



Highlights of [GAO-05-136](#), a report to the Senate Committee on Governmental Affairs and the House Committee on Government Reform

## Why GAO Did This Study

The Homeland Security Act of 2002 authorized the Department of Homeland Security (DHS) to establish a pilot program for the use of acquisition agreements known as “other transactions.” Because they are exempt from many of the requirements that apply to government contracts, other transactions can be useful in acquiring cutting-edge technologies from entities that traditionally have declined to do business with the government.

The act requires GAO to report to Congress on the use of other transactions by DHS. To fulfill this obligation, GAO (1) determined if DHS has developed policies and established a workforce to manage other transactions effectively and (2) evaluated how effectively DHS has used its other transactions authority to attract nontraditional government contractors.

## What GAO Recommends

To promote the efficient and effective use of its other transactions authority GAO recommends that DHS (1) provide guidance on including audit provisions in other transactions agreements, (2) develop a training program in the use of other transactions, and (3) capture knowledge obtained during the acquisition process for use in planning and implementing future other transactions projects.

DHS generally concurred with our recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-05-136](http://www.gao.gov/cgi-bin/getrpt?GAO-05-136).

To view the full product, including the scope and methodology, click on the link above. For more information, contact William T Woods at (202) 512-4841 or [woodsw@gao.gov](mailto:woodsw@gao.gov).

# HOMELAND SECURITY

## Further Action Needed to Promote Successful Use of Special DHS Acquisition Authority

### What GAO Found

The Department of Homeland Security has issued policy and is developing a workforce to implement its other transactions authority, but the department’s policies need further development and its contracting workforce needs strengthening to promote the successful use of the authority in the future. Soon after it was established, DHS issued other transactions solicitations using some commonly accepted acquisition practices and knowledge-based acquisition principles. Subsequently, the department issued a management directive and drafted guidance for using other transactions, loosely modeled on the practices of the Department of Defense (DOD), one of several other agencies with other transactions authority and the one with the most experience with using these agreements. Unlike DOD, however, DHS has not specified in its policies or guidance when its contracting staff should consider the use of independent audits to help ensure, for example, that payments to contractors are accurate. Similarly, DHS has not established training requirements to aid staff in understanding and leveraging the benefits of other transactions. The DHS contracting workforce is limited in size and capacity, which could impede the department’s ability to manage a potential increase in its other transactions workload. DHS is taking steps to enhance the capacity of its contracting workforce.

The DHS Science and Technology Directorate included nontraditional government contractors in its first two other transactions projects. The Directorate engaged in extensive outreach efforts, such as conducting briefings on its mission and research needs to industry and academic institutions and using a number of Web-based tools to publicize its solicitations. But DHS has not yet developed mechanisms to capture and assess the knowledge gained about the use of other transactions. As a result, DHS may not be able to leverage information from current projects for use in future solicitations that use other transactions.

### Profile of Early DHS Other Transactions Awards

Countermeasures for Man Portable Air Defense System	Detection Systems for Chemical and Biological Countermeasures
<ul style="list-style-type: none"> <li>• Prototype project to protect commercial aircraft.</li> <li>• Estimated total budget: \$96 million.</li> <li>• Three phase I awards and two phase II awards as of October 25, 2004.</li> </ul>	<ul style="list-style-type: none"> <li>• Prototype project to protect against chemical and biological attacks.</li> <li>• Estimated budget for phase I: \$6.6 million.</li> <li>• 17 phase I awards as of August 2, 2004.</li> </ul>

Source: DHS.

Note: All awards included a nontraditional government contractor at either the prime or subaward level.