

**GAO**

Testimony

Before the Subcommittee on Homeland Security, Committee on Appropriations, House of Representatives

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**DEPARTMENT OF  
HOMELAND SECURITY**

**Progress Made in  
Implementation of  
Management and Mission  
Functions, but More Work  
Remains**

Statement of David M. Walker  
Comptroller General of the United States





Highlights of [GAO-08-457T](#), a testimony before the Subcommittee on Homeland Security, Committee on Appropriations, House of Representatives

## Why GAO Did This Study

The Department of Homeland Security (DHS) began operations in March 2003 with missions that include preventing terrorist attacks from occurring within the United States, reducing U.S. vulnerability to terrorism, minimizing damages from attacks that occur, and helping the nation recover from any attacks. GAO has reported that the implementation and transformation of DHS is an enormous management challenge and that the size, complexity, and importance of the effort make the challenge especially daunting and critical to the nation's security. GAO's prior work on mergers and acquisitions found that successful transformations of large organizations, even those faced with less strenuous reorganizations than DHS, can take at least 5 to 7 years to achieve. This testimony is based on GAO's August 2007 report evaluating DHS's progress between March 2003 and July 2007, selected reports issued since July 2007, and our institutional knowledge of homeland security issues.

## What GAO Recommends

While this testimony contains no new recommendations, GAO has made approximately 900 recommendations to DHS over the past 5 years to strengthen departmental operations. DHS has implemented some of these recommendations and is in the process of implementing others.

To view the full product, including the scope and methodology, click on [GAO-08-457T](#). For more information, contact Norm Rabkin at (202) 512-8777 or [rabkinn@gao.gov](mailto:rabkinn@gao.gov).

## DEPARTMENT OF HOMELAND SECURITY

### Progress Made in Implementation of Management and Mission Functions, but More Work Remains

#### What GAO Found

Since its establishment, DHS has made progress in implementing its management and mission functions in the areas of acquisition, financial, human capital, information technology, and real property management; border security; immigration enforcement and services; aviation, surface transportation, and maritime security; emergency preparedness and response; critical infrastructure protection; and science and technology. In general, DHS has made more progress in its mission areas than in its management areas, reflecting an initial focus on protecting the homeland. While DHS has made progress in implementing its functions in each management and mission area, we identified challenges remaining in each of these areas. These challenges include providing appropriate oversight for contractors; improving financial management and controls; implementing a performance-based human capital management system; implementing information technology management controls; balancing trade facilitation and border security; improving enforcement of immigration laws, enhancing transportation security; and effectively coordinating the mitigation and response to all hazards.

Key issues that have affected DHS's implementation efforts are agency transformation, strategic planning and results management, risk management, information sharing, partnerships and coordination, and accountability and transparency. For example, GAO designated DHS's implementation and transformation as high-risk. While DHS has made progress in transforming its component agencies into a fully functioning department, it has not yet addressed key elements of the transformation process, such as developing a comprehensive transformation strategy. The Homeland Security Act of 2002, as amended, requires DHS to develop a transition and succession plan to guide the transition of management functions to a new Administration; DHS is working to develop and implement its approach for managing the transition. DHS has begun to develop performance goals and measures in some areas in an effort to strengthen its ability to measure its progress in key areas. We commend DHS's efforts and have agreed to work with the department to provide input to help strengthen established measures. DHS also has not yet fully adopted and applied a risk management approach in implementing its mission functions. Although some DHS components have taken steps to do so, this approach has not yet been implemented departmentwide.

DHS's 5-year anniversary provides an opportunity for the department to review how it has matured as an organization. As part of our broad range of work reviewing DHS's management and mission programs, GAO will continue to assess DHS's progress in addressing high-risk issues. In particular, GAO will continue to assess the progress made by the department in its transformation and information sharing efforts.

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Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear today to discuss the Department of Homeland Security's (DHS) efforts to implement its management and mission functions. DHS began operations in March 2003 with missions that include preventing terrorist attacks from occurring within the United States, reducing U.S. vulnerability to terrorism, minimizing damages from attacks that occur, and helping the nation recover from any attacks. The department has initiated and continued the implementation of various policies and programs to address these missions as well as its nonhomeland security functions.<sup>1</sup> DHS has also taken a number of actions designed to integrate its management functions and to transform its component agencies into an effective cabinet-level department. Prior to the creation of DHS, we testified on whether the reorganization of government agencies might better address the nation's homeland security needs.<sup>2</sup> At that time, we identified that the nation had a unique opportunity to create an effective and performance-based organization to strengthen the nation's ability to protect its borders and citizens. We noted that the magnitude of the challenges that the new department would face would require substantial time and effort to overcome and that the implementation of the new department would be extremely complex.

In 2003 we designated the implementation and transformation of DHS as high-risk because it represented an enormous undertaking that would require time to achieve in an effective and efficient manner.<sup>3</sup> We further identified that the components that became part of the department already faced a wide array of existing challenges, and any failure to effectively carry out its mission would expose the nation to potentially serious consequences. In designating the implementation and transformation of DHS as high-risk, we noted that building an effective department would require consistent and sustained leadership from top management to ensure the needed transformation of disparate agencies, programs, and missions into an integrated organization. Our prior work on mergers and acquisitions, undertaken before the creation of DHS, found that successful transformations of large organizations, even those faced with less

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<sup>1</sup>Examples of nonhomeland security functions include Coast Guard search and rescue and naturalization services.

<sup>2</sup>GAO, *Homeland Security: Critical Design and Implementation Issues*, [GAO-02-957T](#) (Washington, D.C.: July 17, 2002).

<sup>3</sup>GAO, *High-Risk Series: An Update*, [GAO-03-119](#) (Washington, D.C.: January 2003).

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strenuous reorganizations than DHS, can take at least 5 to 7 years to achieve.

Given our nation's current fiscal condition, it is critically important for federal departments—including DHS—to operate as efficiently as possible in carrying out their missions. I have spoken extensively about the fiscal crisis our nation faces with the coming retirement of the baby boom generation and the related growth in entitlement spending. The current financial condition in the United States is worse than is widely understood and is not sustainable. Meeting the long-term fiscal challenge will require (1) significant entitlement reform; (2) reprioritizing, restructuring, and constraining other spending programs; and (3) additional revenues—such as through a reformed tax system. These efforts will require bipartisan cooperation and compromise.

In August 2007, we reported on the progress DHS had made since its inception in implementing its management and mission functions.<sup>4</sup> We identified specific actions that DHS was to achieve based on legislation, homeland security presidential directives, DHS strategic planning documents, and other sources, and reported on the progress the department made in implementing these actions.

My testimony addresses the progress made by DHS in implementing its management and mission functions in the areas of acquisition, financial, human capital, information technology, and real property management; border security; immigration enforcement; immigration services; aviation, surface transportation, and maritime security; emergency preparedness and response; critical infrastructure and key resources protection; and science and technology. My testimony also addresses key issues that have affected the department's implementation efforts. These key issues include agency transformation, strategic planning and results management, risk management, information sharing, partnerships and coordination, and accountability and transparency. My statement is based on the results of our August 2007 report evaluating the extent to which DHS has achieved congressional and Administration expectations set out for DHS in its management and mission areas; selected products we issued on DHS since July 2007; and our institutional knowledge of homeland security and various government organizational and management issues.

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<sup>4</sup>GAO, *Department of Homeland Security: Progress Report on Implementation of Mission and Management Functions*, [GAO-07-454](#) (Washington, D.C.: August 17, 2007).

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For our August 2007 report on DHS progress, we conducted our work from September 2006 to July 2007. We updated this work with selected reports in February 2008. We conducted our work 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.

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## Summary

DHS has made progress in implementing its management and mission functions. For example, in its management areas DHS has made progress in:

- implementing a strategic sourcing program to increase the effectiveness of its buying power;
- taking steps to prepare corrective action plans for its internal control weaknesses;
- issuing plans for its human capital system;
- taking actions to establish and institutionalize information technology management controls; and
- developing an asset management plan for its real property.

In its mission areas, DHS has made progress in:

- refining the screening of foreign visitors to the United States and providing training for border personnel;
- conducting immigration enforcement actions at worksites and reducing its backlog of immigration benefit applications;
- strengthening passenger, baggage, and air cargo screening at airports;
- establishing security standards and conducting assessments and inspections of surface transportation modes;
- developing programs for collecting information on incoming ships and working with the private sector to improve and validate supply chain security;
- enhancing emergency preparedness and response capabilities, such as issuing a revised National Response Framework;
- identifying and assessing critical infrastructure threats and vulnerabilities; and

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- coordinating with federal, state, local, and private sector entities on homeland security technologies.

However, we identified challenges remaining in each of these areas. These challenges include:

- providing appropriate oversight for contractors;
- improving financial management controls and correcting internal control weaknesses;
- implementing a performance-based human capital management system;
- refining and implementing controls for information technology management;
- improving the regulation of commercial trade while ensuring protection against the entry of illegal goods and dangerous visitors at U.S. ports of entry;
- improving enforcement of immigration laws, including worksite immigration laws, and the provision of immigration services;
- fully integrating risk-based decision-making into some transportation security programs; and
- coordinating with states and first responders as they train and practice under a revised National Response Framework.

A variety of cross-cutting issues have affected DHS's efforts to implement its management and mission functions. These key issues are agency transformation, strategic planning and results management, risk management, information sharing, partnerships and coordination, and accountability and transparency.

- We initially designated the implementation and transformation of DHS as a high-risk area because it represented an enormous undertaking that would require time to achieve and the components that were merged into DHS already faced a wide array of existing challenges. We continued this designation in 2005 and 2007 in part because DHS's management systems and functions were not yet fully integrated and wholly operational.<sup>5</sup> We have recommended, among other things, that agencies on the high-risk list produce a corrective action plan that defines the root causes of identified problems, identifies effective solutions to those problems, and provides for substantially completing

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<sup>5</sup> GAO, *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: January 2005) and GAO, *High-Risk Series: An Update*, [GAO-07-310](#) (Washington, D.C.: January 2007).

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corrective measures in the near term. As of February 2008, DHS had not yet completed such a corrective action plan. Moving forward, it will also be important for DHS to develop comprehensive plans for managing the upcoming transition between administrations to ensure continuity in operations and minimize vulnerabilities, as required by legislation.

- DHS has not always implemented effective strategic planning efforts and has not yet fully developed performance measures or put in place structures to help ensure that the agency is managing for results. For example, we have reported that some DHS component agencies have encountered challenges in developing outcome-based goals and measures to assess the performance of its programs. Since issuance of our August 2007 report, DHS has begun to develop performance goals and measures for some areas in an effort to strengthen its ability to measure its progress in key management and mission areas. We commend DHS's efforts to measure its progress in these areas and have agreed to work with the department to provide input to help strengthen established measures.
- Although the Secretary of Homeland Security has identified risk-based decision making as a cornerstone of departmental policy, we have reported that DHS can strengthen its efforts in applying risk-based principles in support of its investment decisions. Some DHS component agencies, such as the Coast Guard, have taken steps to apply risk-based decision making in implementing some of its mission functions. However, other components have not utilized such an approach or could strengthen risk management efforts. To help support the application of risk-based principles in homeland security investment decisions, I convened an expert forum on risk management in October 2007 to discuss effective risk management practices, challenges in implementing risk management in homeland security, and solutions to address existing challenges. We expect to share the results of this forum over the next few months.
- We designated information sharing for homeland security as high-risk in part because the nation lacked an implemented set of governmentwide policies and processes for sharing terrorism-related information. The federal government has issued a strategy for how it will put in place the overall framework and policies for sharing information with critical partners and an implementation plan for the "information sharing environment" required by the Intelligence Reform and Terrorism Prevention Act of 2004, as amended. However, this environment remains in the planning stage, and we have noted that

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completing the environment is a complex task that will take multiple years and long-term administration and congressional support and oversight and will pose cultural, operational, and technical challenges that will require a collaborated response. DHS has taken some steps to implement its information sharing responsibilities, such as providing support for information “fusion” centers.<sup>6</sup>

- DHS has faced some challenges in developing effective partnerships with other federal, state, local, private and nonprofit sector, and international stakeholders, and in clarifying the roles and responsibilities of these various partners. The *National Strategy for Homeland Security* underscores the importance of DHS partnering with other stakeholders. DHS has taken action to strengthen partnerships and coordination efforts with public and private sector entities, such as partnering with the Department of Transportation to strengthen the security of surface modes of transportation, airlines to improve aviation passenger and cargo screening, and the maritime shipping industry to facilitate containerized cargo inspections. However, more work remains as DHS seeks to form effective partnerships to leverage resource and effectively carry out its homeland security responsibilities.
- Accountability and transparency are critical to the department effectively integrating its management functions and implementing its mission responsibilities. We have reported that it is important that DHS make its management or operational decisions transparent enough so that Congress can be sure that it is effectively, efficiently, and economically using the funding it receives annually.<sup>7</sup> We have encountered delays at DHS in obtaining access to needed information. Over the past year, we have discussed ways to resolve access issues with DHS, and our access has improved in certain areas. For example, TSA has worked with us to improve their process for providing us access to documentation. However, we continue to believe that DHS needs to make systematic changes to its policies and procedures for providing information to GAO to increase the transparency of its efforts. Legislation enacted in December 2007 reinforces this position

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<sup>6</sup> In general, a fusion center is a collaborative effort to detect, prevent, investigate, and respond to criminal and terrorist activity. GAO, *Homeland Security: Federal Efforts Are Helping to Alleviate Some Challenges Encountered by State and Local Information Fusion Centers*, GAO-08-35 (Washington, D.C.: Oct. 30, 2007).

<sup>7</sup> [GAO-07-454](#).

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by restricting a portion of funds appropriated to the DHS Office of Secretary and Executive Management until DHS certifies and reports that it has revised its departmental guidance for working with GAO and the DHS Office of Inspector General (IG) and directing DHS to make these revisions in consultation with GAO and the DHS IG.<sup>8</sup> We look forward to collaborating with the department on proposed revisions to its guidance.

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## Background

In July 2002 President Bush issued the *National Strategy for Homeland Security*. The strategy set forth overall objectives to prevent terrorist attacks within the United States, reduce America's vulnerability to terrorism, and minimize the damage and assist in the recovery from attacks that occur. The strategy further identified a plan to strengthen homeland security through the cooperation and partnering of federal, state, local, and private sector organizations on an array of functions. It also specified a number of federal departments, as well as nonfederal organizations, that have important roles in securing the homeland, with DHS having key responsibilities in implementing established homeland security mission areas. This strategy was updated and reissued in October 2007.

In November 2002 the Homeland Security Act of 2002 was enacted into law, creating DHS. The act defined the department's missions to include preventing terrorist attacks within the United States; reducing U.S. vulnerability to terrorism; and minimizing the damages and assisting in the recovery from attacks that occur within the United States. The act further specified major responsibilities for the department, including the analysis of information and protection of infrastructure; development of countermeasures against chemical, biological, radiological, and nuclear, and other emerging terrorist threats; securing U.S. borders and transportation systems; and organizing emergency preparedness and response efforts. DHS began operations in March 2003. Its establishment represented a fusion of 22 federal agencies to coordinate and centralize

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<sup>8</sup> Consolidated Appropriations Act, 2008, Pub. L. No. 110-161, Div. E, 121 Stat. 1844 (2007).

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the leadership of many homeland security activities under a single department.<sup>9</sup>

We have evaluated many of DHS's management functions and programs since the department's establishment and have issued over 400 related products. In particular, in August 2007 we reported on the progress DHS had made since its inception in implementing its management and mission functions.<sup>10</sup> We also reported on broad themes that have underpinned DHS's implementation efforts, such as agency transformation, strategic planning, and risk management. Over the past 5 years, we have made approximately 900 recommendations to DHS on ways to improve operations and address key themes, such as to develop performance measures and set milestones for key programs and implement internal controls to help ensure program effectiveness. DHS has implemented some of these recommendations, taken actions to address others, and taken other steps to strengthen its mission activities and facilitate management integration.

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<sup>9</sup> These 22 agencies, offices, and programs were U.S. Customs Service; U.S. Immigration and Naturalization Service; Federal Protective Service; Transportation Security Administration; Federal Law Enforcement Training Center; Animal and Plant Health Inspection Service; Office for Domestic Preparedness; Federal Emergency Management Agency; Strategic National Stockpile and the National Disaster Medical System; Nuclear Incident Response Team; Domestic Emergency Support Team; National Domestic Preparedness Office; Chemical, Biological, Radiological, and Nuclear Countermeasures Program; Environmental Measures Laboratory; National BW Defense Analysis Center; Plum Island Animal Disease Center; Federal Computer Incident Response Center; National Communications System; National Infrastructure Protection Center; Energy Security and Assurance Program; Secret Service; and U.S. Coast Guard.

<sup>10</sup> [GAO-07-454](#).

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## DHS Has Made Progress in Implementing Its Management and Mission Functions but Has Faced Challenges in Its Implementation Efforts

DHS has made progress in implementing its management and mission functions in the areas of acquisition, financial, human capital, information technology, and real property management; border security; immigration enforcement; immigration services; aviation, surface transportation, and maritime security; emergency preparedness and response; critical infrastructure and key resources protection; and science and technology. Overall, DHS made more progress in implementing its mission functions than its management functions, reflecting an initial focus on implementing efforts to secure the homeland. DHS has had to undertake these critical missions while also working to transform itself into a fully functioning cabinet department—a difficult undertaking for any organization and one that can take, at a minimum, 5 to 7 years to complete even under less daunting circumstances. As DHS continues to mature as an organization, we have reported that it will be important that it works to strengthen its management areas since the effectiveness of these functions will ultimately impact its ability to fulfill its mission to protect the homeland.

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### Management Areas

**Acquisition Management.** DHS's acquisition management efforts include managing the use of contracts to acquire goods and services needed to fulfill or support the agency's missions, such as information systems, new technologies, aircraft, ships, and professional services. Overall, DHS has made progress in implementing a strategic sourcing program to increase the effectiveness of its buying power and in creating a small business program. However, DHS's progress toward creating a unified acquisition organization has been hampered by various policy decisions. In September 2007 we reported on continued acquisition oversight issues at DHS, identifying that the department had not fully ensured proper oversight of its contractors providing services closely supporting inherently government functions.<sup>11</sup> For example, we found that DHS program officials did not assess the risk that government decisions may be influenced by, rather than independent from, contractor judgments. Federal acquisitions policy requires enhanced oversight of contractors providing professional and management support services that can affect government decision making, support or influence policy development, or affect program management. However, most of the DHS program officials and contracting officers we spoke with were unaware of this requirement, and, in general, did not believe that their professional

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<sup>11</sup> GAO, *Department of Homeland Security: Improved Assessment and Oversight Needed to Manage Risk of Contracting for Selected Services*, GAO-07-990 (Washington, D.C.: Sept. 17, 2007).

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and management support service contracts required enhanced oversight. We made several recommendations to DHS to address these issues, including that DHS establish strategic-level guidance for determining the appropriate mix of government and contractor employees to meet mission needs; assess program office staff and expertise necessary to provide sufficient oversight of selected contractor services; and review contracts for selected services as part of the acquisition oversight program.

**Financial Management.** DHS's financial management efforts include consolidating or integrating component agencies' financial management systems. In general, since its establishment, DHS has been unable to obtain an unqualified or "clean" audit opinion on its financial statements. For fiscal year 2007, the independent auditor issued a disclaimer on DHS's financial statements and identified eight significant deficiencies in DHS's internal controls over financial reporting, seven of which were so serious that they qualified as material weaknesses. DHS has taken steps to prepare corrective action plans for its internal control weaknesses by, for example, developing and issuing a departmentwide strategic plan for the corrective action plan process and holding workshops on corrective action plans. Until these weaknesses are resolved, DHS will not be in a position to provide reliable, timely, and useful financial data to support day-to-day decision making.

**Human Capital Management.** DHS's key human capital management areas include pay, performance management, classification, labor relations, adverse actions, employee appeals, and diversity management. Congress provided DHS with significant flexibility to design a modern human capital management system, and in October 2004 DHS issued its human capital strategic plan. DHS and the Office of Personnel Management jointly released the final regulations on DHS's new human capital system in February 2005. Although DHS intended to implement the new personnel system in the summer of 2005, court decisions enjoined the department from implementing certain labor management portions of the system. DHS has since taken actions to implement its human capital system. In July 2005 DHS issued its first departmental training plan, and in April 2007, it issued its Fiscal Year 2007 and 2008 Human Capital Operational Plan. However, more work remains for DHS to fully implement its human capital system, including developing a market-based and performance-oriented pay system.

**Information Technology Management.** DHS's information technology management efforts should include developing and using an enterprise architecture, or corporate blueprint, as an authoritative frame of reference to guide and constrain system investments; defining and following a

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corporate process for informed decision making by senior leadership about competing information technology investment options; applying system and software development and acquisition discipline and rigor when defining, designing, developing, testing, deploying, and maintaining systems; establishing a comprehensive, departmentwide information security program to protect information and systems; having sufficient people with the right knowledge, skills, and abilities to execute each of these areas now and in the future; and centralizing leadership for extending these disciplines throughout the organization with an empowered Chief Information Officer. DHS has undertaken efforts to establish and institutionalize the range of information technology management controls and capabilities noted above that our research and past work have shown are fundamental to any organization's ability to use technology effectively to transform itself and accomplish mission goals. However, the department has significantly more to do before each of its management controls and capabilities is fully in place and is integral to how each system investment is managed. For example, in September 2007 we reported on our assessment of DHS's information technology human capital plan.<sup>12</sup> We found that DHS's plan was largely consistent with federal guidance and associated best practices. In particular, the plan fully addressed 15 and partially addressed 12 of 27 practices set forth in the Office of Personnel Management's human capital framework. However, we reported that DHS's overall progress in implementing the plan had been limited. We recommended, among other things, that roles and responsibilities for implementing the information technology human capital plan and all supporting plans be clearly defined and understood. Moreover, DHS has not fully implemented a comprehensive information security program. While it has taken actions to ensure that its certification and accreditation activities are completed, the department has not shown the extent to which it has strengthened incident detection, analysis, and reporting and testing activities.

**Real Property Management.** DHS's responsibilities for real property management are specified in Executive Order 13327, "Federal Real Property Asset Management," and include the establishment of a Senior Real Property Officer, development of an asset inventory, and development and implementation of an asset management plan and performance measures. In June 2006, the Office of Management and Budget (OMB) upgraded DHS's Real Property Asset Management Score

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<sup>12</sup> GAO, *Information Technology: DHS's Human Capital Plan Is Largely Consistent with Relevant Guidance, but Improvements and Implementation Steps Are Still Needed*, [GAO-07-425](#) (Washington, D.C.: Sept. 10, 2007).

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from red to yellow after DHS developed an Asset Management Plan, developed a generally complete real property data inventory, submitted this inventory for inclusion in the governmentwide real property inventory database, and established performance measures consistent with Federal Real Property Council standards.<sup>13</sup> DHS also designated a Senior Real Property Officer.

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## Mission Areas

**Border Security.** DHS's border security mission includes detecting and preventing terrorists and terrorist weapons from entering the United States; facilitating the orderly and efficient flow of legitimate trade and travel; interdicting illegal drugs and other contraband; apprehending individuals who are attempting to enter the United States illegally; inspecting inbound and outbound people, vehicles, and cargo; and enforcing laws of the United States at the border. DHS has made some progress in, for example, refining the screening of foreign visitors to the United States and providing training and personnel necessary to fulfill border security missions. In particular, as of December 2006 DHS had a pre-entry screening capability in place in overseas visa issuance offices and an entry identification capability at 115 airports, 14 seaports, and 154 of 170 land ports of entry.<sup>14</sup> Furthermore, in November 2007 we reported on traveler inspections at ports of entry and found that U.S. Customs and Border Protection (CBP) had some success in identifying inadmissible aliens and other violators.<sup>15</sup> However, we also identified weaknesses in CBP's operations at ports of entry and have reported on challenges DHS faced in implementing its comprehensive border protection system, called *SBI<sub>net</sub>*, and in leveraging technology, personnel, and information to secure the border. For example, in our November 2007 report on traveler inspections, we identified weaknesses in CBP's operations, including not verifying the nationality and admissibility of each traveler, which could increase the potential that terrorists and inadmissible travelers could enter the United States. In July 2007, CBP issued detailed procedures for conducting inspections, including requiring field office managers to assess

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<sup>13</sup> The Administration's agency scorecard for real property management was established in fiscal year 2004 to measure each agency's progress in implementing Executive Order 13327 on "Federal Real Property Asset Management."

<sup>14</sup> A port of entry is generally a physical location, such as a pedestrian walkway and/or a vehicle plaza with booths, and associated inspection and administration buildings, at a land border crossing point, or a restricted area inside an airport or seaport, where entry into the country by persons and cargo arriving by air, land, or sea is controlled by U.S. Customs and Border Protection.

<sup>15</sup> GAO, *Border Security: Despite Progress, Weaknesses in Traveler Inspections Exist at Our Nation's Ports of Entry*, [GAO-08-219](#) (Washington, D.C.: Nov. 5, 2007).

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compliance with these procedures. However, CBP had not established internal controls to ensure that field office managers share their assessments with CBP headquarters to help ensure that the new procedures were consistently implemented across all ports of entry and reduced the risk of failed traveler inspections. We recommended that DHS implement internal controls to help ensure that field office directors communicate to agency management the results of their monitoring and assessment efforts and formalize a performance measure for the traveler inspection program that identifies CBP's effectiveness in apprehending inadmissible aliens and other violators.

**Immigration Enforcement.** DHS's immigration enforcement mission includes apprehending, detaining, and removing criminal and illegal aliens; disrupting and dismantling organized smuggling of humans and contraband as well as human trafficking; investigating and prosecuting those who engage in benefit and document fraud; blocking and removing employers' access to undocumented workers; and enforcing compliance with programs to monitor visitors. Over the past several years, DHS has strengthened some aspects of immigration enforcement. For example, since fiscal year 2004 U.S. Immigration and Customs Enforcement (ICE) has reported increases in the number of criminal arrests and indictments for worksite enforcement violations. ICE also has begun to introduce principles of risk management into the allocation of its investigative resources. However, ICE has faced challenges in ensuring the removal of criminal aliens from the United States. The agency has also lacked outcome-based performance goals and measures for some its programs, making it difficult for the agency and others to fully determine whether its programs are achieving their desired outcomes.

**Immigration Services.** DHS's immigration services mission includes administering immigration benefits and working to reduce immigration benefit fraud. Although DHS has made progress in reducing its backlog of immigration benefit applications, improvements are still needed in the provision of immigration services, particularly by strengthening internal controls to prevent fraud and inaccuracy. U.S. Citizenship and Immigration Services (USCIS) has established a focal point for immigration fraud, outlined a fraud control strategy that relies on the use of automation to detect fraud, and has performed some fraud assessments to identify the extent and nature of fraud for certain benefits. However, USCIS has faced challenges in establishing a case management system to manage applications and provide management information and making other technological enhancements to its application and adjudication processes, such as collecting and storing biometric information on applicants and expanding its online application filing capabilities. In July

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2007, we reported on USCIS's transformation efforts, noting that USCIS's transformation plans partially or fully addressed most key practices for organizational transformations.<sup>16</sup> For example, USCIS had taken initial steps in addressing problems identified during past efforts to modernize by establishing a Transformation Program Office that reports directly to the USCIS Deputy Director to ensure leadership commitment; dedicating people and resources to the transformation; establishing a mission, vision, and integrated strategic goals; focusing on a key set of priorities and defining core values; and involving employees. However, we found that more attention was needed in the areas of performance management, strategic human capital management, communications, and information technology management. We recommended that DHS document specific performance measures and targets, increase focus on strategic human capital management, complete a comprehensive communications strategy, and continue developing sufficient information technology management practices.

**Aviation Security.** DHS's aviation security mission includes strengthening airport security; providing and training a screening workforce; prescreening passengers against terrorist watch lists; and screening passengers, baggage, and cargo. Since the Transportation Security Administration (TSA) was established in 2001, it has focused much of its effort on aviation security and has developed and implemented a variety of programs and procedures to secure commercial aviation. For example, TSA has undertaken efforts to strengthen airport security; hire and train a screening workforce; prescreen passengers against terrorist watch lists; and screen passengers, baggage, and cargo. TSA has implemented these efforts in part to meet numerous mandates for strengthening aviation security placed on the agency following the September 11, 2001, terrorist attacks. However, DHS has faced challenges in developing and implementing a program to match domestic airline passenger information against terrorist watch lists; fielding needed technologies to screen airline passengers for explosives; and fully integrating risk-based decision making into some of its programs. In November 2007, we reported that TSA continued to face challenges in preventing unauthorized items from being taken through airport checkpoints.<sup>17</sup> Our independent testing identified that while in most cases

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<sup>16</sup> GAO, *USICS Transformation: Improvements to Performance, Human Capital, and Information Technology Management Needed as Modernization Proceeds*, [GAO-07-1013R](#) (Washington, D.C.: July 17, 2007).

<sup>17</sup> GAO, *Aviation Security: Vulnerabilities Exposed through Covert Testing of TSA's Passenger Screening Process*, [GAO-08-48T](#) (Washington, D.C.: Nov. 15, 2007).

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transportation security officers appeared to follow TSA's procedures and used technology appropriately, weaknesses and other vulnerabilities existed in TSA's screening procedures.

**Surface Transportation Security.** DHS's surface transportation security mission includes establishing security standards and conducting assessments and inspections of surface transportation modes, including passenger and freight rail, mass transit, highways, commercial vehicles, and pipelines. Although TSA initially focused much of its effort and resources on meeting legislative mandates to strengthen commercial aviation security after September 11, 2001, TSA has more recently placed additional focus on securing surface modes of transportation, including establishing security standards and conducting assessments and inspections of surface transportation modes such as passenger and freight rail. However, more work remains for DHS in developing and issuing security standards for all surface transportation modes and in more fully defining the roles and missions of its inspectors in enforcing security requirements.

**Maritime Security.** DHS's maritime security responsibilities include port and vessel security, maritime intelligence, and maritime supply chain security. DHS has developed national and regional plans for maritime security and response and a national plan for recovery, and it has ensured the completion of vulnerability assessments and security plans for port facilities and vessels. DHS has also developed programs for collecting information on incoming ships and working with the private sector to improve and validate supply chain security. However, DHS has faced challenges in implementing certain maritime security responsibilities including, for example, a program to control access to port secure areas and to screen incoming cargo for radiation. In October 2007, we testified on DHS's overall maritime security efforts as they related to the Security and Accountability for Every (SAFE) Port Act of 2006.<sup>18</sup> In that testimony we noted that DHS had improved security efforts by establishing committees to share information with local port stakeholders and taking steps to establish interagency operations centers to monitor port activities, conducting operations such as harbor patrols and vessel escorts, writing port-level plans to prevent and respond to terrorist attacks, testing such plans through exercises, and assessing security at foreign ports. We further reported that DHS had strengthened the security of cargo containers through enhancements to its system for identifying high-risk

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<sup>18</sup> GAO, *Maritime Security: The SAFE Port Act: Status and Implementation One Year Later*, GAO-08-126T (Washington, D.C.: Oct. 30, 2007).

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cargo and expanding partnerships with other countries to screen containers before they are shipped to the United States. However, we reported on challenges faced by DHS in its cargo security efforts, such as CBP's requirement to test and implement a new program to screen 100 percent of all incoming containers overseas—a departure from its existing risk-based programs. Among our recommendations were that DHS develop strategic plans, better plan the use of its human capital, establish performance measures, and otherwise improve program operations.

**Emergency Preparedness and Response.** DHS's emergency management mission, now primarily consolidated in the Federal Emergency Management Agency (FEMA), includes prevention, mitigation, preparedness for, response to, and immediate recovery from major disasters and emergencies of all types, whether the result of nature or acts of man. The goal is to minimize damage from major disasters and emergencies by working with other federal agencies, state and local governments, nongovernment organizations, and the private sector to plan, equip, train, and practice needed skills and capabilities to build a national, coordinated system of emergency management. The Post-Katrina Emergency Management Reform Act of 2006 specifies a number of responsibilities for FEMA and DHS in the area of emergency preparedness and response designed to address many of the problems identified in the various assessments of the preparation for and response to Hurricane Katrina. It addresses such issues as roles and responsibilities, operational planning, capabilities assessments, and exercises to test needed capabilities. DHS has taken some actions intended to improve readiness and response based on our work and the work of congressional committees and the Administration. For example, in January 2008 DHS issued a revised National Response Framework intended to further clarify federal roles and responsibilities and relationships among federal, state, and local governments and responders, among others. However, these revisions have not yet been tested. DHS has also made structural changes in response to the Post-Katrina Emergency Management Reform Act that, among other things, are designed to strengthen FEMA. DHS has also announced a number of other actions to improve readiness and response. However, until states and first responders have an opportunity to train and practice under some of these changes, it is unclear what impact, if any, they will have on strengthening DHS's emergency preparedness and response capabilities.

**Critical Infrastructure and Key Resources Protection.** DHS's critical infrastructure and key resources protection activities include developing and coordinating implementation of a comprehensive national plan for critical infrastructure protection, developing partnerships with

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stakeholders and information sharing and warning capabilities, and identifying and reducing threats and vulnerabilities. DHS has developed a national plan for critical infrastructure and key resources protection and undertaken efforts to develop partnerships and to coordinate with other federal, state, local and private sector stakeholders. DHS has also made progress in identifying and assessing critical infrastructure threats and vulnerabilities. For example, in July and October 2007 we reported on critical infrastructure sectors' sector-specific plans.<sup>19</sup> We reported that although nine of the sector-specific plans we reviewed generally met National Infrastructure Protection Plan requirements and DHS's sector-specific plan guidance, eight plans did not address incentives the sectors would use to encourage owners to conduct risk assessments, and some plans were more comprehensive than others when discussing their physical, human, and cyber assets, systems, and functions. We recommended that DHS better (1) define its critical infrastructure information needs and (2) explain how the information will be used to attract more users. We also reported that the extent to which the sectors addressed aspects of cyber security in their sector-specific plans varied and that none of the plans fully addressed all 30 cyber security-related criteria. DHS officials said that the variance in the plans can primarily be attributed to the levels of maturity and cultures of the sectors, with the more mature sectors—sectors with preexisting relationships and a history of working together—generally having more comprehensive and complete plans than more newly established sectors without similar prior relationships. Regarding cyber security, we recommended a September 2008 deadline for sector-specific agency plans to fully address cyber-related criteria. Although DHS has made progress in these areas, it has faced challenges in sharing information and warnings on attacks, threats, and vulnerabilities and in providing and coordinating incident response and recovery planning efforts. For example, we identified a number of challenges to DHS's Homeland Security Information Network, including its coordination with state and local information sharing initiatives.<sup>20</sup>

**Science and Technology.** DHS's science and technology efforts include coordinating the federal government's civilian efforts to identify and

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<sup>19</sup> GAO, *Critical Infrastructure Protection: Sector Plans and Sector Councils Continue to Evolve*, [GAO-07-706R](#) (Washington, D.C.: July 10, 2007) and GAO, *Critical Infrastructure Protection: Sector-Specific Plans' Coverage of Key Cyber Security Elements Varies*, [GAO-08-113](#) (Washington, D.C.: Oct. 31, 2007).

<sup>20</sup> The Homeland Security Information Network is DHS's primary conduit for sharing information on domestic terrorist threats, suspicious activity reports, and incident management.

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develop countermeasures to chemical, biological, radiological, nuclear, and other emerging terrorist threats. DHS has taken steps to coordinate and share homeland security technologies with federal, state, local, and private sector entities. However, DHS has faced challenges in assessing threats and vulnerabilities and developing countermeasures to address those threats. With regard to nuclear detection capabilities, in September 2007 we reported on DHS's testing of next generation radiation detection equipment.<sup>21</sup> In particular, we reported that the Domestic Nuclear Detection Office (DNDO) used biased test methods that enhanced the performance of the next generation equipment and that, in general, the tests did not constitute an objective and rigorous assessment of this equipment. We recommended that DNDO delay any purchase of this equipment until all tests have been completed, evaluated, and validated.

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## Cross-cutting Issues Have Hindered DHS's Implementation Efforts

Our work has identified cross-cutting issues that have hindered DHS's progress in its management and mission areas. We have reported that while it is important that DHS continue to work to strengthen each of its core management and mission functions, it is equally important that these key issues be addressed from a comprehensive, departmentwide perspective to help ensure that the department has the structure and processes in place to effectively address the threats and vulnerabilities that face the nation. These issues are: (1) transforming and integrating DHS's management functions; (2) engaging in effective strategic and transition planning efforts and establishing baseline performance goals and measures; (3) applying and improving a risk management approach for implementing missions and making resource allocation decisions; (4) sharing information with key stakeholders; and (5) coordinating and partnering with federal, state, local, and private sector agencies entities. In addition, accountability and transparency are critical to the department effectively integrating its management functions and implementing its mission responsibilities.

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## Agency Transformation

DHS has faced an enormous management challenge in its transformation efforts as it works to integrate 22 component agencies. Each component agency brought differing missions, cultures, systems, and procedures that the new department had to efficiently and effectively integrate into a single, functioning unit. At the same time it has weathered these growing pains, DHS has had to fulfill its various homeland security and other

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<sup>21</sup> GAO, *Combating Nuclear Smuggling: Additional Actions Needed to Ensure Adequate Testing of Next Generation Radiation Detection Equipment*, [GAO-07-1247T](#) (Washington, D.C.: Sept. 18, 2007).

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missions. DHS has developed a strategic plan, is working to integrate some management functions, and has continued to form necessary partnerships to achieve mission success. Nevertheless, in 2007 we reported that DHS's implementation and transformation remained high-risk because DHS had not yet developed a comprehensive management integration strategy and its management systems and functions—especially related to acquisition, financial, human capital, and information management—were not yet fully integrated and wholly operational. We identified that this array of management and programmatic challenges continued to limit DHS's ability to carry out its roles under the *National Strategy for Homeland Security* in an effective, risk-based way.

We have recommended, among other things, that agencies on the high-risk list produce a corrective action plan that defines the root causes of identified problems, identifies effective solutions to those problems, and provides for substantially completing corrective measures in the near term. Such a plan should include performance metrics and milestones, as well as mechanisms to monitor progress. OMB has stressed to agencies the need for corrective action plans for individual high-risk areas to include specific goals and milestones. GAO has said that such a concerted effort is critical and that our experience has shown that perseverance is critical to resolving high-risk issues. In the spring of 2006, DHS provided us with a draft corrective action plan that did not contain key elements we have identified as necessary for an effective corrective action plan, including specific actions to address identified objectives. As of February 2008, DHS had not yet completed a corrective action plan. According to DHS, the department plans to use its revised strategic plan, which is at OMB for final review, as the basis for its corrective action plan.

The significant challenges DHS has experienced in integrating its disparate organizational cultures and multiple management processes and systems make it an appropriate candidate for a Chief Operating Officer/Chief Management Officer (COO/CMO) as a second deputy position or alternatively as a principal undersecretary for management position. Designating the Undersecretary for Management at DHS as the CMO at an Executive Level II is a step in the right direction, but this change does not go far enough. A COO/CMO for DHS with a limited term that does not transition across administrations will not help to ensure the continuity of focus and attention needed to protect the security of our nation. A COO/CMO at the appropriate organizational level at DHS, with a term appointment, would provide the elevated senior leadership and concerted and long-term attention required to marshal its transformation efforts.

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As part of its transformation efforts, it will be especially important for the department to effectively manage the approaching transition between administrations and sustain its transformation through this transition period. Due to its mission's criticality and the increased risk of terror attacks during changes in administration as witnessed in the United States and other countries, it is important that DHS take steps to help ensure a smooth transition to new leadership. According to the Homeland Security Act of 2002, as amended, DHS is required to develop a transition and succession plan to guide the transition of management functions to a new Administration by December 2008.<sup>22</sup> DHS is working to develop and implement plans and initiatives for managing the transition. Moreover, the Homeland Security Advisory Council issued a report in January 2008 on the pending transition, making recommendations in the broad categories of threat awareness, leadership, congressional oversight/action, policy, operations, succession, and training. DHS is taking action to address some challenges of the approaching transition period, including filling some leadership positions traditionally held by political appointees with career professionals. The department is also undertaking training and cross-training of senior career personnel that would address the council's concerns for leadership and operational continuity. However, some other Homeland Security Advisory Council recommendations, such as building a consensus among current DHS officers regarding priority policy issues, could prove more difficult for DHS to implement, particularly in light of the need to clarify roles and responsibilities across the department and its ongoing transformation efforts.

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## Strategic Planning and Results Management

Strategic planning is one of the critical factors necessary for the success of new organizations. This is particularly true for DHS, given the breadth of its responsibility and the need to clearly identify how stakeholders' responsibilities and activities align to address homeland security efforts. However, DHS has not always implemented effective strategic planning efforts and has not yet fully developed performance measures or put into place structures to help ensure that the agency is managing for results. DHS has developed performance goals and measures for some of its programs and reports on these goals and measures in its Annual Performance Report. However, some of DHS's components have not developed adequate outcome-based performance measures or comprehensive plans to monitor, assess, and independently evaluate the

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<sup>22</sup> See 6 U.S.C. § 341(a)(9)(B).

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effectiveness of their plans and performance. Since the issuance of our August 2007 report, DHS has begun to develop performance goals and measures for some areas in an effort to strengthen its ability to measure its progress in key management and mission areas. We commend DHS's efforts to measure its progress in these areas and have agreed to work with the department to provide input to help strengthen established measures.

## Risk Management

DHS cannot afford to protect everything against all possible threats. As a result, the department must make choices about how to allocate its resources to most effectively manage risk. Risk management has been widely supported by the President and Congress as a management approach for homeland security, and the Secretary of Homeland Security has made it the centerpiece of departmental policy. A risk management approach can help DHS make decisions more systematically and is consistent with the *National Strategy for Homeland Security* and DHS's strategic plan, which have all called for the use of risk-based decisions to prioritize DHS's resource investments regarding homeland security-related programs. DHS and several of its component agencies have taken steps toward integrating risk-based principles into their decision-making processes. On a component agency level, the Coast Guard, for example, has developed security plans for seaports, facilities, and vessels based on risk assessments. TSA has also incorporated risk-based decision making into a number of its programs, such as programs for securing air cargo, but has not yet completed these efforts.

In October 2007, I convened an expert forum on risk management to assist Congress and federal agencies, including DHS, by advancing the national dialogue on risk management challenges in homeland security and by helping to identify potential solutions to these complex challenges. The forum brought together a diverse array of experts, including representatives from DHS, other government agencies, nonprofit organizations, industry, and academia. The purpose of the forum was to identify: (1) lessons learned from leading organizations regarding the effective use of risk management practices; (2) key challenges faced by public and private organizations in adopting and implementing a risk-based approach for homeland security; and (3) actions that should be taken in the near- and long-term to address the most pressing of these challenges. Several themes emerged from the discussion, including the idea of creating a chief risk officer for government, the need to improve risk communication, and overcoming political obstacles to risk management. The plurality of the participants agreed that improving risk communication was the single greatest challenge in applying principles of

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risk management to homeland security and suggested a number of ways to use risk communication practices to better educate and inform the public. The participants also proposed a number of steps that could be taken in the near future to strengthen risk management practices and to stimulate public discussion and awareness of risk management concepts. We are working with the department to share ideas raised at the forum to assist them as they work to strengthen their risk-based efforts. We will be issuing a summary of this forum in the coming months.

## Information Sharing

In 2005, we designated information sharing for homeland security as high-risk and continued that designation in 2007. In doing so, we reported that the nation had not implemented a set of governmentwide policies and processes for sharing terrorism-related information but had issued a strategy on how it would put in place the overall framework, policies, and architecture for sharing with all critical partners—actions that we and others have recommended. The Intelligence Reform and Terrorism Prevention Act of 2004, as amended, requires that the President create an “information sharing environment” to facilitate the sharing of terrorism-related information, yet this environment remains in the planning stage. An implementation plan for the environment, which was released in November 2006, defines key tasks and milestones for developing the information sharing environment, including identifying barriers and ways to resolve them, as we recommended. We have noted that completing the information sharing environment is a complex task that will take multiple years and long-term administration and congressional support and oversight and will pose cultural, operational, and technical challenges that will require a collaborated response.

DHS has taken some steps to implement its information sharing responsibilities and support other information sharing efforts. For example, states and localities are creating their own information fusion centers, some with DHS support. In October 2007 we reported that some state and local fusion centers had DHS personnel assigned to them; access to DHS’s unclassified information networks or systems, such as the Homeland Security Information Network; and support from DHS grant programs.<sup>23</sup> However, some state and local fusion centers reported challenges to accessing DHS’s information systems and identified issues in understanding and using federal grant funds. To improve efforts to create a national network of fusion centers, we recommended that the federal

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<sup>23</sup> [GAO-08-35](#).

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government determine and articulate its role in, and whether it expects to provide resources to, fusion centers over the long term to help ensure their sustainability.

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## Partnerships and Coordination

To secure the nation, DHS realizes it must form effective and sustained partnerships among its component agencies and with a range of other entities, including other federal agencies, state and local governments, private and nonprofit sectors, and international partners. The *National Strategy for Homeland Security* recognizes the importance of partnerships as the foundation for establishing a shared responsibility for homeland security among stakeholders. We have reported on difficulties faced by DHS in its coordination efforts. For example, in September 2005 we reported that TSA did not effectively involve private sector stakeholders in its decision-making process for developing security standards for passenger rail assets. We recommended that DHS develop security standards that reflect industry best practices and can be measured, monitored, and enforced by TSA rail inspectors and, if appropriate, rail asset owners. DHS agreed with these recommendations. DHS has worked to strengthen partnerships and has undertaken a number of coordination efforts with public and private-sector entities. These include, for example, partnering with the Department of Transportation to strengthen the security of surface modes of transportation, airlines to improve aviation passenger and cargo screening, the maritime shipping industry to facilitate containerized cargo inspection, and the chemical industry to enhance critical infrastructure protection at such facilities. In addition, FEMA has worked with other federal, state, and local entities to improve planning for disaster response and recovery. Although DHS has taken action to strengthen partnerships and improve coordination, we found that more work remains to support the leveraging of resources and the effective implementation of its homeland security responsibilities.

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## Accountability and Transparency

Accountability and transparency are critical to the department effectively integrating its management functions and implementing its mission responsibilities. We have reported that it is important that DHS make its management and operational decisions transparent enough so that Congress can be sure that it is effectively, efficiently, and economically using the billions of dollars in funding it receives annually.<sup>24</sup> We have

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<sup>24</sup> [GAO-07-454](#).

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encountered delays at DHS in obtaining access to needed information, which has impacted our ability to conduct our work in a timely manner. Since we highlighted this issue last year to this subcommittee, our access to information at DHS has improved. For example, TSA has worked with us to improve their process for providing us with access to documentation. DHS also provided us with access to its national level preparedness exercise. However, we continue to experience some delays in obtaining information from DHS, and we continue to believe that DHS needs to make systematic changes to its policies and procedures for how DHS officials are to interact with GAO. We appreciate the Subcommittee's assistance in helping us seek improved access to DHS information and support the provision in the Consolidated Appropriations Act, 2008, that restricts a portion of DHS's funding until DHS reports on revisions to its guidance for working with GAO and the DHS IG. We look forward to collaborating with the department on proposed revisions to its GAO guidance.

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## Concluding Observations

Next month DHS will be 5 years old, a key milestone for the department. Since its establishment, DHS has had to undertake actions to secure the border and the transportation sector and defend against, prepare for, and respond to threats and disasters while simultaneously working to transform itself into a fully functioning cabinet department. Such a transformation is a difficult undertaking for any organization and can take, at a minimum, 5 to 7 years to complete even under less daunting circumstances.

Nevertheless, DHS's 5-year anniversary provides an opportunity for the department to review how it has matured as an organization. As part of our broad range of work reviewing DHS management and mission programs, we will continue to assess in the coming months DHS's progress in addressing high-risk issues. In particular, we will continue to assess the progress made by the department in its transformation and information sharing efforts. Further, as DHS continues to evolve and transform, we will review its progress and performance and provide information to Congress and the public on its efforts.

This concludes my prepared statement. I would be pleased to answer any questions you and the Subcommittee Members may have.

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