



Highlights of [GAO-08-471T](#), a report to the Subcommittee on Emerging Threats, Cybersecurity, and Science and Technology, Committee on Homeland Security Committee, House of Representatives

Why GAO Did This Study

Other transaction authority was created to enhance the federal government's ability to acquire cutting-edge science and technology by attracting nontraditional contractors that have not typically pursued government contracts. The Homeland Security Act of 2002 granted the department the temporary authority to enter into other transactions for research and prototype projects for a period of 5 years. The Consolidated Appropriations Act of 2008 extended this authority until September 30, 2008.

This testimony discusses (1) the extent to which DHS has used its other transaction authority, (2) the status of DHS's implementation of GAO's previous recommendations, and (3) the accountability challenges associated with the use of these agreements.

What GAO Recommends

While GAO is not making recommendations in this testimony, GAO has made recommendations over the past few years to help improve DHS's Science and Technology Directorate's use its other transaction authority. The department has generally concurred with these recommendations and has taken action to improve its use of other transaction authority, but has not fully addressed all of GAO's recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-471T](#). For more information, contact John K. Needham at (202) 512-4841 or needhamjk1@gao.gov

DEPARTMENT OF HOMELAND SECURITY

Status and Accountability Challenges Associated with the Use of Special DHS Acquisition Authority

What GAO Found

DHS entered into 37 other transaction agreements between fiscal years 2004 and 2007, most of which were entered into in the first 2 years. Though it has since used this authority less frequently, it continues to obligate funds for its earliest agreements. Furthermore, about 77 percent of the dollars spent on these agreements have been for 7 of DHS's 37 agreements. Contracting representatives also told us that all of the agreements to date were for prototype projects and that each agreement included at least one nontraditional contractor. GAO plans further review of DHS's use of other transaction agreements as required by the Homeland Security Act of 2002.

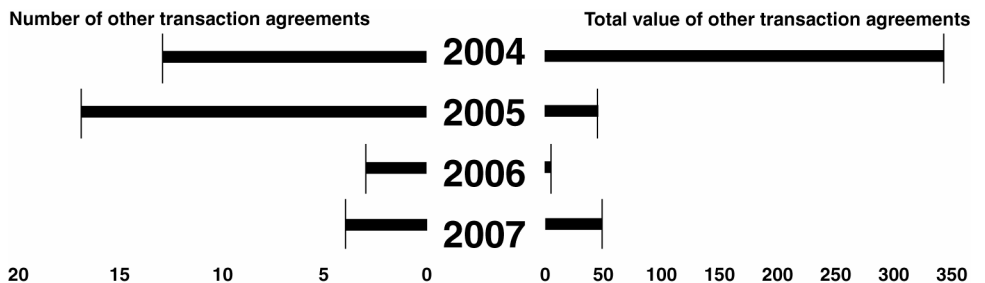
DHS has made efforts to improve its use of other transaction agreements and to prevent conflicts of interest. The department has taken the following steps to address prior GAO recommendations including:

- creating guidance on when to include audit provisions in other transaction agreements;
- creating a training program on using these agreements; and
- improving controls over conflicts of interest.

GAO also recommended that DHS capture knowledge gained from the agreements it has entered into. The department has compiled lessons learned from the Department of Defense, but the document is not related to DHS's experience. Furthermore, while DHS created guidance on when to include audit provisions in agreements, its guidance only applies to certain prototype projects and only in certain circumstances.

Risks inherent with the use of other transaction agreements create several accountability challenges. These challenges include attracting and ensuring the use of nontraditional contractors, acquiring intellectual property rights, ensuring financial control, and maintaining a skilled acquisition workforce with the expertise to create and maintain these agreements.

DHS's Other Transaction Agreements and Related Spending from Fiscal Year 2004 to 2007 (in millions)



Source: GAO analysis of DHS data.