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September 2025 | A-06-22-07000

ACF Did Not Award, Monitor, and Close Selected Contracts for the Unaccompanied Alien Children Program in Accordance With Federal Requirements

REPORT HIGHLIGHTS



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Why OIG Did This Audit

- In Federal fiscal year 2021, an unprecedented number of unaccompanied alien children began arriving at the U.S. southern border. The Administration for Children and Families (ACF) awarded contracts to provide shelter and services for unaccompanied alien children at emergency intake sites.
- In 2021, ACF awarded 62 contracts totaling \$4.8 billion without using a competitive bidding process.
- This audit examined whether ACF awarded, monitored, and closed five of these contracts totaling over \$2.8 billion in accordance with Federal requirements.

What OIG Found

ACF did not comply with Federal requirements when awarding, monitoring, and closing out the five contracts as shown below.



What OIG Recommends

We made four recommendations to ACF, including developing an action plan to address time constraints when awarding contracts during influxes of unaccompanied alien children. The full recommendations are in the report.

ACF concurred with our recommendations and outlined the actions that it has taken to address our recommendations.

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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 Program (UAC Program).¹ In Federal fiscal year (FY) 2021, an unprecedented number of unaccompanied alien children began arriving at the U.S. southern border. As a result, ACF identified a need to increase the number of shelter beds in its provider network and entered into contracts for shelter and services for unaccompanied alien children. ACF awarded 62 contracts on a sole source basis with no competitive bidding, totaling approximately \$4.8 billion, to operate emergency intake sites (EISs), a new type of temporary, emergency facility to meet immediate shelter needs.^{2, 3} A prior HHS Office of Inspector General (OIG) audit identified issues related to the use of a sole source contract to provide services to unaccompanied alien children.⁴ In addition, news media and Congress have expressed concerns regarding ACF's awarding of sole source contracts for services provided at EISs.^{5, 6}

¹ Unaccompanied alien children have no lawful immigration status in the United States 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)).

² EISs were first opened in early 2021 and were 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, according to *ORR Field Guidance #13, Emergency Intake Sites (EIS) Instructions and Standards*, Apr. 30, 2021. In a Final Rule that went into effect July 1, 2024, ORR began referring to EISs and influx care facilities (ICFs) as "Emergency or Influx Facilities," defined as a type of care provider facility that opens temporarily to provide shelter and services for unaccompanied children during an influx or emergency (89 Fed. Reg. 34384, 34586 (Apr. 30, 2024); 45 CFR § 410.1001).

³ ACF awarded other contracts, such as contracts for professional support services at ACF headquarters, for EIS services that are outside the scope of our audit.

⁴ 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.

⁵ *El Paso Times*, "Fort Bliss Migrant Children Shelter Contractor Receives Nearly \$1B Contract Despite Mismanagement Allegations." Available online at <https://whistleblower.org/in-the-news/el-paso-times-fort-bliss-migrant-children-shelter-contractor-receives-nearly-1b-contract-despite-mismanagement-allegations>. Accessed on Nov. 4, 2024.

⁶ U.S. House Committee on Oversight and Reform, 117th Congress, *Congressional letter to the HHS Secretary*, September 16, 2021. Accessed on Nov. 4, 2024.

As part of OIG’s oversight of ORR, we are conducting a series of audits that focus on contracting for shelter and services for unaccompanied alien children.⁷ This report specifically addresses contracting for services at five EISs located in Texas, Michigan, and California.

OBJECTIVE

Our objective was to determine whether ACF awarded, monitored, and closed contracts for EISs in accordance with Federal requirements and HHS policies and procedures.

BACKGROUND

The number of children referred by the Department of Homeland Security (DHS) to ORR custody grew substantially in FY 2021. In FY 2019, DHS referred 69,485 unaccompanied alien children to ORR. In FY 2020, the number of referrals fell to 15,376 because of a U.S. public health order responding to the COVID-19 pandemic—implemented in March 2020—to suspend entry of certain noncitizens at or near the U.S. borders, resulting in expulsions of most unaccompanied alien children upon attempting to enter the United States. Following a court injunction and a change in policy in mid-FY 2021 that exempted unaccompanied alien children from such expulsions, the number of unaccompanied alien children increased substantially in FY 2021 to 122,800.⁸

According to ACF officials, limiting COVID transmission in shelters by practicing social distancing and quarantine made nearly 40 percent of ORR bed space unavailable.

Planning for Contract Acquisitions During the COVID-19 Pandemic

ACF’s plan for contract acquisitions during the COVID-19 pandemic required ACF to project UAC referrals and bed capacity. If ACF projected that the actual number of UAC referrals would soon exceed bed capacity, ORR planned to: (1) activate two influx care facilities (ICFs), (2) request that Federal agencies review their landholding inventory to determine whether they had unused property that ORR could use to house and care for unaccompanied alien children temporarily, and (3) publicize UAC Program information to aid vendors in meeting Government contracting requirements.⁹ ORR opened one ICF in March 2021 but did not open the second

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

⁸ On October 12, 2023, ORR provided OIG the revised number of unaccompanied children referrals for FY 2019–2021. Earlier OIG publications reported different numbers.

⁹ During an influx, ORR may not have sufficient bed space available within its licensed care provider network to place unaccompanied alien children. In this situation, ORR arranges for the use of an ICF to provide supplemental bed capacity. ICFs must provide children with proper physical care, appropriate routine medical and dental care, individual needs assessments, educational services, recreation, mental health services, and case management services. See ORR Guide: *Children Entering the United States Unaccompanied*, § 7.1., Sept. 18, 2019.

ICF as planned. The Department of Defense provided land to ORR in March and April 2021 that was used as the site of two EISs.

ACF Contracts To Operate Emergency Intake Sites

In March 2021, ACF officials approved a justification to award contracts for EISs without competition because ACF projected that the number of newly arriving unaccompanied alien children would soon exceed ORR's existing bed capacity.

EISs are not licensed by a State and are opened in the event of a severe shortage of beds in ORR's licensed care provider network and ICFs. A severe shortage occurs when State-licensed facilities and ICFs are full, resulting in children remaining in DHS custody for more than 72 hours without a placement designation.¹⁰ According to ORR, EISs must provide basic standards of care to ensure children's physical safety, access to legal services information, and access to emergency clinical services. Additionally, ORR encouraged EISs to offer case management services, educational services, and recreational time as practicable.

During the period March 14, 2021, through May 23, 2022, ACF opened and operated 14 EISs across 4 States: 9 EISs were located in Texas, 3 in California, 1 in Michigan, and 1 in Pennsylvania. The 14 EISs remained open for an average of 173 days, ranging from 17 days to 426 days.

Contracting Officers and Their Representatives

ACF's Office of Government Contracting Services (GCS) was established in June 2020. In October 2020 it began to provide contract acquisition, administration, and closeout services to ACF offices, including ORR. ORR was responsible for nominating a contracting officer's representative (COR) to assist the contracting officer for each contract. The COR's responsibilities typically include evaluating the contractor's proposed price, monitoring contractor performance, conducting inspections as required, and accepting goods or services on behalf of the Government. Some of the CORs that ORR used to assist with establishing and monitoring the EISs were from other Federal agencies.

Related Office of Inspector General Work

Since the responsibility for unaccompanied alien children was transferred to HHS by the Homeland Security Act of 2002, 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

¹⁰ DHS is required to transfer unaccompanied alien children to HHS within 72 hours, except in exceptional circumstances (8 U.S.C. § 1232(b)(3)).

mental health needs. Specific OIG reports involving EISs include: (1) a September 2022 report that examined experiences of staff at the Fort Bliss EIS, (2) a May 2023 report on employee background checks at an ICF and EISs, and (3) a March 2024 report that identified opportunities for ACF to improve its management of emergency or influx facilities.¹¹

HOW WE CONDUCTED THIS AUDIT

We obtained a list of 62 EIS contracts, totaling \$4,785,932,033, awarded by ACF during 2021 for the 14 EISs. Within the 62 contracts, ACF paid 53 contractors (9 contractors received 2 awards). From the 62 contracts, we selected a nonstatistical sample of 5 contracts totaling \$2,830,438,041.

To determine whether ACF awarded, monitored, and closed these five EIS contracts in accordance with Federal requirements and HHS policies and procedures, we reviewed the contract files maintained by the contracting officers and CORs and the related payment information. We also interviewed contracting officers, CORs, ACF staff, and contractor staff for the five selected contracts.

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.

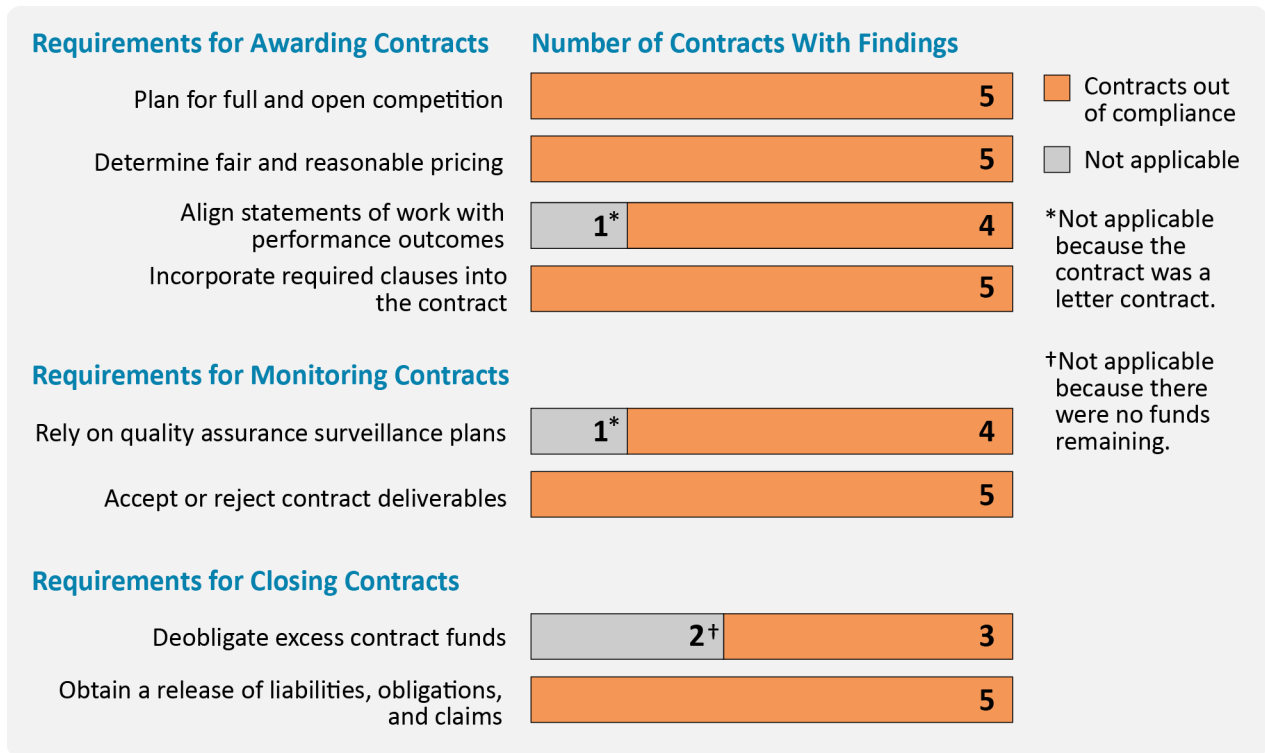
Appendix A contains the details of our audit scope and methodology. Appendix C contains the amounts paid to the 14 EISs. Appendix D contains the EIS locations and amounts paid for the five contracts selected for review.

FINDINGS

ACF did not comply with selected Federal requirements and HHS policies and procedures when awarding, monitoring, and closing out contracts for EISs. The figure on the following page summarizes contract compliance with Federal requirements for our nonstatistical sample.

¹¹ OIG, "[Unaccompanied Alien Children](#)," links to reports related to the UAC Program.

Figure: Summary of Contract Compliance With Federal Requirements



See Appendix B for a summary of findings by contract.

The deficiencies occurred because ACF did not effectively plan for the influx of unaccompanied alien children and was under urgent time constraints to rapidly set up new facilities to expand bed capacity. ACF officials explained to us that they rushed to award the five selected contracts in an average of 6 days compared with the average duration to award an ACF contract of 176 days between September 2020 and July 2023. The compressed timeframe limited GCS's ability to coordinate with ORR during the preaward phase to plan for full and open competition, evaluate proposed costs, develop statements of work that align with performance outcomes and cost estimates, and incorporate all required clauses into the contracts. The lack of measurable performance standards in the statements of work and lack of quality assurance surveillance plans affected the CORs' ability to evaluate deliverables. In addition, ACF did not have policies and procedures for the CORs to maintain documentation of their monitoring of the contracts and acceptance or rejection of deliverables in a filing system. Finally, ACF did not put adequate emphasis on closing contracts.

ACF DID NOT AWARD CONTRACTS ACCORDING TO FEDERAL REQUIREMENTS

ACF Awarded the Five Contracts Without Full and Open Competition

Federal Requirements

Generally, the Federal Acquisition Regulation (FAR) requires contracting officers to promote and provide for full and open competition when soliciting offers and awarding Government contracts (FAR 6.101(a), 6.2, and 6.3; and 41 U.S.C. § 3301). Contracting without providing for full and open competition cannot be justified based on a lack of advance planning by the requiring activity (FAR 6.301(c)(1)). Agency documentation must include an adequate evaluation of potential sources, market research, and justification for why competition is not feasible (FAR 6.302).

ACF Did Not Adequately Plan for a Full and Open Competition

ACF justified awarding sole source contracts to the five EISs using a Justification for Other Than Full and Open Competition (JOFOC), signed on March 13, 2021. The JOFOC cited an “unusual and compelling urgency” as the reason that full and open competition was not a viable option for satisfying ORR’s needs for influx beds at that time.¹² 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 UAC in ORR custody. The Government is “permitted to limit the number of sources from which it solicits bids or proposals” when “an unusual and compelling urgency precludes full and open competition” (FAR 6.302-2(a)(2) and (b)). However, FAR 6.302-2(c)(2) “requires that agencies shall request offers from as many potential sources as is practicable under the circumstances.”

Several months before ACF issued the JOFOC, ACF had projected that UAC referrals would exceed bed capacity.¹³ ORR held discussions with CDC officials aimed at adjusting social distancing requirements that reduced bed space, while still keeping children safe from COVID. ACF also identified several vendors interested in providing services to unaccompanied alien children during market research begun in October 2020. However, ACF did not solicit any contracts with full and open competition.

ACF indicated it awarded sole source contracts to the five EISs because an urgent and compelling need left insufficient time to properly compete contracts. However, we concluded that ACF’s insufficient planning and inaction to compete the contracts earlier ultimately created the urgency. If ACF had adequately planned for the bed space it projected it would need, it

¹² FAR 6.302-2, Unusual and Compelling Urgency.

¹³ OIG’s current work plan item “[Audit of the Administration for Children and Families Awarding of an Unaccompanied Children Program Sole Source Contract to Family Endeavors, Inc.](#)” will provide more information about ACF’s projections for bed capacity.

could have used full and open competition to award contracts. Any additional requirements could then have been addressed via in-scope modification or through the use of other than full and open competition, depending upon circumstances. Full and open competition would have enabled ACF to reasonably and practicably consider whether other contractors may have been able to provide the necessary services at a higher quality or lower cost.

The Contracting Officers' Determinations of Fair and Reasonable Pricing of the Contracts Were Deficient

The contracting officer must determine that the proposed price is fair and reasonable (FAR 13.106-3(a)) and include adequate documentation of that in the contract file before awarding the contract (FAR 4.802(a)(1)). The FAR does not include a definition of "fair and reasonable." The FAR arrives at what is "fair and reasonable" through an examination of measures used in the procurement process. For example, both FAR 13.106-3 and FAR 15.404-1 outline acceptable methods the contracting officer may use to determine whether the price is fair and reasonable, including using an independent Government cost estimate or historical prices paid for similar services.

We believe ACF had deficiencies with determining fair and reasonable pricing for all five contracts, as discussed below.

- **Contract One (determination based on an independent Government cost estimate):**
The contracting officer's written evaluation of fair and reasonable pricing included \$5.5 million in medical services that were provided under another contract.
- **Contract Two (determination based on an independent Government cost estimate):**
The contracting officer's written evaluation included costs that far exceeded what the contractor said would be needed to accomplish the work. The contractor estimated that \$98.8 million would be needed for travel costs to fully staff the facility with out-of-State staff.¹⁴ However, the contracting officer's written evaluation included \$270 million in travel costs (airfare, lodging, per diem, and a rental car for each staff person) for positions that included 1,393 youth-care workers, for whom travel that extensive was not required. In addition, the written evaluation included costs associated with unnecessary staff. For example, the contracting officer included the costs of 82 nurse practitioners and 83 physician assistants in the determination of fair and reasonable pricing when the contract required 55 nurse practitioners and physician assistants combined.

After 3 months, ACF lowered the contract's price by \$128.6 million because the contractor used more local labor than anticipated, and the number of medical staff,

¹⁴ The contracting officer's file did not contain a detailed cost proposal from the contractor. However, the COR's file included an email from the contractor that provided the contractor's estimated travel costs.

legal advocates, and youth-care managers was reduced from what was initially thought to be needed.

- **Contract Three (determination based on historical prices for similar services):** The contracting officer's written evaluation did not contain sufficient detail to support the determination that pricing was fair and reasonable based on historical pricing. The evaluation contained a table with the proposed price of the contract and the price of another contract with substantial price differences between the two and no other detail in the evaluation to adequately support a fair and reasonable determination.
- **Contract Four (no determination):** The contract file did not have a written evaluation of fair and reasonable pricing, which is required before the contract is awarded.
- **Contract Five (determination based on an independent Government cost estimate):** The contracting officer's written evaluation did not explain in detail why the initial contract amount of \$198 million was \$67.3 million higher than the contracting officer's written evaluation of costs (prorated), which totaled \$130.7 million.¹⁵ The contracting officer justified the higher cost estimate by stating that the written evaluation did not consider "risk/contingency costs, profit, or urgency/rapid facilities set up costs."

The deficient determinations for each of these contracts may have resulted in ACF overpaying for procured services to operate the EISs.

The Contracts Did Not Contain Statements of Work That Aligned With Performance Outcomes and Cost Estimates

The agency head or a designee must prescribe procedures to ensure that the statement of work is closely aligned with performance outcomes and cost estimates (FAR 7.103(f)). ACF's procedures require ORR to draft statements of work that include measurable and achievable performance standards to the extent practicable. GCS depends on ORR's technical knowledge to ensure the statement of work is in the Government's best interest. The contracting officer has the final authority to approve statements of work. The statement of work is designed to provide the contractor with an outline of required tasks and a schedule of deliverables.

Four of the five contracts that we reviewed had statements of work that included descriptions of deliverables that were not specific enough to allow the COR to evaluate whether the contractor completed the deliverable or whether the deliverable aligned with cost estimates.

¹⁵ The contracting officer's original evaluation was \$113.9 million for 61 days of service. The actual contract was 70 days, so we prorated the contracting officer's original evaluation for an additional 9 days to get to the \$130.7 million.

The remaining contract was a letter contract for which the FAR did not specifically require a statement of work.¹⁶

- **Contract One:** The statement of work required the contractor to provide medical services and facility services, including security, showers, restrooms, and laundry. The medical services required the contractor to meet or exceed the ORR minimum standards for medical care. However, the statement of work lacked measurable deliverables for the medical services (e.g., conduct daily health assessments or symptom checks of unaccompanied alien children occupying the medical shelter).
- **Contract Two:** The statement of work required the contractor to provide medical services, intake assessments, and care for and supervision of the unaccompanied alien children. The care and supervision portion of the statement of work required the use of data tracking systems. However, the statement of work did not define what data the systems must track, what reports were to be generated from the systems, or how the systems related to performance outcomes.
- **Contract Three:** The statement of work required the contractor to provide facility services, including tents, showers, restrooms, laundry, and meals. When the place of performance changed to a location with existing housing, showers, and restrooms, the contractor made corresponding reductions in its invoice to the Government. However, the contracting officer did not remove the tents, showers, and restrooms from the statement of work until 7 months later.
- **Contract Five:** The statement of work required the contractor to provide all services and supplies at the EIS, including a requirement to “add new medical between 4 new COVID/positive isolation units” without clearly explaining what “new medical” is, detailing the work to be performed, or providing a cost estimate.

The poorly defined statements of work affected the CORs’ ability to effectively monitor the contracts and ORR’s ability to ensure the contractors’ performance and costs aligned with the contract requirements.

The Contracts Lacked Some Required Clauses

Federal regulations require contracting officers to insert certain clauses when applicable into the contract. Including the required clauses helps regulate the rights and obligations of parties in a Government contract. FAR part 52 dictates the specific wording of the clauses the contracting officer must insert in the contract, and other FAR sections prescribe when the clauses are needed. For example, FAR 3.9 and 52.203-17 provide whistleblower rights to

¹⁶ A letter contract is a written preliminary contractual instrument that authorizes the contractor to begin immediately performing services because there is not enough time to negotiate a regular contract (FAR 16.603).

contractor employees working under the contract, and FAR 4.1403 and 52.204-10 require contractors to report executive compensation.¹⁷

In the five selected contracts, the contracting officers did not incorporate all the required clauses. In four of the five contracts, the contracting officer omitted the whistleblower rights clause, so contractors were not being obliged to inform their employees of their whistleblower protections. Additionally, in all five contracts, the contracting officer omitted the requirement that contractors report executive compensation. Information about executive compensation enables a contracting officer to assess the reasonableness of the compensation and reduce wasteful spending.

The lack of required clauses limited ACF's monitoring and enforcement of the contracts and the contractors' obligations under the contracts.

Deficiencies in Awarding Contracts Occurred Because of Urgent Time Constraints

The deficiencies occurred because ACF did not effectively plan for the influx of unaccompanied alien children and was under urgent time constraints to rapidly set up new facilities to expand bed capacity. According to ACF officials, the urgent time constraints limited the coordination between GCS and ORR during the preaward phase to evaluate the reasonableness of proposed prices and prepare the contracts. ACF officials explained to us that they rushed to award the five selected contracts in an average of 6 days compared with the average duration to award an ACF contract of 176 days between September 2020 and July 2023.

One solution that other Federal agencies, such as the Federal Emergency Management Agency, have used to procure goods or services during emergencies is the advance contract.¹⁸ Advance contracts do not involve a specialized type or separate category of contract under the FAR, but instead are contracts in which the awarding agency develops and plans for an acquisition of the anticipated types of services or supplies in advance of emergencies. This planning allows the awarding agency sufficient time to develop, revise, evaluate, price, solicit competition for, and award contracts that support the needs of the agency absent any unnecessary timing or pricing pressures.

¹⁷ Regulations issued on October 5, 2023, at 88 Fed. Reg. 69520, amended whistleblower protection regulations in FAR 3.9 and FAR 52.203-17 effective during our audit period. The new regulation makes permanent the protection for disclosure of certain information.

¹⁸ Federal Emergency Management Agency (FEMA) advance contracts for goods and services are competed and awarded in advance of major disaster declarations to provide efficient, cost-effective means for rapid delivery of supplies and services. FEMA, "[Advance Contracts of Goods and Services](#)." Accessed on Nov. 4, 2024.

ACF DID NOT MONITOR CONTRACTS ACCORDING TO FEDERAL REQUIREMENTS

ACF Did Not Rely on a Quality Assurance Surveillance Plan To Monitor Contractor Performance

For commercial contracts, the Government must generally rely on the contractor's existing quality assurance system as a substitute for Government inspection and testing (FAR 46.202-1). All five of the sampled contracts are commercial contracts. One of the five contracts was a letter contract for which the FAR did not specifically require a quality assurance surveillance plan.

A quality assurance surveillance plan should specify the work requiring surveillance and the method of surveillance (FAR 46.401(a)). GCS must receive from either ORR or the contractor the technical requirements for a quality assurance surveillance plan (FAR 46.103). After GCS completes or approves the quality assurance surveillance plan and incorporates it into the statement of work, the contracting officer relies on the plan to verify that the contractor performs as expected (FAR 46.401(a)).

Although two of the five contracts contained a requirement for a quality assurance surveillance plan, ACF officials did not enforce this requirement. ACF officials explained to us that they did not require that any of the five contractors prepare a plan because of the urgent need and swift timeline to establish these contracts. In addition, ACF did not use any standard monitoring report or other formal quality assurance plan for ensuring compliance of contract deliverables to evaluate the EIS contractors' performance.

The CORs explained to us that they informally monitored contractor performance through daily staff meetings and facility walk-throughs. Although informally monitoring contractor performance is a good practice, it needs to be combined with a planned approach to quality assurance.

Because ACF did not rely on a quality assurance surveillance plan or other planned quality assurance process to monitor contracts, contractors could have provided nonconforming services that could have put the health and safety of children at risk.

The Contracting Officers Representatives' Files Lacked Documentation of Written Acceptance or Rejection of the Deliverables

The COR must maintain a file for each contract that includes, at minimum, documentation of actions taken by the COR (FAR 1.604). Contracting officers specify a COR's responsibilities in the COR's appointment letter. The COR's appointment letter for each of the five selected contracts required the COR to inspect the contractor's performance of the contract's deliverables and to provide the contractor with a written acceptance or rejection of the services or other deliverables.

None of the CORs' files contained written acceptance or rejection of contract services or other deliverables. The contracts often contained no measurable performance standards in the statement of work and no quality assurance surveillance plan to aid the COR in evaluating deliverables.

ACF also lacked policies and procedures for the CORs to maintain documentation of their monitoring of the contracts and acceptance or rejection of deliverables in a filing system. During our fieldwork, ACF explained that ORR was in the process of establishing a standard operating procedure for COR file management.

The CORs' files for four of the five contracts contained limited documentation supporting the CORs' inspection of the contractor's performance, and the documentation contained in the files varied by contract.¹⁹ Without sufficient documentation in the CORs' files, the contracting officers lacked assurance that contractors met the deliverables in the contracts.

ACF DID NOT CLOSE CONTRACTS ACCORDING TO FEDERAL REQUIREMENTS

After receiving evidence of a contract's completion, Federal regulations require the contracting office to deobligate excess funds (FAR 4.804-5(a)(15)). ACF's *Contract Closeout Guide* section 5.3.5 requires contracting officers to deobligate excess contract funds within 30 days after completion of the contract.²⁰

Federal regulations require the Federal Government to obtain from the contractor a release of all liabilities, obligations, and claims arising from the contract before issuing the final payment (FAR 52.216-7(h)(2)). ACF's *Contract Closeout Guide* places the requirement for obtaining the release on the contracting officer and provides a template to use.

For three of the five contracts we reviewed, the contracting officers did not deobligate a total of \$12.6 million in excess contract funds within 30 days after completion of the contracts. These funds remained obligated from 562 to 828 days after ACF's required deobligation period. The other two contracts had no remaining funds to deobligate.

For all of the five contracts, the contracting officers did not obtain a release of all liabilities, obligations, and claims arising from the contracts before issuing the final payment. During our fieldwork, ACF explained that GCS was in the process of establishing an internal team to put additional emphasis on closing contracts.

These deficiencies occurred because ACF did not prioritize closing contracts for EIS services because it was focusing on mission requirements. As a result, ACF had \$12.6 million in obligated contract funds unavailable for other agency programmatic needs. In addition,

¹⁸ ACF could not locate the COR's file for one of the five contracts in our sample.

²⁰ Deobligation means reducing or canceling the amount of funds obligated for a contract.

without a release of all liabilities, obligations, and claims, ACF may not have reached a final settlement with the contractors. As a result, ACF could be liable for future payments to the contractors.

CONCLUSION

ACF indicated it rapidly awarded sole source contracts to the five EISs due to compressed timeframes caused by an urgent and compelling need to provide shelter to the unprecedented number of unaccompanied alien children arriving at the U.S. southern border in 2021. As a result, contracting officers did not have adequate time for full and open competition when awarding contracts and evaluating the reasonableness of proposed costs. However, we concluded that ACF's insufficient planning and inaction to compete the contracts earlier ultimately created the urgent and compressed timeframes. Without contract competition and cost evaluation, ACF could have paid prices that were not fair and reasonable.

In addition, because of its need to act fast, ACF did not develop statements of work aligning with performance outcomes and cost estimates and did not get quality assurance surveillance plans, both of which could have improved ACF's and the CORs' ability to monitor contractors' performance. ACF also did not comply with some Federal requirements and HHS policies and procedures when closing contracts. ACF did not close all contracts in a timely manner; as a result, funds were unavailable for other agency needs. And ACF did not obtain a release of liabilities, obligations, and claims, leaving the Government potentially liable for additional payments to the contractors.

Planning for the acquisition of services or supplies in advance and using advance contracts would allow ACF sufficient time to evaluate and fairly price contracts before an emergency and to develop plans for effectively monitoring contracts. Being better prepared, with contracts completed in advance of unforeseen circumstances, would also help ensure sound stewardship of Federal funds and the safety of unaccompanied alien children.

RECOMMENDATIONS

We recommend that the Administration for Children and Families develop action plans to:

- consider the use of advance contracts so that contracting officers can provide for full and open competition; adequately evaluate proposed prices; and confirm that contracts contain a detailed statement of work, all of the required clauses, and a quality assurance surveillance plan;
- verify that contracts contain measurable performance standards;
- implement policies and procedures for COR file management; and

- train contracting officers to improve the contract closeout process by deobligating excess funds within 30 days after completion of the contract and obtaining a release of all liabilities, obligations, and claims arising from the contract before issuing the final payment.

ACF COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, ACF concurred with our recommendations. ACF informed us that GCS had been eliminated as a part of the Departmentwide reorganization. However, ACF described actions it had previously taken that would address our recommendations and stated that it would share these improvements and best practices with the organization responsible for its future contracting efforts.

In response to our first recommendation, ACF stated that in FY 2023, GCS began developing preestablished contracting solutions to fulfill mission requirements while maintaining competition and fair and reasonable pricing. In response to our second recommendation, ACF stated that it developed processes and tools to ensure contracts contain measurable performance standards, established a division to support procurement package development, and established within ORR the Division of Acquisitions Requirements (DAR) to oversee contract management. Further, ACF stated that ORR, through DAR, integrated measurable standards in Performance Work Statements to strengthen CORs' abilities to effectively monitor and assess contractor performance and contract deliverables. In response to our third recommendation, ACF stated that GCS established a new COR audit team. This team developed and implemented a formal audit process for ongoing file reviews. Additionally, ORR implemented quarterly compliance audits by the DAR Management and Acquisition Support team to ensure adherence to file management requirements. The most recent audit was completed in June 2025. In response to our fourth recommendation, ACF stated that GCS began assessing expired contracts to ensure timely closeouts and began monitoring monthly reporting of closeout status.

We commend ACF on the actions it has taken to address our recommendations. The actions ACF described are essential to promoting sound procurement.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

We obtained a list of 62 EIS contracts, totaling \$4,785,932,033, awarded by ACF during 2021 for the 14 EISs. From the 62 contracts, we selected a nonstatistical sample of 5 contracts totaling \$2,830,438,041. We reviewed the contract files maintained by the contracting officers and CORs and the related payment information. We also interviewed contracting officers, CORs, ACF staff, and contractor staff associated with the five selected contracts.

We did not assess ACF's overall internal controls. Rather, we limited our review of internal controls to those applicable to our audit objective. Specifically, we assessed the implementation of policies, procedures, and practices applicable to ACF's awarding, monitoring, and closing of EIS contracts.

We conducted our audit from March 2022 through May 2025.

METHODOLOGY

To accomplish our objective:

- We reviewed the FAR, HHS acquisition regulations, and related acquisition criteria.
- We obtained an understanding of ACF's contracting process by interviewing ACF officials and reviewing policies and procedures.
- We assessed ACF's market research and capacity projections completed for the purposes of these contracts before awarding the EIS contracts.
- We identified the contracts awarded for EISs, including the purposes and award amounts.
- We selected a nonstatistical sample of five EIS contracts with one or more of the following risk factors: (1) large dollar amounts; (2) provision of direct care services; (3) the contractors' lack of, or limited, prior experience with ACF; or (4) quality-of-care concerns raised by news media.
- For each contract selected, we:
 - interviewed ACF contracting officials and contractor staff, and
 - reviewed the contract files maintained by the contracting officers and CORs and related payment information from ORR's finance office.

- 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: SUMMARY OF FINDINGS

Issue	Contract				
	1	2	3	4	5
Did the contracting officers plan for full and open competition?	No	No	No	No	No
Did the contracting officers adequately determine fair and reasonable pricing of the contract?	No	No	No	No	No
Did the statement of work align with performance outcomes and cost estimates?	No	No	No	N/A*	No
Did the contracting officers incorporate all required clauses into the contract?	No	No	No	No	No
Did ACF rely on a quality assurance surveillance plan?	No	No	No	N/A*	No
Did the COR's contract file contain evidence of written acceptance or rejection of services or deliverables?	No	No	No	No	No
Did the contracting officers deobligate excess contract funds in a timely manner?	No	N/A†	No	No	N/A†
Did the contracting officers obtain a release of liabilities, obligations, and claims from the contractor?	No	No	No	No	No

* Not applicable because the contract was a letter contract.

† Not applicable because there were no funds remaining.

APPENDIX C: TOTAL AMOUNTS PAID FOR THE 14 EMERGENCY INTAKE SITES FROM THE 62 CONTRACTS

Amounts Paid for the 14 Emergency Intake Sites		
EIS Location	Amount Paid	Number of Contracts
El Paso, Texas	\$2,023,400,470.28	5
Pomona, California	782,540,115.02	2
Pecos, Texas	707,810,747.32*	1
Donna, Texas	273,676,996.00	1
Long Beach, California	226,533,662.58	3
Dallas, Texas	170,100,424.51	10
San Diego, California	151,102,870.48	19
San Antonio, Texas	137,808,167.96	2
Midland, Texas	118,212,654.90	4
Carrizo Springs, Texas	73,804,659.60	1
Albion, Michigan	68,177,639.76	6
San Antonio, Texas	47,797,764.38	2
Houston, Texas	3,791,664.61	4
Erie, Pennsylvania	1,174,195.88	2
Total	\$4,785,932,033.28*	62

* As of August 24, 2023.

APPENDIX D: LIST OF EMERGENCY INTAKE SITE LOCATIONS AND AMOUNTS PAID FOR THE FIVE CONTRACTS SELECTED FOR REVIEW

Emergency Intake Site Locations and Amounts Paid for the Five Contracts Selected for Review		
Contract	EIS Location	Amount Paid
One	Dallas, Texas	\$94,575,613.63
Two	Pomona, California	706,894,848.17
Three	Albion, Michigan	27,824,141.13
Four	Houston, Texas	3,222,319.53
Five	El Paso, Texas	1,997,921,118.89
Total Paid		\$2,830,438,041.35

APPENDIX E: 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

July 11, 2025

Meg Tinker
Chief of Staff
U.S. Department of Health and Human Services
330 Independence Avenue, SW
Washington, DC 20201

Dear Ms. Tinker:

The Administration for Children and Families (ACF) appreciates the opportunity to respond to the Office of Inspector General (OIG) draft report titled, *ACF Did Not Award, Monitor, and Close Selected Contracts for the Unaccompanied Alien Children Program in Accordance with Federal Requirements*, (A-06-22-07000).

In support of the President's "Department of Government Efficiency" Workforce Optimization Initiative, in March 2025, the Department of Health and Human Services (HHS) initiated an agency wide reorganization, which in part was designed to streamline operations and improve operational efficiency. This reorganization also focused on consolidating functions and reducing duplicative efforts by improving shared services, including those related to contracting. As part of this effort, in April 2025, ACF's Office of Government Contracting Services (GCS) was eliminated. To facilitate continued progress, ACF will share our identified process improvements and developed best practices with the HHS designated organization responsible for our contracting efforts. Further, ACF's Office of Refugee Resettlement (ORR) will continue to develop and execute enhancements to strengthen contracting efforts. These efforts are identified in our comments and response to the four draft report recommendations below.

Recommendation 1: We recommend that ACF develop action plans to consider the use of advance contracts so that contracting officers can provide for full and open competition; adequately evaluate proposed prices; and confirm that contracts contain a detailed statement of work, all of the required clauses, and a quality assurance surveillance plan.

ACF Response: ACF concurs with this recommendation.

Beginning in FY 2023, ACF's GCS began developing ACF 360, a suite of Indefinite Delivery, Indefinite Quantity (IDIQ) and Blanket Purchase Agreements (BPA) that intended to leverage best-in-class contracting vehicles to rapidly fulfill mission requirements while maintaining competition and ensuring fair and reasonable pricing. These pre-established contracting solutions were organized by functional areas and designed to streamline and centralize ACF-wide strategic sourcing for commodities, services, research, and technology, supporting critical mission needs across all ACF partners.

Recommendation 2: We recommend that ACF develop action plans to verify that contracts contain measurable performance standards.

ACF Response: ACF concurs with this recommendation.

To enhance contract oversight, throughout 2023 and 2024, ACF's GCS implemented comprehensive improvements including:

- Development of processes and tools to ensure contracts contain measurable performance standards.
- Establishment of a Program Services Division to support procurement package development.
- Creation of a structured Compliance Review process for documentation validation.
- Early Senior Contracting Advisor review to ensure submission readiness.

Between 2022 and 2024, ACF's ORR enhanced its contract management by building an Acquisition Team. This team was fully established in FY 2024 as the Division of Acquisition Requirements (DAR), staffed with FAC-C-certified Contracting Officer's Representatives (CORs) to oversee pre- and post-award contract management, along with technically qualified acquisition specialists and leadership.

Through DAR, by 2024, ORR integrated measurable standards in Performance Work Statements (PWS). Through surveillance informed by Quality Assurance Surveillance Plans (QASPs), these standards strengthened COR's ability to effectively monitor and assess contractor performance and contract deliverables. DAR CORs and leaders ensure that PWS aligned QASPs are created, surveillance plans are developed, surveillance is conducted and documented, corrective action requests are issued to contractors as needed, and Contract Performance Assessment Reporting System (CPARS) evaluations are completed for each contract. These structured approaches enhanced measurable performance standards.

Recommendation 3: We recommend that ACF develop action plans to implement policies and procedures for COR file management.

ACF Response: ACF concurs with this recommendation.

To strengthen COR file management and oversight, in FY 2023, ACF's GCS established a COR audit team. This team developed and implemented a formal audit process for ongoing file reviews. Through these reviews, GCS identified compliance-related training needs and introduced continuous oversight measures to ensure adherence to requirements.

Additionally, ACF's ORR, through DAR, implemented in FY 2024:

- A standardized COR File Management Standard Operating Procedure (SOP), providing clear file guidance for all CORs; and

- Quarterly compliance audits conducted by the DAR Management and Acquisition Support team to ensure adherence to file management SOP requirements. The most recent audit was completed in June 2025.

These structured approaches enhance policies and procedures for COR file management.

Recommendation 4: We recommend that ACF develop action plans to train contracting officers to improve the contract closeout process by de-obligating excess funds within 30 days after completion of the contract and obtaining a release of all liabilities, obligations, and claims arising from the contract before issuing the final payment.

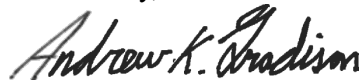
ACF Response: ACF concurs with this recommendation.

From FYs 2023 to 2025, ACF's GCS implemented the following contract closeout improvements:

- Quarterly Post-Award Oversight: Conducting systematic self-assessments of expired contracts to ensure timely closeouts.
- Contracting Officer Advancement Program: Comprehensive training covering exploration of the roles and responsibilities of contracting officers throughout the various phases of the acquisition lifecycle, from acquisition planning to contract closeout and the HHS Contract Closeout Guide.
- Monitored monthly reporting of closeout status by the Contract Administration and Training (CAT) team.

Thank you again for the opportunity to review this draft report. Please direct any follow-up inquiries to S. Benita Turner, Director, Enterprise Risk Management, Office of Administration, at (202) 401-9379.

Sincerely,



Andrew Gradison
Acting Assistant Secretary
Administration for Children and Families
U.S. Department of Health and Human Services

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