In July 2002, the Office of Management and Budget (OMB) issued two memorandums directing agencies expected to be part of the Department of Homeland Security (DHS) to temporarily cease funding for new information technology (IT) infrastructure and business systems investments and submit information to OMB on current or planned investments in these areas (see figure below for a timeline).

GAO was asked to (1) explain OMB’s implementation of these memorandums, (2) identify any resulting changes to applicable IT investments, and (3) ascertain if DHS has initiated its own investment management reviews and, if so, what the results of these reviews have been.

What GAO Found

The July 2002 memorandums established an investment review group co-chaired by OMB and the Office of Homeland Security to review submitted investments and estimated that millions of dollars potentially could be saved as a result of consolidating and integrating component agency investments. The investment review group relied on an informal, undocumented process to fulfill its responsibilities. Nevertheless, according to OMB and DHS IT officials, the review group both reviewed five component agency investments that were submitted and addressed long-term IT strategic issues related to the transition to the new department.

OMB and DHS IT officials cited some changes to agency IT infrastructure and business systems investments because of the July memorandums. In addition, DHS IT officials cited other benefits that resulted from the memorandums. However, it is not known whether, or the extent to which, savings have resulted from the memorandums. In particular, OMB did not track savings associated with the July memorandums because, according to OMB IT staff, anticipated budgetary savings had not occurred at the time the review group was in place. DHS’s chief information officer stated that the department plans to track savings related to the consolidation and integration of systems and has established a mechanism for doing so. However, until such savings are identified, tracked, and reported it will remain unknown whether the July memorandums and the subsequent establishment of DHS have achieved the potential economies identified by OMB.

Once DHS became operational and the investment review group no longer existed, the department established its own IT investment management process, which is still evolving. As part of this process, between May 2003 and late January 2004, the DHS’s highest level investment management board performed reviews of nine investments that had reached key decision points. Even with this progress, the department has identified about 100 IT programs that are eligible for review by its two top department-level boards. However, DHS has not established a process to ensure that key reviews of such IT investments are performed in a timely manner.

Timeline of Events Related to the OMB Memorandums and the Establishment of DHS

- **June 18, 2002**: President proposes to create DHS
- **June 24, 2002**: H.R. 5005 introduced to establish DHS
- **July 19, 2002**: OMB issues memorandum on IT infrastructure investments
- **July 30, 2002**: OMB issues memorandum on business systems investments
- **November 25, 2002**: PL 107-296 signed by the President (Homeland Security Act of 2002)
- **January 24, 2003**: DHS is established
- **March 1, 2003**: DHS becomes operational

Source: GAO.