



## Testimony

Before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

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# DEPARTMENT OF HOMELAND SECURITY

## A Comprehensive Strategy Is Still Needed to Achieve Management Integration Departmentwide

Statement of Bernice Steinhardt, Director  
Strategic Issues



# GAO

Accountability \* Integrity \* Reliability

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Highlights of [GAO-10-318T](#), a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

## Why GAO Did This Study

Significant management challenges exist for the Department of Homeland Security (DHS) as it continues to integrate its varied management processes, policies, and systems in areas such as financial management and information technology. These activities are primarily led by the Under Secretary for Management (USM), department management chiefs, and management chiefs in DHS's seven components. This testimony summarizes a new GAO report (GAO-10-131) that examined (1) the extent to which DHS has developed a comprehensive strategy for management integration that includes the characteristics recommended in GAO's earlier 2005 report, (2) how DHS is implementing management integration, and (3) the extent to which the USM is holding the department and component management chiefs accountable for implementing management integration through reporting relationships. GAO reviewed DHS plans and interviewed DHS management officials.

## What GAO Recommends

In the report, GAO recommended that once a management integration strategy is developed, DHS should establish performance measures for assessing management integration, and implement its performance management policies between the department and component management chiefs. DHS's USM commented that DHS is taking certain actions to address GAO's recommendations.

[View GAO-10-318T or key components.](#)

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## DEPARTMENT OF HOMELAND SECURITY

### A Comprehensive Strategy Is Still Needed to Achieve Management Integration Departmentwide

#### What GAO Found

DHS has not yet developed a comprehensive strategy for management integration as required by the Implementing Recommendations of the 9/11 Commission Act of 2007 and with the characteristics GAO recommended in a 2005 report. Although DHS stated at that time that it was developing an integration strategy it has not yet done so, in part because it has focused on building operations capacity within functional management areas. In the absence of a comprehensive management integration strategy, DHS officials stated that documents such as strategic plans and management directives address aspects of a management integration strategy and can help the department to manage its integration efforts. However, they do not generally include all of the strategy characteristics GAO identified, such as identifying the critical links that must occur among management initiatives. In addition, DHS has increased the number of performance measures for the Management Directorate, but has not yet established measures for assessing management integration across the department. Without these measures, DHS cannot assess its progress in implementing and achieving management integration.

In the absence of a comprehensive strategy, DHS's Management Directorate has implemented management integration through certain initiatives and mechanisms to communicate and consolidate management policies, processes, and systems. For example, DHS is in the process of consolidating its financial management, acquisition, and asset management systems. The directorate has also instituted a system of management councils and governance boards to communicate information and manage specific activities related to management initiatives.

The USM and department and component management chiefs are held accountable for implementing management integration through reporting relationships at three levels—between the Secretary and the USM, the USM and department chiefs, and the department and component chiefs—in which, among other things, the Secretary of Homeland Security, USM, and department chiefs are required to provide input into performance plans and evaluations. Performance management practices for management integration between DHS's department and component management chiefs are not consistently in place. Department chiefs are not consistently providing the guidance and input required by department management directives and in accordance with performance management leading practices. Without ensuring that the management chiefs provide input into component chiefs' performance plans and evaluations as required, the directorate cannot be sure that component chiefs are fully implementing management integration.

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Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before the Subcommittee to discuss our report, which is being released today, on the actions that the Department of Homeland Security (DHS) has taken towards integrating its various management processes, systems, and people, both within and across areas such as information technology, financial management, acquisition, and human capital, as well as in its administrative services.<sup>1</sup> These activities are primarily led by the Under Secretary for Management (USM), departmental management chiefs, and management chiefs in DHS's seven components.<sup>2</sup> It is critically important that DHS work to unify and strengthen its management functions because the effectiveness of these functions will ultimately affect its ability to fulfill its various missions.

After the department was first created, you asked us to assess the status of DHS's management integration. In our 2005 report, we noted that DHS had made progress in addressing its departmentwide management integration through the issuance of guidance and plans to assist the integration of each individual management function within the department.<sup>3</sup> However, we observed that DHS had the opportunity to expand upon those efforts by implementing a more comprehensive and sustained approach to management integration departmentwide. In particular, we recommended that DHS develop an overarching strategy for management integration, and, in response, DHS stated that it was developing such a strategy. Subsequently, the Implementing Recommendations of the 9/11 Commission Act of 2007 (9/11 Commission Act) required DHS to develop a strategy for management integration.<sup>4</sup>

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<sup>1</sup>GAO, *Department of Homeland Security: Actions Taken Toward Management Integration, but A Comprehensive Strategy Is Still Needed*, [GAO-10-131](#) (Washington, D.C.: Nov. 20, 2009).

<sup>2</sup>DHS's seven component agencies include the Transportation Security Administration (TSA), U.S. Customs and Border Protection (CBP), U.S. Immigration and Customs Enforcement (ICE), U.S. Citizenship and Immigration Services (USCIS), U.S. Secret Service, U.S. Coast Guard, and the Federal Emergency Management Agency (FEMA).

<sup>3</sup>GAO, *Department of Homeland Security: A Comprehensive and Sustained Approach Needed to Achieve Management Integration*, [GAO-05-139](#) (Washington, D.C.: Mar. 16, 2005).

<sup>4</sup>Section 2405 of Pub. L. No. 110-53, 121 Stat. 266 (Aug. 3, 2007).

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Additionally in our 2005 report, we suggested that Congress might want to consider whether DHS's USM has the authority to drive, implement, and ensure accountability for management integration departmentwide. More specifically, we suggested that Congress might want to continue monitoring whether it needed to provide additional leadership authorities to the USM or create a Chief Operating Officer/Chief Management Officer (COO/CMO) position, with provisions for a term appointment and performance agreement, that could help elevate, integrate, and institutionalize DHS's management initiatives. The 9/11 Commission Act designated the USM as the CMO for the department and principal advisor on management-related matters to the Secretary. We have previously suggested that agencies engaged in major transformation efforts and those agencies experiencing particularly significant challenges in integrating disparate organizational cultures, such as DHS, could also be good candidates for having COO/CMO-type positions in place.<sup>5</sup>

In light of these prior recommendations and requirements, you asked us to revisit DHS's progress. This testimony, which summarizes our report to you, discusses:

- the extent to which DHS has developed a comprehensive strategy for management integration that includes the characteristics recommended in our 2005 report,
- how DHS is implementing management integration, and
- the extent to which DHS's USM is holding the department and component management chiefs accountable for implementing management integration through reporting relationships.

In summary, in the more than 6 years since its establishment, DHS has taken actions that could help it transform its organization and integrate its management functions to establish a unified department. In particular, the department has developed common policies, procedures, and systems within individual management functions, such as human capital and information technology, that help to vertically integrate its component agencies. However, DHS has placed less emphasis on integrating horizontally, and bringing together these multiple management functions across the department. Moreover, DHS has not yet fully developed a comprehensive management integration strategy, as we have

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<sup>5</sup>GAO, *Organizational Transformation: Implementing Chief Operating Officer/Chief Management Officer Positions in Federal Agencies*, [GAO-08-34](#) (Washington, D.C.: Nov. 1, 2007).

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recommended and is required by law. DHS could also improve the extent to which it is measuring its progress on management integration, and holding its management chiefs accountable for implementing management integration.

To conduct the work for our report, we reviewed DHS's strategies and plans and interviewed management officials in DHS's headquarters, seven components, and one directorate—the National Protection and Programs Directorate (NPPD).<sup>6</sup> To address the extent to which DHS developed a management integration strategy, we assessed whether DHS documents and plans included the characteristics recommended in our 2005 report for a management integration strategy, which required that the strategy:

- look across the initiatives within each of the management functional units;
- clearly identify the critical links that must occur among these initiatives;
- identify trade-offs and set priorities;
- set implementation goals and a time line to monitor the progress of these initiatives to ensure the necessary links occur when needed; and
- identify potential efficiencies, and ensure that they are achieved.

We also reviewed DHS's performance goals and measures for fiscal years 2008 and 2009, and assessed these goals and measures against Government Performance and Results Act of 1993 (GPRA) requirements to determine the extent to which they provided a framework for assessing management integration across the department.<sup>7</sup> Additionally, we examined DHS performance agreements and performance management activities against requirements set forth in law and in DHS policies. These requirements include the need for input from senior to subordinate officials for performance agreements and evaluations, and the alignment of goals and objectives in a "line of sight" that shows how individual performance contributes to organizational goals.

This statement is based on our performance audit which was conducted from September 2008 through November 2009 in accordance with generally accepted government auditing standards. Those standards

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<sup>6</sup>We selected NPPD because it (1) had the largest budget in fiscal year 2008 among all of the DHS directorates and offices, (2) has a structure of management chiefs similar to DHS's component agencies, and (3) has a unique relationship to the Management Directorate because the directorate directly provides management services to NPPD that normally occur within component agencies, such as hiring and acquisition support.

<sup>7</sup>Pub. L. No. 103-62, 107 Stat. 285 (Aug. 3, 1993).

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require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

In 2003, we designated the implementation and transformation of DHS as a high-risk area because it represented an enormous undertaking that would require time to achieve in an effective and efficient manner.<sup>8</sup> The department has remained on our high-risk list since 2003.<sup>9</sup> Most recently, in our January 2009 high-risk update, we reported that, although DHS had made progress in transforming into a fully functioning department, its transformation remained high risk because it had not yet developed a comprehensive plan to address the transformation, integration, management, and mission challenges we identified since 2003.<sup>10</sup>

The Management Directorate, which is led by the USM, includes the Chief Financial Officer (CFO), the Chief Security Officer (CSO), the Chief Human Capital Officer (CHCO), the Chief Administrative Officer (CAO), the Chief Procurement Officer (CPO), and the Chief Information Officer (CIO). They are referred to as the departmental management chiefs. In addition to the department's Management Directorate, each of the seven DHS component agencies has its own component management chief for the procurement, financial, human capital, information technology,

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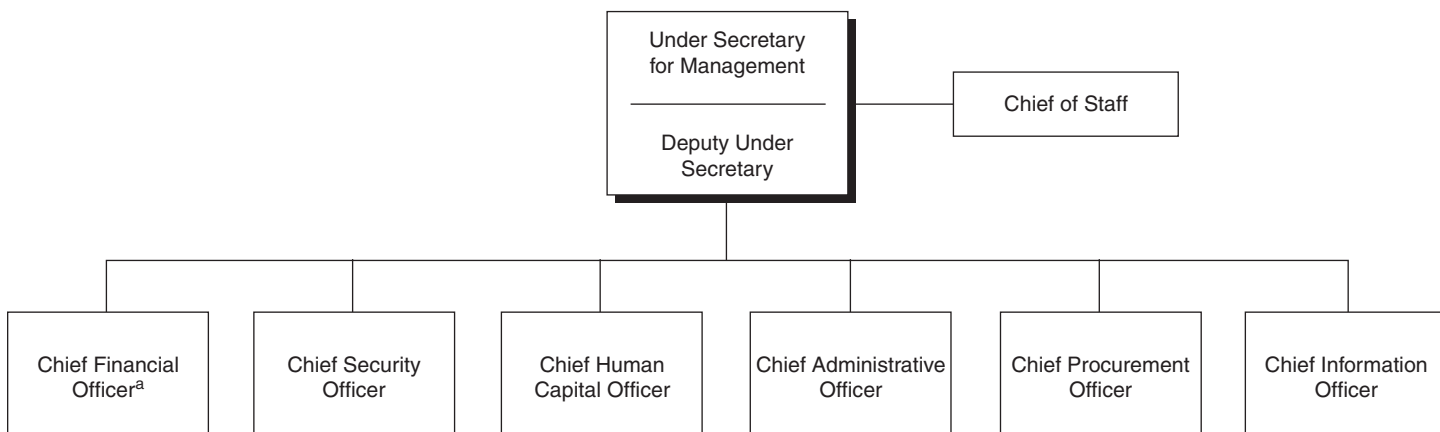
<sup>8</sup>GAO, *High-Risk Series: An Update*, [GAO-03-119](#) (Washington, D.C.: January 2003). The high-risk areas we have identified include (1) implementing and transforming DHS, (2) the National Flood Insurance Program, (3) managing federal real property, (4) strategic human capital management, (5) information-sharing mechanisms to improve homeland security, and (6) protecting the federal government's information systems and critical infrastructure.

<sup>9</sup>GAO, *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: January 2005); and GAO, *High-Risk Series: An Update*, [GAO-07-310](#) (Washington, D.C.: January 2007).

<sup>10</sup>GAO, *High-Risk Series: An Update*, [GAO-09-271](#) (Washington, D.C.: January 2009).

administrative, and security management areas.<sup>11</sup> Figure 1 shows the DHS Management Directorate's organizational structure.

**Figure 1: DHS Management Directorate's Organizational Structure**



Source: GAO analysis of DHS documents.

<sup>a</sup>The Department of Homeland Security Financial Accountability Act (§ 3 of Pub. L. No. 108-330, 118 Stat. 1275, 1276 (Oct. 16, 2004)) made DHS subject to the Chief Financial Officers Act of 1990 (Pub. L. No. 101-576, 104 Stat. 2838, Nov. 15, 1990), which requires the DHS CFO to also report directly to the Secretary of Homeland Security.

<sup>11</sup>Management chiefs in the component agencies for the acquisition and procurement function are referred to as Component Acquisition Executives (CAE) and Heads of Contracting Authority (HCA), respectively. The CAE is the senior acquisition official within the component, responsible for management and oversight of all component acquisition functions (excluding contracting). The HCA is the senior contracting official within the component, responsible for management and oversight of all component contracting functions, under the authority delegated by the CPO.

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## Departmental Plans and Documents Address Aspects of Management Integration, but DHS Has Not Yet Developed a Comprehensive Strategy

The 9/11 Commission Act requires DHS to develop a strategy for management integration as part of the department's integration and transformation to create a more efficient and orderly consolidation of functions and personnel in the department.<sup>12</sup> In our 2005 report, we recommended that DHS develop an overarching management integration strategy for the department that would, at a minimum, contain such characteristics as identifying the linkages among management initiatives, trade-offs and priorities, and potential efficiencies.<sup>13</sup> Although DHS stated at that time that it was developing an integration strategy, it has not yet developed a comprehensive strategy for management integration that is consistent with statute and that contains all of the characteristics we identified in 2005. According to DHS's USM, the department has not yet done so because, in part, the Management Directorate has focused on building the management operations capacity within the functional areas, such as financial management and information technology. The Management Directorate has not yet focused on integration across the functional areas and has not clearly or systematically identified trade-offs and linkages among initiatives in different functional areas.

According to DHS's USM, Chief of Staff, and department and component management chiefs, in the absence of a comprehensive management integration strategy, various departmental documents collectively contribute to the department's strategy for implementing and achieving management integration. These documents are discussed in detail in our report. In particular, DHS officials identified (1) departmentwide documents that provide guidance that relate to management integration across the department, such as DHS's Integrated Strategy for High Risk

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<sup>12</sup>Pub.L. No. 110-53, § 2405.

<sup>13</sup>As previously mentioned, the characteristics include: (1) look across the initiatives within each of the management functional units; (2) clearly identify the critical links that must occur among these initiatives; (3) identify trade-offs and set priorities; (4) set implementation goals and a time line to monitor the progress of these initiatives to ensure the necessary links occur when needed; and (5) identify potential efficiencies, and ensure that they are achieved.



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Management and Management Directorate Strategic Plan;<sup>14</sup> and (2) documents for management of functional areas.

With regard to functional area documents, DHS officials indicated that both management directives and functional area strategic plans contain elements of the department's strategy for achieving management integration. DHS issued management directives for each of the six department management chiefs—the CAO, CFO, CHCO, CIO, and CPO management directives were issued in 2004 (with updates for the CIO and CPO in 2007 and 2008, respectively); the management directive for CSO was issued in 2006. These directives communicate standard definitions of the management chiefs' respective roles and responsibilities; define the concept of "dual accountability" for both mission accomplishment and functional integration as the shared responsibility of the heads of DHS's individual agencies or components and the department management chiefs; and establish the need for the department management chiefs, along with the heads of agencies, to annually recommend and establish integration milestones for the consolidation of the chiefs' functions. Functional area strategic plans generally discuss, among other things, the missions and goals of the department management chiefs and the link between the goals and objectives in each functional area strategic plan and the goals and objectives in DHS's Strategic Plan. Among the six department chiefs, four have issued strategic plans for their functional areas—the CAO, CIO, CHCO, and CSO.<sup>15</sup>

While some of the documents DHS officials identified as contributing to the department's strategy for implementing and achieving management integration address some of the characteristics we have previously identified for such a strategy, these documents, either individually or taken together, do not include all of the characteristics we have identified. The documents described by DHS officials as contributing to the

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<sup>14</sup>DHS Integrated Strategy for High Risk Management is intended to be a corrective action plan outlining the department's framework for its transformation efforts and methods by which the department will seek to improve performance in high-risk areas we have identified since 2003. DHS's Management Directorate Strategic Plan Fiscal Years 2009 through 2014 sets out the Management Directorate's vision, core values, guiding principles, goals and objectives, as well as the organizational structure and responsibilities of the Management Directorate and department management chiefs.

<sup>15</sup>The CAO strategic plan is for fiscal years 2008-2012, the CIO strategic plan is for fiscal years 2009-2013, and the CHCO strategic plan is for fiscal years 2009-2013. The CSO strategic plan does not include any dates.

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department's strategy for achieving management integration can provide high-level guidance for integration efforts and can help the department to manage those efforts. Moreover, the Management Directorate Strategic Plan and other departmentwide documents, for example, set performance goals, measures, and targets for achieving certain management initiatives. Such elements as goals, objectives, milestones, performance targets, and priorities documented in these plans and strategies can help the department to manage, implement, and monitor the specific initiatives to which these elements apply. They can also help to guide efforts to consolidate policies, processes, and systems within each management functional area. However, among the documents cited by DHS officials as being part of the department's management integration strategy, DHS has not yet looked across the management initiatives within management functional areas to identify the critical links that must occur among these initiatives to integrate the department's management functions both within and across functional areas. Furthermore, the documents generally do not identify the priorities, trade-offs, and potential efficiencies among management initiatives, nor do they set implementation goals and a time line for monitoring the progress of initiatives to ensure the critical links occur when needed. Thus, when considered either individually or together, these documents do not constitute a management integration strategy containing all of the characteristics we have identified.

In addition, although DHS has developed some performance goals and measures to measure management activities, it has not yet established measures for assessing management integration across the department. For example, DHS has increased the number of departmentwide performance measures for the Management Directorate in support of Goal 5 of DHS's Strategic Plan.<sup>16</sup> Specifically, since fiscal year 2008, DHS has added 13 new measures and retired 3 others for the Management Directorate in support of its strategic plan, going from 5 performance measures for the Management Directorate in fiscal year 2008 to 15 measures in fiscal year 2009. These measures relate to activities in functional areas but do not help to measure management integration. DHS officials told us that the department's current measures do not allow the department to gauge the status of management integration and that the department has focused on the development of measures for departmental components, offices, and directorates—such as a measure for the attrition

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<sup>16</sup>DHS, *One Team, One Mission, Securing Our Homeland: U.S. Department of Homeland Security Strategic Plan, Fiscal Years 2008 – 2013* (Washington, D.C.: 2008).

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rate for career senior executive service personnel and a measure for the percentage of improper payments collected. However, these performance measures do not allow the department to assess its progress in achieving departmental goals for management integration within and across functional areas. DHS officials stated that the department's goal is to develop a set of measures that will help the department assess its management integration. Without such a set of measures, DHS cannot assess its progress in implementing and achieving management integration both within and across its functional areas. A comprehensive strategy for management integration that clearly sets implementation goals and time lines could help the department establish measures for assessing its management integration. We are continuing to work with DHS to review and provide input on the department's performance measures used to assess the department's progress in its mission and management areas.

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## DHS's Management Directorate Has Taken Actions to Communicate and Consolidate Management Policies, Processes, and Systems

While DHS does not have a comprehensive management strategy, its Management Directorate is working to consolidate management policies, processes, and systems and it has instituted a system of management councils and governance boards. The Management Directorate has developed and implemented departmentwide policies to replace policies from each of the legacy agencies that make up DHS in all six management functions. For example, the DHS CFO's office launched an online Financial Management Policy Manual tool, which serves as the single authoritative guide on financial management and the foundation for departmentwide financial management knowledge sharing and standardization. According to officials from the DHS CFO's office, the Financial Management Policy Manual is part of its approach to integrate within the financial management function and is critical to enable financial management employees to carry out their duties and responsibilities effectively and efficiently.

The Management Directorate also has other initiatives under way to consolidate its management systems. For example, the Transformation and Systems Consolidation (TASC) initiative is the department's current effort to consolidate its financial management, acquisition, and asset management systems. DHS has been working to consolidate its financial management systems since the department was first created.

Through various management councils, the Management Directorate shares information related to the implementation of management initiatives, solicits feedback from the components, and provides a forum for coordination between component management offices. Each

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management chief chairs a functional council to address issues pertaining to that management function. Likewise, the USM chairs a Management Council made up of the DHS management chiefs and a representative from each component that discusses issues of departmentwide importance, such as training and development programs. The Management Directorate has also taken steps toward consolidating some management processes and established governance boards to manage the processes in the areas of acquisition, information technology, financial management, and resource allocation.

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## Performance Management Practices Could Be More Consistently Applied Departmentwide to Strengthen Reporting Relationships between Department and Component Management Chiefs

The USM and department and component management chiefs are held accountable for implementing management integration through reporting relationships at three levels—between the Secretary and the USM, the USM and department management chiefs, and the department and component management chiefs—in which, among other things, the Secretary of Homeland Security, USM, and department chiefs are required to provide input into performance plans and evaluations. Our prior work has shown that, to be successful, transformation efforts must align individual performance expectations with organizational goals.<sup>17</sup> In the case of transforming and integrating DHS, the USM, department, and component management chiefs must align their goals and activities through performance management practices in support of DHS’s management integration goals. In our review, we found that performance management practices for management integration between DHS’s department and component management chiefs are not consistently in place. Department chiefs are not consistently providing the guidance and input required by department management directives and in accordance with performance management leading practices. The inconsistent application of such guidance and practices presents challenges to institutionalizing individual accountability and enabling the effective exercise of authority at the department. Without ensuring that the management chiefs provide input into component chiefs’ performance plans and evaluations as required, the Management Directorate cannot be sure that component chiefs are fully implementing management integration.

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<sup>17</sup>GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003).

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For the first level of reporting relationships involving the Secretary and the USM, the 9/11 Commission Act requires the USM to enter into an annual performance agreement with the Secretary and be subject to an annual performance evaluation.<sup>18</sup> We found that the Deputy Secretary provided input into the USM's performance plan in October 2007, and conducted a performance evaluation in 2008 based on this agreement. According to DHS officials, the Deputy Secretary conducted the performance agreement and evaluation—rather than the Secretary—based on delegated responsibilities for the performance of management reform as the department's chief operating officer. Further, the performance objectives in the USM's agreement and evaluation are linked to strategic plans, and include references to several efforts related to management integration.

For the second level of reporting relationships involving the USM and department management chiefs, five department management chiefs report directly to the USM, and the CFO has a dual reporting relationship to the Secretary and the USM.<sup>19</sup> We found that the department management chiefs' performance agreements supported higher level Management Directorate goals and objectives, and included references to management integration-related activities. Fiscal year 2009 was the first year that the USM provided a common objective to department management chiefs related to management support for the expansion of NPPD. In addition, the agreements consistently include objectives related to management integration.

For the third level of reporting relationships involving the department and component management chiefs, the component management chiefs report directly to their component agency heads, while also having a “dotted line,” or indirect, reporting relationship to their respective department management chief.<sup>20</sup> The arrangement of component heads and department chiefs both supporting integration of management functions is referred to as “dual accountability.” Under the dual accountability system,

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<sup>18</sup>Section 2405 of Pub. L. No. 110-53, 6 U.S.C. § 341 (c).

<sup>19</sup>Although the USM conducts the DHS CFO's performance evaluation, the CFO reports to both the Secretary of Homeland Security and the USM, as established by the Homeland Security Act of 2002, Pub. L. No. 107-296, 116 Stat. 2135, Nov. 25, 2002 (6 U.S.C. § 342) and the Department of Homeland Security Financial Accountability Act (31 U.S.C. § 901 (b)(1)(G)).

<sup>20</sup>Responsibilities of the component management chiefs may not correspond directly with responsibilities of the department chiefs in all management functions.

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management directives require the department management chiefs to provide written performance objectives to the component management chiefs at the start of each performance cycle and feedback to the component rating official on the component chief's accomplishment of objectives. We found that all the department management chiefs except for the CSO said that they specifically established annual priorities for their function. At an individual level, however, we found that only two department chiefs—the CAO and CPO—said that they provided individual input to their component chiefs at the beginning of their performance cycle. The USM told us the functional councils have improved their development of common management goals for their functions, but have not yet consistently followed through by putting those goals into individual performance plans. She stated the department's management chiefs would be including this information in component chiefs' performance plans for 2010. With regard to the department chiefs providing feedback to the component rating official, the CFO, CSO, and CAO told us that they provided input into component chiefs' performance appraisals, while the CIO and CPO did not provide input. The CHCO said that, due to his limited tenure in the position, he could not state whether input had occurred. The CPO stated that he would be providing input beginning with the fiscal year 2010 performance appraisals. The USM said that departmental chiefs' input into component chiefs' performance appraisals would be a priority in the future.

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## GAO Recommendations

In our new report, we reiterated our 2005 recommendation, not yet fully implemented, that DHS develop a comprehensive management integration strategy. We recommended that once the strategy is developed, DHS's USM should establish performance measures to assess progress made in achieving departmentwide management integration. We also recommended that the Under Secretary take several actions to implement existing performance management mechanisms—such as having the departmental management chiefs provide written input into component chiefs' performance plans and evaluations, and strengthening linkages between department goals and objectives in individual performance plans for component management chiefs—to ensure that the Management Directorate can exercise its authority and leadership to implement a management integration strategy.

A DHS official said the department concurred with our report. In addition, DHS's USM provided information on steps the department was taking or planning to take to develop a strategy for management integration, as we had recommended in our 2005 report, and to link this strategy to the

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Senior Executive Service (SES) performance appraisals for the management chiefs. Specifically, the USM said that she is leading the process for developing a detailed, measurable plan that will include the actions and milestones necessary to accomplish management integration at the department. Additionally, the USM stated that the integration plan will be tied to the SES performance appraisals for each management chief for the fiscal year 2010 performance cycle, and that the plan will also serve as the required annual performance agreement between the Secretary and the USM.

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Chairman Akaka, Senator Voinovich, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to respond to any questions you may have.

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