THE HURRICANE KATRINA ACCOUNTABILITY AND CONTRACT REFORM ACT

The Hurricane Katrina Accountability and Contract Reform Act would (1) establish an anti-fraud commission to prevent fraud and abuse in federal contracts related to Hurricane Katrina; (2) increase transparency and accountability in Hurricane Katrina-related contracts; and (3) reform contracting procedures to ensure integrity in Hurricane Katrina-related contracts.

The Independent Commission to Prevent Fraud and Abuse

Under the bill, an independent commission would examine federal contracting relating to Hurricane Katrina recovery, relief, and reconstruction to prevent waste, fraud, and abuse. The commission would also probe allegations of price gouging or profiteering in the aftermath of Hurricane Katrina.

Specific duties include:

- Reviewing contract awards to ensure the federal government has complied with competition requirements;
- Reviewing whether contract awards are based on merit as opposed to relationships between awardees and federal government officials;
- Reviewing in real time the spending under ongoing federal contracts to determine whether wasteful spending, poor contract management, or other abuses are occurring;
- Reviewing whether there are sufficient numbers of qualified federal acquisitions personnel overseeing contracting relating to Hurricane Katrina;
- Reviewing transactions paid for by government issued credit cards; and
- Reviewing activity in the petroleum and natural gas markets following Hurricane Katrina.

Modeled after the 9/11 Commission, the Commission to Prevent Fraud and Abuse in the Response to Hurricane Katrina would have ten members. It would have authority to call hearings, obtain documents and testimony, and issue subpoenas. It would report evidence of waste, fraud, or market manipulation to Congress and the President on an ongoing manner, and issue a final report prior to its termination.

Provisions to Enhance Transparency and Accountability in Federal Contracting

The bill would require the creation of a public database containing key information about Hurricane Katrina-related contracts. It would also require the Administration to disclose to relevant congressional committees contract overcharges and other information necessary for effective oversight.

Provisions to Ensure Integrity in Federal Contracting

To prevent contract abuses and promote efficiency in the Hurricane Katrina related contracts, the bill would:

- **Ban Monopoly Contracts.** Over the last five years, the Administration has jeopardized taxpayer interests and squandered hundreds of millions of dollars by giving private contractors like Halliburton monopolies over huge portions of the reconstruction effort in Iraq. The bill prohibits the use of monopoly contracts in the Hurricane Katrina recovery effort, requiring the Administration to use contract vehicles that allow multiple contractors to compete for individual projects. The bill provides for exceptions in emergency or other limited circumstances.
- **Prevent Contractor Conflicts of Interest.** Federal agencies increasingly hire contractors to assist in overseeing contracts, such as by evaluating billings. The bill ensures that contractors that participate in oversight in the Hurricane Katrina recovery effort are truly independent, without any business or contractual relationships with the companies whose contracts they are assessing.
- **Close the Revolving Door.** The bill would prohibit a federal employee from being involved in a federal agency procurement involving the employee's former non-government employer until five years have elapsed since the time the individual was employed by the non-government entity. The bill also would close loopholes that allow contractors to hire procurement officials as lobbyists or lawyers and increase from one year to two years the ban on former government officials accepting compensation from contractors.
- **Repeal the $250,000 Micropurchase Threshold.** Congress included a provision in the post-Hurricane Katrina emergency relief package that raised the threshold from $15,000 to $250,000 for Hurricane Katrina-related purchases with government issued credit cards. The bill repeals this unwise increase of the micropurchase threshold.