



Highlights of [GAO-08-765T](#), a testimony before the Committee on Homeland Security, House of Representatives

## Why GAO Did This Study

The Department of Homeland Security (DHS) has relied on service acquisitions to meet its expansive mission. In fiscal year 2006, DHS spent \$12.7 billion to procure services. To improve service acquisition outcomes, federal procurement policy establishes a preference for a performance-based approach, which focuses on developing measurable outcomes rather than prescribing how contractors should perform services.

This testimony focuses on how contract outcomes are influenced by how well DHS components have defined and developed contract requirements and performance standards, as well as the need for improved assessment and oversight to ensure better acquisition outcomes.

GAO's statement is based on its report being released today, which reviewed judgmentally selected contracts for eight major investments at three DHS components—the Coast Guard, Customs and Border Protection (CBP), and the Transportation Security Administration (TSA)—totaling \$1.53 billion in fiscal years 2005 and 2006; prior GAO and DHS Inspector General reviews; management documents and plans; and related data, including 138 additional contracts, primarily for basic services from the Coast Guard, CBP, TSA, and Immigration and Customs Enforcement.

To view the full product, including the scope and methodology, click on [GAO-08-765T](#). For more information, contact John Hutton at (202) 512-4841 or [huttonj@gao.gov](mailto:huttonj@gao.gov).

## DEPARTMENT OF HOMELAND SECURITY

### Better Planning and Oversight Needed to Improve Complex Service Acquisition Outcomes

#### What GAO Found

Over the past several years, GAO has found that appropriate planning, structuring, and monitoring of agency service acquisitions, including those that are performance-based, can help minimize the risk of cost overruns, delayed delivery, and unacceptably quality. Several prior GAO and DHS Inspector General reviews of major DHS investments using a performance-based approach point to such shortcomings. While all of the contracts GAO reviewed at the Coast Guard, CBP, and TSA had outcome-oriented requirements, contracts for four of the eight investments did not have well-defined requirements, or a complete set of measurable performance standards, or both at the time of contract award or start of work. These service contracts experienced cost overruns, schedule delays, or did not otherwise meet performance expectations. In contrast, contracts for the other four investments had well-defined requirements linked to measurable performance standards and met the standards for contracts that had begun work.

In managing its service acquisitions, including those that are performance-based, DHS has faced oversight challenges that have limited its visibility over service acquisitions and its ability to make informed acquisition management decisions. Notably, the department lacks reliable data on performance-based service acquisitions. About half of the 138 contracts identified by DHS as performance-based had none of the elements DHS requires for such contracts: a performance work statement, measurable performance standards, or a quality assurance surveillance plan. Such inaccurate data limit DHS's ability to perform management assessments of these acquisitions. In addition, the Chief Procurement Officer, who is responsible for departmentwide procurement oversight, has not conducted management assessments of performance-based service acquisitions.

To help DHS improve outcomes for its service acquisitions, including those that are performance-based, GAO recommended that DHS routinely assess requirements for complex investments to ensure that they are well-defined, and develop consistently measurable performance standards linked to those requirements. GAO also recommended that DHS systematically evaluate the outcomes of major investments and relevant contracting methods and improve the quality of data to facilitate identifying and assessing the use of various contracting methods. DHS generally concurred with GAO's recommendations, noting some departmental initiatives to improve acquisition management.