



# Report In Brief

U.S. Department of Commerce Office of Inspector General

October 19, 2006



## Why We Did This Review

In the aftermath of the 2005 hurricanes Katrina and Rita, the Homeland Security Working Group of the President's Council on Integrity and Efficiency (PCIE) coordinated the inspectors general reviews of post-hurricane spending and examined relief efforts provided by the federal government because of expressed congressional concerns about the potential for fraud and waste in the massive effort. We surveyed Department of Commerce contracts and financial assistance awards after the hurricanes to determine whether the Department had taken reasonable steps to reduce the potential for fraud, waste, and abuse.

## Background

The National Oceanic and Atmospheric Administration's (NOAA's) Gulf Coast area facilities suffered serious hurricane damage. We conducted site visits at both the National Marine Fisheries Service Laboratory and National Seafood Inspection Laboratory in Pascagoula, Mississippi, to observe the hurricane damage.

To view the full report, visit <http://www.oig.doc.gov/oig/reports/2006/OS-DEN-17829-6-0001-07-06.pdf>.

## U.S. Department of Commerce

### ***A Survey of Hurricane Katrina and Hurricane Rita Contracts and Grants*** (DEN-17829)

#### What We Found

Although the hurricanes represented significant catastrophic events, we found that, on the sample of contracts and financial assistance awards we examined, the Department implemented reasonable precautions to protect the interests of the government and ensure funds were handled appropriately.

NIST and NOAA contracts were awarded to study the effects of hurricanes on selected structures in the region and to recover from the damaging effects of the hurricanes on Commerce structures, equipment, and personnel. Grants were awarded to provide for economic recovery planning and business development services in the hurricane affected areas and to fund the replacement of television transmission equipment damaged during the hurricane.

NIST awarded one \$300,000 contract to a California-based nonprofit corporation to conduct a field study of damage caused by the hurricanes to major buildings, residential construction, and different types of infrastructure, and to report on the findings and any recommendations for more detailed studies. NIST cited an unusual and compelling urgency for the services to award the contract noncompetitively and stated the proposed contractor was the only responsible source that could meet the government's needs.

NOAA made 668 individual hurricane-related purchases, with obligations totaling about \$6.56 million. Cumulatively, some 608 of the purchases accounted for less than \$300,000 of NOAA's total. The remaining 60 purchases totaled about \$6.27 million.

#### What We Recommended

Since we found that the Department had taken steps to provide reasonable assurance that funds were awarded appropriately on the contracts and financial assistance awards that we examined, our report did not contain recommendations for implementation and follow-up and no audit action plan was required.