DHS CONTRACTS

Opportunities Exist to Improve Oversight and Monitoring of Urgent Noncompetitive Awards

Why GAO Did This Study

Agencies are permitted to award contracts without full and open competition, such as when the unusual and compelling urgency of the agency’s circumstances justify limiting competition. But past GAO work found problems with various agencies’ use and oversight of contracts awarded citing the urgency exception to competition. GAO was asked to review this issue within DHS.

GAO examined (1) trends in DHS’s use of the urgency exception from fiscal years 2016 through 2020; (2) selected DHS components’ reasons for using this exception and whether their use of justifications and approvals met acquisition regulations and policies; and (3) whether selected DHS components monitored and documented the performance of urgent, noncompeted contracts. To do so, GAO analyzed federal procurement data; reviewed relevant policies and guidance; and analyzed a nongeneralizable sample of urgent DHS contracts and orders. The sample was selected based on factors such as total dollar value from seven selected DHS components with obligations awarded using the urgency exception. GAO also interviewed DHS officials.

What GAO Found

The Department of Homeland Security (DHS) acquires billions of dollars of goods and services each year through contracts awarded through limited or no competition. Competition is generally required for federal contract awards, which GAO has found helps the government determine a fair price. But, there are certain exceptions to competition requirements when justified by an urgent need. Spending on urgent contracts increased from $75 million in fiscal year 2016 to $1.3 billion in fiscal year 2020 due to contracts awarded in response to COVID-19, hurricanes, and other needs. Fiscal year 2020 saw the largest increase in DHS’s obligations on urgent awards due to the COVID-19 response (see figure).

COVID-19 Drove a Large Increase in Urgent Noncompetitive Obligations in Fiscal Year 2020

Dollars in billions

<table>
<thead>
<tr>
<th>Fiscal years</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Homeland Security obligations on urgent awards as a percentage of obligations on noncompetitive awards</td>
<td>10%</td>
<td>11%</td>
<td>26%</td>
<td></td>
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<tr>
<td>Noncompetitive</td>
<td>$6.0</td>
<td>$5.0</td>
<td>$4.0</td>
<td>$3.0</td>
<td>$2.0</td>
</tr>
<tr>
<td>Urgent</td>
<td></td>
<td></td>
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<td></td>
<td>$1.0</td>
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Source: GAO analysis of Federal Procurement Data System data. | GAO-22-105074

All 18 urgent awards GAO reviewed from selected components justified forgoing competition due to unexpected events, such as natural disasters or bid protests. However, across the contracts GAO reviewed, DHS did not always revise justifications after significant increases in contract value. For example, a U.S. Customs and Border Protection order for soft-sided facilities to shelter individuals arriving at the southwest border increased almost $20 million before a new written justification for using the urgency exception was drafted. Justifications provide an oversight mechanism for senior procurement officials. Taking action to better communicate when contracting officers should revise justifications and approvals after changes in contract value could help DHS ensure increases in value are transparent and in the best interest of the government.

GAO also found that some selected components did not have required appointment letters to document contracting officer representative (COR) responsibilities for monitoring performance across contracts GAO reviewed. Contracting officers are responsible for monitoring contractor performance but may delegate these responsibilities to CORs via appointment letters. Having these letters to clearly document monitoring responsibilities helps ensure that these activities are not overlooked and that contractors are held accountable to provide quality goods and services aligned with the terms of their contracts.

What GAO Recommends

GAO is making three recommendations, including that DHS take steps to ensure that components revise justifications and approvals when appropriate, and maintain COR appointment letters as required. DHS agreed with our recommendations.