

REPORT HIGHLIGHTS



February 2025 | A-12-22-10000

ACF Used Contractor Personnel To Perform Inherently Governmental Functions and Paid Millions in Potentially Unallowable Costs

Why OIG Did This Audit

- In Federal FY 2021, there was an influx of unaccompanied alien children at the U.S. southern border. As a result, the Administration for Children and Families' (ACF's) Office of Refugee Resettlement, which manages the Unaccompanied Alien Children Program, identified a need to increase the number of shelter beds and related services in its provider network. ACF awarded a \$301,747 sole source contract to Deloitte Consulting, LLP (Deloitte) to provide professional support services to address the influx of children and through subsequent modifications of the contract, increased the value of the award to \$19.4 million.
- We are conducting a series of audits that focus on contracting for shelter and related services for unaccompanied alien children. This report addresses whether ACF awarded and monitored the Deloitte contract in accordance with Federal requirements and HHS policies and procedures.

What OIG Found

ACF did not award and monitor the Deloitte contract in accordance with Federal requirements and HHS policies and procedures:

- ACF did not solicit and receive offers from two or more offerors as required by the Federal Acquisition Regulation (FAR), potentially denying the Federal Government an opportunity to receive higher quality, lower cost services from another vendor.
- ACF administered the contract in a manner that created the appearance of an employer-employee relationship with Deloitte staff. ACF also allowed Deloitte and its subcontractors to perform inherently governmental functions.
- ACF did not review and approve invoices in accordance with the FAR or the terms of the contract. As a result, ACF paid Deloitte approximately \$5 million for potentially unallowable costs and may have violated the Antideficiency Act by paying \$1.5 million for services outside the periods of performance.
- ACF did not provide written consent for Deloitte to use subcontractors.

What OIG Recommends

We made six recommendations, including that ACF update its policies and procedures and provide training related to awarding and monitoring of contracts, review potentially unallowable costs, and review and correct any potential Antideficiency Act violations. The full recommendations are in the report.

ACF concurred with five of our recommendations, partially concurred with one recommendation, and detailed the steps it has taken and plans to take in response to our recommendations.