



Homeland
Security

DEC 21 2010

The Honorable Ted Poe
U.S. House of Representatives
430 Cannon House Office Building
Washington, DC 20515

Dear Congressman Poe:

Enclosed for your information is our final audit report, *Chambers County, Texas*, (DD-11-05). We conducted this audit in response to your request to examine Chambers County (County) contracting practices following Hurricane Ike.

We determined that County officials did not comply with federal procurement regulations and Federal Emergency Management Administration (FEMA) guidelines when they awarded four of five debris contracts. Instead of providing full and open competition by allowing market conditions to establish reasonable rates, County officials awarded the contracts non-competitively. Neither the County nor FEMA retained cost or price analysis documentation supporting how they determined hourly rates were reasonable. The County also did not monitor time-and-material contracts and claimed \$4.0 million in ineligible and unsupported costs. We recommended FEMA disallow \$44.6 million and establish, strengthen, and implement Public Assistance program oversight procedures to proactively identify and correct contracting compliance problems.

Should you have any questions, please call me, or a member of your staff may contact our congressional liaison, Marta Metelko, at (202) 254-4100.

Sincerely,

A handwritten signature in black ink that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General

Enclosure

cc: DHS Office of Legislative Affairs