

## Why GAO Did This Study

When DHS was created in 2002, Congress granted it special acquisition authority to use “other transaction” agreements, which are special vehicles used for research and development or prototype projects. Unlike conventional contracts, other transaction agreements offer flexibilities to reach entities that traditionally have not done business with the government. They have risks, however, because they are exempt from the Federal Acquisition Regulation and other requirements.

The Homeland Security Act of 2002 required GAO to report on the use of other transactions by DHS. In 2004 and 2008, GAO reported on challenges DHS faced. This report covers (1) the DHS Science and Technology Directorate’s use of other transactions, (2) DHS’s progress in addressing challenges, and (3) the information collected on the use of the authority and reported to Congress. GAO examined all 27 available other transaction agreement files, reviewed DHS’s other transaction policies and procedures, and interviewed cognizant officials.

## What GAO Recommends

GAO recommends that DHS (1) develop an action plan with specific time frames for fully implementing GAO’s prior recommendation on data collection and congressional reporting, (2) ensure full implementation of its guidance regarding documentation, and (3) establish a policy for reviewing the circumstances that permit the use of other transaction authority throughout the life of the agreement. DHS agreed with these recommendations.

View [GAO-12-557](#). For more information, contact William T. Woods at (202) 512-4841 or [woodsw@gao.gov](mailto:woodsw@gao.gov).

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## DEPARTMENT OF HOMELAND SECURITY

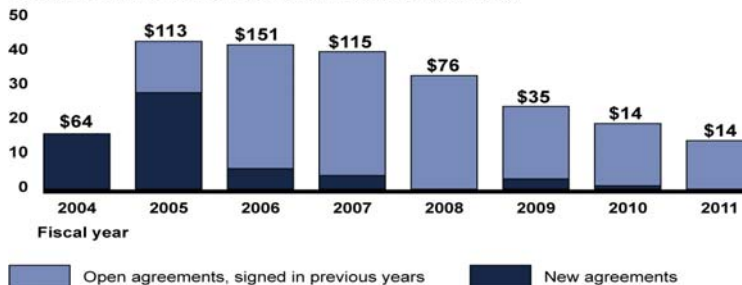
### Further Action Needed to Improve Management of Special Acquisition Authority

## What GAO Found

In the last 8 years, the Department of Homeland Security’s (DHS) Science and Technology Directorate has used its special acquisition authority to enter into 58 “other transaction” agreements. Use of the authority has declined since 2005. DHS officials said the decline is due to uncertainty about the agency’s continuing authority to enter into these agreements, among other things.

#### Use of Other Transactions, Fiscal Years 2004-2011

Number of agreements and total dollars obligated (in millions)



Source: GAO analysis of DHS data.

DHS has made progress in addressing challenges and prior GAO recommendations related to its use of other transaction agreements in five areas.

#### Steps Taken to Address Challenges and Prior GAO Recommendations

	Include audit provisions	Document lessons learned	Identify workforce training	Conduct a workforce assessment	Collect relevant data
Status in 2008	●	○	●	First cited in 2008	First cited in 2008
Status in 2012	●	●	●	○	○

Legend: ● Implemented; ● Steps taken, but not fully implemented; ○ No action.

Source: GAO analysis.

GAO’s analysis of DHS’s files and reports to Congress found gaps in the collection and reporting of information on other transactions. Specifically:

- DHS does not consistently document the rationale for entering into an other transaction agreement in the agreement analysis document, although DHS guidance requires it to do so.
- Recent annual reports to Congress did not contain information on all other transaction agreements.
- DHS does not collect information on the circumstances that permit the use of other transaction authority throughout the life of the agreement.

Without complete information about the universe of other transaction agreements, neither Congress nor DHS can have full visibility into the use of this authority.