

Department of Health and Human Services  
**Office of Inspector General**



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**ACF's \$529 Million Sole Source  
Contract Award for Unaccompanied  
Alien Children Services Was Based  
on an Unsolicited Proposal, Double  
the Cost Estimate, and  
Noncompliant With Pre-Award  
Requirements**

# REPORT HIGHLIGHTS



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## ACF’s \$529 Million Sole Source Contract Award for Unaccompanied Alien Children Services Was Based on an Unsolicited Proposal, Double the Cost Estimate, and Noncompliant With Pre-Award Requirements

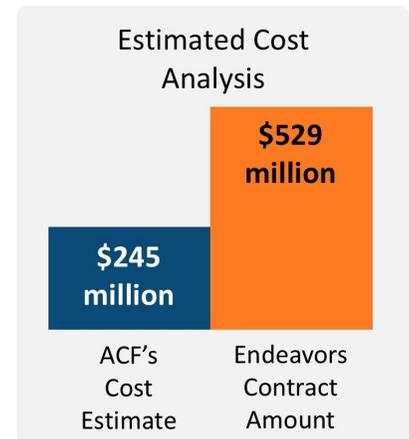
### Why OIG Did This Audit

- In 2021, with an unprecedented number of unaccompanied alien children arriving at the U.S. southern border, the Administration for Children and Families (ACF) awarded a \$529 million sole source contract to Family Endeavors, Inc. (Endeavors), to operate an emergency intake site.
- Congress and the media raised concerns about ACF’s sole source contract awarded to Endeavors. We previously identified issues related to ACF sole source contracting.
- This audit, one in a series focused on contracting related to unaccompanied alien children, specifically addressed the sole source contract awarded to Endeavors.

### What OIG Found

ACF did not award the Endeavors 2021 sole source contract in accordance with Federal requirements. Other, more qualified contractors may have been available to perform the duties of the contract at a lower cost to the Government.

- For several months, ACF anticipated the need for additional shelter beds but failed to adequately plan to address the need. Instead, when ACF needed beds, it indicated that there was insufficient time to award a competitive contract and awarded the sole source contract 3 days after receiving an unsolicited proposal from Endeavors.
- ACF could not provide documentation that it conducted a price analysis before awarding the contract to show that Endeavors’ price was fair and reasonable. ACF’s price analysis, completed 3 months after ACF awarded the Endeavors contract, showed that the \$529 million contract ACF awarded to Endeavors was for more than double ACF’s total estimated cost of \$245 million.
- ACF did not evaluate whether Endeavors was a responsible contractor before awarding the contract.



### What OIG Recommends

ACF’s awarding of the Endeavors contract was characterized by serious deficiencies that raise significant concerns. We recommend that ACF use the information in this report to promote better contract planning and efficient use of resources to ensure sufficient capacity during periods of increased need.

ACF concurred with our recommendation.

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## INTRODUCTION

### WHY WE DID THIS AUDIT

The Office of Refugee Resettlement (ORR), a program office of the Administration for Children and Families (ACF) within the Department of Health and Human Services (HHS), manages the Unaccompanied Alien Children (UAC) Program.<sup>1</sup> In Federal fiscal year (FY) 2021, an unprecedented number of unaccompanied alien children began arriving at the U.S. southern border; to ensure adequate capacity, ACF identified a need to increase the number of shelter beds and related services in its provider network. ACF awarded a \$529 million sole source contract to Family Endeavors, Inc. (Endeavors), with no competitive bidding, to operate an emergency intake site (EIS), a new type of facility established to meet immediate shelter needs.<sup>2</sup> We refer to this contract as the “Endeavors contract.”

In 2022, the Department of Homeland Security, Office of Inspector General (DHS-OIG) issued a report about a separate contract that DHS awarded to Endeavors.<sup>3</sup> A previous HHS Office of Inspector General (HHS-OIG) audit identified issues related to the use of a sole source contract to provide services to unaccompanied alien children.<sup>4</sup> In addition, the news media and Congress have expressed concerns regarding ACF’s awarding of sole source contracts, including the contract awarded to Endeavors, for services provided at EISs.<sup>5, 6</sup>

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<sup>1</sup> Unaccompanied alien children have no lawful immigration status in the United States, are less than 18 years of age, and have no parent or legal guardian in this country, or do not have one available to assume custody and care for them in this country (6 U.S.C. § 279(g)(2)).

<sup>2</sup> EISs were first opened in early 2021 and were, according to ORR policy, designed to meet immediate sheltering needs for mass care with basic standards when there is a severe shortage of licensed facilities and influx care facilities (ICFs). In a final rule that went into effect July 1, 2024, ORR began referring to EISs and ICFs as “emergency or influx facilities,” defined as a type of care provider facility that opens temporarily to provide shelter and services for unaccompanied alien children during an influx or emergency (89 Fed. Reg. 34384, 34586 (Apr. 30, 2024); 45 CFR § 410.1001)).

<sup>3</sup> DHS-OIG, [ICE Spent Funds on Unused Beds, Missed COVID-19 Protocols and Detention Standards While Housing Migrant Families in Hotels \(OIG-22-37\)](#), Apr. 12, 2022.

<sup>4</sup> OIG, [The Office of Refugee Resettlement Did Not Award and Manage the Homestead Influx Care Facility Contracts in Accordance With Federal Requirements \(A-12-20-20001\)](#), Dec. 18, 2020.

<sup>5</sup> Axios, [“Exclusive: Texas nonprofit got massive border contract after hiring Biden official.”](#) Accessed on June 9, 2025.

<sup>6</sup> U.S. House of Representatives Committee on Oversight and Accountability, [“Letter to Secretary Becerra on HHS Family Endeavors Contract.”](#) Accessed on June 9, 2025.

As part of HHS-OIG's oversight of ORR, we conducted a series of three audits that focus on contracting for shelter and related services for unaccompanied alien children.<sup>7</sup> This report specifically addresses the Endeavors contract.

## **OBJECTIVE**

Our objective was to determine whether ACF awarded a sole source contract to Endeavors in accordance with Federal requirements and HHS policies and procedures.

## **BACKGROUND**

### **Unaccompanied Alien Children Program**

The UAC Program serves individuals under 18 years of age with no lawful immigration status in the United States who do not have a parent or legal guardian in the United States or do not have a parent or guardian in the United States available to provide care and physical custody. Federal law requires the safe and timely placement of children in the least restrictive setting that is in the best interest of the child. ORR generally provides care for children through State-licensed care facilities that have permanent beds through ORR's grant program. These care facilities provide services such as case management, health care, mental health services, socialization and recreation, and classroom education for children until they are released to a sponsor or otherwise leave ORR custody.

ACF contracts for a variety of services, including direct care and supervision services and facility management services. Direct care and supervision services include child care management, supervision, medical and recreational services, and items such as clothing, beds, educational supplies, and medical equipment. Facility management services include ground maintenance, security services and equipment, food and meal preparation, laundry services, and staff support.

During an emergency or influx of unaccompanied alien children, ORR may not have sufficient bed space available within its licensed care provider network to place children. In this situation, ORR arranges for the use of influx care facilities (ICFs) to provide supplemental bed capacity. In FY 2021, ORR determined that it needed additional capacity to manage increasing numbers of unaccompanied alien children and to implement COVID-19 mitigation strategies. To meet this need, ACF created a new type of facility called an EIS.

**ICFs:** Facilities similar to State-licensed facilities in terms of the level of care and type of services provided. However, ICFs may not be subject to State or local licensing standards and are operated on federally owned or leased properties.

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<sup>7</sup> OIG, [ACF Used Contractor Personnel To Perform Inherently Governmental Functions and Paid Millions in Potentially Unallowable Costs \(A-12-22-10000\)](#), Feb. 26, 2025.

**EISs:** Facilities designed to meet immediate sheltering needs for mass care with basic standards when there is a severe shortage of State-licensed facilities and ICFs. EISs were intended to be used as a temporary measure to provide ORR with the needed capacity to accept children into facilities provided by the contractor where they could be safely processed, cared for, and either released to a sponsor or transferred to an appropriate ORR shelter for longer-term care.

Since 2004, there have been several influxes of unaccompanied alien children. In FY 2021, following a court injunction and a change in policy that exempted unaccompanied alien children from expulsions resulting from a public health order, the number of unaccompanied alien children increased substantially. In FY 2021, ORR opened 1 ICF and, in conjunction with other Federal departments, opened 14 temporary EISs. The Endeavors site was 1 of the 14 EISs.<sup>8</sup>

### **Overview of ACF's Contracting Process**

The Federal Acquisition Regulation (FAR) guides the acquisition process by which executive agencies of the Federal Government, including ACF, use appropriated funds to contract for goods and services. The HHS Acquisition Regulation established uniform HHS policies and procedures that implement and supplement the FAR.<sup>9</sup>

During our audit period, ACF's Office of Government Contracting Services (GCS) awarded contracts for ACF, including ORR.<sup>10</sup> ACF's acquisition process begins when a program office, such as ORR, identifies a need for a service and submits to GCS an acquisition package that, at a minimum, includes a statement of work that identifies the services to be performed, estimates how much the work will cost, provides any preliminary market research the program office conducted, and includes an acquisition plan showing that the contract meets the Government's needs.

GCS reviews the acquisition package, works with program officials to ensure that both the contracting and program officials understand the contract requirements, and conducts additional market research as needed to determine which contract and acquisition strategy or contract type to use. GCS provides approvals of the acquisition plan in coordination with other stakeholders, such as the HHS Office of the General Counsel (OGC), senior procurement executive staff, program managers, and contracting officer's representatives (CORs). After the plan is approved, GCS issues a solicitation and receives proposals submitted by contractors in response to the solicitation. After GCS, in conjunction with the program office and OGC,

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<sup>8</sup> By June 2022, ACF's two remaining EISs, one of which was the Endeavors EIS, were transitioned to ICFs.

<sup>9</sup> In 2025, the Federal Government began a major overhaul of the FAR to simplify and streamline the procurement process.

<sup>10</sup> GCS was established in June 2020. In October 2020, it began to provide acquisition and support services to ACF offices, including ORR.

conducts source selection activities and the necessary reviews are completed, the contract is awarded by the GCS contracting officer. The contractor begins work on the contract and submits invoices to the COR for review in accordance with timeframes outlined in the applicable contract requirements.

### **Emergency Intake Site Contract Awarded to Endeavors**

On March 5, 2021, Endeavors emailed ORR offering emergency assistance for the care of unaccompanied alien children. On March 13, 2021, Endeavors emailed ORR again with an unsolicited proposal, which included a statement of capabilities and concept of operations for an emergency shelter to serve unaccompanied alien children.<sup>11</sup> Three days later, on March 16, 2021, ACF awarded a firm-fixed-price sole source contract to Endeavors to provide and operate an EIS facility in Pecos, Texas.<sup>12</sup>

The awarded contract covered the performance period of March 16, 2021, through March 15, 2022, for 2,000 beds, and totaled \$529 million. The contract also included direct care and supervision services, facility management services, and the facility. The contract was subsequently modified 15 times, extending the period of performance to May 15, 2022, and increasing the value of the contract to \$795.4 million.<sup>13</sup> Before this contract, ACF awarded Endeavors a home study and postrelease services grant for unaccompanied alien children totaling approximately \$4 million for calendar year 2021. This grant was the only previous ACF award to Endeavors for services related to the UAC Program.

### **Related Office of Inspector General Work**

Since responsibility for unaccompanied alien children was transferred to HHS by the Homeland Security Act of 2002, HHS-OIG has examined various aspects of the UAC Program, including whether ORR was prepared to take children into HHS custody, whether ORR-funded care provider facilities met safety standards for the care and release of children in their custody, and whether ORR care provider facilities were addressing children's medical and mental health needs. Specific HHS-OIG reports involving EISs include: (1) a September 2022 report on our audit of experiences of staff at the Fort Bliss EIS, (2) a May 2023 report on employee background checks at an ICF and the EISs, and (3) a March 2024 report that identified opportunities for ACF to improve its management of emergency or influx facilities.<sup>14</sup>

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<sup>11</sup> Endeavors sent HHS a proposal for sheltering unaccompanied alien children without HHS requesting such a proposal.

<sup>12</sup> Firm-fixed-price contracts provide for a price that is not subject to any adjustment based on the contractor's cost incurred in performing the contract.

<sup>13</sup> As of Feb. 3, 2025, ACF had recorded expenditures of \$713.9 million for this contract, and as of March, 14, 2025, the contract had not been administratively closed out.

<sup>14</sup> HHS-OIG reports related to the UAC Program are available at <https://oig.hhs.gov/reports-and-publications/featured-topics/uac/index.asp>.

## **HOW WE CONDUCTED THIS AUDIT**

We reviewed ACF's process for awarding the Endeavors contract. Specifically, we reviewed contract documentation maintained by ACF and conducted interviews with contracting officers, CORs, and ACF staff associated with the awarding of the contract. Additionally, we requested and reviewed selected ACF personnel emails related to the Endeavors contract for the period September 1, 2020, through April 15, 2021, to obtain any insights into ACF's decision to award a sole source contract to Endeavors.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology.

## **FINDINGS**

ACF did not award the Endeavors sole source contract in accordance with Federal requirements and HHS policies and procedures. Specifically, ACF did not adequately plan for a full and open competition and did not ensure that it awarded the contract at a fair and reasonable price. Further, ACF failed to complete some pre-award procedures, including evaluating whether Endeavors was a responsible contractor, and did not maintain all required documents in the contract file.

The sole source contract was not awarded in accordance with the FAR because ACF did not conduct the necessary advanced planning for the procurement of additional bed space despite being aware of the need, and ACF did not have an action plan to assist program officials and contracting staff during an influx. Further, ACF stated that it was under significant time constraints to award EIS contracts and awarded the Endeavors contract 3 days after receiving the proposal, which did not allow adequate time to complete all contract awarding requirements and procedures.

As a result, ACF may have paid more for services than was reasonable and may also have awarded the contract to a less qualified contractor. Other, more qualified contractors may have been available to perform the duties of the contract at a lower cost to the Government.

### **ACF DID NOT PROPERLY JUSTIFY ITS USE OF SOLE SOURCE CONTRACTING IN SELECTING ENDEAVORS**

#### **Federal Requirements**

Generally, contracting officers must promote and provide for full and open competition in soliciting offers and awarding Government contracts (FAR 6.101(a), 6.2, and 6.3; 41 U.S.C. § 3301). Contracting without providing for full and open competition cannot be justified based

on a lack of advance planning (FAR 6.301(c)(1)). Specifically, agencies are required to demonstrate that they engaged in thoughtful and deliberate planning when deciding to make a sole source award. Planning must go beyond simple documentation of an attempt, and agency documentation must include a thorough evaluation of potential sources, market research, and justification for why competition is not feasible (FAR 6.302). The FAR provides several techniques for conducting market research, including contacting knowledgeable individuals in Government and industry regarding market capabilities to meet requirements, and holding presolicitation conferences to involve potential offerors early in the acquisition process (FAR 10.002(b)(2)).

The Comptroller General of the United States, in several decisions, has held that agencies must provide clear evidence that their planning was not only present but reasonable, well-documented, and detailed. These decisions also emphasize that agencies must demonstrate deliberate planning, including thorough market research and reasonable consideration of alternative sources (GAO B-298627, Nov. 15, 2006, and B-247081, Apr. 22, 1992).

### **ACF Did Not Adequately Plan for a Full and Open Competition**

On March 16, 2021, ACF awarded a sole source contract to Endeavors using a Justification for Other Than Full and Open Competition (JOFOC).<sup>15</sup> The JOFOC, which was signed on March 13, 2021, cited an “unusual and compelling urgency” as the reason that a full and open competition was not a viable option for satisfying ORR’s needs for influx beds.<sup>16</sup> Specifically, the JOFOC noted the impact of the COVID-19 public health emergency and stated that facilities were operating at reduced capacity, which led to the need for additional facilities, providers, and solutions to address the needs of unaccompanied alien children in ORR custody. However, we concluded that ACF’s insufficient planning created the urgency.

ORR’s Division of Strategic Planning, Budget, and Data Analysis created internal “Tipping Point Trackers” that documented: (1) Customs and Border Patrol referral scenarios, (2) calculated daily census and daily capacity needs, (3) estimated ORR resource needs, and (4) plans for increases in referrals of unaccompanied alien children.<sup>17</sup> Based on these Tipping Point Trackers, ACF knew well in advance of March 2021 that it was projected to need more shelter beds than existing sites could provide and should have begun contract planning at that time. ACF failed to reasonably conduct the necessary advanced planning to execute a contract for procurement of those beds and related services using full and open competition.

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<sup>15</sup> A JOFOC is a document supporting contracting without providing for full and open competition. This JOFOC was designated as a class JOFOC. This designation enabled ACF to use the JOFOC to award multiple sole source contracts.

<sup>16</sup> FAR 6.302-2, Unusual and Compelling Urgency.

<sup>17</sup> ORR manually updated these Tipping Point Trackers on a regular basis, using DHS data on UAC referral trends and projections and analyzing these data to estimate UAC Program resources and bed projections.

Instead, ACF made only a limited attempt at market research for facility management services and direct care and supervision services and did not solicit any contracts based on this market research. Further, ACF did not conduct any market research related to a site to house beds. In its limited market research, ACF estimated that it would be able to solicit and issue an award for a full and open competition contract within 3 months.

As shown on the following pages, we identified six decision points between October 2020 and March 2021 at which ACF should have begun planning for full and open competition to solicit contract bids.<sup>18</sup>

### Decision Point 1: October 2, 2020

ORR's Tipping Point Tracker forecasted that beginning in May 2021, ORR would need more beds than existing sites could provide.

This forecast provided ACF with 7 months advance notice that it needed to take action to enter into contracts to secure additional beds and related services.



<sup>18</sup> During this period, ORR identified existing beds for unaccompanied alien children and identified existing beds that were no longer viable. The Tipping Point Tracker Forecasts in the Decision Points include only the beds that ORR identified it would still need after using all identified and existing available beds.

## Decision Point 2: October 16, 2020

ORR's Tipping Point Tracker moved the timeframe based on updated influx projections and now estimated that it would need additional shelter beds starting in April 2021, not May, with the need for beds peaking at 4,000 beds needed in June.

ACF began market research for facility management services and received interest from several vendors. ACF found that five of the vendors that expressed an interest in providing facility management services were capable, including Endeavors.

At this point, ACF had not started searching for a site to house the additional beds.



## Decision Point 3: November 5, 2020

ACF published a Sources Sought Notice as market research for direct care and supervision services for unaccompanied alien children at an ORR influx shelter site or sites.<sup>19</sup>

ACF planned to solicit a contract or multiple contracts on a competitive basis in the first quarter of calendar year 2021. However, the contracts would have been for direct care and supervision services and facility management but not a site for beds. ACF found that three of the vendors that expressed an interest in providing direct care and supervision were capable, including Endeavors.

ACF did not take any additional steps to award this contract or conduct any market research for a site to house beds despite the Tipping Point Tracker forecasting that the number of beds needed in June had increased from 4,000 to 6,000.



<sup>19</sup> A Sources Sought Notice is one way of contacting knowledgeable individuals in Government and industry regarding market capabilities to meet requirements.

#### Decision Point 4: November 18, 2020

The U.S. District Court for the District of Columbia upheld a civil complaint to stop a policy suspending unaccompanied alien children from entering through the U.S. southern border due to the public health emergency. The District Court ordered an injunction prohibiting unaccompanied alien children from being expelled from the United States.

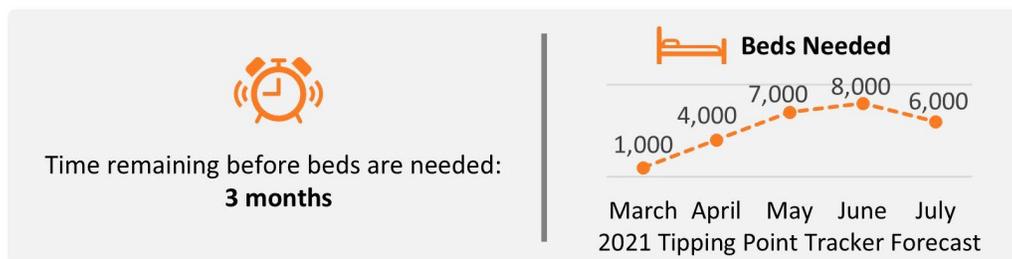
ORR was aware that, as a result of the injunction, the number of unaccompanied alien children could be expected to increase. In addition, ORR's Tipping Point Tracker now estimated that ORR would need additional shelter beds starting in March 2021, not April. At the same time, the Tipping Point Tracker further increased the number of beds needed in June from 6,000 to 8,000.<sup>20</sup>



#### Decision Point 5: December 1, 2020

Only 3 months remained before ORR expected to need 1,000 additional beds. This was the estimated minimum amount of time needed to competitively award a contract.

In December 2020 and January 2021, ACF explored the possibility of other Federal Departments providing additional beds but did not conduct any market research for beds. In addition, although the number of beds needed in June did not change, ORR's Tipping Point Tracker increased the number of beds needed in May from 5,000 to 7,000.<sup>21</sup>



<sup>20</sup> See the difference between the numbers for June in Decision Point 3 and June in Decision Point 4.

<sup>21</sup> See the difference between the numbers for May in Decision Point 4 and May in Decision Point 5.

## Decision Point 6: February 5, 2021

ACF conducted a presolicitation industry day as part of its market research for direct care and supervision services for unaccompanied alien children at an ORR influx shelter site or sites. Endeavors registered for this industry day along with 22 other companies.

One week before the industry day, ORR informed ACF leadership that it needed additional beds immediately to meet the substantial increase in referrals of unaccompanied alien children. In February, ORR's Tipping Point Tracker increased the forecasted need to 9,000 beds in June.

At the industry day, ACF stated that it planned to award multiple competitive contracts in the second quarter of calendar year 2021. These planned contracts would have included direct care and supervision services but not bed space.



ACF issued its JOFOC on March 13, 2021. By that time, ORR officials stated that there were nearly 4,000 unaccompanied alien children in Border Patrol stations waiting to be moved to ORR care.

Poor execution of planning does not satisfy the requirements under FAR 6.302 for justifying the award of a sole source contract. ACF did not engage in deliberate, thoughtful planning; conduct thorough market research; and fully document its reasoning for why competition was not feasible. Instead, ACF made a mere attempt at planning, which is insufficient to meet the requirement, and did not provide a well-reasoned and substantiated justification for proceeding without competition.

If ACF had adequately planned for the bed space that it needed according to the Tipping Point Tracker, it could have had full and open competition for a contract or contracts to satisfy anticipated capacity needs. Such competition would have enabled ACF to consider whether other contractors may have been able to provide lower cost services.

### **ACF DID NOT ENSURE THAT THE ENDEAVORS CONTRACT WAS AWARDED AT A FAIR AND REASONABLE PRICE**

#### **Federal Requirements**

FAR 15.404-1(a) states that the objective of proposal analysis is to ensure that the final agreed-upon price is fair and reasonable. FAR 15.404-1(b) defines price analysis as the process of examining and evaluating a proposed price without evaluating its separate cost elements and

proposed profit. It states that, at a minimum, the contracting officer is required to obtain appropriate data, without certification, on the prices at which the same or similar items have previously been sold and determine whether the data are adequate for evaluating the reasonableness of the price. The FAR also provides various price analysis techniques and procedures, including comparison of proposed prices with independent Government cost estimates (IGCEs), that the Government may use to ensure a fair and reasonable price. Finally, the FAR requires the contracting officer to include a written price evaluation in the contract file before awarding the contract (FAR 4.802(a)(1)).

**The Endeavors Contract Was More Than Double the Price of the Compared Cost Estimates in ACF’s Price Analysis**

ACF did not ensure that it awarded the Endeavors contract at a fair and reasonable price. On March 15, 2021, 1 day before the contract was awarded, Endeavors provided ACF with a price quote for operating an EIS; however, the quote did not contain any details or support for the estimated price. Further, ACF’s price evaluation was documented by the contracting officer on June 6, 2021 (almost 3 months after the contract was awarded), and not before awarding the contract as required by the FAR. ACF could not provide any documentation to show that it had conducted any price analysis before awarding the contract to show that Endeavors’ price was fair and reasonable.

The contract file memo that contained the price evaluation stated that the Endeavors contract proposed price was fair and reasonable. However, ACF’s analysis in the evaluation did not support this statement. The analysis cited two IGCEs for delivery of direct care and supervision services and facility management services, as well as the historical lease cost for ORR’s ICF site in Texas.<sup>22</sup> The table shows these estimated costs.

**Table: ACF’s Price Analysis**

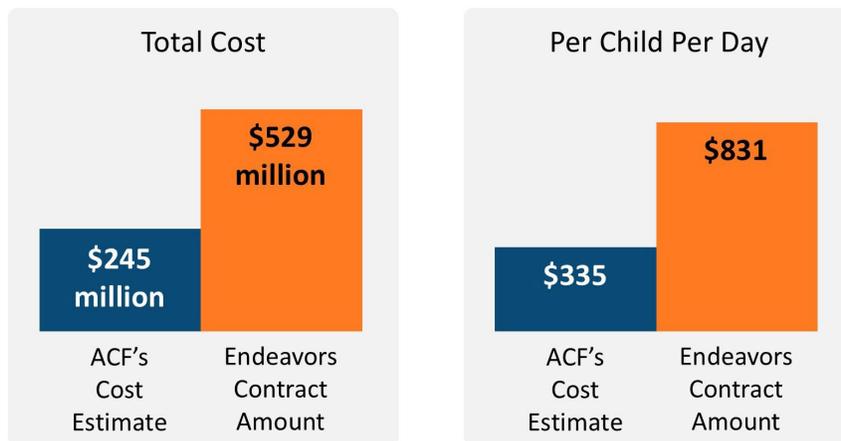
Description	Total for 12 Months	Cost Per Child Per Day
ICF Lease	\$2,880,000	\$4
Direct Care and Supervision Services IGCE	184,090,243	252
Facility Management Services IGCE	57,854,032	79
<b>Total</b>	<b>\$244,824,275</b>	<b>\$335</b>

ACF’s analysis estimated a total cost of almost \$245 million for a 12-month operational period, or \$335 per child per day. This was significantly less than the Endeavors award, which totaled \$529 million for 12 months, or \$831 per child per day. In fact, the Endeavors contract cost was

<sup>22</sup> The Endeavors contract included beds, the facility, direct care and supervision services, and facility management services.

more than double the compared cost estimate. Figure 1 shows the difference between the price analysis costs and the Endeavors contract costs.

**Figure 1: ACF's Estimated Cost Analysis Compared to the Endeavors Contract Amount**



ACF justified this price increase for the Endeavors contract by stating that the cost in an emergency environment is higher. However, even if the cost was higher due to an emergency environment, ACF could not provide support for this increase. Before awarding a contract totaling \$529 million, ACF should have ensured that the costs aligned with the price it estimated would be fair and reasonable.

Although ACF included an evaluation in the contract file, it was unable to provide evidence to support that it examined and evaluated the proposed price before awarding the Endeavors contract in March 2021. Despite multiple requests, ACF could not provide support for its review of the Endeavors quote, the price analysis techniques used to analyze the quote, or an IGCE for an EIS dated before the contract was awarded. When we asked for documentation, ACF told us that it was under significant time constraints to award contracts for EISs, including Endeavors.

### **ACF DID NOT COMPLETE SOME PRE-AWARD PROCEDURES BECAUSE IT IMPROPERLY STREAMLINED THE AWARDING PROCESS**

#### **Federal Requirements**

FAR 9.103(a) states that contracts must be awarded to responsible prospective contractors only. The FAR requires contracting officers to complete several pre-award procedures before awarding a contract. Specifically, the contracting officer must review the following:

- Past performance information for the prospective contractor in the Contractor Performance Assessment Reporting System (CPARS). The past performance information to consider includes the prospective contractor's record of conforming to requirements, forecasting and controlling costs, reasonable and cooperative behavior, and integrity and business ethics (FAR 9.104-6(a)(1) and 42.1501(a)).

- Performance and integrity information available in the Federal Awardee Performance and Integrity Information System (FAPIS), including FAPIS information from the System for Award Management (SAM) Exclusions. Contracting officers must consider all information available through FAPIS with regard to the prospective contractor and any immediate owner, predecessor, or subsidiary of that prospective contractor (FAR 9.104-6(a)(1)).

In addition, agencies must perform acquisition planning and conduct market research for all acquisitions. Market research allows agencies to provide for full and open competition or, when full and open competition is not required, competition to the maximum extent practicable, among other things. It also allows the agency to select the appropriate contract type, appropriately consider whether the use of pre-existing contracts could fulfill the requirement before awarding new contracts, and determine whether sources capable of satisfying the agency's requirements exist (FAR 7.102(a) and 10.001(a)(3)(i)).

During our audit period, simplified acquisition procedures under FAR 13 could be used only for contracts not to exceed a threshold of \$7.5 million (\$15 million for commercial products and services).

### **ACF Did Not Evaluate Whether Endeavors Was a Responsible Contractor and Did Not Complete Other Pre-Award Procedures**

ACF failed to complete some pre-award procedures, including evaluating whether Endeavors was a responsible contractor before awarding the contract to Endeavors. ACF did not conduct CPARS and FAPIS reviews that would have provided it with information about whether Endeavors had the qualifications and experience necessary to perform the contract.<sup>23</sup> ACF noted in its own internal review that the contract file did not contain any documentation that it determined that Endeavors was a responsible contractor before awarding the contract.

ACF also failed to conduct market research before contracting for an EIS and develop an acquisition plan before making the award. The Endeavors market research report was only for direct care and supervision services and not for a site or facility management services.<sup>24</sup> Finally, the acquisition plan developed by ACF for the Endeavors award was signed on May 25, 2021, 2 months after the contract was awarded.

These pre-award procedures were not performed because ACF improperly streamlined the acquisition process. At different points in the audit, ACF indicated that it used either simplified acquisition procedures under FAR 13 or unspecified streamlined procedures under FAR 15.

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<sup>23</sup> Although ACF included some SAM and FAPIS documentation in the contract file, these documents were dated Nov. 19, 2021, 8 months after the contract was awarded. Further, the SAM exclusion documentation in the contract file was for another contractor, not Endeavors.

<sup>24</sup> Although ACF performed some market research related to facilities management services, it was not included in the Endeavors market research report.

ACF's contract file, communications with Endeavors, and communications with us during this audit all referenced the improper use of simplified acquisition procedures under FAR 13 to award the Endeavors contract. The Endeavors contract, initially valued at \$529 million, greatly exceeded the simplified acquisition threshold of \$7.5 million (\$15 million for commercial products and services). Therefore, using simplified acquisition procedures for the Endeavors contract would have been improper. In a June 2021 internal review, ACF officials also stated that ACF used FAR 13 to award this contract even though the contract exceeded the threshold for simplified acquisition procedures.

Later, after we told ACF officials that ACF improperly used FAR Part 13, the officials told us that the contracting officer followed FAR 15 streamlined procedures at each phase of the acquisition process and that those procedures included conducting market research and developing an acquisition plan. However, ACF did not provide supporting documentation to corroborate this statement, and FAR 15 covers contracting by negotiation and does not identify any streamlined procedures that ACF could have followed.

Because ACF did not perform many pre-award procedures, it did not determine whether Endeavors was responsible and had the experience necessary to perform the contract. Additionally, ACF may not have been aware that Endeavors had never been awarded an ACF contract before and had only previously been awarded one ACF grant. Further, because ACF did not develop an acquisition plan for fulfilling the identified need and conduct market research to identify available vendors capable of providing the EIS, it may not have selected the contractor who was most qualified to meet the contract's requirements.

## **ACF DID NOT MAINTAIN ALL REQUIRED PRE-AWARD DOCUMENTS IN THE CONTRACT FILE**

### **Federal Requirements**

FAR 4.801(b)(1-3) states that the documentation in the contract files must be sufficient to constitute a complete history of the transaction for the purpose of: (1) providing a complete background as a basis for informed decisions at each step in the acquisition process, (2) supporting actions taken, and (3) providing information for reviews and investigations.

### **The Endeavors Contract File Was Incomplete**

ACF contracting personnel did not maintain all required documents in the contract file. For example, the acquisition plan for the Endeavors contract was maintained on the contracting officer's computer, not in the contract file. Additionally, ACF officials stated that ACF created an IGCE for the contract before it was awarded, but they could not find this IGCE, and we confirmed that it was not in the contract file. See Figure 2 on the next page for a list of missing documents.

**Figure 2: Endeavors Contract File: Missing Documents**

Documents Missing From the Endeavors Contract File
<ul style="list-style-type: none"><li>• Acquisition plan</li><li>• Evaluation plan</li><li>• Endeavors price quote for operating an EIS</li><li>• Market research support documentation, including sources sought notice and emailed solicitation</li><li>• IGCE created before the contract was awarded</li></ul>

ACF did not maintain a complete contract file because ACF lacked policies and procedures for contract file management. As a result, the Endeavors contract file was not sufficient to serve as a basis for informed decision making and did not provide support for actions that ACF took in awarding the Endeavors contract.

Since our audit period, GCS has created policies and procedures, including checklists, establishing standards for contract file management.

### **CONCLUSION**

ACF stated that, due to an unprecedented number of unaccompanied alien children arriving at the U.S. southern border in 2021, it faced urgent time constraints to set up new shelters. In November 2020, a court injunction prohibited unaccompanied alien children from being expelled from the United States. ORR was already forecasting that it would need additional shelter beds by spring 2021, and it was aware that the number of unaccompanied alien children could be expected to further increase as a result of the injunction. However, ACF failed to reasonably engage in thoughtful and deliberate planning to secure the beds and services it would need.

By March 2021, ORR estimated that it did not have a sufficient number of shelter beds in its provider network to house the nearly 4,000 unaccompanied alien children waiting in Border Patrol stations. On March 13, 2021, Endeavors emailed an unsolicited proposal to ORR; the proposal included a statement of capabilities and concept of operations for an emergency shelter that included bed space, personnel, and services for unaccompanied alien children. Endeavors had previously received an ACF grant to provide home study and postrelease services, but it had never before received an ACF contract to operate a facility to house unaccompanied alien children. Just 3 days later, ACF used a justification for other than full and open competition to award a \$529 million sole source contract to Endeavors with a performance period of March 16, 2021, through March 15, 2022, to provide and operate an EIS with space for 2,000 beds in Pecos, Texas.

ACF's awarding of the Endeavors contract was characterized by serious deficiencies that raise significant concerns about whether ACF could have awarded the contract competitively and at a lower price. Specifically, ACF did not adequately plan for a full and open competition, failed to complete some pre-award procedures, and did not maintain all required documents in the contract file. Moreover, ACF did not perform an analysis of whether the contract price was fair and reasonable until almost 3 months after the contract was awarded and did not review Endeavors's past experience and qualifications until 8 months after the contract was awarded. When ACF did analyze the contract price, it estimated that the facility and services could reasonably be expected to cost \$245 million, not the \$529 million it initially awarded to Endeavors. Consequently, ACF paid more than double the price it estimated would be reasonable for the services being provided. Other, more qualified contractors may have been available to perform the duties of the contract at a lower cost to the Government.

When eventually faced with an imminent need for beds, ACF did not have a contingency action plan to enact in such an emergency. Having an action plan in advance of unforeseen circumstances that lays out the options and necessary steps for the acquisition of services or supplies, including capacity planning and communications to senior leadership, would better position ACF to meet requirements for awarding, evaluating, and fairly pricing contracts. Ensuring that resources are available when and where they are needed would enhance preparedness, promote sound stewardship of Federal funds, and support the safety of unaccompanied alien children.

Some of the contract awarding issues we describe in this report are similar to the deficiencies included in our prior report that examined ACF contracts awarded to other selected EISs.<sup>25</sup> The recommendations made in that report, if effectively implemented, would provide the corrective action needed to address most of the deficiencies included in this report. As such, for this report, we are making a broad recommendation to ACF to promote better contract planning and efficient use of resources. We believe these two areas, among others, are essential to sound procurement and align with the Federal Government's efforts to reform existing acquisition regulations to achieve the most agile, effective, and efficient procurement system possible.

## RECOMMENDATION

We recommend that the Administration for Children and Families use the information in this report to promote better contract planning and efficient use of resources to ensure sufficient capacity to serve the UAC population during periods of increased need.

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<sup>25</sup> OIG, [ACF Did Not Award, Monitor, and Close Selected Contracts for the Unaccompanied Alien Children Program in Accordance With Federal Requirements \(A-06-22-07000\)](#), Sept. 3, 2025.

## ACF COMMENTS

In written comments on our draft report, ACF concurred with our recommendation. ACF described actions it had taken that would address our recommendation and stated that it would continue to take the necessary actions to address the issues highlighted by our report.

In response to our recommendation, ACF stated that, between 2022 and 2024, ORR established the Division of Acquisition Requirements (DAR), which includes CORs and acquisition specialists, to strengthen contract planning and promote the efficient use of resources. ACF stated that DAR plays a critical role in managing both pre-and post-award contract activities, ensuring ORR maintains the capacity to effectively serve the UAC population, particularly during fluctuations in program demand. Further, ACF stated that ORR leadership continues to make mission-critical decisions that are responsive to evolving policies and aligned with the agency's strategic goals, ensuring sustained support and operational readiness.

ACF's comments are included in their entirety as Appendix B.

## **APPENDIX A: AUDIT SCOPE AND METHODOLOGY**

### **SCOPE**

We reviewed ACF's processes for awarding the Endeavors contract. This contract, including options, totaled \$529,533,833 and had an original base award of 4 months with two options to extend the contract for 4 months each. We also reviewed the contract files maintained by the contracting officer and COR and interviewed contracting officers, CORs, and other ACF staff associated with the awarding of the contract.

We did not assess ACF's overall internal control structure. Rather, we limited our review of internal controls to those applicable to our objective. Specifically, we reviewed ACF's policies and procedures related to contract awarding.

We conducted our audit from April 2022 through April 2025.

### **METHODOLOGY**

To accomplish our objective:

- We reviewed applicable Federal requirements and guidance.
- We interviewed ACF personnel to obtain an understanding of ACF's process for awarding the Endeavors contract.
- We reviewed ACF's pre-award acquisition policies and procedures.
- We reviewed contract documentation maintained by ACF relating to the awarding of the Endeavors contract.
- We requested and reviewed selected ACF personnel emails related to the Endeavors contract for the period September 2020 through April 15, 2021, to obtain any insights into ACF's decision to procure shelter services at the EIS in Pecos, Texas, and award a sole source contract to Endeavors.
- We discussed the results of our audit with ACF officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## APPENDIX B: ACF COMMENTS



# ADMINISTRATION FOR CHILDREN & FAMILIES

Office of the Assistant Secretary | 330 C Street, S.W., Suite 4034  
Washington, D.C. 20201 | [www.acf.hhs.gov](http://www.acf.hhs.gov)

December 15, 2025

Megan Tinker  
Chief of Staff  
U.S. Department of Health and Human Services  
330 Independence Avenue, SW  
Washington, D.C. 20201

Dear Chief of Staff Tinker:

The Administration for Children and Families (ACF) appreciates the opportunity to respond to the Office of Inspector General (OIG) draft report titled, *ACF \$529 Million Sole Source Contract Award for Unaccompanied Alien Children Services Was Based on an Unsolicited Proposal, Double the Cost Estimate, and Noncompliant with Pre-Award Requirements*, A-03-22-00353.

Please find our comments and response to the draft report recommendation below.

**Recommendation:** We recommend that the Administration for Children and Families use the information in this report to promote better contract planning and efficient use of resources to ensure sufficient capacity to serve the Unaccompanied Alien Children population during periods of increased need.

**ACF Response:** ACF concurs with this recommendation. The unfortunate lack of compliance and oversight during the previous administration highlighted by the OIG report underscores the need for this administration's focus to address these actions on behalf of the American people. You have my commitment that ACF will continue to take the necessary actions to address these issues.

**Actions taken to date to address the recommendation:** This contract was awarded for an emergency influx facility that was needed for the volume of unaccompanied alien children (UAC) arriving to the United States and being referred to the care and custody of the Office of Refugee Resettlement (ORR) in 2021. Between 2022 and 2024, ORR established the Division of Acquisition Requirements (DAR) to strengthen contract planning and promote the efficient use of resources. DAR is composed of a highly skilled team, including FAC-COR-certified Contracting Officer's Representatives (COR), technically proficient acquisition specialists, and experienced leadership. This team plays a critical role in managing both pre-and post-award contract activities, ensuring ORR maintains the capacity to effectively serve the UAC population particularly during fluctuations in program demand. ORR leadership continues to make mission-critical decisions that are responsive to evolving policies and aligned with the agency's strategic goals, ensuring sustained support and operational readiness.

Thank you again for the opportunity to review this draft report. Please direct any follow-up inquiries to S. Benita Turner, Director, Risk Management and Oversight, Office of Transformation, Business, and Management at (771) 200-7454.

Sincerely,

A handwritten signature in black ink that reads "Alex J. Adams". The signature is written in a cursive style with a large, looping initial "A".

Alex J. Adams  
Assistant Secretary  
Administration for Children and Families  
U.S. Department of Health and Human Services

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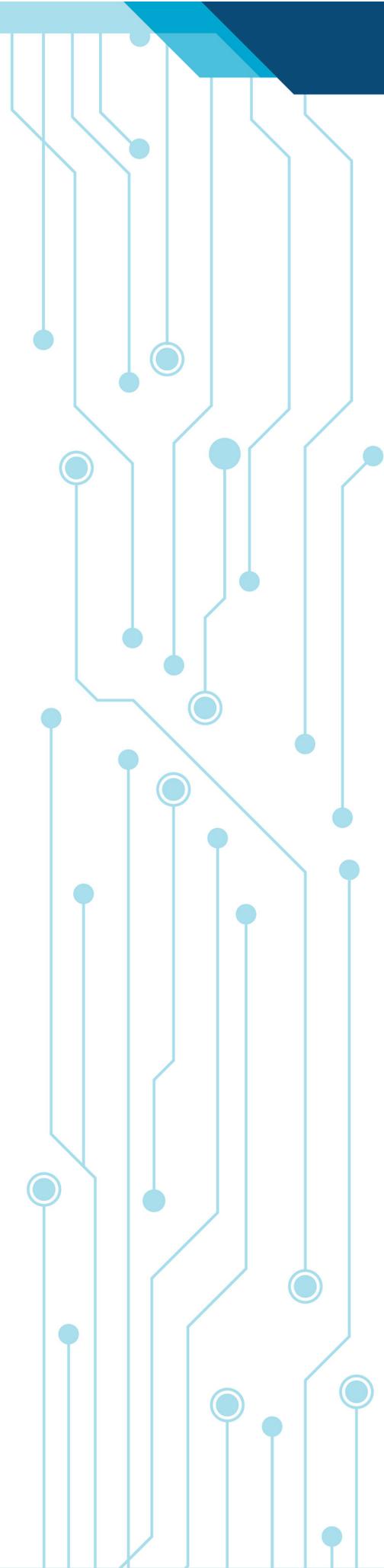
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