor prepared a second reimbursement request for costs in the amount of \$18,696,943 in an attempt to recover the difference between the FEMA rates and the amount billed by the right-of-way contractor.

On June 5, 2007, a note was added in the State of Louisiana's public assistance database that their review of the \$18,696,943 reimbursement request determined that the costs had already been paid (at the lower rate). However, Parish officials said, during the exit conference on June 12, 2007, that they had not received any communication stating that the claim had been disallowed. The officials believe the claim should be approved.

*Conclusion:*

When FEMA approved PW 3348, the FEMA approved rates for leaners and hangers were considerably less than the rates included in the Parish's contract with the right-of-way debris removal contractor. The Parish's claim for \$14,409,436 was based on the approved rates. However, the Parish claimed an additional \$18,696,943 in an attempt to recover the amount

owed to the contractor under the contract. FEMA's decision to reduce the rates resulted in a savings of \$18,696,943.

### **DISCUSSIONS WITH MANAGEMENT**

We discussed the results of the review with FEMA, State, and Parish officials during exit conferences in June 2007. The officials said that they would reserve their official comments until after the report was issued. FEMA will receive comments from the State and the Parish, and will provide written comments to the Office of Inspector General. However, State and Parish officials asked us to acknowledge in the report that they had applied the lessons learned from the award of the first monitoring contract to the subsequent contract awarded for monitoring services. The officials also wanted to point out that we did not identify non-compliance problems during our review of the Parish's contracting procedures for the second monitoring contract.

**Department of Homeland Security  
Office of Inspector General  
State of Louisiana – Washington Parish  
Review of Debris Removal Activities**

**Project Worksheet Eligible Amounts  
Approved Reimbursement Requests  
Questioned Costs  
September 30, 2006**

Project Worksheet	Activity	PW Eligible Amounts	Approved Reimbursements	Questioned Costs
270	Debris Removal	\$30,108,235	\$23,293,034	<sup>2</sup>
2643	Stump Removal	8,052,000	884,708 <sup>3</sup>	\$ 741,086
3144	ROW Monitoring	11,407,841	9,956,211	613,325
3145	Landfill Management	532,228	625,311	-0-
3146	Stump Disposal	151,200	-0-	-0-
3147	PPDR	18,000,000	7,529,730	-0-
3148	PPDR Monitoring	6,000,000	4,243,982	-0-
3240	Landfill Leases	847,300	1,083,031	-0-
3242	C & D Removal	1,125,000	47,596	
3384	Leaners & Hangers	15,701,205	14,409,437 <sup>4</sup>	-0-
5522	Stump Disposal	1,028,160	-0-	-0-
6873	PP Demolition	983,945	-0-	-0-
7027	Landfill Management	10,600	10,600	-0-
10547	Hazardous Material	320,805	288,725	-0-
10647	Parish Overtime, Materials & Equipment	76,807	-0-	-0-
	Data Mining Results		N/A	743,700
	Totals	\$94,345,326	\$62,372,364	\$ 2,098,111

Source: State of Louisiana database – LAPA.com – provided the PW eligible amounts and the amounts approved from Parish reimbursement requests.

<sup>2</sup> The data mining analysis identified questioned costs totaling \$743,700. However, the condition of the monitoring contractor's records did not allow us to determine how the \$743,700 should be spread between the applicable Project Worksheets. The PWs related to the \$744,306 questioned costs were PW Numbers 270, 2643, and 3242. The portion of the \$743,700 applicable to PW 2643 would be in addition to the \$741,086 identified in reportable condition C – Unsupported Claims for Tree Stumps.

<sup>3</sup> Parish records show that as of September 30, 2006, the Parish had submitted reimbursement requests totaling \$1,474,855.

<sup>4</sup> The Parish submitted an additional reimbursement request for \$18,696,943 on April 28, 2006 to recoup expenses in excess of FEMA approved rates on invoices previously paid at the approved rate.

**Department of Homeland Security  
Office of Inspector General  
State of Louisiana – Washington Parish  
Review of Debris Removal Activities**

**Objectives, Scope, and Methodology**

The objective of our review of ongoing Hurricane Katrina debris removal activities in Washington Parish, Louisiana was to determine whether the awarded contracts and contractor billings were in compliance with applicable federal criteria. We also reviewed selected aspects of the overall management of debris removal and monitoring within the Parish because of the magnitude of the devastation and the volume of debris created by Katrina.

The scope of the review included all debris removal and monitoring activities managed by the Parish during the period August 29, 2005 through September 30, 2006. We performed the work at the Joint Field Office in Baton Rouge, Louisiana, FEMA's area offices in Covington, Louisiana, Washington Parish's government offices, contractor locations, and at the temporary and permanent landfill locations. In addition, we utilized the services of a University to assist in the performance of data mining of the debris removal invoice data base discussed in reportable condition A.

Our methodology included interviews with FEMA, State, Parish, and contractor officials to obtain an understanding of internal control systems and to identify current issues and concerns relative to the debris removal. We reviewed contract types, procurement methods, reasonableness of contract rates, compliance with federal requirements, and cost/price analyses performed by the Parish. We also reviewed the Parish's reimbursement requests for contractor billings through September 30, 2006, to determine whether the amounts claimed for incurred expenses were appropriately supported, accurate, and according to applicable laws and regulations.

The Department of Homeland Security, Office of Inspector General (DHS/OIG) is reporting the results of the review to appropriate DHS officials. We discussed the review results in draft with cognizant DHS, State, and Parish officials and incorporated their comments, as appropriate, within the body of the report.

The nature and brevity of this review precluded the use of our normal review protocols. Therefore, this review was not conducted according to Generally Accepted Government Auditing Standards. Had we followed such standards, other matters may have come to our attention. However, we conducted sufficient procedures to achieve the objectives of the review and to ensure that the reportable conditions were correct.