



**U.S. Environmental Protection Agency
Office of Inspector General**

10-P-0047
December 16, 2009

At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The Office of Inspector General (OIG) sought to determine whether the U.S. Environmental Protection Agency (EPA) had the controls and processes in place during its responses to Hurricanes Gustav and Ike to timely obtain goods and services it needed at reasonable prices. We also followed up on actions EPA committed to take after Hurricane Katrina.

Background

In 2006, the OIG issued a report titled *Existing Contracts Enabled EPA to Quickly Respond to Hurricane Katrina; Future Improvement Opportunities Exist*. Hurricanes Gustav and Ike made landfall in Louisiana and Texas in September 2008 and caused significant damage.

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2010/20091216-10-P-0047.pdf

EPA Needs to Improve Cost Controls for Equipment Used during Emergencies

What We Found

EPA did not monitor costs paid for equipment used during its responses to Hurricanes Gustav and Ike against average purchase prices. In our sample of 97 equipment items, with usage charges of \$4,399, EPA may have paid a total of \$2,048 more than the average purchase price for 22 items. EPA did not require the contractor to submit average purchase price information as required in the contract. While EPA had controls to monitor equipment charges, it did not use the tools effectively. EPA could have mitigated the risk of excessive charges for equipment rentals by using the Removal Cost Management System for all emergency response contracts, and tracking equipment rental costs by contract. Improvements are needed so that EPA can better control equipment costs.

Using lessons learned from Hurricane Katrina, EPA established additional emergency response contracting mechanisms to meet the Agency's needs during future emergencies. EPA implemented the corrective actions it agreed to take in response to recommendations in our 2006 report on Katrina contracting issues. However, EPA never established a review board for Hurricanes Gustav and Ike; review boards can help improve future emergency contracting procedures.

EPA did not notify the OIG as required that several corrective actions were going to be delayed by more than 6 months. This can impact the completeness and accuracy of reports to Congress.

What We Recommend

We recommend that EPA review equipment charges for Hurricanes Gustav and Ike for usage fees that exceeded average purchase price, negotiate new rates, and amend contract language. We also recommend that EPA develop a system or process to identify and prevent overcharges for all emergency response contracts, and notify the OIG when corrective actions are delayed more than 6 months. EPA agreed with our recommendations or proposed acceptable alternative corrective actions that, when implemented, should adequately address the findings.