



# At a Glance

*Catalyst for Improving the Environment*

## Why We Did This Review

We sought to determine whether the U.S. Environmental Protection Agency (EPA), in its response efforts related to Hurricane Katrina, adequately designed and effectively implemented controls for expenditures, paid a reasonable price for products and services obtained, and adequately safeguarded purchased assets.

## Background

On August 29, 2005, Hurricane Katrina devastated parts of Louisiana, Mississippi, and Alabama. EPA had existing emergency response contracts in place at the time Hurricane Katrina hit, and used these contracts extensively to support its response efforts. The response efforts involved sending numerous personnel to the area and purchasing equipment and services to support them.

For further information, contact our Office of Congressional and Public Liaison at (202) 566-2391.

To view the full report, click on the following link:  
[www.epa.gov/oig/reports/2006/20060927-2006-P-00038.pdf](http://www.epa.gov/oig/reports/2006/20060927-2006-P-00038.pdf)

## ***Existing Contracts Enabled EPA to Quickly Respond to Hurricane Katrina; Future Improvement Opportunities Exist***

### **What We Found**

EPA's existing contracts awarded for responding to natural disasters worked as intended and allowed EPA to quickly respond to Hurricane Katrina. While opportunities for future improvement exist, EPA's ability to operate under catastrophic conditions was commendable. Almost immediately after Katrina, EPA officials were in affected areas, assessing damage and formulating action plans. As a result, EPA quickly began protecting human health and the environment. Further, existing contracts limited cost risks, because EPA did not have to quickly award a large number of noncompetitive sole source contracts.

EPA still needed to award some noncompetitive contracts valued at about \$9 million during its Katrina response efforts, and we noted areas where EPA can make improvements for future disasters. Contracts need to be flexible, provide sufficient detail on what is being obtained, avoid unnecessarily long periods of performance, adequately support price reasonableness determinations, and ensure procurements are used to address the disaster.

EPA needed to improve its review of contractor invoices to help prevent payment of duplicate, unallowable, and/or unreasonable costs. Our review of a limited number of invoices found that contractors overcharged EPA \$18,298 in duplicate payments, \$54,734 by using inappropriate indirect cost and labor rates, and \$110,843 in inappropriate boat rental costs. During the course of our audit, EPA initiated actions to have contractors repay those amounts. At our urging, EPA placed greater emphasis on reviewing invoices, and its prompt actions eliminated our concerns in this area.

EPA needs to improve plans for property management during catastrophic emergencies. Almost 4 months after Katrina, EPA had in most cases not properly placed decals on equipment and/or recorded equipment in its property system. While this understandably happened because of the emergency situation, EPA should attempt to improve controls for handling future disasters.

### **What We Recommend**

Recognizing that EPA has begun a process to improve its response efforts for future catastrophic events based on its Katrina experience, we made various recommendations to help it prepare for such future events. EPA agreed to take sufficient actions on all recommendations.