



April 2014

HOMELAND SECURITY ACQUISITIONS

DHS Could Better
Manage Its Portfolio
to Address Funding
Gaps and Improve
Communications with
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Why GAO Did This Study

Each year, DHS invests billions of dollars in major acquisition programs. In fiscal year 2013 alone, DHS reported it was investing more than \$9.6 billion in its major acquisition portfolio. In the past, GAO has identified shortcomings in DHS's ability to manage its major acquisitions. In September 2012, GAO reported that the most prevalent challenge facing DHS's major acquisition programs was funding instability—changes in programs' funding plans over time. Funding instability increases the risk of cost growth, schedule slips, and capability shortfalls.

In response to congressional requests, this report addresses (1) the prevalence of funding instability at DHS and its effects on major acquisition programs, if any; (2) the extent to which DHS develops multi-year funding plans in accordance with key portfolio management practices; and (3) the extent to which DHS has complied with reporting requirements for major acquisition programs' multi-year funding plans. GAO reviewed DHS's three most recent annual funding plans and funding and acquisition decisions, interviewed headquarters and component officials, and solicited input from 35 of DHS's largest acquisition program offices.

What GAO Recommends

GAO recommends DHS take nine actions to better manage its portfolio and improve communications with Congress. DHS concurred with GAO's recommendations and stated that it addressed one in March 2014. DHS presented plans to address the other eight, but GAO does not believe the plan for one of them is fully responsive.

View [GAO-14-332](#). For more information, contact Michele Mackin at (202) 512-4841 or mackinm@gao.gov.

What GAO Found

GAO found that the funding plans for all 35 of the Department of Homeland Security (DHS) acquisition programs it reviewed changed to some degree from fiscal years 2012 to 2014, though the instability affected some programs more than others. Program officials reported that funding instability negatively affected 17 of the 35 programs, contributing to schedule slips, cost growth, and capability reductions. DHS officials at headquarters, components, and program offices identified internal and external factors that contributed to funding instability. These included changes in department-wide priorities and congressional funding decisions. Going forward, DHS's largest acquisition programs will likely experience more funding instability because the department's plans for its acquisition portfolio are not currently affordable. In December 2012, DHS issued an internal memo stating that the department's aggregate 5-year funding requirements for its major acquisition programs exceeded expected resources by 30 percent. This acknowledgement was a positive step toward addressing the department's funding gap, and DHS has established a full-funding certification requirement to help address it. Nevertheless, the department has not approved most of its major acquisition programs' cost estimates. As a result, DHS's understanding of its major acquisition programs' funding requirements is limited, and the funding gap may be greater than the department has suggested.

DHS has not consistently developed its multi-year funding plans in accordance with key portfolio management practices that would help the department optimize the return on its acquisition investments. DHS's resource allocation guidance reflects some but not all of these key practices, and the department is working to address the shortfalls. In addition, the 30 percent funding gap indicates that DHS leadership has not effectively prioritized its acquisition needs, even though the department's resource allocation guidance fully reflects this key practice. To help address its funding issues, the department is piloting a four-pronged portfolio management initiative intended to provide a framework for information to flow between four key councils and boards. As identified in the table below, there are opportunities for DHS leadership to improve governance in each of these four management areas, but senior DHS officials do not expect the initiative will be fully implemented in the near term, so it is too soon to tell how effective it will be.

Opportunities for DHS Leadership to Improve Governance in Four Management Areas

Strategic Direction	Requirements Reviews	Resource Allocation	Program Governance
Provide planning guidance each year	Establish priorities across functional portfolios	Recommend tradeoffs across DHS's major acquisition portfolio	Assess program-specific affordability tradeoffs

Source: GAO analysis of DHS information.

DHS has met statutory reporting requirements for its major acquisition programs' multi-year funding plans through its annual Future Years Homeland Security Program reports. However, the department has opportunities to improve how it communicates its acquisition funding needs to Congress in the future. Most notably, DHS does not currently link its major acquisition programs to the homeland security strategy, and its annual report does not identify acquisition programs' funding gaps. Adding this information would provide Congress valuable insights into DHS's acquisition funding needs.

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Abbreviations:

ADE	Acquisition Decision Event
ARB	Acquisition Review Board
CBP	Customs and Border Protection
CFO	Chief Financial Officer
CIO	Chief Information Officer
ConOps	Concept of Operations
CRC	Capabilities and Requirements Council
DHS	Department of Homeland Security
FYHSP	Future Years Homeland Security Program
ICE	Immigration and Customs Enforcement
IILCM	Integrated Investment Life Cycle Management
IPG	Integrated Planning Guidance
IT	Information Technology
JRC	Joint Requirements Council
The manual	DHS Instruction Manual 102-01-001 Acquisition Management Instruction/Guidebook
MD 102	DHS Acquisition Management Directive 102-01
NPPD	National Protection and Programs Directorate
OMB	Office of Management and Budget
PA&E	Office of Program Analysis and Evaluation
PARM	Office of Program Accountability and Risk Management
PPBE	Planning, programming, budgeting, and execution
PRB	Program Review Board
Risk MAP	Risk Mapping, Analysis and Planning
TSA	Transportation Security Administration
USM	Under Secretary for Management

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April 17, 2014

The Honorable Thomas R. Carper
Chairman
The Honorable Tom A. Coburn, M.D.
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Jeff Duncan
Chairman
Subcommittee on Oversight and Management Efficiency
Committee on Homeland Security
House of Representatives

The Department of Homeland Security (DHS) invests extensively in acquisition programs to help execute its many critical missions. DHS and its underlying components are acquiring systems to help secure the border, increase marine safety, screen travelers, enhance cyber security, improve disaster response, and execute a wide variety of other operations. DHS's major acquisition programs are typically expected to cost at least \$300 million and span several years. To help manage these programs, DHS develops multiyear funding plans establishing the programs' resource requirements going forward. In 2011, DHS reported to Congress that it planned to ultimately invest \$167 billion in its major acquisition programs. In fiscal year 2013 alone, DHS reported it planned to spend more than \$9.6 billion on these programs, including all acquisition, planning, maintenance, and investment support costs.

We have highlighted DHS acquisition management issues in our high-risk list since 2005.¹ Over the past several years, our work has identified significant shortcomings in the department's ability to manage an expanding portfolio of major acquisitions.² For example, in September

¹GAO, *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: January 2005).

²For examples, see GAO, *Homeland Security: DHS Requires More Disciplined Investment Management to Help Meet Mission Needs*, [GAO-12-833](#) (Washington, D.C.: Sept. 18, 2012); *Department of Homeland Security: Assessments of Selected Complex Acquisitions*, [GAO-10-588SP](#) (Washington, D.C.: June 30, 2010); and *Department of Homeland Security: Billions Invested in Major Programs Lack Appropriate Oversight*, [GAO-09-29](#) (Washington, D.C.: Nov. 18, 2008).

2012, we reported that 43 of 63 major acquisition programs lacked a department-approved baseline, which establishes a program's cost, schedule, and performance goals.³ We also reported that program officials identified funding instability as the most prevalent challenge facing DHS's major acquisition programs. Funding instability occurs when a program's multiyear funding plan changes over time—either increases or decreases—and the program manager may have to make repeated adjustments to the program as a result. In the past, we have found that funding instability increases the risk of cost growth, schedule slips, and capability shortfalls.⁴ While our prior report identified funding instability as a factor contributing to these problems, the scope of that report did not include an assessment of the extent to which funding profiles had changed over time for individual programs or the specific impacts of those changes on program outcomes.

In response to our previous recommendations, DHS has taken steps to improve acquisition management by dedicating additional resources to acquisition oversight and documenting major acquisition decisions in a more transparent and consistent manner. However, many of our recommendations remain open, including our recommendation that DHS prioritize its major acquisition programs department-wide and ensure that its acquisition portfolio is consistent with anticipated resource constraints.⁵

You asked us to assess how DHS uses multiyear funding plans to sustain the department's acquisition efforts. Specifically, this report addresses (1) the prevalence of funding instability at DHS, and its effects on major acquisition programs, if any; (2) the extent to which DHS develops multiyear funding plans in accordance with key portfolio management practices; and (3) the extent to which DHS has complied with reporting requirements for its major acquisition programs' multiyear funding plans.

To determine the specific impacts of funding instability on DHS's major acquisition programs, if any, we identified how annual funding levels for 35 of the department's 40 largest acquisition programs changed across

³[GAO-12-833](#).

⁴GAO, *Best Practices: Better Matching of Needs and Resources Will Lead to Better Weapon System Outcomes*, [GAO-01-288](#) (Washington, D.C.: March 8, 2001).

⁵[GAO-12-833](#).

the fiscal years 2012, 2013, and 2014 Future Years Homeland Security Program (FYHSP) reports, which present 5-year funding plans for DHS's major acquisition programs.⁶ Officials identified errors in the FYHSP reports for 18 of the 35 programs, and we corrected these errors when conducting our analysis. We did not assess 5 of the 40 programs because they did not appear in two or more of DHS's FYHSP reports, and thus we were unable to analyze any changes to funding levels over time. We also collected testimonial evidence about the causes and effects of funding instability from all 35 of the program offices in our scope. To determine the extent to which DHS develops multiyear funding plans in accordance with key portfolio management practices, we compared the department's resource allocation guidance to key practices we established in a September 2012 report and identified any significant gaps.⁷ Additionally, we interviewed acquisition and financial management officials at DHS headquarters and nine components that sponsor 39 of DHS's 40 largest acquisition programs to understand DHS's process for developing multiyear funding plans.⁸ We also reviewed funding and acquisition management decisions. To determine the extent to which DHS has complied with reporting requirements for its major acquisition programs' multiyear funding plans, we assessed the fiscal years 2012, 2013, and 2014 FYHSP reports against requirements established in U.S. Code and congressional reports. We also interviewed DHS officials responsible for producing the FYHSP reports.

We conducted this performance audit from March 2013 to April 2014 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.

⁶For example, the fiscal year 2012 FYHSP report included funding plans for fiscal years 2012 through 2016.

⁷We established GAO's key portfolio management practices in [GAO-12-833](#). See app. II.

⁸We did not interview acquisition and financial management officials from the Office of Health Affairs because it only sponsored 1 of DHS's 40 largest acquisition programs: BioWatch. However, we did collect testimonial evidence from the BioWatch program office directly, and that information is included in our analysis.

Background

Since fiscal year 2005, DHS has been required by federal law to issue annual reports identifying estimated expenditures and proposed appropriations for, among other things, major acquisition programs for the current budget year and the four succeeding fiscal years.⁹ Among other things, these reports identify how the department's major acquisition programs' multiyear funding plans change from year to year. DHS leverages two management systems to develop these funding plans: (1) the resource allocation system and (2) the acquisition management system.

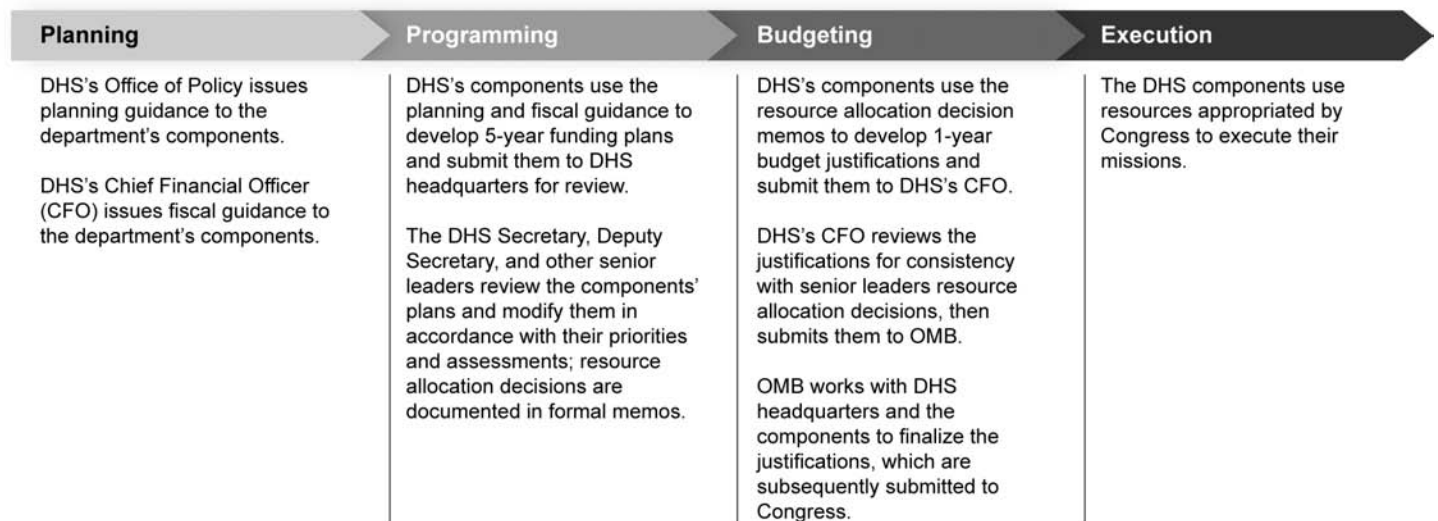
Resource allocation system

DHS has established a planning, programming, budgeting, and execution (PPBE) process to allocate resources. DHS's PPBE process produces the multi-year funding plans presented in the Future Years Homeland Security Program (FYHSP), a database that contains, among other things, 5-year funding plans for DHS's major acquisition programs. DHS guidance states that the 5-year plans in the FYHSP should allow the department to achieve its goals more efficiently than an incremental approach based on 1-year plans. DHS guidance also states that the FYHSP articulates how the department will achieve its strategic goals within fiscal constraints.

According to DHS guidance, at the outset of the annual PPBE process, the department's Office of Policy and Chief Financial Officer (CFO) should provide planning and fiscal guidance, respectively, to the department's 16 component agencies, such as Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), and the National Protection and Programs Directorate (NPPD). In accordance with this planning and fiscal guidance, the components should produce 5-year funding plans that are submitted to the CFO and reviewed by DHS's senior leaders, including the DHS Secretary and Deputy Secretary. DHS's senior leadership is expected to modify the plans in accordance with their priorities and assessments, and submit them to the Office of Management and Budget (OMB), which uses the plans to inform the President's annual budget request. Figure 1 depicts DHS's annual PPBE process.

⁹6 U.S.C. § 454 establishes that the FYHSP is DHS's 5-year funding plan for programs approved by the Secretary that are to support the department's strategic plan.

Figure 1: DHS's Annual Planning, Programming, Budgeting, and Execution Process



Source: GAO analysis of DHS guidance.

Federal law requires DHS to submit an annual FYHSP report to Congress at or about the same time as the President's budget request. This FYHSP report presents the 5-year funding plans in the FYHSP database at that time.

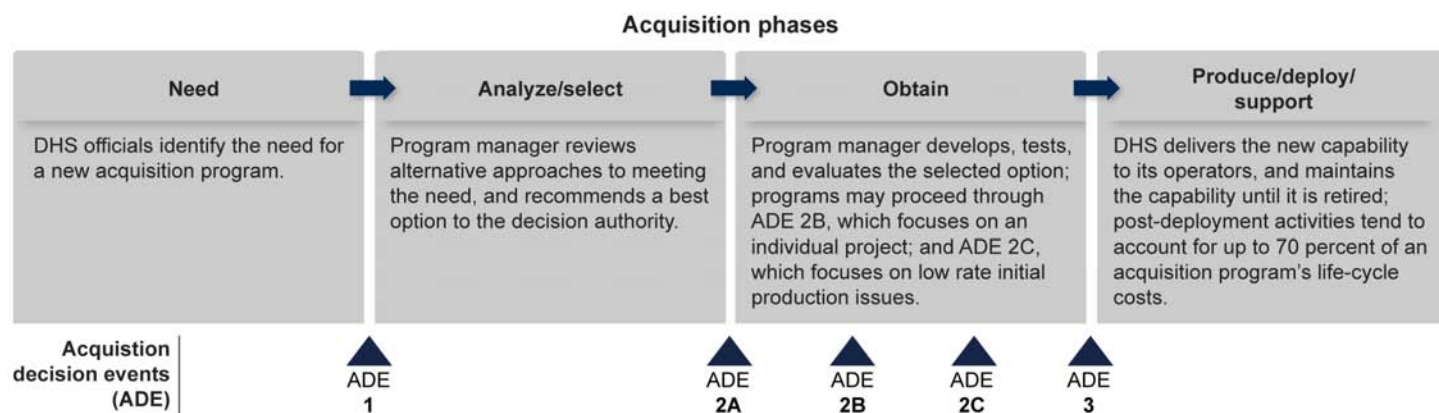
Within DHS's Office of the CFO, the Office of Program Analysis and Evaluation (PA&E) is responsible for establishing policies for the PPBE process and overseeing the development of the FYHSP.¹⁰ In this role, PA&E reviews the components' 5-year funding plans, advises DHS's senior leaders on resource allocation issues, maintains the FYHSP database, and submits the annual FYHSP report to Congress. PA&E also coordinates with DHS's Office of Policy on the department's long-term strategic planning efforts, analyzing budget submissions, cost estimates, and resource constraints.

¹⁰DHS is required by law to include the same type of information, organizational structure, and level of detail in the FYHSP as the Department of Defense is required to include in its Future Years Defense Program.

Acquisition management system

DHS Acquisition Management Directive 102-01 (MD 102) and DHS Instruction Manual 102-01-001 Acquisition Management Instruction/Guidebook (the manual) establish the department's policies and processes for managing major acquisition programs. MD 102 provides guidance to program managers to help determine funding needs, capability requirements, and schedule; the manual establishes that acquisition decision authorities shall ensure these program managers have the funding needed to successfully execute their acquisition programs. DHS's Deputy Secretary and Under Secretary for Management (USM) serve as the decision authorities for the department's largest acquisition programs: those with life-cycle cost estimates of \$1 billion or greater. Component Acquisition Executives—the most senior acquisition management officials within the respective components—may serve as the acquisition decision authorities for programs with cost estimates below \$1 billion. MD 102 establishes that a major acquisition program's decision authority shall review the program at a series of five predetermined Acquisition Decision Events (ADE) to assess whether a major program is ready to proceed through acquisition life-cycle phases. Figure 2 depicts the acquisition life cycle established in MD 102.

Figure 2: DHS Acquisition Life Cycle

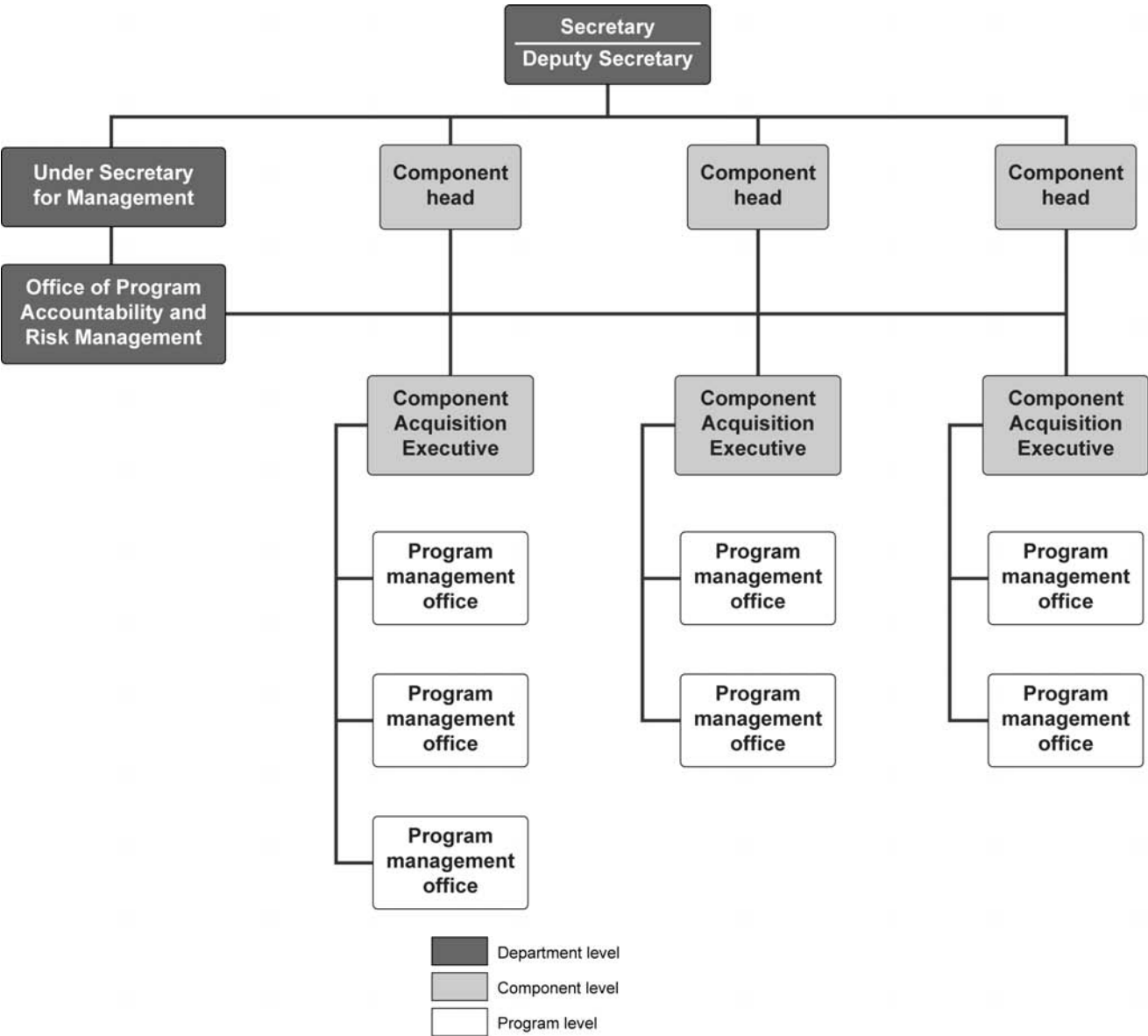


Source: GAO analysis of DHS guidance.

In addition to serving as the decision authority for certain large programs, the USM also serves as DHS's Chief Acquisition Officer, and in this role is responsible for the management and oversight of the department's acquisition policies and procedures. The USM is supported by DHS's Office of Program Accountability and Risk Management (PARM), which is responsible for DHS's overall acquisition governance process. Additionally, program managers within DHS's components are

responsible for their respective acquisition programs. Figure 3 depicts DHS's acquisition management structure.

Figure 3: DHS's Acquisition Management Structure



Source: GAO analysis of DHS acquisition policy.

Many DHS Acquisition Program Offices Attribute Poor Performance to Funding Instability, Which Could Worsen in the Future

The funding plans for all 35 of the acquisition programs we reviewed changed to some degree from fiscal years 2012 to 2014, although the instability affected some programs more than others. DHS headquarters officials explained that the effects of funding plan changes can vary based on the type of program and where it is in the acquisition life cycle. About half of the program offices reported that funding instability contributed to poor performance: schedule slips, cost growth, and capability reductions. For example, funding instability delayed one program responsible for raising public awareness of natural disaster risks, and increased construction costs for a facility that tests for animal diseases. DHS officials at headquarters, components, and program offices identified internal factors—such as changes in department-wide priorities—and external factors—such as continuing resolutions—that contributed to the funding instability.¹¹ Going forward, DHS's largest acquisition programs will likely experience more funding instability because the department's plans for its major acquisition portfolio are not currently affordable. In December 2012, DHS issued an internal memo stating that the department's aggregate 5-year funding requirements for its major acquisition programs exceeded expected resources by 30 percent. This acknowledgement was a positive step toward addressing the department's funding gap, and DHS has established a full-funding certification requirement to help address it. Nevertheless, the department has not approved most of its major acquisition programs' cost estimates. As a result, DHS's understanding of its major acquisition programs' funding requirements is limited, and the funding gap may be greater than the department has suggested.

¹¹A continuing resolution is an appropriation act in the form of a joint resolution enacted by Congress and signed into law by the President to provide budget authority for Federal agencies, specific activities, or both to continue in operation until the regular appropriation acts are enacted.

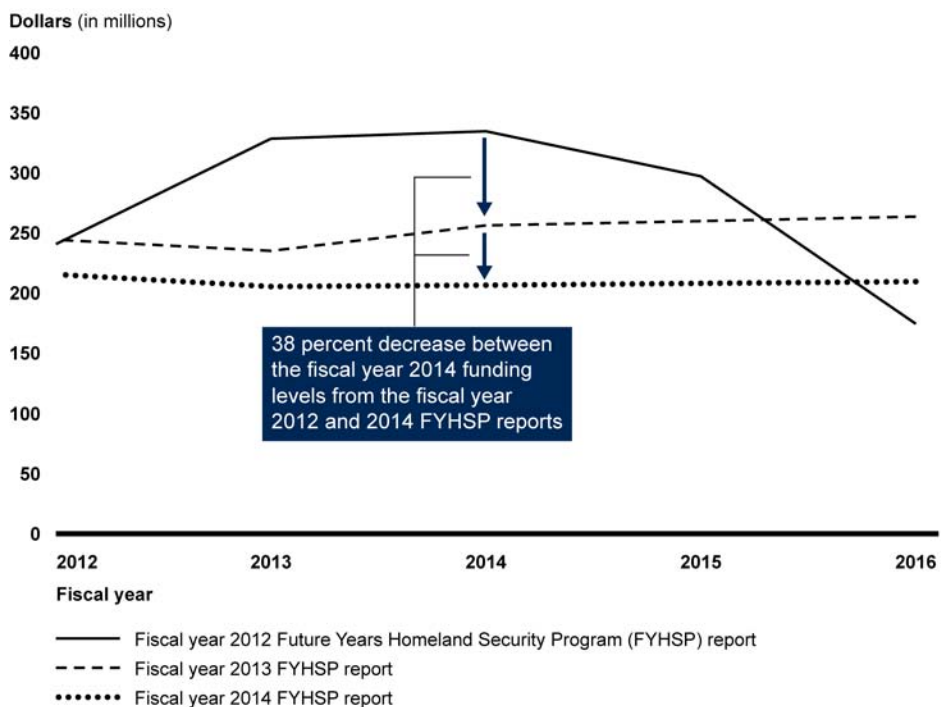
Almost Half of DHS's Largest Acquisition Programs Reported that Funding Instability Contributed to Schedule Slips, Cost Growth, or Capability Reductions

We assessed the funding plans for 35 of DHS's largest acquisition programs over a 3-year period through an analysis of the department's fiscal years 2012, 2013, and 2014 FYHSP reports. We found that the funding plans for all 35 of the programs changed to some degree during that time.¹² However, we did not find that the degree of the change dictated the magnitude of any resulting effects. We discussed the effects of funding plan changes with officials at all levels of DHS—headquarters, components, and programs—to gain an understanding of why certain programs were negatively affected while others were not. DHS headquarters officials told us the effects of funding plan changes can vary based on the type of program and where it is in the acquisition life cycle, and that as a result, certain programs can manage the changes more easily than others. For example, these officials told us that funding plan changes have a more negative effect on programs that need to develop technologies prior to production, or require multiyear production efforts. DHS officials also stated that programs in the planning phase can manage funding plan changes more easily than programs that are in production or deployment. Transportation Security Administration (TSA) officials told us that their programs were not negatively affected by funding plan changes because the agency had flexibility in how it allocated its appropriations and leveraged carryover funds.

Seventeen of the 35 program offices reported that funding plan changes contributed to schedule slips, cost growth, or capability reductions, creating instability for their programs. Officials from 15 of the 17 programs reported schedule slips or the need to resequence the delivery of capabilities, 8 reported cost growth, and 7 reported capability reductions. For example, officials from the Federal Emergency Management Agency's Risk Mapping, Analysis and Planning (Risk MAP) program told us that this funding instability has delayed program implementation. The \$4 billion Risk MAP program is designed to deliver data that raise public awareness of natural hazards in order to reduce risks to people and property. Figure 4 illustrates how the Risk MAP program's funding plan changed across the 2012, 2013, and 2014 FYHSP reports.

¹²Appendix III presents charts for all 35 of the acquisition programs we reviewed, identifying how their funding plans changed across the fiscal years 2012, 2013, and 2014 FYHSP reports.

Figure 4: Risk MAP's Funding Plan—Changes from Fiscal Years 2012-2014



Source: GAO analysis of DHS information.

Note: The Risk MAP funding plan includes planning, acquisition, maintenance, and personnel funding. DHS did not delineate between these four funding categories in its fiscal year 2013 FYHSP report, but it did so in the fiscal year 2012 and 2014 reports, and it plans to do so in the fiscal year 2015 report. Table 4 in app. III identifies what each of the values in the funding plan chart represents in terms of planned, requested, enacted, and revised enacted funding levels.

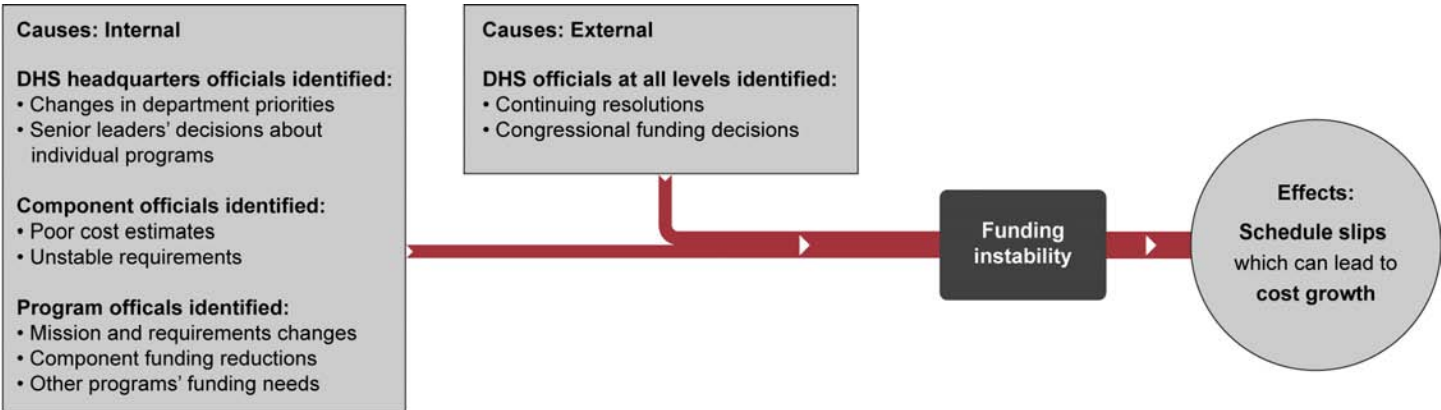
In this example, the Risk MAP program's funding plan changed considerably across the three 5-year timeframes. The largest change to the program's funding plan occurred between the fiscal year 2012 and 2014 FYHSP reports, and it reduced the program's fiscal year 2014 funding level by 38 percent. This translated to a \$128 million reduction from what the program office had previously expected to receive in fiscal year 2014. In addition, the program's planned funding level for fiscal year 2015 decreased by more than \$89 million from the fiscal year 2012 FYHSP to the 2014 FYHSP.

In another example, the \$5.7 billion National Bio and Agro-Defense Facility program office, which is constructing a facility that tests for animal diseases, reported that funding instability has delayed facility construction and increased projected construction costs. Additionally, funding

instability caused CBP's \$6.3 billion Border Patrol Facilities program to defer maintenance and capital investments to replace outdated structures. Sidebars throughout this report present six other examples of how funding instability has impacted some of the 17 programs.

DHS personnel at different levels within the department identified internal and external causes of funding instability. In some cases, these causes may be proactive decisions, driven by poor program performance or agency reprioritization, but in other cases, they are not. Internal causes include changes in the department's mission and priorities, poor program cost estimates, and requirements changes. External causes include continuing resolutions and congressional funding decisions. Figure 5 presents the causes and effects of funding instability commonly cited by DHS officials.

Figure 5: Causes and Effects of Funding Instability Commonly Cited by DHS Officials



Source: GAO analysis of DHS information.

DHS May Face More Funding Instability in the Future Because Its Major Acquisition Portfolio Is Not Currently Affordable

In December 2012, DHS's CFO issued an internal memo stating that the aggregate 5-year funding requirements for the department's major acquisitions would likely exceed available resources by approximately 30 percent from fiscal years 2014 to 2018. This acknowledgment was a positive step toward addressing the department's challenges in that it clearly identified the need to improve the affordability of the department's plans for its major acquisition portfolio. Additionally, to help address the acquisition funding gap, the memo requires that components' senior financial officers certify that their major acquisition programs have adequate resources to execute their programs through the 5-year FYHSP period. In 2013, DHS certified that six major acquisitions met this

requirement and were fully funded. It is unlikely, however, that DHS can close the acquisition funding gap without making tradeoff decisions that will create additional funding instability. As a result, some of DHS's largest acquisition programs could experience schedule slips and cost growth over the next 5 years, which is likely to affect the department's ability to deliver as much capability as previously planned.

FUNDING INSTABILITY IMPACT

Program Name: National Security Cutter

Component: Coast Guard

Program Description: Replaces the High Endurance Cutter, which performs law enforcement, defense, and search and rescue operations

Life-Cycle Cost Estimate: \$24.3B

Effect of Funding Instability: Contributed to production delays and cost growth

From fiscal years 2003 to 2013, DHS's budget nearly doubled—from \$31.2 to \$60.7 billion—and DHS leadership did not consistently address affordability issues during that time. DHS headquarters officials told us that acquisition decision authorities allowed programs to proceed with acquisition activities without proposing plans to address significant funding gaps. We have previously reported that an agency generally has two options for addressing affordability issues when a program faces a funding gap: (1) modify the program's capability requirements to meet its funding constraints, or (2) modify the program's funding plans to meet existing requirements.¹³ However, DHS leadership did not consistently direct unaffordable programs to pursue such options.

Additionally, according to DHS headquarters personnel, DHS leadership was not aware of some programs' funding gaps because component and program officials did not consistently identify all expected costs. Headquarters personnel explained it was difficult to hold program offices accountable for understating costs early in the acquisition life cycle because DHS has had high levels of program manager turnover. Furthermore, many programs lacked approved baselines, which formally establish cost estimates and are necessary to accurately assess program performance. In September 2012, we recommended that DHS modify its acquisition policy to state that program managers should remain with their programs until the next major milestone when possible. We also recommended that the USM approve all major acquisition program baselines.¹⁴ DHS has not yet addressed the first recommendation and while it has made progress in addressing the second recommendation, as

¹³GAO, *Cost Guard: Portfolio Management Approach Needed to Improve Major Acquisition Outcomes*, [GAO-12-918](#) (Washington, D.C.: Sept. 20, 2012).

¹⁴[GAO-12-833](#).

of November 2013, DHS officials reported that 21 of 46 programs still lacked approved baselines.¹⁵

In 2013, DHS made little progress in addressing the department's major acquisition funding gap, and, based on our analysis of the department's cost estimates, this gap may be even greater than DHS has suggested. In December 2013, PA&E officials told us that DHS's major acquisition funding gap remained approximately 30 percent—the same size identified in the DHS CFO's December 2012 memo. However, we found this figure is based on unreliable cost estimates, which have been an enduring challenge for DHS.¹⁶ DHS recognizes the need to improve its cost estimates, and in December 2013, PARM officials told us they had approved the life cycle cost estimates for 20 of the department's major acquisition programs, which currently number 88. They told us they are focused on first developing life-cycle cost estimates for acquisition programs that are in the Obtain phase and are expected to cost more than \$1 billion. However, the PARM officials explained that DHS still needs to increase its cost estimating capacity because the department does not have enough resources to produce cost estimates for all of these programs. Additionally, once these cost estimates are approved, PARM officials stated that the estimates should be revisited annually. They explained that cost estimates should account for real world changes, and that major acquisition programs should update their cost estimates each year to ensure DHS's annual resource allocation process is informed by current cost data. DHS officials stated they have taken steps to increase their cost estimating capabilities by establishing a cost estimating Center of Excellence and hiring additional cost estimators.

FUNDING INSTABILITY IMPACT

Program Name: Next Generation Network Priority Service

Component: NPPD

Program Description: Provides priority telecommunications capabilities

Life-Cycle Cost Estimate: \$696M

Effects of Funding Instability: Delayed capability deliveries; further funding reductions could cause a schedule breach, and technology could be obsolete by the time it is fielded

Going forward, DHS officials anticipate the department's budget will grow more slowly than it has in the past, and perhaps even shrink in future years. For example, the President's budget request for fiscal year 2014 was \$726 million less than the 2013 level. As a result, it is unlikely DHS will be able to close its major acquisition funding gap without further modifications to its largest acquisition programs' funding plans.

¹⁵In May 2013, the USM waived the baseline requirement for 42 additional programs because they were in the sustainment phase.

¹⁶In [GAO-12-833](#), we reported that only 12 of the 71 major acquisition programs we reviewed met most of DHS's criteria for reliable cost estimates.

Key Portfolio Management Practices Could Help DHS Manage Its Acquisition Funding Gap

DHS has not consistently developed its multiyear funding plans in accordance with key portfolio management practices we have identified that would help the department optimize the return on its acquisition investments. DHS's resource allocation guidance reflects some but not all of these key practices, and the department has developed a Portfolio Governance Concept of Operations (ConOps) that could improve its guidance. In addition, DHS's 30 percent funding gap indicates that its leadership has not effectively prioritized its acquisition needs, even though the department's resource allocation guidance fully reflects this particular key practice. The department is working to improve portfolio management and better prioritize its acquisition funding needs through a four-pronged Integrated Investment Life Cycle Management (IILCM) pilot. The IILCM is intended to provide a framework for information to flow between councils and boards responsible for (a) strategic direction, (b) requirements reviews, (c) resource allocation, and (d) program governance. There are opportunities for DHS leadership to improve governance in each of these four management areas, but senior DHS officials do not expect the IILCM will be fully implemented in the near term, so it is too soon to tell how effective it will be.

DHS's Resource Allocation Guidance Reflects Some but Not All Key Portfolio Management Practices

DHS's resource allocation guidance reflects some key portfolio management practices that would help the department optimize the return on investments as it manages its acquisition funding issues, but it does not fully reflect others.¹⁷ In our past work, we have found that successful commercial companies use a disciplined and integrated approach to prioritize needs and allocate resources.¹⁸ As a result, these organizations can avoid pursuing more projects than their resources can support and better optimize the return on their investments. This approach, known as portfolio management, requires companies to view each of their investments as contributing to a collective whole, rather than as independent and unrelated. With this perspective, companies can effectively (1) identify and prioritize opportunities, and (2) allocate

¹⁷DHS's resource allocation guidance is established in two key documents: Management Directive Number 1330 (MD 1330) and DHS's PPBE Operating Handbook. MD 1330, which was issued in February 2005, constitutes DHS's formal resource allocation guidance. MD 1330 is supplemented by the more recently issued PPBE Operating Handbook, which was revised in June 2012.

¹⁸GAO, *Best Practices: An Integrated Portfolio Management Approach to Weapon System Investments Could Improve DOD's Acquisition Outcomes*, [GAO-07-388](#) (Washington, D.C.: March 30, 2007).

available resources to support the highest priority—or most promising—opportunities. Over the past several years, we have examined the practices that private and public sector entities use to achieve a balanced mix of new projects, and based on this work, we identified four key practice areas for portfolio management.

Table 1 presents our assessment of DHS’s resource allocation guidance against our key portfolio management practices.

Table 1: Assessment of DHS’s Resource Allocation Guidance against GAO’s Key Portfolio Management Practices

Key practice area	Summary of key practices	Resource allocation guidance
Clearly define and empower leadership	Portfolio managers, with the support of cross-functional teams, should be empowered to make investment decisions and held accountable for outcomes.	●
Establish standard assessment criteria and demonstrate comprehensive knowledge of the portfolio	Investments should be ranked and selected using a disciplined process to assess the costs, benefits, and risks of alternative products to ensure transparency and comparability across alternatives.	○
Prioritize investments by integrating the requirements, acquisition, and budget processes	Organizations should use long-range planning and an integrated approach to prioritize needs and allocate resources in accordance with strategic goals, so they can avoid pursuing more products than they can afford and optimize return on investment.	●
Continually make go/no-go decisions to rebalance the portfolio	Reviews should be scheduled (1) annually to consider proposed changes, (2) as new opportunities are identified, (3) whenever a program breaches its objectives, and (4) after investments are completed. Information gathered during these reviews should be used to adjust and balance the portfolio to achieve strategic outcomes.	◐

Legend: ● DHS policy reflects key practices; ◐ DHS policy minimally reflects key practices; ○ DHS policy does not reflect key practices.

Source: GAO analysis of DHS data and commercial best practices for portfolio management.

Note: Apps. I and II present a more detailed description of our key portfolio management practices and how we assessed DHS’s resource allocation guidance.

FUNDING INSTABILITY IMPACT**Program Name:** IT Infrastructure**Component:** ICE**Program Description:** Secures the IT environment, and improves information sharing**Life-Cycle Cost Estimate:** \$4.4B**Effects of Funding Instability:** Caused delays and impaired the program's mission goals; prevented updates and maintenance of equipment reaching the end of its useful life cycle

PA&E officials acknowledge that DHS's resource allocation guidance should be updated to better reflect key portfolio management practices, and we found that DHS's Chief Information Officer (CIO) is well positioned to help with these updates. In April 2013, DHS's CIO issued a Portfolio Governance ConOps that reflects almost all of our key portfolio management practices. The Portfolio Governance ConOps is intended to minimize duplication and improve the alignment of DHS's Information Technology (IT) investments with the department's strategic goals. Among other things, the Portfolio Governance ConOps establishes that DHS should (1) use standard assessment criteria, and (2) continually rebalance its portfolio. Although the Portfolio Governance ConOps was initially developed to help manage IT acquisitions, PA&E officials believe it should be integrated into DHS's broader portfolio management process as part of the IILCM initiative. These ConOps, if adopted and implemented more broadly, could enhance DHS's resource allocation guidance, and help the department optimize the return on its investments as it manages department-wide acquisition funding issues.

DHS Leadership Has Not Effectively Prioritized Acquisition Funding Needs, and It Is Too Soon to Tell if DHS's Proposed Solution Will Address Existing Issues

DHS's 30 percent acquisition funding gap suggests that the department's leadership has not effectively prioritized its acquisition funding needs, even though the department's resource allocation guidance fully reflects this particular key practice. Additionally, the department is poorly prepared to manage its affordability challenges and mitigate the resulting effects of funding instability. DHS is pursuing the IILCM to better prioritize its acquisition funding needs through an enhanced management structure, but as this initiative is currently a pilot and senior DHS officials do not expect it to be fully implemented in the near term, it is too soon to tell how effective it will be.

The IILCM is intended to improve the flow of information between four different bodies—some proposed and some already established—responsible for strategic direction, requirements reviews, resource allocation, and program governance. As envisioned, the Department Strategy Council would be responsible for prioritizing DHS's strategic goals; the Capabilities and Requirements Council (CRC) would translate these strategic goals into operational requirements; and the Program Review Board (PRB) would allocate resources to programs to meet CRC-defined operational requirements. These first three bodies would be responsible for making decisions across DHS's portfolio of investments, which includes major acquisitions. The fourth body, the Acquisition Review Board (ARB), would oversee how individual acquisition programs use PRB-allocated resources to acquire new capabilities.

Figure 6 sets forth the anticipated roles and responsibilities for each governance body and areas where we identified existing gaps based on DHS guidance or key portfolio management practices.

Figure 6: GAO-Identified Opportunities for Governance Bodies in DHS's IILCM Initiative

Management areas	Portfolio management				Program governance
	Strategic direction	Requirements reviews	Resource allocation		
Governance bodies	Department Strategy Council (proposed)	Capabilities and Requirements Council (piloted)	Program Review Board (established)		Acquisition Review Board (established)
Roles and responsibilities	Prioritizes the department's strategic goals	Translates the strategic goals into operational requirements	Allocates the resources needed to meet the operational requirements		Oversees how programs use the resources to acquire new capabilities
GAO-identified opportunities for improvement	The Department Strategy Council could provide components guidance each year	The Capabilities and Requirements Council could establish priorities across functional portfolios	The Program Review Board could recommend tradeoffs across DHS's major acquisition portfolio		The Acquisition Review Board could assess program-specific affordability tradeoffs at all meetings

Source: GAO analysis of DHS information.

Our observations on each of these management areas are further delineated below.

Strategic Direction

DHS's Office of Policy will be the executive agent for the Department Strategy Council once it is established. Currently, DHS's PPBE Operating Handbook instructs the Office of Policy to issue Integrated Planning Guidance (IPG) each year outlining the DHS Secretary's policy and planning priorities for 5-year budget time frames, such as fiscal years 2014 through 2018. The IPG is intended to be the key product developed in the planning phase of PPBE, and should provide general risk management guidance for prioritizing programming and budget proposals within the department. We found the Office of Policy did not produce an IPG during the fiscal year 2015 budget cycle. The Assistant Secretary for Strategy, Planning, Analysis & Risk explained the Office of Policy did not do so because the fiscal year 2015 planning guidance did not vary greatly

from the previous year. Under the IILCM, the Department Strategy Council would be responsible for endorsing IPGs annually, and the Deputy Secretary would be responsible for approving them. Annually updated IPGs could help components prioritize their activities in a constrained budget environment and help mitigate the negative effects of funding instability by focusing components on DHS leadership's highest priorities.

Requirements Reviews

FUNDING INSTABILITY IMPACT

Program Name: Non-Intrusive Inspection Systems

Component: CBP

Program Description: Provides technology to inspect large volumes of traffic at the border and quickly detect a wide range of contraband

Life-Cycle Cost Estimate: \$3.1B

Effects of Funding Instability: Caused delays that may prevent deployment to new ports; program may not be able to recapitalize technology or meet all requirements

DHS established the Joint Requirements Council (JRC) in 2003 to identify crosscutting opportunities and common requirements among DHS components and help determine how DHS should use its resources. The JRC stopped meeting in 2006 after the council's chair was assigned to other duties within the department, and in 2008, we recommended the council be reinstated.¹⁹ DHS concurred, stating that the CRC would replace the JRC, but progress has been slow. In June 2013, DHS initiated a CRC pilot to consider tradeoffs across acquisition programs within the department's cybersecurity portfolio. However, this pilot was limited in scope and did not include a range of tradeoffs across multiple functional portfolios. For example, the CRC did not consider whether cybersecurity investments are a higher priority than investments in domain awareness or law enforcement functions, in accordance with key portfolio management practices.

¹⁹ [GAO-09-29](#).

Resource Allocation

FUNDING INSTABILITY IMPACT

Program Name: Land Border Integration

Component: CBP

Program Description: Provides end users advanced information that enhances intelligence and targeting

Life-Cycle Cost Estimate: \$2.2B

Effects of Funding Instability: Delayed technology deployments that would improve tracking of pedestrians and outbound traffic

PA&E officials identified the department's PRB as DHS's main forum for prioritizing resource allocations, but we found that the PRB has generally delegated acquisition funding decisions to the components. The PRB, established in March 2008, is chaired by DHS's Deputy Secretary and is composed of senior representatives from each DHS component. During the programming phase of PPBE, the PRB meets to review funding issues selected by DHS leadership, such as aircraft procurements spanning multiple components.²⁰ These reviews inform the DHS Secretary's and Deputy Secretary's resource allocation decisions. However, we found that DHS rarely adjusts funding levels for major acquisition programs through these resource allocation decisions. Instead, acquisition funding decisions are generally delegated to the components, which are expected to independently manage their funding gaps. For example, in 2012, DHS conducted several portfolio reviews in preparation for a PRB meeting focused on DHS's major investments, but the DHS Secretary and Deputy Secretary ultimately decided not to hold this PRB meeting; a forum of component-level management officials was convened in its place. With its department-wide perspective and high-ranking membership, the PRB could be well suited to prioritize investments department-wide, in accordance with key portfolio management practices. For example, the PRB could recommend tradeoffs that maximize DHS's opportunities to achieve its strategic goals and minimize the negative effects of DHS's acquisition funding gap. PA&E officials noted that, ultimately, the department's new Secretary and Deputy Secretary, who were sworn in on December 23, 2013, will be responsible for any adjustments to PRB reviews.

²⁰In May 2013, the DHS Office of Inspector General reported that the department did not fully coordinate the acquisition of H-60 helicopters used by the Coast Guard and CBP. See *DHS' H-60 Helicopter Programs*, OIG-13-89 REVISED (Washington, D.C.: May 23, 2013).

Program Governance

FUNDING INSTABILITY IMPACT

Program Name: Strategic Air and Marine Plan

Component: CBP

Program Description: Recapitalizes aircraft, marine vessels, sensors, and supporting systems

Life-Cycle Cost Estimate: \$2.1B

Effects of Funding Instability: Delayed aircraft deliveries, causing major delays and cost growth

DHS's ARB, which was established in November 2008, is responsible for acquisition program governance, and DHS guidance states that it shall review, among other things, the affordability of all major acquisition programs.²¹ However, this board has rarely directed programs to make affordability tradeoffs, even in light of the department's 30 percent funding gap for its major acquisitions. The ARB is responsible for reviewing major acquisition programs for proper management, oversight, accountability, and alignment with the department's strategic functions at ADEs and other meetings as needed, such as program health reviews or status updates. The ARB is generally chaired by the USM or Deputy Secretary, and is comprised of individuals who manage the department's mission objectives, resources, and contracts, including the CFO and Chief Procurement Officer, the Component Acquisition Executive responsible for the program being reviewed, and user representatives from the component sponsoring the capability. Nonetheless, we found that the board rarely recommended tradeoffs individual programs could make to improve their affordability, by modifying requirements, for example. The ARB met 13 times in fiscal year 2013, but it only directed programs to make affordability tradeoffs twice. In one instance, the ARB directed the Coast Guard's Fast Response Cutter program to revise its acquisition plan and program baseline so they were consistent with the Coast Guard's funding plans. In another, the ARB directed CBP to adjust multiple programs in accordance with department-directed fiscal reductions. However, these instances were exceptions. Going forward, the ARB meetings could be effective venues for assessing affordability tradeoffs within specific programs, providing DHS leadership opportunities to proactively address the department's major acquisition funding gap.

²¹MD 102 and the manual.

DHS Has Met Statutory FYHSP Reporting Requirements, but It Could Better Communicate Acquisition Funding Needs to Congress

DHS has met the FYHSP reporting requirements established by law, including those that are based on the Department of Defense's Future Years Defense Program. However, DHS has opportunities to better communicate its acquisition funding needs to Congress in accordance with best practices. Table 2 presents our assessment of DHS's efforts to meet the statutory FYHSP reporting requirements over the last three reports, produced for fiscal years 2012, 2013, and 2014.

Table 2: GAO Assessment of DHS's Efforts to Meet Statutory FYHSP Reporting Requirements

FYHSP report requirement	GAO assessment
Include the same type of information, organizational structure, and level of detail as the Future Years Defense Program	DHS has met this requirement, but it could better communicate acquisition funding needs to Congress, as identified below
Cover the fiscal year with respect to which the budget is submitted and at least the 4 succeeding fiscal years	DHS has met this requirement by presenting, among other things, the 5-year funding plans for its major acquisition programs, but it has not done so clearly and consistently
The total amounts of estimated expenditures and proposed appropriations are consistent with the amounts specified in program and budget information submitted to Congress	DHS has met this requirement, but it could enhance future FYHSP reports by including major acquisition programs' cost estimates and identifying their funding gaps, if any
Set forth the department's homeland security strategy and explain how it correlates to resource allocations	DHS has met this requirement, but it could enhance future FYHSP reports by clearly linking its major acquisition programs to the homeland security strategy
Submit annual report to Congress "at or about the same time" as the department's budget request	DHS has implemented this requirement by establishing an internal goal of 90 days; the department submitted the FYHSP reports to Congress 93, 130, and 23 days after its budget submissions for fiscal years 2012, 2013, and 2014 respectively

Source: GAO analysis of 6 U.S.C. § 454, 10 U.S.C. § 221, and fiscal years 2012, 2013, and 2014 FYHSP reports.

Additionally, a 2013 Senate Report required that the fiscal year 2014 FYHSP report present the funding plans for all major acquisitions.²² The fiscal year 2014 FYHSP report accounted for a greater proportion of

²²S. Rep. No. 112-169, at 24-25 (2012).

major acquisition programs than prior years' reports, but it did not account for all of the programs on the department's major acquisition oversight list. Moving forward, DHS officials said they will work to include all of the programs on DHS's major acquisition oversight list in their annual FYHSP reports.

Recent FYHSP Reports Met Statutory Reporting Requirements, but DHS Could Enhance Acquisition Funding Information in the Future

DHS met the statutory FYHSP reporting requirements for fiscal years 2012, 2013, and 2014. These requirements were enacted in 2002 and went into effect in fiscal year 2005. They are largely based on the Department of Defense's Future Years Defense Program, which communicates that department's 5-year funding plans.²³ However, DHS did not submit FYHSP reports to Congress for fiscal years 2010 and 2011, though officials said that they circulated draft reports within the department and shared them with OMB. DHS officials explained that DHS did not submit the fiscal year 2010 report to Congress because it did not reflect the new administration's priorities, and did not submit the fiscal year 2011 report because it did not account for the results of the Quadrennial Homeland Security Review taking place at that time. The Quadrennial Homeland Security Review is intended to outline a strategic framework to guide homeland security activities.

Over the past several years, DHS has enhanced its FYHSP reports. Since DHS submitted the initial FYHSP report for fiscal year 2005, subsequent FYHSP reports have generally provided Congress an increasing amount of information about major acquisition programs' funding plans. DHS officials attributed the FYHSP report improvements to several factors, including organizational maturity, an improved FYHSP database, and greater component accountability. However, DHS has additional opportunities to improve future FYHSP reports in accordance with best practices. We have previously established that an agency's management should ensure that there is adequate communication with external stakeholders—such as Congress—who have a significant impact on the agency's ability to achieve its goals.²⁴

The following provides additional information on the reporting requirements and areas where DHS could enhance the information it provides to Congress.

²³10 U.S.C. § 221.

²⁴GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

Presenting Major Acquisition Programs' 5-year Funding Plans

The fiscal years 2012, 2013, and 2014 FYHSP reports cover the fiscal year with respect to which the budget is submitted and at least the 4 succeeding fiscal years, as required by law.²⁵ Additionally, these FYHSP reports generally identified 5-year funding plans for DHS's major acquisition programs, accounting for planning, acquisition, maintenance, and personnel funding for each program. However, we found that the fiscal year 2013 FYHSP report did not account for all of these funding categories for the Coast Guard's acquisition programs, even though the report states that it did. Instead, DHS officials explained that the fiscal year 2013 FYHSP report only accounted for the Coast Guard acquisition programs' acquisition funding. It did not account for planning, maintenance, and personnel funding.²⁶

Reflecting Estimated Expenditures and Proposed Appropriations in Budget Requests

The fiscal years 2012, 2013, and 2014 FYHSP reports' estimated expenditures and proposed appropriations were consistent with the amounts specified in DHS's respective budget requests, in accordance with statutory requirements. However, the FYHSP reports could better identify the gaps, if any, between major acquisition programs' cost estimates and funding plans. Each year, DHS's budget request outlines the department's funding plans for the forthcoming fiscal year, which is the first of the 5 years included in the annual FYHSP report. For example, DHS's fiscal year 2014 FYHSP report accounted for the department's fiscal year 2014 budget request, as well as fiscal years 2015-18. We found that the proposed appropriations were consistent across the fiscal years 2012, 2013, and 2014 FYHSP reports and budget requests, respectively. However, the FYHSP reports did not identify how major acquisition programs' annual cost estimates compared to their funding plans, or identify the associated funding gaps, if any. Presenting acquisition programs' cost estimates in conjunction with their funding plans would allow Congress to identify individual programs' funding gaps, and better understand how anticipated resource constraints could affect the department's largest investments.

Linking Major Acquisition Programs to the Homeland Security Strategy

The fiscal years 2012, 2013, and 2014 FYHSP reports set forth DHS's homeland security strategy and explained how it correlated to the department's resource allocations, as required by law. But DHS could

²⁵6 U.S.C. § 454.

²⁶The Coast Guard acquisition funding plan charts we present in appendix III account for all four funding categories. PA&E provided us the evidence necessary to correct the Coast Guard information presented in the fiscal year 2013 FYHSP report.

better communicate how major acquisition programs contribute to the homeland security strategy. None of these three reports consistently identified how individual acquisition programs would help DHS achieve its goals. DHS officials acknowledged that they could clarify the linkage between major acquisition programs and DHS mission goals, and said they are working to do so. Clearly linking individual acquisition programs to DHS's mission goals would help Congress better understand how the department's largest investments contribute to the homeland security strategy, and inform congressional decisions about appropriating limited resources across DHS's major acquisition portfolio.

Submitting FYHSP Reports in a Timely Manner

FYHSP reports are required by law to be submitted to Congress “at or about the same time” as the department’s budget request. In implementing this requirement, DHS officials said their goal is to submit the FYHSP reports to Congress no later than 90 days after the department’s budget request is submitted. They explained the 90-day goal was largely based on the level of collaboration required to gather and verify data from the components and OMB. Table 3 identifies when DHS submitted recent FYHSP reports and budget requests to Congress.

Table 3: Dates DHS Submitted Budget Requests and FYHSP Reports to Congress			
Fiscal year	2012	2013	2014
Date of budget request	February 14	February 13	April 10
Date of FYHSP report	May 18	June 22	May 3
Number of days later	93	130	23

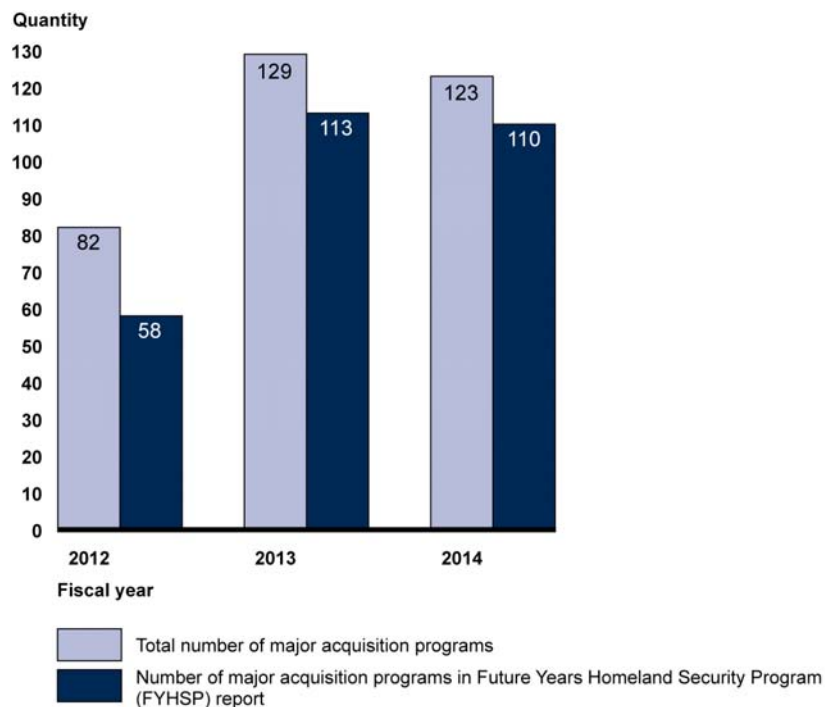
Source: GAO analysis of DHS documentation.

PA&E officials said they have not always achieved their 90-day goal because OMB has not provided DHS funding guidance for future fiscal years until a few weeks before the department’s budget is submitted to Congress. In accounting for this guidance, PA&E officials said they have traded timeliness for accuracy. Moving forward, DHS officials said that they are working with headquarters and component officials to provide OMB a draft FYHSP earlier in the annual budget cycle.

DHS's Fiscal Year 2014 FYHSP Report Did Not Account for All Major Acquisition Programs, but Did Account for a Greater Proportion of Programs than Prior Reports

DHS's fiscal year 2014 FYHSP report did not account for all of the department's major acquisition programs in accordance with a 2013 Senate Report requirement. However, it did account for a greater proportion of programs than previous FYHSP reports, and PA&E officials said they intend to include all major acquisition programs in future FYHSP reports. Figure 7 identifies the proportion of major acquisition programs identified in the fiscal years 2012, 2013, and 2014 FYHSP reports.

Figure 7: Proportion of Major Acquisition Programs Identified in Recent FYHSP Reports



Source: GAO analysis of DHS documentation.

PA&E officials responsible for producing the annual FYHSP reports said that they previously excluded major acquisition programs that the USM included on the department's major acquisition oversight list because the programs (1) provided services, (2) had not yet been formally initiated, or (3) were expected to cost less than \$300 million. Additionally, the officials said some of the exclusions were inadvertent omissions. The PA&E officials said that an internal data quality management plan was implemented in 2013 in an effort to improve the consistency of data reported through the FYHSP system. Doing so will help Congress identify

and assess how much DHS plans to invest across its major acquisition portfolio and the overall affordability of the department's multiyear funding plans.

Conclusions

Previously, we made several broad recommendations to improve DHS acquisition management, including a recommendation that DHS prioritize major acquisition programs department-wide and ensure that its acquisition portfolio is consistent with anticipated resource constraints. DHS concurred with these recommendations, and the department is working to address them. However, based on the funding instability we identified across annual FYHSP reports, it appears that short-term budget decisions continue to supersede a more strategic approach to prioritizing the department's acquisitions. In the meantime, the CFO's effort to quantify the funding gap for the major acquisition portfolio is positive, in that it conveys the fact that the department cannot afford the programs it has underway. However, this gap is likely to increase as more cost estimates are approved. In today's tightened fiscal climate, DHS can no longer count on an increased budget to offset the risks inherent in this scenario. As a result, DHS's largest acquisition programs will likely experience schedule slips, cost growth, and capability reductions in the coming years if the funding instability we have highlighted worsens.

We have identified opportunities that could help mitigate this situation, ranging from a portfolio-based approach to the department's resource allocation guidance to making proactive trade-off decisions among and within major programs. Within the framework of the overarching governance initiative that DHS leadership is piloting, such opportunities exist. Even though the initiative is in the relatively early stages of maturity, the boards and councils, comprised of senior department officials, need not wait for the initiative to be finalized to begin taking such actions. Further, while DHS's annual FYHSP reports meet statutory requirements, the department could use these reports to provide Congress additional information about its major acquisition programs as the department works to address its major acquisition portfolio's funding gap.

Recommendations

To enhance DHS's resource allocation guidance, we recommend that the Secretary of Homeland Security update the guidance to fully reflect the following 2 portfolio management practices:

- Establish standard assessment criteria to ensure transparency and comparability across alternatives, and

-
- Continually make go/no-go decisions to rebalance the portfolio.

To better prioritize investments in an integrated manner and allocate resources accordingly, we recommend that the Secretary of Homeland Security take the following 4 actions as DHS continues to develop, pilot, and implement the IILCM:

- Require the Department Strategy Council, or another body responsible for strategic direction, to issue Integrated Planning Guidance annually, in accordance with DHS guidance;
- Require the CRC, or another body responsible for requirements reviews, to establish priorities across functional portfolios, such as cybersecurity, domain awareness, and law enforcement;
- Establish that the PRB should recommend tradeoffs across DHS's major acquisition portfolio to address its major acquisition funding gap; and
- Require the ARB to assess program-specific affordability tradeoffs at all of its meetings.

To better communicate acquisition funding needs to Congress, we recommend that the Secretary of Homeland Security enhance the content of future FYHSP reports—for fiscal years 2016-20 and beyond—by taking the following 3 actions:

- Present acquisition programs' annual cost estimates and any anticipated funding gaps,
- Clearly link major acquisition programs to the homeland security strategy, and
- Include all of the programs on DHS's major acquisition oversight list.

Agency Comments and Our Evaluation

We provided a draft of this product to DHS for comment. In its written comments, reproduced in appendix IV, DHS concurred with all nine of our recommendations and provided estimated completion dates for eight of them. In one case, DHS provided evidence that it has complied with the recommendation and we agree. In another case, we do not believe that DHS's planned action will fully address our recommendation.

The department requested that the third recommendation—to issue Integrated Planning Guidance annually—be considered resolved because the guidance for fiscal years 2016-2020 was issued in March 2014, while our draft report was out for comment. Because DHS had not issued this guidance for one year only (the fiscal year 2015 budget cycle) and rectified the situation the following year, we agree that the action meets the intent of this recommendation.

In response to our seventh recommendation, that future FYHSP reports present acquisition programs' annual cost estimates and any anticipated funding gaps, DHS stated that the department's Comprehensive Acquisition Status Report provides the cost estimate information. However, our analysis of these reports found that they do not present acquisition programs' cost estimates on a year-by-year basis. Rather, they provide a single dollar figure identifying the programs' cost estimates over the entirety of their respective life cycles. This presentation does not allow Congress to identify how the funding plans presented in the FYHSP report compare to the programs' annual cost estimates and does not consistently inform Congress of anticipated funding gaps during the FYHSP-report periods. Therefore, we believe that the department will need to take additional steps to address this recommendation.

DHS also provided technical comments that we incorporated into the report as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 12 days from the report date. At that time, we will send copies to the Secretary of Homeland Security. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4841 or mackinm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.



Michele Mackin
Director, Acquisition and Sourcing Management

Appendix I: Scope and Methodology

The objectives of this audit were designed to help Congress understand how the Department of Homeland Security (DHS) uses multiyear funding plans to sustain the department's acquisition efforts. We assessed (1) the prevalence of funding instability at DHS, and its effects on major acquisition programs, if any; (2) the extent to which DHS develops multiyear funding plans in accordance with key portfolio management practices; and (3) the extent to which DHS has complied with reporting requirements for its major acquisition programs' multiyear funding plans.

For the first objective, we identified how annual funding levels for 35 of the department's 40 largest acquisition programs changed across the fiscal years 2012, 2013, and 2014 Future Years Homeland Security Program (FYHSP) reports, which present 5-year funding plans for DHS's major acquisition programs. We used DHS's fiscal year 2013 major acquisition oversight list to identify the 40 programs. We did not assess 5 of those programs because DHS did not include them in two or more of their FYHSP reports, and thus we were unable to analyze any changes to funding levels over time. For the 35 programs in our scope, we produced charts depicting how their funding plans changed over successive FYHSP reports. These charts are presented in appendix III. To determine the reliability of the FYHSP information, we examined the data for outliers and obvious errors, and sent our acquisition funding plan charts to knowledgeable officials at DHS headquarters, the components, and program offices. We asked officials to identify any inaccuracies through written responses, and we received feedback from officials representing all 35 of the programs. These responses indicated that the FYHSP information was inaccurate for 18 of the 35 programs. We used evidence from DHS headquarters and the program offices to correct the acquisition funding plan charts for these programs. For example, the Office of Program Analysis and Evaluation (PA&E) provided us the evidence necessary to correct the Coast Guard information presented in the fiscal year 2013 FYHSP report. We also collected testimonial evidence from officials representing all 35 of the programs in our scope to identify the causes and effects of the funding instability.

For the second objective, we compared the department's resource allocation guidance to key practices we established in a September 2012 report and identified any significant shortfalls.¹ These practices are set forth in appendix II. Specifically, we assessed DHS Management

¹We established GAO's key portfolio management practices in [GAO-12-833](#).

Directive Number 1330 and DHS's Planning, Programming, Budgeting, and Execution Operating Handbook, which DHS officials identified as the department's primary resource allocation guidance documents. If these documents reflected a key practice, we assigned the document a score of 4 for that practice. If the document did not reflect the key practice, we assigned it a score of 0. We then took the average score for all the key practices in a particular area—as identified in appendix II—to establish an overall score for each key practice area. We concluded that key practice areas that scored a 4 were reflected in the policy, those that scored a 1 were minimally reflected, and those that scored a 0 were not reflected. We subsequently met with officials from PA&E to discuss our analysis, identify relevant sections of the documents that we had not yet accounted for, and solicit their thoughts on those key practices that were not reflected in the policy. Additionally, we interviewed acquisition and financial management officials at DHS headquarters and nine component agencies sponsoring 39 of DHS's 40 largest acquisition programs to understand DHS's process for developing multiyear funding plans.² We also interviewed these officials to better understand DHS's Integrated Investment Life Cycle Management initiative—the department's proposed solution for improving portfolio management, which is currently being piloted. We also reviewed (a) all acquisition decision memos from fiscal year 2013 to identify affordability tradeoffs made during acquisition reviews, (b) all funding certification memos from December 2012 through August 2013 to determine how DHS applied the funding certification requirement, and (c) summary documentation of all acquisition-related guidance issued through the fiscal year 2014 resource allocation decision memos.

For the third objective, we assessed the fiscal years 2012, 2013, and 2014 FYHSP reports against requirements established in federal law and congressional reports. We also interviewed DHS officials responsible for producing the FYHSP reports to understand their interpretation of the FYHSP reporting requirements, and the causes of any reporting shortfalls.

We conducted this performance audit from March 2013 to April 2014 in accordance with generally accepted government auditing standards.

²We did not interview acquisition and financial management officials from the Office of Health Affairs because it only sponsored 1 of DHS's 40 largest acquisition programs: BioWatch. However, we did collect testimonial evidence from the BioWatch program office directly, and that information is included in our analysis.

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 II: Key Portfolio Management Practices

To help determine the extent to which DHS develops multiyear funding plans in accordance with key portfolio management practices, we assessed the department's resource allocation guidance using key practices we established in September 2012 and identified any significant shortfalls.¹ These portfolio management practices—organized into four key practice areas—can improve outcomes when managing a portfolio of multiple acquisition programs. The key portfolio management practices are presented below.

Clearly define and empower leadership

- Those responsible for product investment decisions and oversight should be clearly identified and held accountable for outcomes
- Portfolio managers should be empowered to make decisions about the best way to invest resources
- Portfolio managers should be supported with cross-functional teams composed of representatives from key functional areas

Establish standard assessment criteria, and demonstrate comprehensive knowledge of the portfolio

- Specific criteria should be used to ensure transparency and comparability across alternatives
- Investments should be ranked and selected using a disciplined process to assess the costs, benefits, and risks of alternative products
- Knowledge should encompass the entire portfolio, including needs, gaps, and how to best meet the gaps

Prioritize investments by integrating the requirements, acquisition, and budget processes

- Requirements, acquisition, and budget processes should be connected to promote stability and accountability
- Organizations should use an integrated approach to prioritize needs and allocate resources, so they can avoid pursuing more products than they can afford, and optimize return on investment

¹[GAO-12-833](#).

- Resource allocation across the portfolio should align with strategic goals/objectives, and investment review policy should use long-range planning

Continually make go/no-go decisions to rebalance the portfolio

- Program requirements should be reviewed annually to make recommendations on proposed changes/descoping options
- As potential new products are identified, portfolios should be rebalanced based on those that add the most value
- If project estimates breach established thresholds, the product should be immediately reassessed within the context of the portfolio to determine whether it is still relevant and affordable
- Agencies should use information gathered from post-implementation reviews of investments, as well as information learned from other organizations, to fine-tune the investment process and the portfolios to shape strategic outcomes

Appendix III: Acquisition Funding Plan Charts

To help determine the prevalence of funding instability at DHS, and its effects on major acquisition programs, if any, we identified how annual funding levels for 35 of the department’s 40 largest acquisition programs changed across the fiscal years 2012, 2013, and 2014 FYHSP reports, which present 5-year funding plans for DHS’s major acquisition programs. We did not assess the 5 remaining programs because their funding plans were not included in at least two FYHSP reports, and thus we were unable to analyze any changes to funding levels over time. The funding plans account for planning, acquisition, maintenance, and personnel funding. DHS delineated between the four funding categories in the fiscal years 2012 and 2014 FYHSP reports, but did not delineate between them in the fiscal year 2013 FYHSP report.

We used the three FYHSP reports to produce charts depicting how the funding plans changed for all 35 of the programs. To determine the reliability of the FYHSP information, we examined the data for outliers and obvious errors, and sent our acquisition funding plan charts to knowledgeable officials at DHS headquarters, the components, and program offices. We asked officials to identify any inaccuracies through written responses, and we received feedback from officials representing all 35 of the programs. These responses indicated that the FYHSP information was inaccurate for 18 of the 35 programs. We used evidence from DHS headquarters and the program offices to correct the acquisition funding plan charts for these programs. For example, PA&E provided us the evidence necessary to correct the Coast Guard information presented in the fiscal year 2013 FYHSP report.

The acquisition funding plan charts are presented below. They present a unique value for each fiscal year and FYHSP report. Table 4 explains what each value represents in terms of planned, requested, enacted, and revised enacted funding levels.

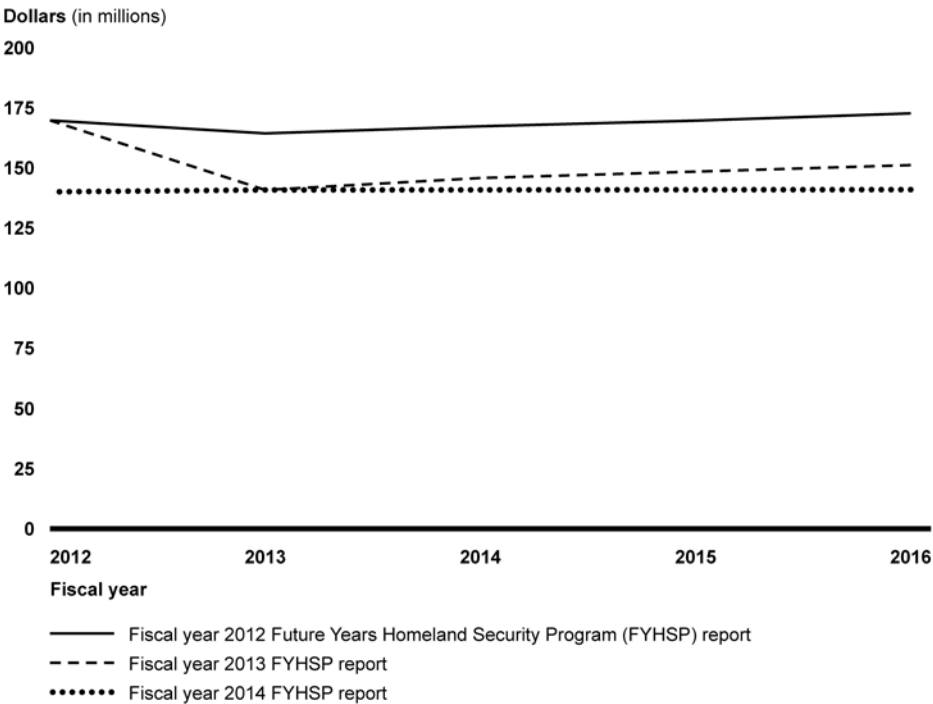
Table 4: Planned, Requested, Enacted, and Revised Enacted Funding Levels Presented in the Acquisition Funding Plan Charts

FYHSP report	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016
Fiscal years 2012-2016	Requested	Planned	Planned	Planned	Planned
Fiscal years 2013-2017	Enacted	Requested	Planned	Planned	Planned
Fiscal years 2014-2018	Revised enacted	Enacted	Requested	Planned	Planned

Source: GAO analysis of DHS data.

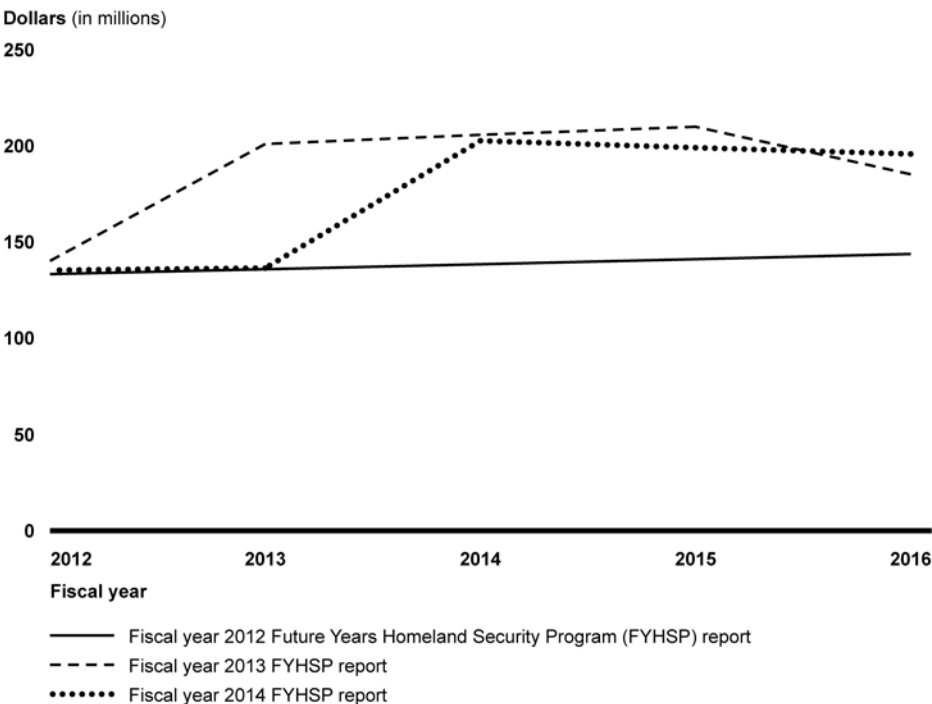
Customs and Border
Protection (CBP)

Figure 8: Automated Commercial Environment (ACE)



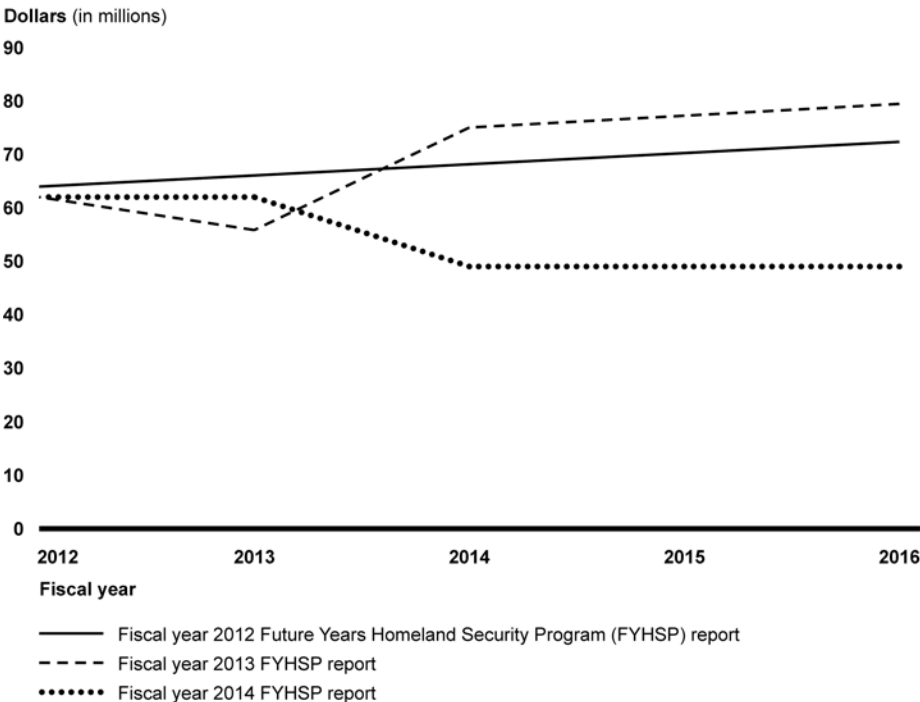
Source: GAO analysis of DHS information.

Figure 9: Border Patrol Facilities



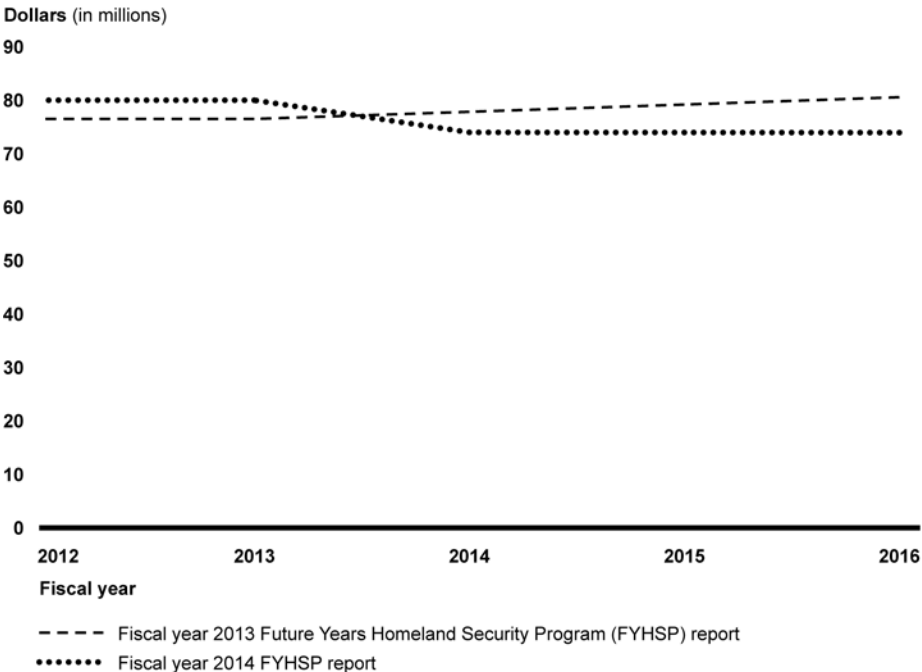
Source: GAO analysis of DHS information.

Figure 10: Facilities Management & Engineering (FM&E) Tactical Infrastructure



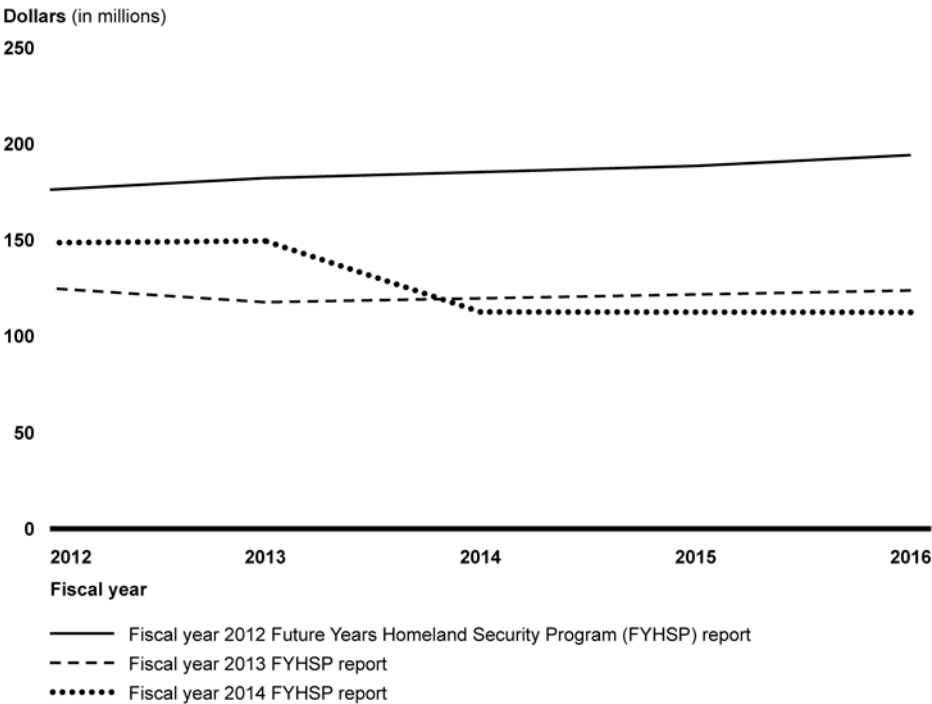
Source: GAO analysis of DHS information.

Figure 11: Land Border Integration (LBI)



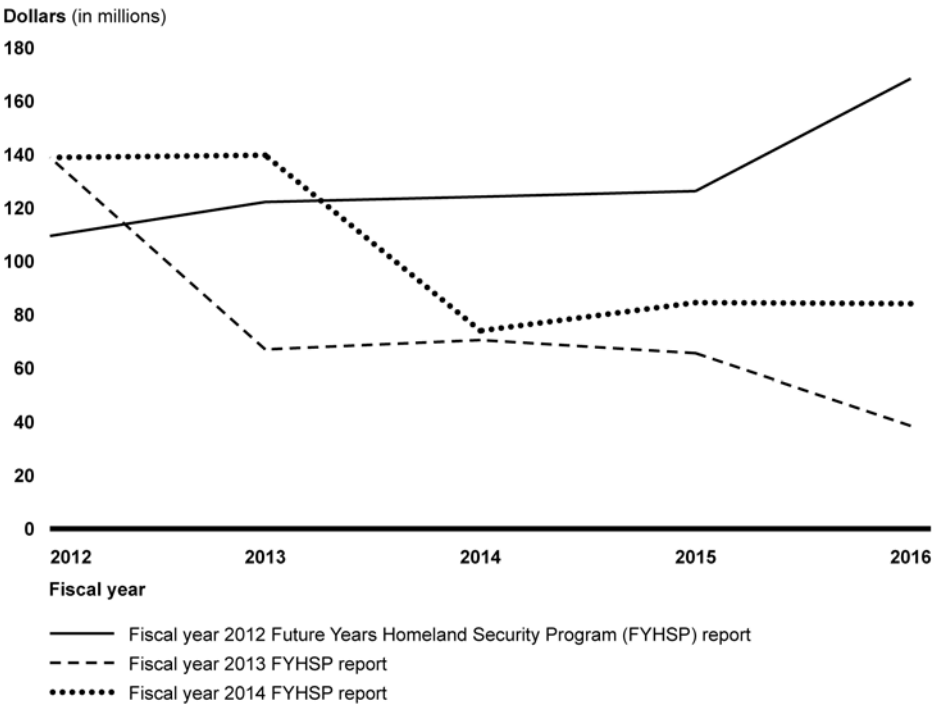
Source: GAO analysis of DHS information.

Figure 12: Non-Intrusive Inspection (NII) Systems Program



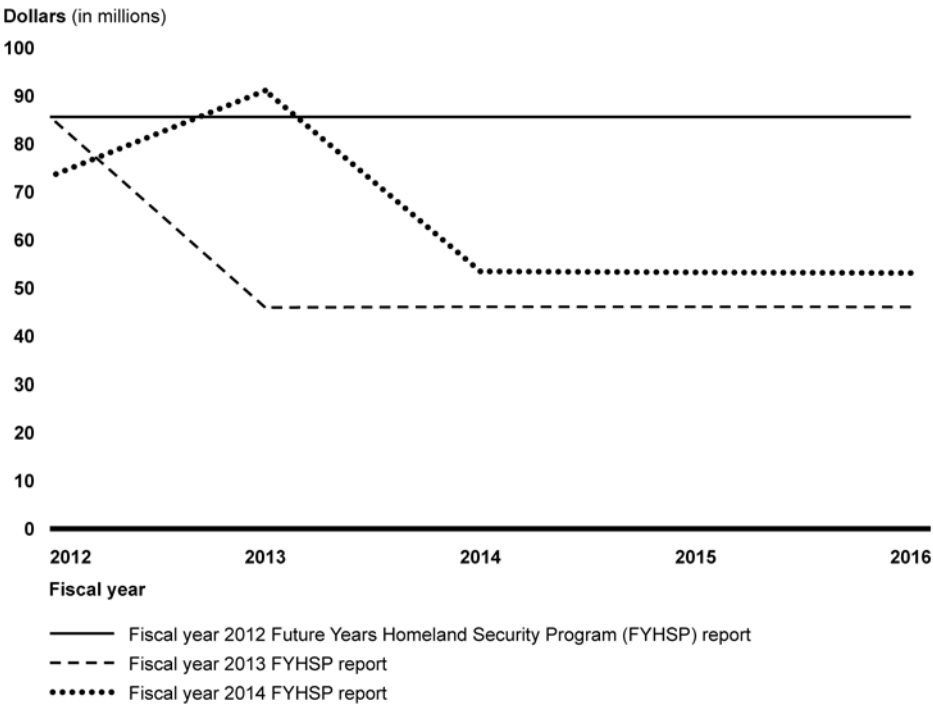
Source: GAO analysis of DHS information.

Figure 13: Strategic Air and Marine Plan (STAMP)



Source: GAO analysis of DHS information.

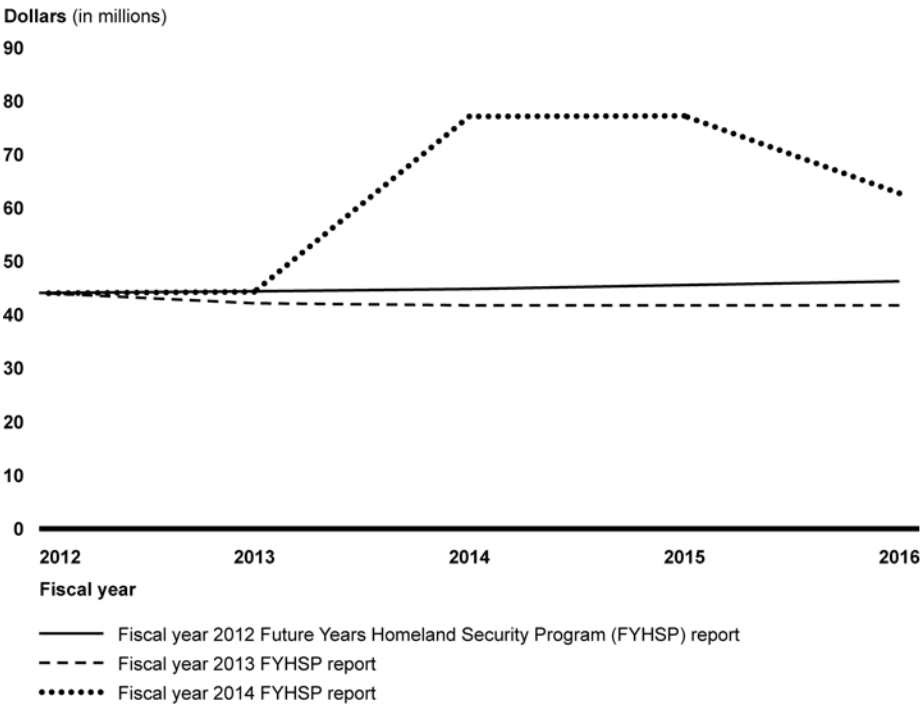
Figure 14: Mobile Assets Program (MAP)



Source: GAO analysis of DHS information.

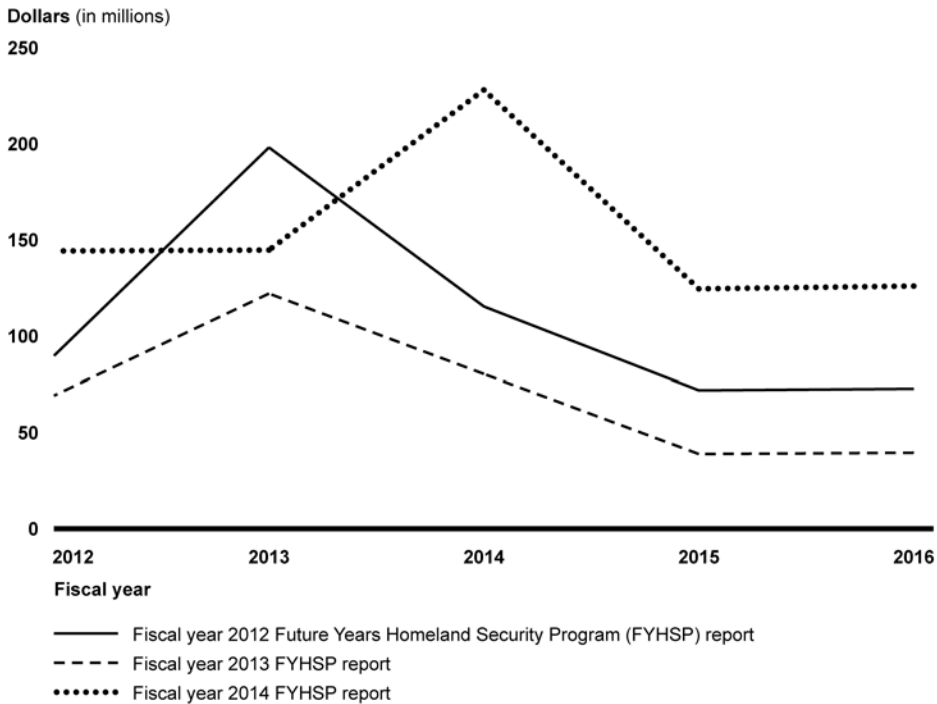
Office of the Chief
Information Officer (OCIO)

Figure 15: Homeland Secure Data Network (HSDN)



Source: GAO analysis of DHS information.

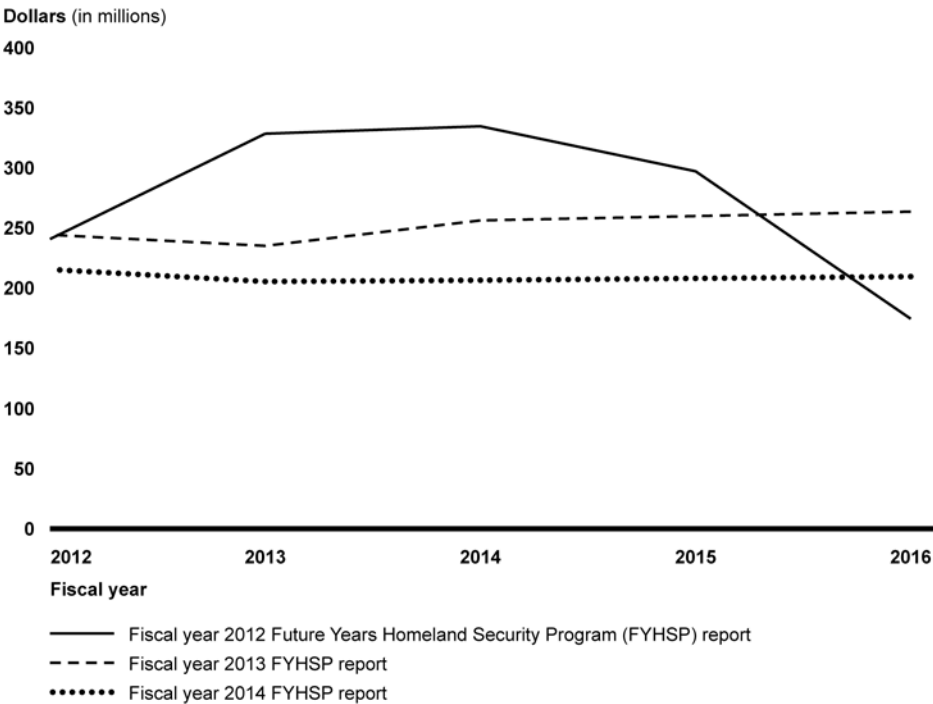
Figure 16: Infrastructure Transformation Program (ITP)



Source: GAO analysis of DHS information.

Federal Emergency
Management Agency
(FEMA)

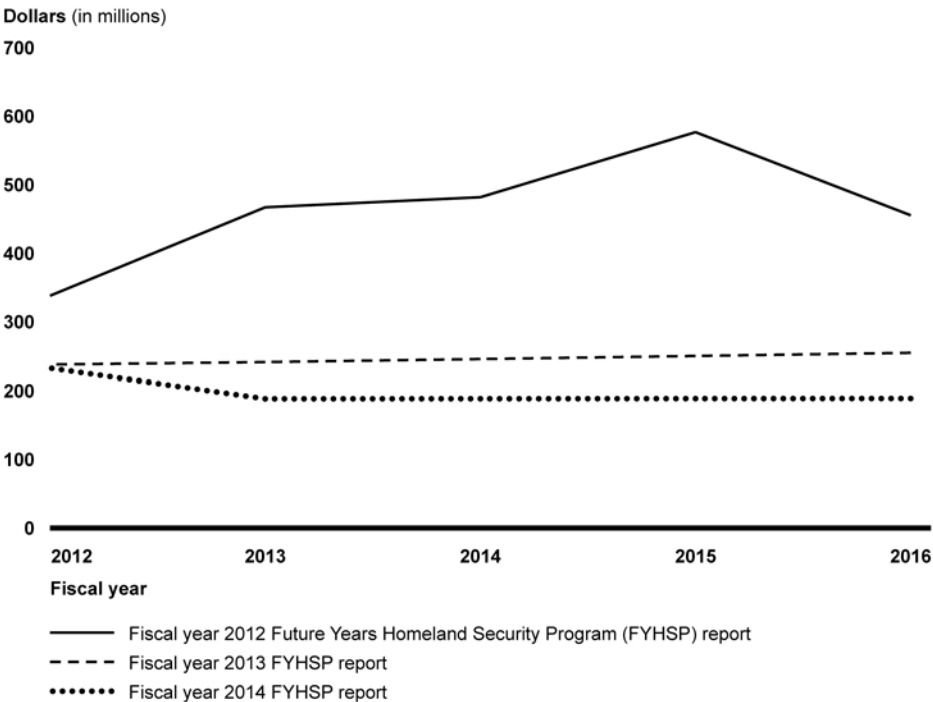
Figure 17: Risk Mapping, Analysis and Planning (Risk MAP)



Source: GAO analysis of DHS information.

Immigration and Customs Enforcement (ICE)

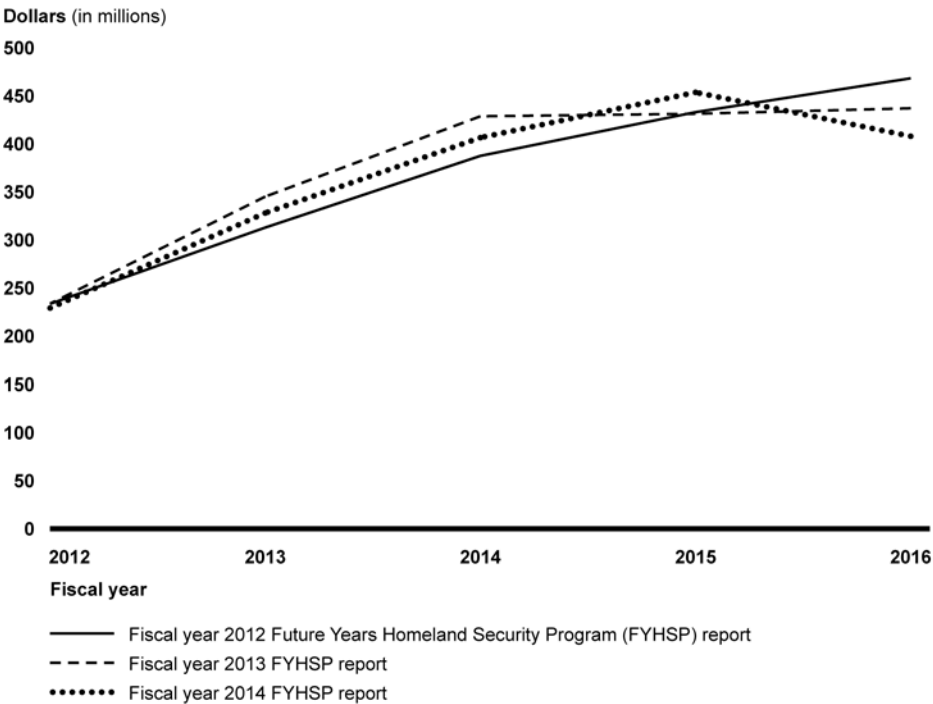
Figure 18: IT Infrastructure



Source: GAO analysis of DHS information.

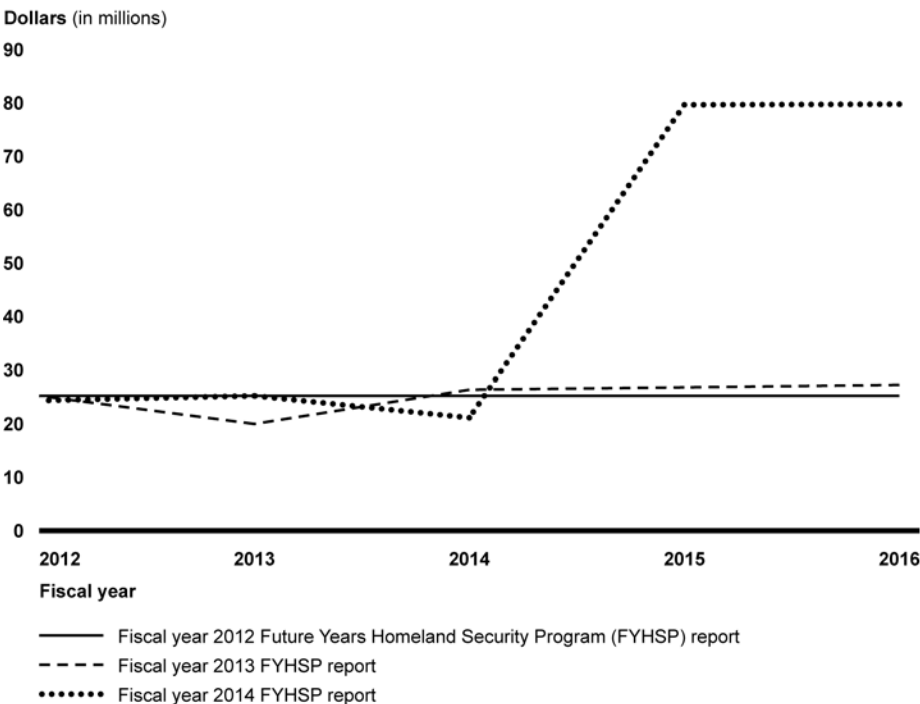
National Protection and Programs Directorate (NPPD)

Figure 19: National Cybersecurity and Protection System (NCPS)



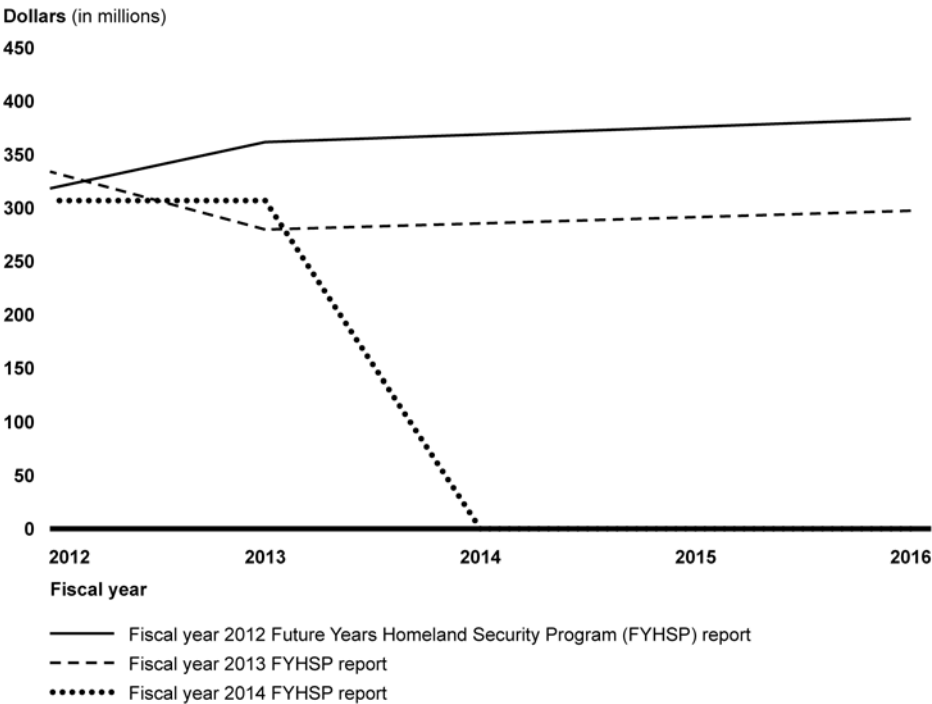
Source: GAO analysis of DHS information.

Figure 20: Next Generation Network Priority Service (NGN-PS)



Source: GAO analysis of DHS information.

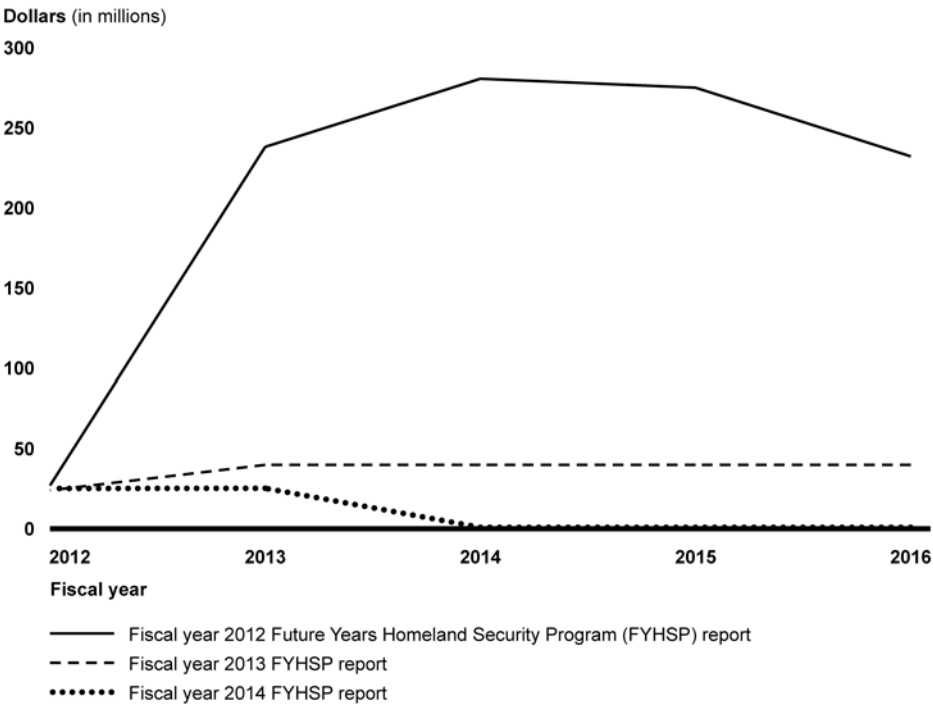
Figure 21: United States Visitor and Immigrant Status Indicator Technology (US-VISIT)



Source: GAO analysis of DHS information.

Office of Health Affairs
(OHA)

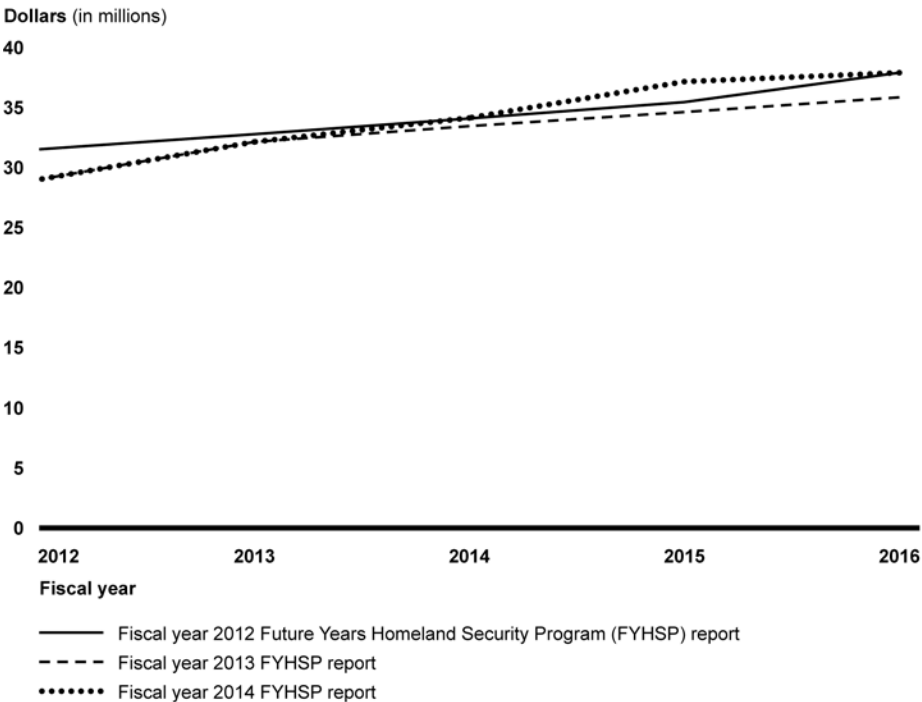
Figure 22: BioWatch Gen-3



Source: GAO analysis of DHS information.

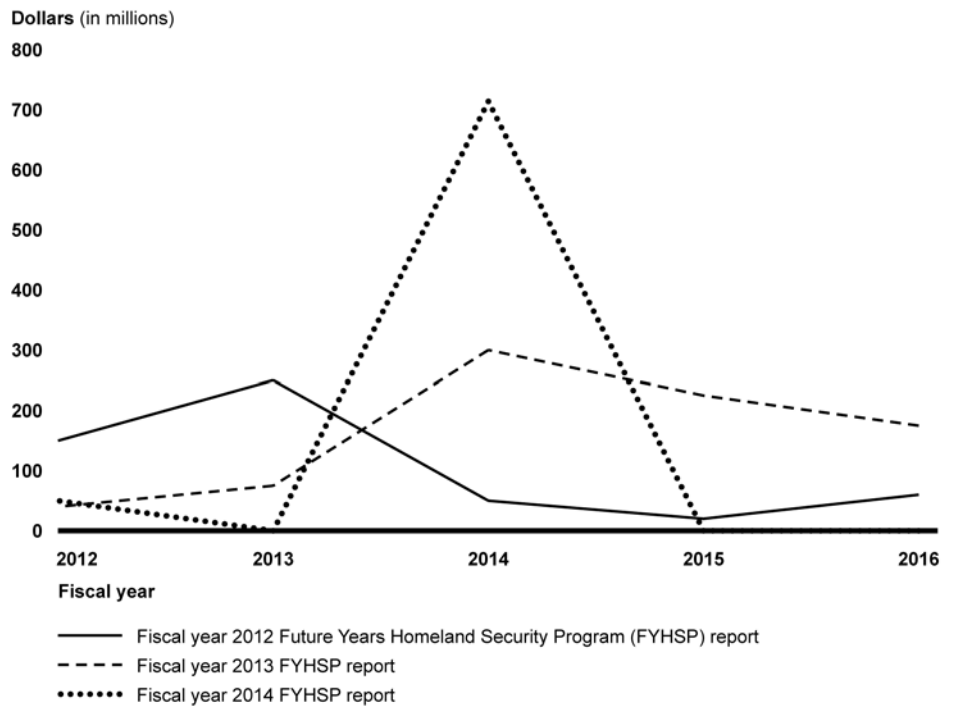
Science and Technology
(S&T)

Figure 23: National Biodefense Analysis and Countermeasures Center (NBACC) Facility



Source: GAO analysis of DHS information.

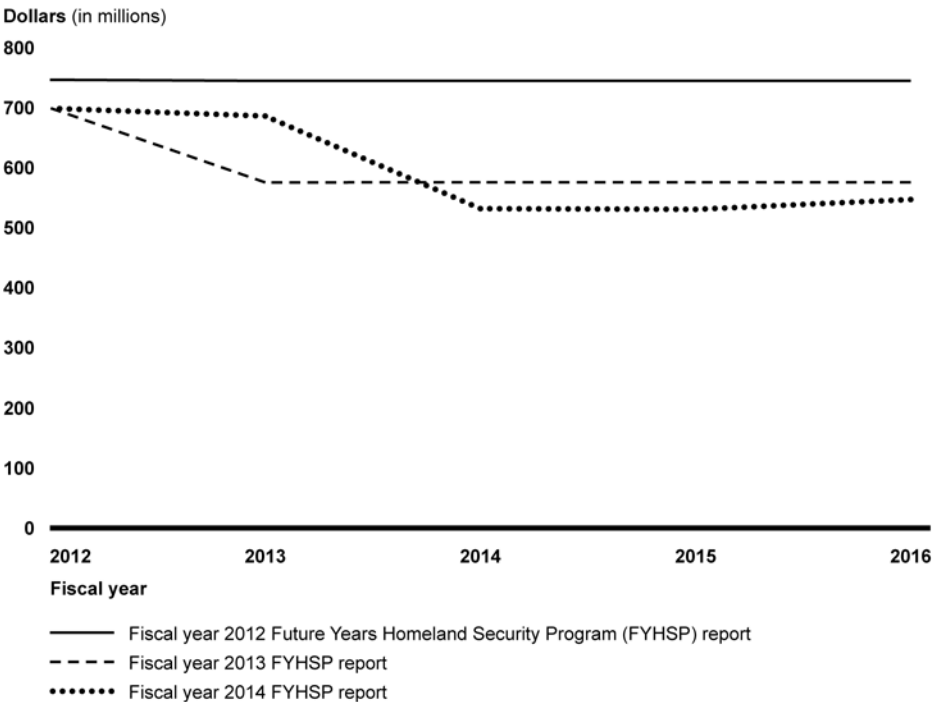
Figure 24: National Bio and Agro-Defense Facility (NBAF)



Source: GAO analysis of DHS information.

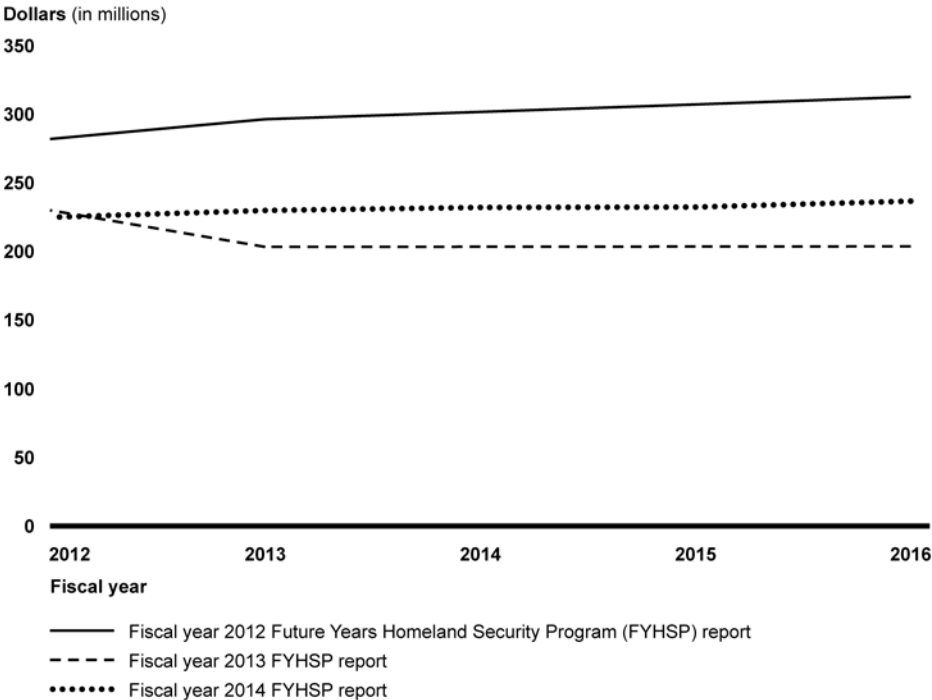
Transportation Security Administration (TSA)

Figure 25: Electronic Baggage Screening Program (EBSP)



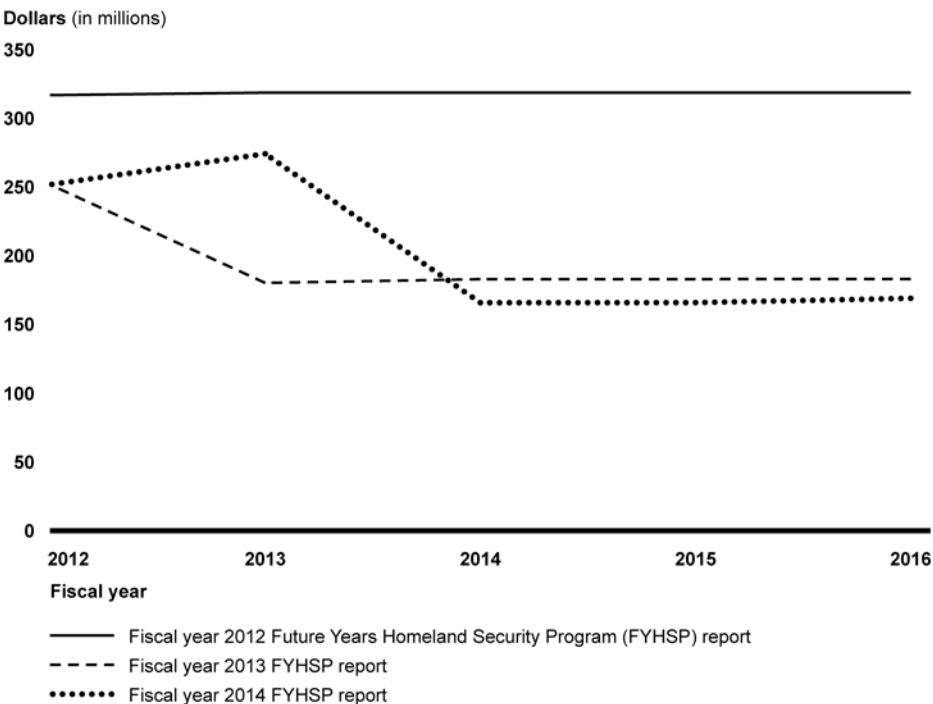
Source: GAO analysis of DHS information.

Figure 26: Information Technology Infrastructure Program (ITIP)



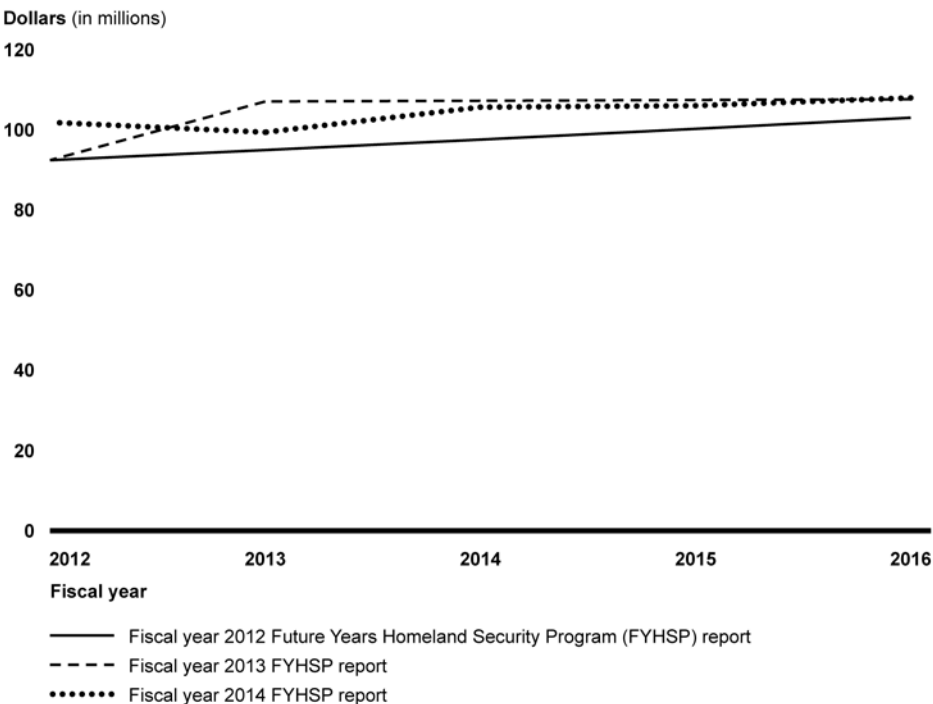
Source: GAO analysis of DHS information.

Figure 27: Passenger Screening Program (PSP)



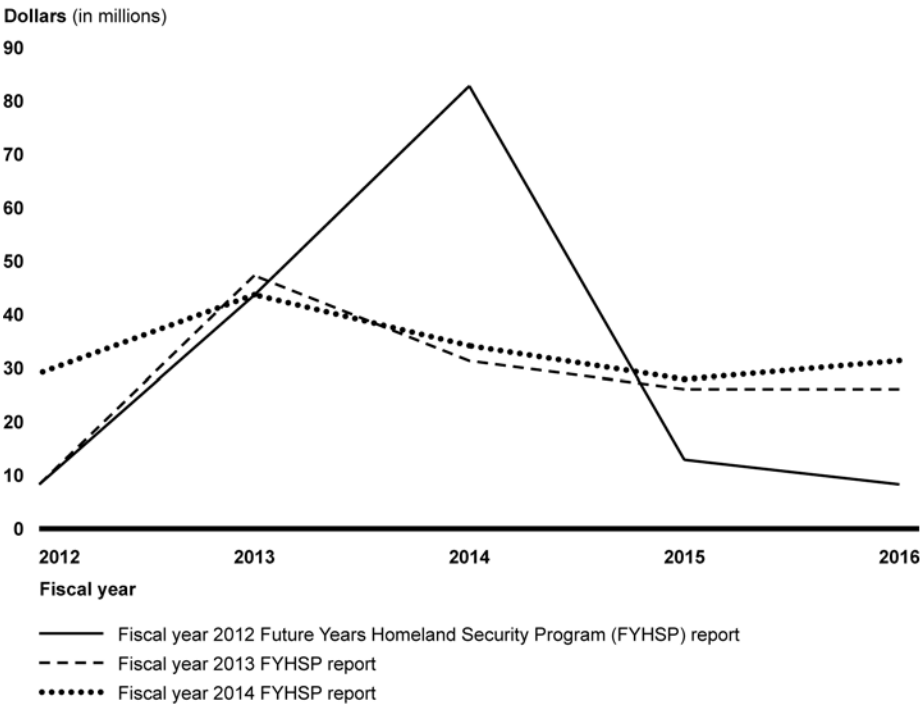
Source: GAO analysis of DHS information.

Figure 28: Secure Flight



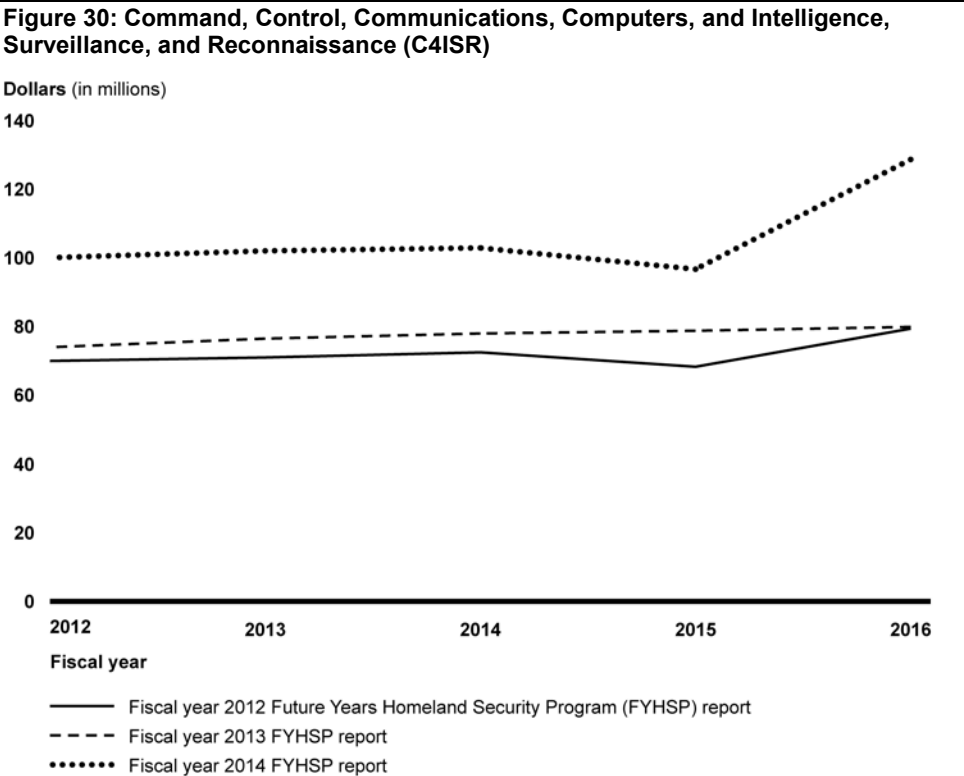
Source: GAO analysis of DHS information.

Figure 29: Transportation Worker Identification Credentialing (TWIC)



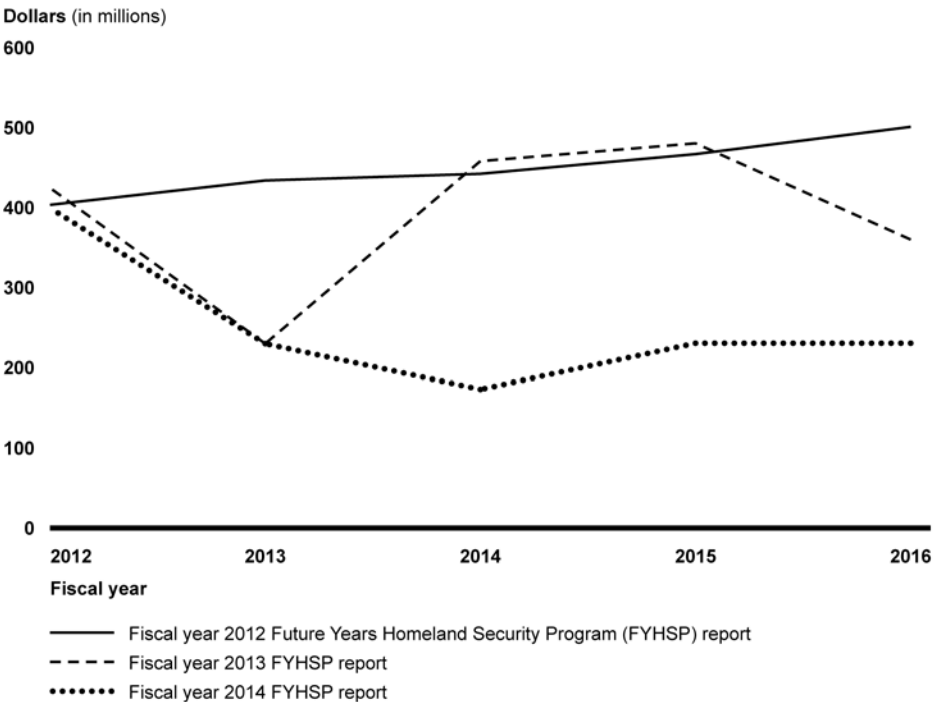
Source: GAO analysis of DHS information.

United States Coast Guard (USCG)



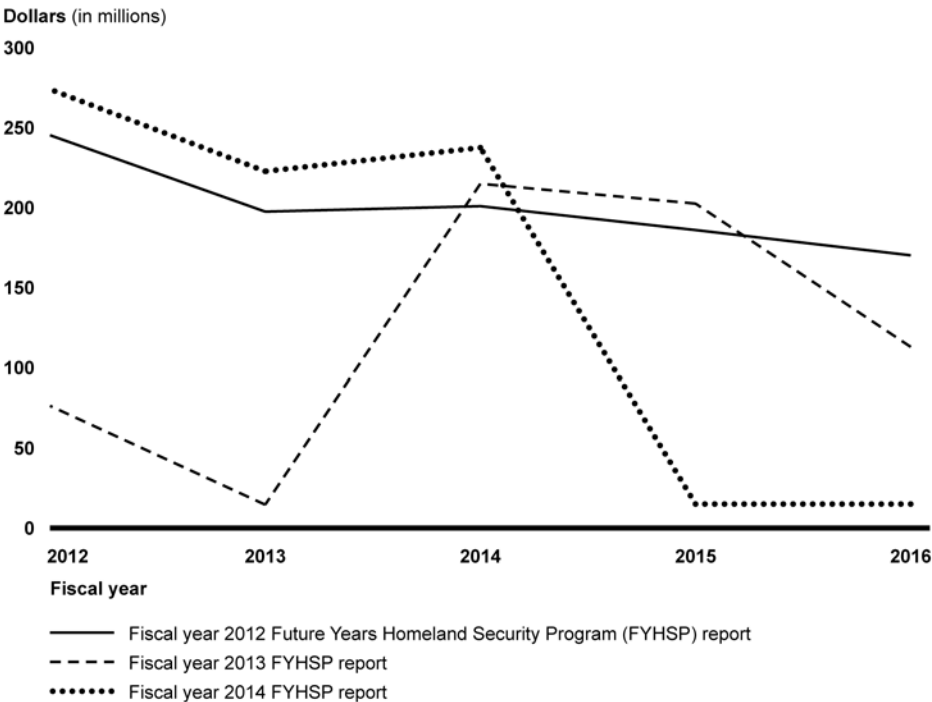
Source: GAO analysis of DHS information.

Figure 31: Fast Response Cutter (FRC)



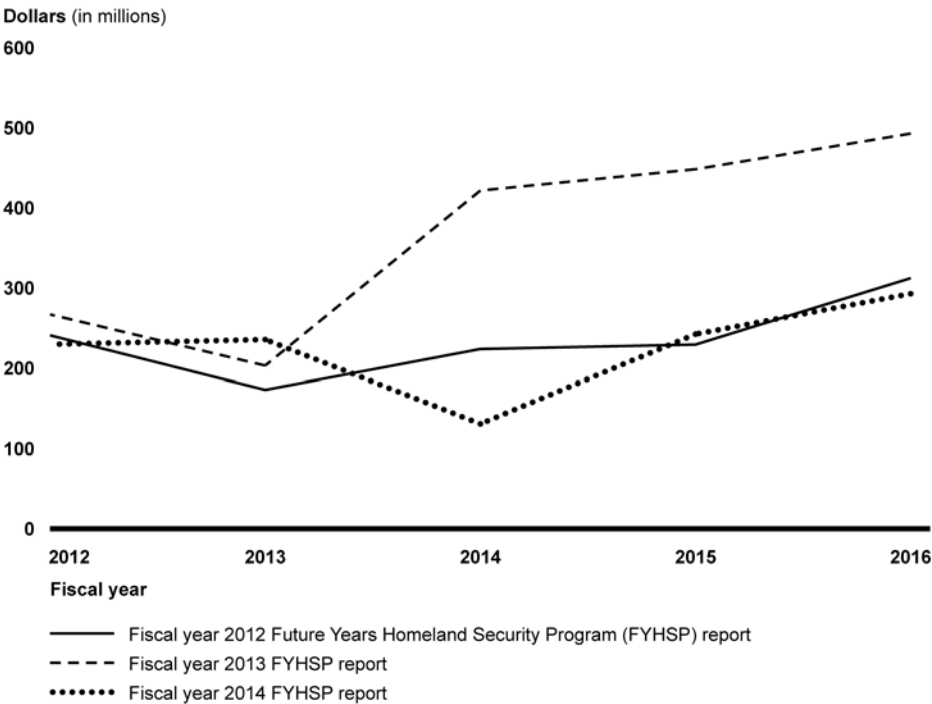
Source: GAO analysis of DHS information.

Figure 32: Long Range Surveillance Aircraft (HC-130H/J)



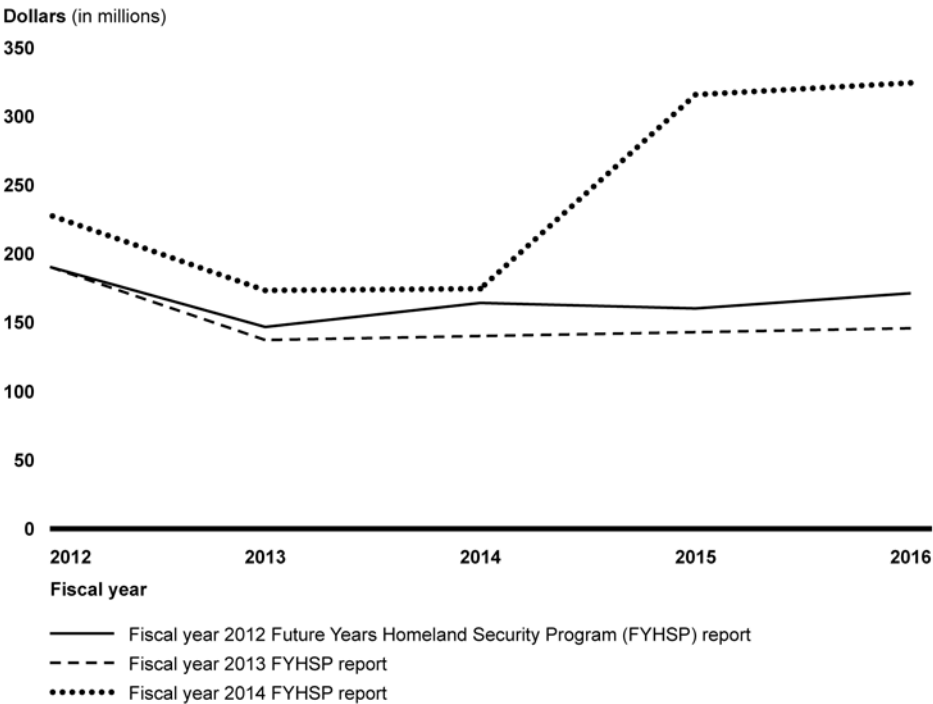
Source: GAO analysis of DHS information.

Figure 33: HC-144A Maritime Patrol Aircraft (MPA)



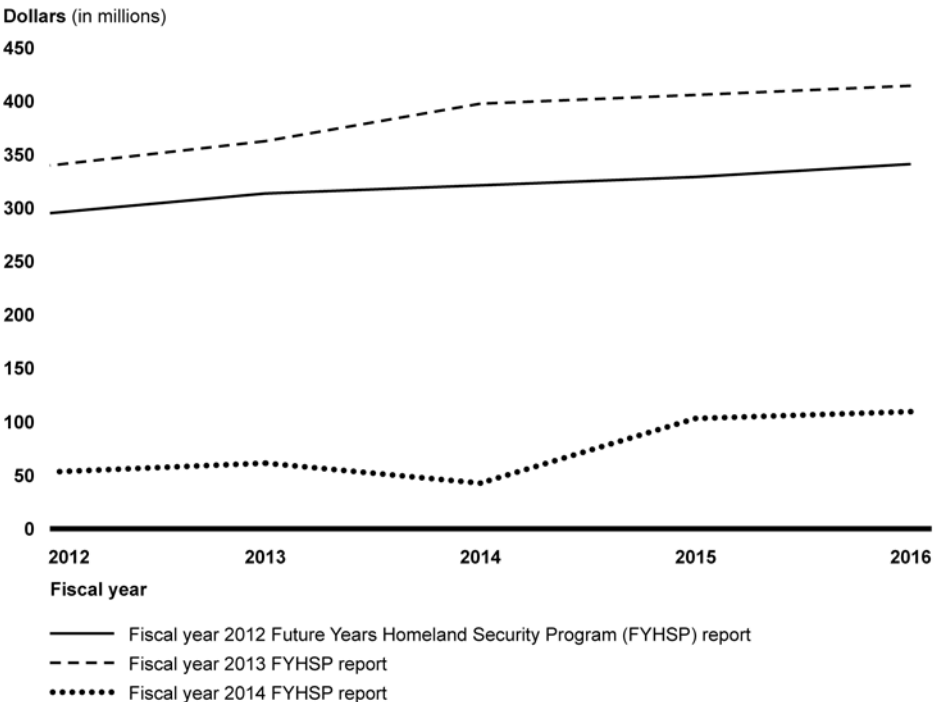
Source: GAO analysis of DHS information.

Figure 34: HH-60 Conversion Projects



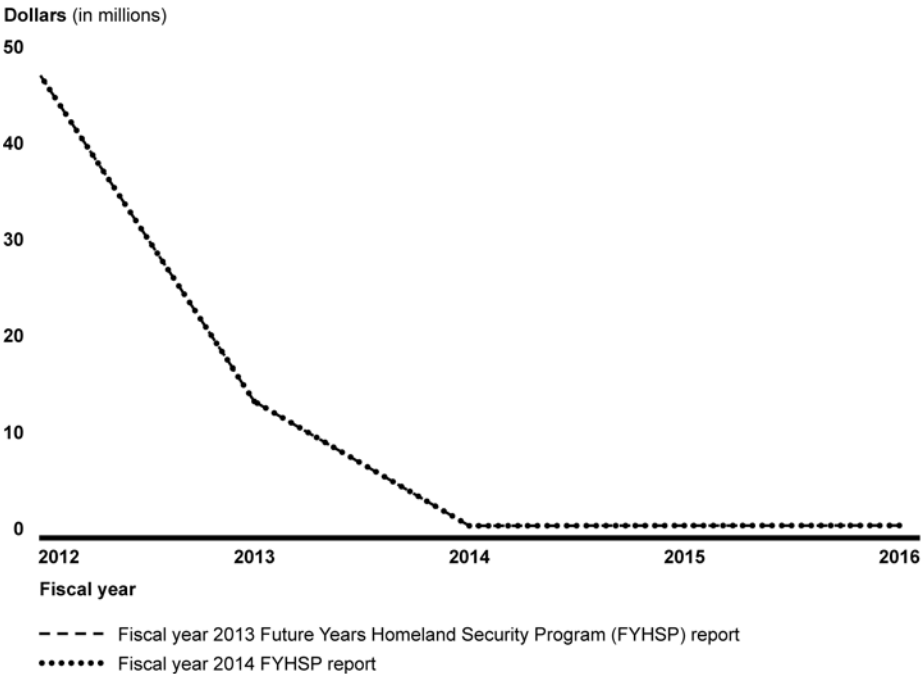
Source: GAO analysis of DHS information.

Figure 35: HH-65 Conversion/Sustainment Projects



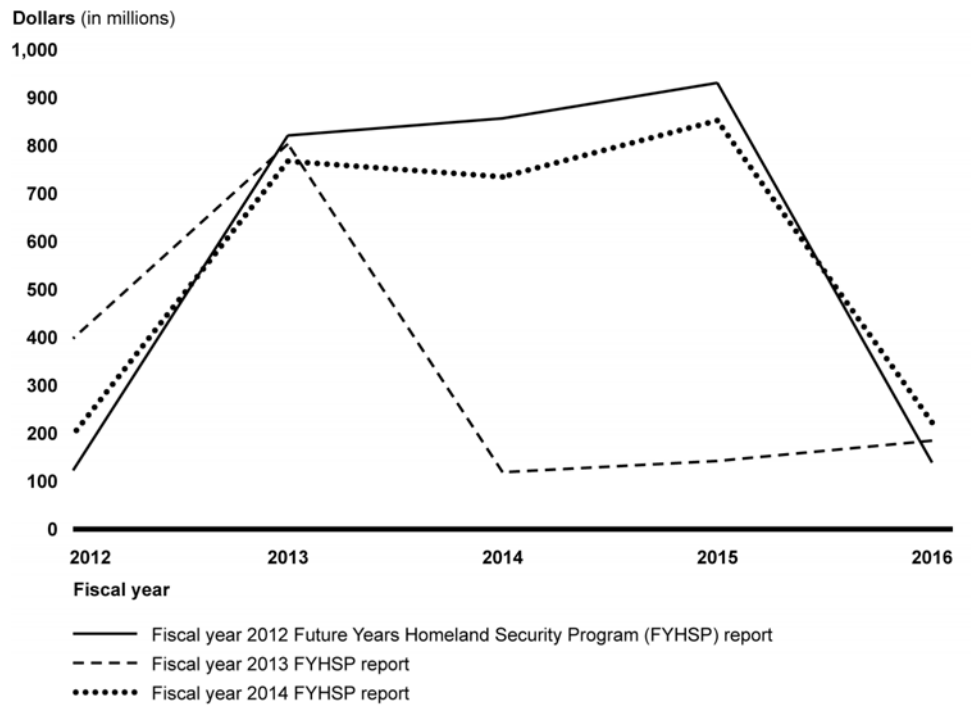
Source: GAO analysis of DHS information.

Figure 36: Medium Endurance Cutter Sustainment



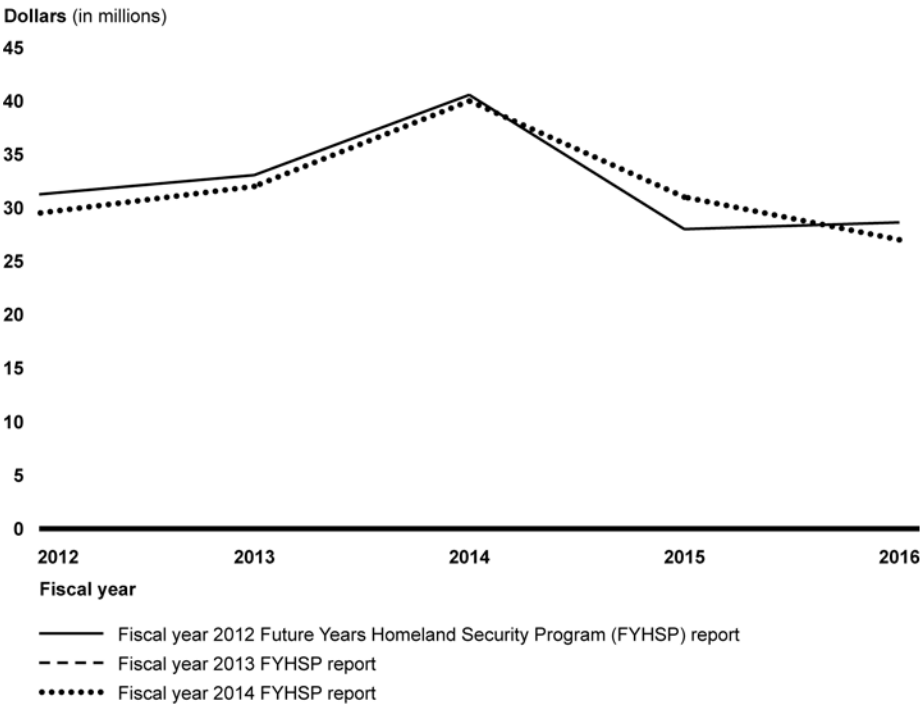
Source: GAO analysis of DHS information.

Figure 37: National Security Cutter (NSC)



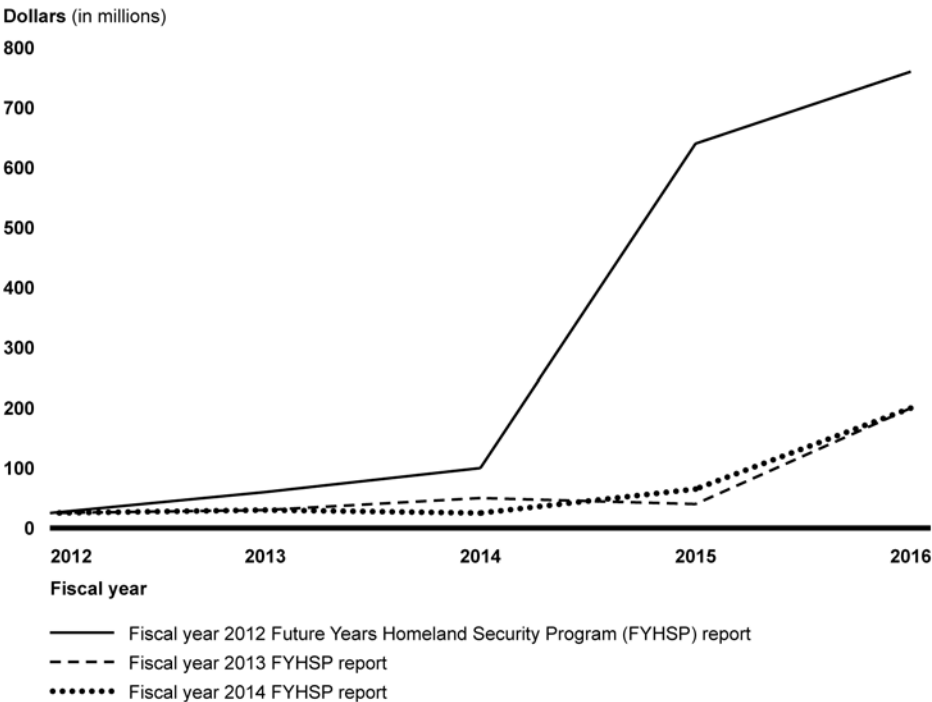
Source: GAO analysis of DHS information.

Figure 38: Nationwide Automatic Identification System (NAIS)



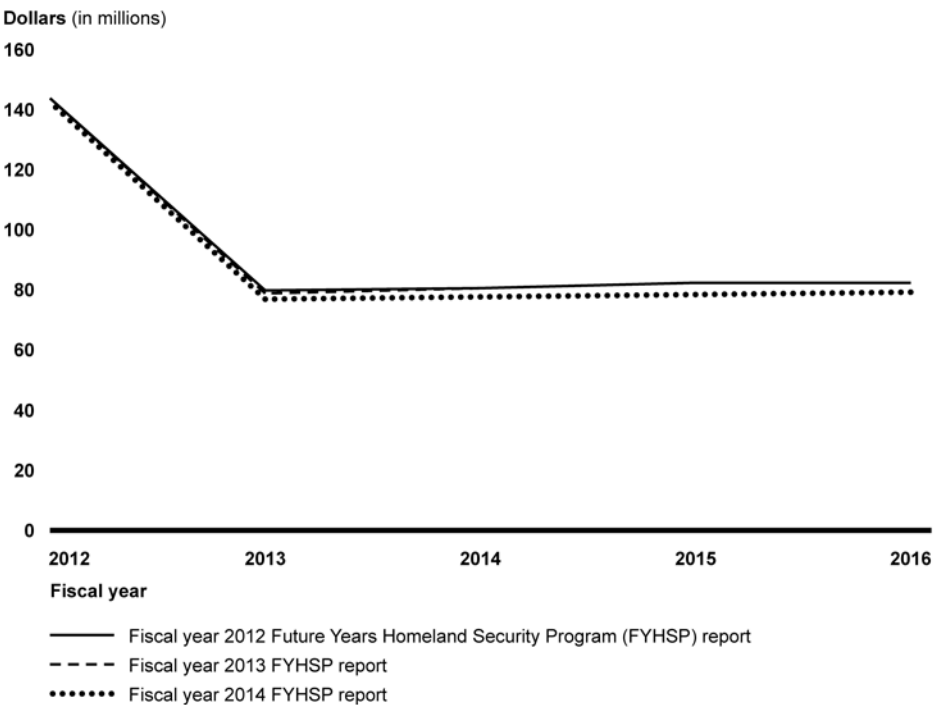
Source: GAO analysis of DHS information.

Figure 39: Offshore Patrol Cutter (OPC)



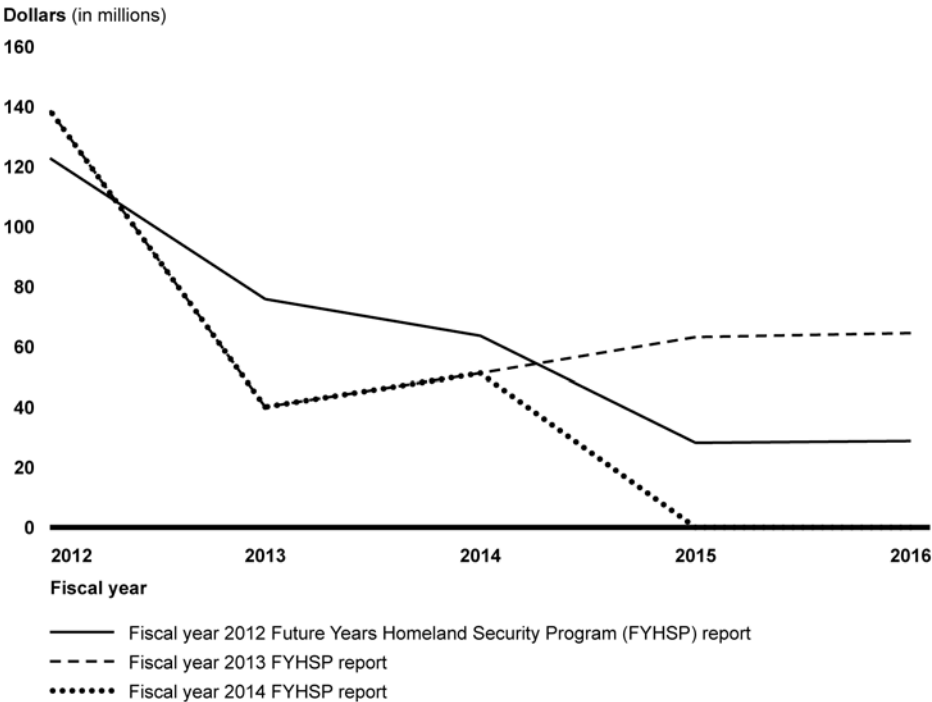
Source: GAO analysis of DHS information.

Figure 40: Rescue 21



Source: GAO analysis of DHS information.

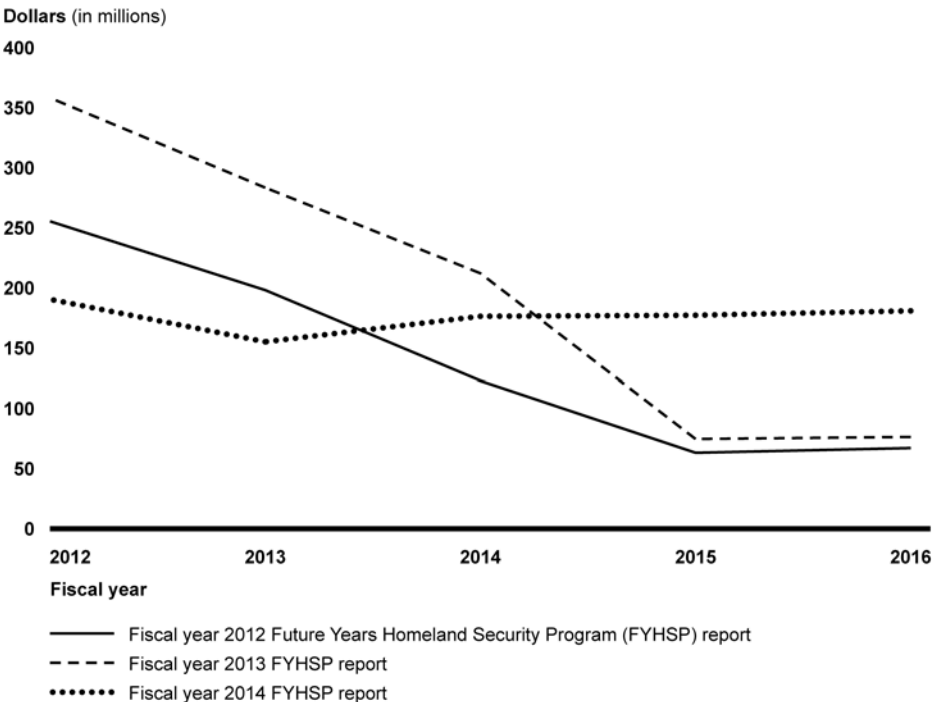
Figure 41: Response Boat-Medium (RB-M)



Source: GAO analysis of DHS information.

United States Citizenship
and Immigration Services
(USCIS)

Figure 42: Transformation



Source: GAO analysis of DHS information.

Appendix IV: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, D.C. 20528



**Homeland
Security**

April 4, 2014

Michele Mackin
Director, Acquisition and Sourcing Management
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Draft Report GAO-14-332, "HOMELAND SECURITY ACQUISITIONS: DHS Could Better Manage Its Portfolio to Address Funding Gaps and Improve Communications with Congress"

Dear Ms. Mackin:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO's) work in planning and conducting its review and issuing this report.

The Department is pleased to note GAO's recognition that DHS has taken positive steps to address the variance between acquisition cost estimates and funding, increase cost estimating capabilities, improve portfolio management and better prioritize its acquisition funding needs. GAO also acknowledged that recent Future Years Homeland Security Program (FYHSP) Reports met reporting requirements established by law. DHS has efforts underway to better prioritize funding needs and narrow any gaps between requirements articulated through program cost estimates and projected funding. This includes the requirement for senior financial officials to provide funds certification at major milestone decision events, and ensuring appropriate affordability tradeoffs are made both during acquisition review and as part of annual capital budgeting. In addition, to regular review of major acquisition programs by the Under Secretary for Management through the Acquisition Review Board (ARB), senior leadership is frequently reviewing high visibility programs to ensure DHS is diagnosing potential issues early to proactively address acquisition program deficiencies. These on-going efforts highlight the Department's commitment to better acquisition and resource management.

The report contained nine recommendations with which the Department concurs. Specifically, GAO recommended that the Secretary of Homeland Security:

Recommendation 1: Update the guidance to fully reflect the following portfolio-management practice - Establish standard assessment criteria to ensure transparency and comparability across alternatives.

Response: Concur. DHS will update guidance with standard assessment criteria at the appropriate level of detail to ensure transparency and comparability across alternatives. The following guides will incorporate or refer to the criteria when developed:

- Planning, Programming, Budgeting, and Execution Handbook (Office of the Chief Financial Officer)
- Portfolio Guidance Concept of Operations (Office of the Chief Information Officer)

Estimated Completion Date (ECD): December 31, 2014.

Interim milestones:

- Charter working group to develop standard assessment criteria (August 31, 2014)
- Refine criteria with Component and stakeholder input (October 31, 2014)
- Publish update to guidance (December 31, 2014)

Recommendation 2: Update the guidance to fully reflect the following portfolio-management practice - Continually make go/no-go decisions to rebalance the portfolio.

Response: Concur. Decisions on whether to continue, pause, scope or reshape acquisition programs will continue to be made both in acquisition review (e.g., ARB) based on the maturity and health of acquisitions at key lifecycle milestones, and annually in the program and budget review based on portfolio affordability. DHS will continue to improve the thoroughness of capital budgeting by arranging acquisitions by portfolio, improving integration of existing annual portfolio reviews and associated findings in annual programming and budgeting, and ensuring leadership has visibility into tradeoffs available within funding constraints. ECD: August 31, 2015.

Interim milestones:

- Strengthen mechanisms for portfolio governance bodies to provide prioritization and input into resource allocation with enterprise service proposals (June 30, 2014)
- Clearly indicate all major capital investments in resource allocation decisions (July 31, 2014)
- Incorporate standard assessment criteria in guidance (January 31, 2015)
- Conduct portfolio reviews supporting the fiscal year (FY) 2017-2021 resource allocation cycle (June 30, 2015)

- o Present go/no-go recommendations to leadership in balancing the capital budget (August 31, 2015)

Recommendation 3: Require the Department Strategy Council, or another body responsible for strategic direction, to issue Integrated Planning Guidance annually, in accordance with DHS guidance.

Response: Concur. Currently the DHS Office of Policy, supported by the DHS Office of the Chief Financial Officer, stewards development of annual Integrated Planning Guidance (IPG) which is issued by the Secretary or Deputy Secretary and outlines planning priorities to link strategy development with program and budget formulation.

The IPG is to be published annually as the final output of the planning phase of planning, programing, budget, and execution (PPBE), as currently required in Management Directive (MD)-1330, "Planning, Programming, Budgeting, and Execution." The Department has already implemented the intent of this recommendation, and issued the FY 2016- FY 2020 Integrated Planning Guidance in March 2014. Accordingly, DHS requests that this recommendation be considered resolved and closed.

Recommendation 4: Require the Capabilities and Requirements Council (CRC), or another body responsible for requirements review, to establish priorities across functional portfolios, such as cybersecurity, domain awareness, and law enforcement.

Response: Concur. Currently most requirements development occurs in individual DHS Component organizations, with no formal structure and capacity to harmonize Department-wide capability needs. The Department has acknowledged the need to develop repeatable management policy and doctrine for oversight of joint capabilities and requirements development and assessment.

In 2013, the Management Directorate worked with the Science and Technology Directorate, Office of Acquisition Support and Operations Analysis, and the DHS Office of Policy to examine and pilot improvements to investment lifecycle management. This included how assessments across Components of a capabilities baseline, future requirements, and portfolio management could be leveraged as a primary means of prioritizing capabilities and to inform tradeoffs in the allocation of program resources.

As the findings of the pilot are reviewed and incorporated with efforts to strengthen and improve acquisition oversight, the Department intends to establish a senior level body with the authority to oversee requirements review across functional portfolios. ECD: May 31, 2014.

Interim milestones:

- o Review lessons learned from investment lifecycle management pilots (April 30, 2014)
- o Charter a governing body to establish priorities across portfolios (May 31, 2014)

Recommendation 5: Establish that the Program Review Board (PRB) should recommend tradeoffs across DHS's major acquisition portfolio to address its major acquisition funding gap.

Response: Concur. The existing PRB considers tradeoffs among the mission activities of the Department to provide recommendations on resource allocation to the Deputy Secretary. Major acquisition programs are a subset of the mission activities. One of the inputs this group reviews is the multi-year capital budget and how it supports DHS missions. In accordance with MD-1330, this is accomplished through programming and by systematic review of time-phased resource requirements including investments, the estimated costs of programs, and projected performance. ECD: December 31, 2014.

Interim Milestones:

- Provide alternatives to the PRB in the FY 2016-2020 PPBE cycle recommending tradeoffs to address affordability of relevant acquisitions (August 31, 2014)
- Issue updated Management Directive 1330 with this requirement (December 31, 2014)

Recommendation 6: Require the ARB to assess program-specific affordability tradeoffs at all of its meetings.

Response: Concur. The DHS Chief Financial Officer will update the memo entitled "Certification of Acquisition Funding," dated December 3, 2012. The update will include guidance to prepare and discuss program-specific affordability tradeoffs at all ARB meetings. When ARB affordability discussions result in specific tradeoffs, those tradeoffs will be documented, as appropriate, in the corresponding Acquisition Decision Memorandum. Further, when necessary, the program's Acquisition Program Baseline will be updated to address the specific changes. ECD: April 30, 2014.

Recommendation 7: Present acquisition programs annual cost estimates and any anticipated funding gaps.

Response: Concur. On a quarterly basis, the DHS Office of Program Accountability and Risk Management produces a Comprehensive Acquisition Status Report (CASR) to Congress that includes the cost estimate for all major Department acquisition programs. On an annual basis the report is updated with a program inventory matching the DHS major acquisition oversight list in parallel with publication of the FYHSP report. The annual CASR provides the cost estimate information necessary to better communicate acquisition funding needs to Congress including any change since last reported. It also displays the project request for the budget year projections for the next three years. ECD: April 30, 2014.

Recommendation 8: Clearly link major acquisition programs to the homeland security strategy.

Response: Concur. The FY2015-2019 FYHSP report will include alignment of major acquisition programs to homeland security missions and goals as articulated in the 2014 Quadrennial Homeland Security Review. This will be part of the detailed appendix to the report. ECD: April 30, 2014.

Recommendation 9: Include all of the programs on DHS's major acquisition oversight list.

Response: Concur. The FY2015-2019 FYHSP report will include all of the acquisition programs listed in the most recent DHS major acquisition oversight list (MAOL), the 2013 MAOL. This will be part of the detailed appendix to the report. ECD: April 30, 2014.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously submitted under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Sincerely,



Jim H. Crumacker
Director
Departmental GAO-OIG Liaison Office

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Michele Mackin, (202) 512-4841 or mackinm@gao.gov

Staff Acknowledgments

In addition to the contact named above, Katherine Trimble (Assistant Director), Nathan Tranquilli (Analyst-in-Charge), Peter Anderson, Stephen V. Marchesani, Mara McMillen, Ellen Ramachandran, Sylvia Schatz, and Levine Thomas made key contributions to this report.

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