

GAO
Accountability · Integrity · Reliability

Highlights

Highlights of [GAO-06-454](#), a report to congressional committees

Why GAO Did This Study

In the wake of Hurricane Katrina, the Federal Emergency Management Agency (FEMA) tasked the Army Corps of Engineers (the Corps) to purchase temporary classrooms for Mississippi schools. To accomplish its task, the Corps placed a \$39.5 million order with Akima Site Operations for the purchase and delivery of 450 such classrooms. GAO received an allegation on its Fraud Hotline that the Corps paid inflated prices for the classrooms, and in response, we reviewed the facts and circumstances related to the Corps' issuance of the order.

What GAO Recommends

GAO is making no recommendations in this report. In written comments, the Department of Army recognized that under trying conditions mistakes are possible and plans to include the temporary classroom procurement in its remedial action program review. In its comments, Akima believes that the report does not provide a complete picture of the circumstances related to the contract to obtain, transport, and set up the classrooms. Our findings are based on information relevant to the review objective.

www.gao.gov/cgi-bin/getrpt?GAO-06-454.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine Schinasi at (202) 512-4841 or schinasi@gao.gov.

HURRICANE KATRINA

Army Corps of Engineers Contract for Mississippi Classrooms

What GAO Found

Corps contracting officials did not expect to be buying classrooms and, in fact, were not assigned the task until after Hurricane Katrina had struck. With no prior experience, no advance notice, and the need to buy the classrooms as quickly as possible, Corps contracting officials lacked knowledge of the industry and information about classroom suppliers, inventories, and prices that would have been useful in negotiating a good deal. Faced with these circumstances, they chose to purchase the classrooms by placing an order, noncompetitively, on an existing agreement with Akima Site Operations, LLC. Because of Akima's special status as a subsidiary of an Alaska Native corporation certified under the Small Business Administration's 8(a) business development program, the Corps could make the award without competition.

The Corps accepted Akima's proposed price of \$39.5 million although it had information that the cost for the classrooms was significantly less than what Akima was charging. Based on our analysis of a quote obtained by Akima from a local Mississippi business, the price that Akima actually paid for the classrooms, and prices for similar units from GSA schedule contracts, we believe the Corps could have, but failed to, negotiate a lower price.

Classroom units being transported



Source: Akima.