



Highlights of [GAO-06-622T](#), a testimony before the Subcommittee on Federal Financial Management, Government Information, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate.

## Why GAO Did This Study

The devastation experienced throughout the Gulf Coast region in the wake of Hurricanes Katrina and Rita has called into question the government's ability to effectively respond to such disasters. The government needs to understand what went right and what went wrong, and to apply these lessons to strengthen its disaster response and recovery operations.

The federal government relies on partnerships across the public and private sectors to achieve critical results in preparing for and responding to natural disasters, with an increasing reliance on contractors to carry out specific aspects of its missions. At the same time, the acquisition functions at several agencies are on GAO's high-risk list, indicating a vulnerability to fraud, waste, and abuse.

This testimony discusses how three agencies—the General Services Administration, the Federal Emergency Management Agency (FEMA), and the U.S. Army Corps of Engineers (the Corps)—conducted oversight of key contracts used in response to the hurricanes. Efforts are ongoing by these agencies to address issues GAO and others have identified.

## What GAO Recommends

While GAO is not making any new recommendations in this testimony, GAO highlights previous recommendations and also identifies other issues agencies should consider when conducting emergency procurements.

[www.gao.gov/cgi-bin/getrpt?GAO-06-622T](http://www.gao.gov/cgi-bin/getrpt?GAO-06-622T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact William T. Woods at (202) 512-4841 or [woodsw@gao.gov](mailto:woodsw@gao.gov).

# HURRICANE KATRINA

## Planning for and Management of Federal Disaster Recovery Contracts

### What GAO Found

Agency acquisition and contractor personnel have been recognized for their hard work in providing the goods and services required to be responsive. The response efforts nonetheless suffered from three primary deficiencies:

First, there was inadequate planning and preparation in anticipating requirements for needed goods and services. Some key agencies did not always have adequate plans for contracting in a major contingency situation. For example, while contracts for some items were in place prior to the storm, the Federal Emergency Management Agency did not adequately anticipate needs for such services as providing temporary housing and public buildings. There were also competing tensions between the selection of national contractors and the Stafford Act requirement that there be a preference for contractors from the affected area. Better planning could have alleviated those tensions.

Second, there was a lack of clearly communicated responsibilities across agencies and jurisdictions to ensure effective outcomes. In a disaster situation, sometimes local or state officials determine the requirements and communicate them to FEMA, which then may write and award the contract or communicate the requirements to another agency that writes and awards the contract; and then FEMA or another agency will oversee contract performance. To ensure effective execution of the contract, this approach puts a premium on clear alignment of responsibilities and good communications, but our fieldwork identified examples where unclear responsibilities and poor communications resulted in poor acquisition outcomes. For example, the process for ordering and delivering ice heavily depends on effective communications between FEMA and the Corps. However, according to Corps officials, FEMA did not fully understand the contracting approach used by the Corps and ordered at least double the amount of ice required, resulting in an oversupply of ice and a lack of distribution sites to handle the volume ordered.

And third, there were insufficient numbers and inadequate deployment of personnel to provide for effective contractor oversight. The purpose of monitoring is to ensure that contracted goods and services are delivered in accordance with the agreed upon schedule, cost, quality, and quantity provisions stated in the contract. Without sufficient numbers of trained people properly deployed, however, monitoring will not be effective, agencies may not be able to quickly identify and correct poor contractor performance, and agencies will be at risk of overpaying contractors. Our work indicated that while monitoring was occurring on the contracts we reviewed, the number of staff available was not always sufficient and staff were not effectively deployed. For example: FEMA's contracts for installing temporary housing in four states had only 17 of the 27 technical monitors that had been determined necessary to oversee contractor performance.