



FOR IMMEDIATE RELEASE

Statement of Chairman Bennie G. Thompson

“Other Transaction Authority: Flexibility at the Expense of Accountability?”

February 7, 2008 (Washington) – Today, Committee on Homeland Security Chairman Bennie G. Thompson (D-MS) delivered the following prepared remarks for the Emerging Threats, Cybersecurity and Science and Technology Subcommittee hearing entitled “Other Transaction Authority: Flexibility at the Expense of Accountability?”:

“Under the Homeland Security Act of 2002, the Department was given a special procurement authority called ‘other transaction authority’ (OTA). Today’s hearing will examine whether Congress should extend this special authority which is scheduled to end in September 2008.

Since 2004, the Department has spent \$381 million of the taxpayer’s money through OTA contracts. It is not clear to me what has been gained.

In exchange for this flexibility, OTA was intended to allow businesses to join with the government, conduct research, and develop prototypes. These prototypes would serve as a model for products that would fill security gaps.

Business, government and the public would all benefit through this innovative relationship. Business would receive funding. The government would share the risk of development. And the people would be safer.

It was a great plan, but it hasn’t worked out that way.

The benefits to the public are not clear. They are not clear because procurements carried out through OTA are exempt from most of the laws that govern all other federal contracting, including: the Federal Acquisition Regulations (FAR), the Government’s Cost Accounting Standards, the Copeland Anti-Kickback Act of 1986, and the Contract Disputes Act.

In addition to bypassing most federal contracting rules, transactions under OTA are not subject to FOIA for five years.

Taken together, these exemptions create a lack of accountability and transparency. This failing is precisely the reason we cannot identify whether products or prototypes have been created. This weakness is also the reason that we cannot determine if any benefits have been realized. Let me be clear. The American people deserve to know what they have gotten for this \$381 million.

In 2004, GAO recommended that the Department establish safeguards to address the vulnerabilities and risks associated with OTA. It is not clear whether the Department has developed the robust system envisioned by GAO.

When taxpayer dollars are involved, there must be accountability and transparency.

If flexibility is an impediment to these fundamental principals of good government, then flexibility must give way. The need for accountability in this Department is clear. We cannot

ignore that over 60% of the Department's budget is contracted out. Nor can we ignore that this nation is running record deficits.

Given these circumstances, it would be irresponsible for this Committee to turn a blind eye to any program that allowed secret and veiled spending.

OTA is such a program. And its continuation should only be considered after a showing that major reforms have occurred. ”

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