



Highlights of [GAO-07-205](#), a report to congressional addressees

Why GAO Did This Study

In response to Hurricane Katrina, the Departments of Homeland Security (DHS) and Defense (DOD), the General Services Administration (GSA), and the U.S. Army Corps of Engineers (Corps) were responsible for 94 percent of the federal funds awarded for relief efforts via contracting as of May 2006. This report, which GAO conducted under the Comptroller General's Authority, describes (1) the amounts that small businesses received from prime contracts with these agencies, (2) the extent of subcontracting, (3) and the extent to which Disadvantaged Business Enterprises (DBEs) received Department of Transportation funds for Katrina-related projects.

In conducting this study, GAO analyzed agency contract data, reviewed federal acquisition regulations, and interviewed agency procurement officials.

What GAO Recommends

GAO recommends that DOD, DHS, and GSA (1) issue guidance to key personnel reinforcing the importance of subcontracting plan requirements and (2) consider requesting that their Inspectors General review their compliance with this guidance.

The agencies generally agreed with GAO's recommendations and are taking steps to implement them.

www.gao.gov/cgi-bin/getrpt?GAO-07-205.

To view the full product, including the scope and methodology, click on the link above. For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov.

HURRICANE KATRINA

Agency Contracting Data Should Be More Complete Regarding Subcontracting Opportunities for Small Businesses

What GAO Found

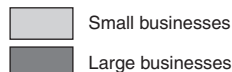
Small businesses received a total of 28 percent of the \$11 billion in contracting dollars that DHS, GSA, DOD, and the Corps directly awarded in response to Hurricane Katrina (see fig.). Local businesses of all sizes in Alabama, Louisiana, and Mississippi received 18 percent, or \$1.9 billion of these funds. Small businesses received 66 percent of the \$1.9 billion awarded in these states.

Required information on small business subcontracting is not consistently available in official procurement data systems for the four agencies. The systems had no information on whether DHS or GSA required subcontracting plans for 70 percent or more of their contracting funds. In addition, when data showed agencies determined that the plans were not required, the four agencies often did not document a reason for their determinations, even though federal rules require such documentation when prime contracts meet criteria for having these plans. Incomplete information about subcontracting limits determining the extent to which agencies complied with contracting rules and gave small businesses maximum opportunities to win subcontracts.

DBEs were awarded about 4 percent, or about \$53 million, of the almost \$1.3 billion the Department of Transportation's Federal Highway Administration funded for Katrina-related contracts in Alabama, Louisiana, and Mississippi between August 1, 2005, and June 30, 2006. These contracts were awarded by the three state departments of transportation. DBEs also received about 10 percent of \$24 million that airports in the three states awarded using Federal Aviation Administration funds for Katrina-related contracts.

Percentage of Katrina-Related Contracts Awarded to Small Businesses, by DHS, GSA, DOD, and the U.S. Army Corps of Engineers

	Dollars (in millions) by business size			Total	
	Small		Large		
DHS	\$1,559.9	24%	76%	\$4,858.6	\$6,418.5
GSA	474.7	72%	28%	183.0	657.8
DOD	332.7	34%	66%	653.9	986.6
Corps	728.2	23%	77%	2,381.7	3,109.9
Total	3,095.6	28%	72%	8,077.2	11,172.8



Source: GAO analysis of FPDS-NG and DD-350 data on contracting actions awarded from August 1, 2005, to June 30, 2006.