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Before the Subcommittee on Oversight  
and Management Efficiency, Committee  
on Homeland Security, House of  
Representatives

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## DEPARTMENT OF HOMELAND SECURITY

# Important Progress Made, but More Work Remains to Strengthen Management Functions

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Security and Justice

Accessible Version

# GAO Highlights

Highlights of [GAO-17-409T](#), a testimony before the Subcommittee on Oversight and Management Efficiency, Committee on Homeland Security, House of Representatives

## Why GAO Did This Study

GAO has regularly reported on government operations identified as high-risk because of their increased vulnerability to fraud, waste, abuse, and mismanagement, or the need for transformation to address economy, efficiency, or effectiveness challenges. In 2003, GAO designated implementing and transforming DHS as high-risk because DHS had to transform 22 agencies into one department, and failure to address associated risks could have serious consequences for U.S. national and economic security. Challenges remain for DHS across its range of missions, but it has made considerable progress. As a result, in its 2013 high-risk update, GAO narrowed the scope of the high-risk area to strengthening and integrating DHS management functions (human capital, acquisition, financial, and information technology).

This statement discusses, among other things, DHS's progress and actions remaining in strengthening and integrating its management functions. This statement is based on GAO's 2017 high-risk update and reports and testimonies from September 2011 through mid-February 2017. Among other things, GAO analyzed DHS strategies and interviewed DHS officials.

## What GAO Recommends

Since 2003, GAO has made about 2,500 recommendations to DHS to strengthen its management efforts, among other things. DHS has implemented more than 70 percent of these recommendations and has actions under way to address others.

View [GAO-17-409T](#). For more information, contact Rebecca Gambler at (202) 512-8777 or [gambler@gao.gov](mailto:gambler@gao.gov).

February 16, 2017

## DEPARTMENT OF HOMELAND SECURITY

### Important Progress Made, but More Work Remains to Strengthen Management Functions

## What GAO Found

As GAO reported in its 2017 high-risk update, the Department of Homeland Security's (DHS) efforts to strengthen and integrate its management functions have resulted in the department meeting three and partially meeting two of GAO's criteria for removal from the High-Risk List (see table). For example, senior DHS officials demonstrated exemplary leadership commitment by frequently meeting with GAO to discuss the department's progress in addressing the high-risk area. Additionally, DHS established an action plan for addressing the high-risk area, of which it has issued 10 updated versions since 2011. Since GAO's 2015 high-risk update, DHS also strengthened its monitoring efforts for financial systems modernization programs by entering into a contract for independent verification and validation services, and met the monitoring criterion for the first time. However, DHS needs to make additional progress in strengthening capacity by identifying and allocating resources in certain areas, such as staffing for acquisition and information technology positions.

**Department of Homeland Security (DHS) Progress in Addressing the Strengthening DHS Management Functions High-Risk Area, as of February 2017**

Criterion for removal from High-Risk List	Met <sup>a</sup>	Partially met <sup>b</sup>	Not met <sup>c</sup>
Leadership commitment	X		
Capacity		X	
Action plan	X		
Framework to monitor progress	X		
Demonstrated, sustained progress		X	
<b>Total</b>	<b>3</b>	<b>2</b>	<b>0</b>

Source: GAO analysis of DHS documents, interviews, and prior GAO reports. | GAO 17-409T

<sup>a</sup>"Met": There are no significant actions that need to be taken to further address this criterion.

<sup>b</sup>"Partially met": Some but not all actions necessary to generally meet the criterion have been taken.

<sup>c</sup>"Not met": Few, if any, actions toward meeting the criterion have been taken.

Key to addressing the department's management challenges is DHS demonstrating the ability to achieve sustained progress across 30 outcomes that GAO identified and DHS agreed were needed to address the high-risk area. GAO found in its 2017 high-risk update that DHS fully addressed 13 of these outcomes, while work remains to fully address the remaining 17. For example, DHS fully met 1 outcome for the first time by linking workforce planning efforts to strategic and program planning efforts. DHS has mostly addressed an additional 8 outcomes, meaning that a small amount of work remains to fully address them. However, DHS has partially addressed 6 and initiated 3 of the remaining outcomes. For example, DHS does not have modernized financial management systems, which affects its ability to have ready access to reliable information for informed decision making. In addition, DHS has considerable work ahead to improve employee morale. Addressing these and some other outcomes are significant undertakings that will likely require multiyear efforts. In the 2017 high-risk update, GAO concluded that in coming years, DHS needs to continue implementing its plan for addressing the high-risk area, ensure that it has the people and resources necessary to resolve risk, and fully address the remaining 17 outcomes.

Chairman Perry, Ranking Member Correa, and Members of the Subcommittee:

Thank you for the opportunity to discuss the Department of Homeland Security's (DHS) ongoing efforts to strengthen and integrate its management functions. In the 14 years since the department's creation, DHS has implemented key homeland security operations, achieved important goals and milestones, and grown to more than 240,000 employees and approximately \$67 billion in budget authority. We have issued hundreds of reports addressing the range of DHS's missions and management functions, and our work has identified gaps and weaknesses in the department's operational and implementation efforts, as well as opportunities to strengthen their efficiency and effectiveness. Since 2003, we have made approximately 2,500 recommendations to DHS to strengthen program management, performance measurement efforts, and management processes, among other things. DHS has implemented more than 70 percent of these recommendations and has actions under way to address others.

We also report regularly to Congress on government operations that we identified as high-risk because of their increased vulnerability to fraud, waste, abuse, and mismanagement, or the need for transformation to address economy, efficiency, or effectiveness challenges. In 2003, we designated *Implementing and Transforming DHS* as high-risk because DHS had to transform 22 agencies—several with major management challenges—into one department, and failure to address associated risks could have serious consequences for U.S. national and economic security.<sup>1</sup> Given the significant effort required to build and integrate a department as large and complex as DHS, our initial high-risk designation addressed the department's initial transformation and subsequent

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<sup>1</sup>GAO, *High-Risk Series: An Update*, [GAO-03-119](#) (Washington, D.C.: January 2003).

implementation efforts, to include associated management and programmatic challenges.<sup>2</sup>

Since 2003, the focus of the *Implementing and Transforming DHS* high-risk area has evolved in tandem with DHS's maturation and evolution. In September 2011, we reported in our assessment of DHS's progress and challenges 10 years after the terrorist attacks of September 11, 2001, that the department had implemented key homeland security operations and achieved important goals in many areas to create and strengthen a foundation to reach its potential.<sup>3</sup> However, we also reported that continuing weaknesses in DHS's management functions had been a key theme impacting the department's implementation efforts. While challenges remain for DHS across its range of missions, the department has made considerable progress in transforming its original component agencies into a single cabinet-level department and positioning itself to achieve its full potential. As a result, in our 2013 high-risk update, we narrowed the scope of the high-risk area to focus on strengthening DHS management functions (human capital, acquisition, financial management, and information technology [IT]), and changed the name from *Implementing and Transforming DHS to Strengthening DHS Management Functions* to reflect this focus.<sup>4</sup> Finally, in our 2015 high-risk update, we found that DHS's top leadership had continued to demonstrate exemplary commitment to and support for addressing the

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<sup>2</sup>DHS also has responsibility for other areas we have designated as high-risk. Specifically, in 2005, we designated establishing effective mechanisms for sharing and managing terrorism-related information to protect the homeland as high-risk, involving a number of federal departments, to include DHS. In our 2017 update, we removed this area from the High-Risk List because the Program Manager for the Information Sharing Environment and key departments and agencies, such as DHS, made significant progress to strengthen how intelligence on terrorism, homeland security, and law enforcement, as well as other information, is shared among federal, state, local, tribal, international, and private sector partners. In 2006, we identified the National Flood Insurance Program as high-risk. Further, in 2003, we expanded the scope of the high-risk area involving federal information security, which was initially designated as high-risk in 1997, to include the protection of the nation's computer-reliant critical infrastructure. See GAO, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, [GAO-17-317](#) (Washington, D.C.: February 2017); *High-Risk Series: An Update*, [GAO-09-271](#) (Washington, D.C.: January 2009); *High-Risk Series: An Update*, [GAO-07-310](#) (Washington, D.C.: January 2007); and *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: January 2005).

<sup>3</sup>GAO, *Department of Homeland Security: Progress Made and Work Remaining in Implementing Homeland Security Missions 10 Years after 9/11*, [GAO-11-881](#) (Washington, D.C.: Sept. 7, 2011).

<sup>4</sup>GAO, *High-Risk Series: An Update*, [GAO-13-283](#) (Washington, D.C.: February 2013).

department's management challenges and that DHS had made important progress in strengthening its management functions. However, we also found in our 2015 update that DHS continued to face significant management challenges that hindered its ability to achieve its missions and concluded that DHS needed to continue to demonstrate sustainable, measurable progress in addressing key challenges that remained within and across its management functions.<sup>5</sup>

In November 2000, we published our criteria for removing areas from the High-Risk List.<sup>6</sup>

Specifically, agencies must have (1) a demonstrated strong commitment and top leadership support to address the risks; (2) the capacity (that is, the people and other resources) to resolve the risks; (3) a corrective action plan that identifies the root causes, identifies effective solutions, and provides for substantially completing corrective measures in the near term, including but not limited to steps necessary to implement solutions we recommended; (4) a program instituted to monitor and independently validate the effectiveness and sustainability of corrective measures; and (5) the ability to demonstrate progress in implementing corrective measures.

In a September 2010 letter to DHS, we identified and DHS agreed to achieve 31 outcomes that are critical to addressing challenges within the department's management areas and in integrating those functions across the department. In March 2014, we updated these outcomes in collaboration with DHS to reduce overlap and ensure their continued relevance and appropriateness. These updates resulted in a reduction from 31 to 30 total outcomes. The 30 key outcomes include, among others, validating required acquisition documents in accordance with a department-approved, knowledge-based acquisition process; and sustaining clean audit opinions for at least 2 consecutive years on department-wide financial statements and internal controls over financial reporting. Achieving sustained progress across the outcomes requires leadership commitment, effective corrective action planning, adequate capacity, and monitoring the effectiveness and sustainability of supporting initiatives.

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<sup>5</sup>GAO, *High-Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: February 2015).

<sup>6</sup>GAO, *Determining Performance and Accountability Challenges and High Risks*, [GAO-01-159SP](#) (Washington, D.C.: November 2000).

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My statement discusses (1) DHS's progress and actions remaining in strengthening and integrating its management functions, and (2) crosscutting issues that have affected DHS's progress in implementing its mission functions.

This statement is based on GAO's 2017 high-risk update report as well as reports and testimonies we issued from September 2011 through mid-February 2017.<sup>7</sup> For these products, among other things, we analyzed DHS strategies and other documents related to the department's efforts to address its high-risk areas, including analysis from our past reports issued since DHS began its operations in March 2003, and interviewed DHS officials. More detailed information on the scope and methodology of our prior work can be found within each specific report. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## DHS Has Made Important Progress in Strengthening Its Management Functions, but Considerable Work Remains

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### DHS Progress in Meeting Criteria for Removal from the High-Risk List

DHS's efforts to strengthen and integrate its management functions have resulted in progress addressing our criteria for removal from the High-Risk List. In particular, in our 2017 high-risk report, which we released yesterday, we found that DHS's continued efforts to strengthen and integrate its acquisition, IT, financial, and human capital management functions have resulted in the department meeting three criteria for removal from the High-Risk List (leadership commitment, a corrective action plan, and a framework to monitor progress) and partially meeting

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<sup>7</sup>[GAO-17-317](#). See also the related GAO products list at the end of this statement.

the remaining two criteria (capacity and demonstrated, sustained progress), as shown in table 1.

**Table 1: Assessment of Department of Homeland Security (DHS) Progress in Addressing the *Strengthening DHS Management Functions* High-Risk Area, as of February 2017**

Criterion for removal from High-Risk List	Met <sup>a</sup>	Partially met <sup>b</sup>	Not met <sup>c</sup>
Leadership commitment	X		
Capacity		X	
Action plan	X		
Framework to monitor progress	X		
Demonstrated, sustained progress		X	
<b>Total</b>	<b>3</b>	<b>2</b>	<b>0</b>

Source: GAO analysis of DHS documents, interviews, and prior GAO reports. | GAO-17-409T

<sup>a</sup>“Met”: There are no significant actions that need to be taken to further address this criterion.

<sup>b</sup>“Partially met”: Some but not all actions necessary to generally meet the criterion have been taken.

<sup>c</sup>“Not met”: Few, if any, actions toward meeting the criterion have been taken.

In our 2017 high-risk report, we found that DHS’s top leadership, including the Secretary and Deputy Secretary of Homeland Security, demonstrated exemplary commitment and support for addressing the department’s management challenges. DHS established a framework for monitoring its progress in its *Integrated Strategy for High Risk Management*, in which it has included performance measures to track the implementation of key management initiatives since June 2012. In addition, we found that since our 2015 high-risk update, DHS has strengthened its monitoring efforts for financial system modernization programs that are key to effectively supporting the department’s financial management operations, resulting in DHS meeting the monitoring criteria for the first time. We also found that DHS has updated its *Integrated Strategy for High Risk Management*, demonstrating a continued focus on addressing this high-risk designation, and made important progress in identifying and putting in place the people and resources needed to resolve departmental management risks.

Congress also has taken a number of actions to support and oversee DHS’s progress in strengthening its management functions. For example, the National Defense Authorization Act for Fiscal Year 2017 includes a mandate that the DHS Under Secretary for Management report to us

every 6 months to demonstrate measurable, sustainable progress made in implementing DHS's corrective action plans to address the *Strengthening DHS Management Functions* high-risk area until we submit written notification of the area's removal from the High-Risk List to the appropriate congressional committees.<sup>8</sup> Similar provisions were included in the DHS Headquarters Reform and Improvement Act of 2015,<sup>9</sup> the DHS Accountability Act of 2016,<sup>10</sup> and the DHS Reform and Improvement Act.<sup>11</sup>

Below we provide more detailed information on DHS's progress in meeting criteria for removal from the High-Risk List.

**Leadership commitment (met).** We found in our 2017 high-risk report that the Secretary and Deputy Secretary of Homeland Security, the DHS Under Secretary for Management, and other senior DHS officials demonstrated exemplary commitment and top leadership support for addressing the department's management challenges. We also found that they took actions to institutionalize this commitment to help ensure the long-term success of the department's efforts. For example, the Secretary of Homeland Security's *Unity of Effort* initiative helped to strengthen the integration of DHS's business operations across the department by, for example, finalizing a management directive in June 2015 that formally establishes multiple senior leader forums for ongoing review of departmental initiatives.<sup>12</sup> The Secretary's *Unity of Effort* initiative also established enhancements to DHS's budgeting process by creating a new approach to mission-focused, cross-DHS budget development and assessment. Senior DHS officials have also routinely met with us over the past 8 years to discuss the department's plans and progress in addressing this high-risk area. During this time, we provided specific

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<sup>8</sup>Pub. L. No. 114-328, § 1903(b) (codified at 6 U.S.C. § 341(a)(11)).

<sup>9</sup>H.R.3572, 114th Cong. (as passed by House, Oct. 20, 2015).

<sup>10</sup>S. 2976, 114th Cong. § 101(b) (as reported by S. Comm. on Homeland Sec. and Gov'tal Affairs, June 28, 2016).

<sup>11</sup>H.R. 6381, 114th Cong. (2016).

<sup>12</sup>DHS, Secretary of Homeland Security, *Strengthening Departmental Unity of Effort*, Memorandum for DHS Leadership (Washington, D.C.: Apr. 22, 2014). This memorandum committed to, among other things, improving DHS's planning, programming, budgeting, and execution processes through strengthened departmental structures and increased capability. DHS, *Strengthening Departmental Unity of Effort*, Management Directive 071-01 (Washington, D.C.: June 30, 2015).



feedback on the department's efforts. According to DHS officials, and as demonstrated through their progress, the department continues to be committed to demonstrating measurable, sustained progress in addressing this high-risk area. For example, during monthly leadership meetings with the Under Secretary for Management, the department's Chief Executive Officers for each management area provide status updates on their respective business function's efforts to achieve progress on outstanding actions that are to be accomplished related to the high-risk area. According to DHS officials, these meetings provide an opportunity to maintain leadership support and accountability for making progress toward resolving management challenges facing the department. We concluded in our 2017 high-risk report that it will be important for DHS to maintain its current level of top leadership support and commitment to ensure continued progress in successfully completing its corrective actions.

**Capacity (partially met).** In our 2017 high-risk report, we found that DHS has taken important actions to identify and put in place the people and resources needed to resolve departmental management risks; however, DHS needs to make additional progress identifying and allocating resources in certain areas to sufficiently demonstrate that it has the capacity to achieve and sustain corrective actions and outcomes. Toward achieving the 30 outcomes we identified and DHS agreed were needed to address the high-risk area, DHS has issued 10 updated versions of its initial January 2011 *Integrated Strategy for High Risk Management*, most recently in August 2016.

Prior to the January 2016 *Integrated Strategy for High Risk Management*, DHS did not identify sufficient resources in a number of areas, which could undermine DHS's efforts to strengthen its management functions. For example, in June 2015, DHS identified that it had resources and personnel needed to implement 8 of the 11 key management initiatives it was undertaking to achieve the 30 outcomes, but did not identify sufficient resources for the 3 remaining initiatives. In addition, our prior work has identified specific capacity gaps that could undermine achievement of management outcomes.

In contrast, DHS's January and August 2016 updated versions of its strategy stated that it had addressed previously identified capacity shortfalls in areas such as IT human capital management and acquisition management, it had sufficient resources to achieve all 30 outcomes, and it had self-assessed the capacity criterion as fully met. In its August 2016 updated version of its strategy, DHS also provided illustrative examples of

actions it had taken within and across its management areas to demonstrate the department's ability to resolve potential risks to achieving the 30 outcomes, such as establishing a permanent office for the Unity of Effort Integration within the Office of Policy to oversee Unity of Effort implementation.

However, we found in our 2017 high-risk report that DHS needs to make additional progress identifying and allocating resources in certain areas.

- *Acquisition Management.* With respect to acquisition, DHS's 2016 staffing assessments focused on identifying critical acquisition-related position gaps rather than all major program acquisition-related positions; consequently, some programs were assessed as being fully or almost fully staffed for critical positions despite significant staffing shortfalls in the overall program. We concluded that this increased focus on critical gaps may limit DHS's insight into the size and nature of acquisition-related staffing shortfalls, making it difficult for DHS to develop a plan or process to address these vacancies. In December 2016, DHS updated its staffing assessment guidance to re-focus the assessment process on all major program acquisition-related positions. However, DHS plans to pilot the implementation of this policy update incrementally during 2017 and the timing of full implementation is not yet known.
- *IT management.* DHS's fiscal year 2015-2018 IT Strategic Plan introduced the department's plan to shift the IT paradigm from acquiring assets to acquiring services and acting as a service broker. The department's August 2016 updated version of its strategy reported that this shift is a mechanism for building capacity to resolve risk. However, while DHS issued a workforce planning contract in July 2016 to help DHS headquarters transition to the skillsets needed to accommodate the service broker model, department officials stated that they have not yet defined what those skill sets are or analyzed the skills gaps resulting from the paradigm shift. Because DHS has yet to comprehensively assess IT human capital gaps within headquarters, it remains unclear whether DHS has the capacity to support this paradigm shift.
- *Financial Management.* Additionally, although DHS continues to make progress towards modernizing its financial management systems, critical information needed to determine the resources required for two of three key modernization projects is not available as the projects are not yet to a point where DHS can determine what resources are required. We reported that the discovery phase of these projects provides essential information for determining the implementation

schedule and finalizing cost estimates that are needed prior to approving the projects for implementation; however, this phase is not expected to be completed for DHS's Federal Emergency Management Agency (FEMA) and U.S. Immigration and Customs Enforcement modernization projects until April 2017.<sup>13</sup>

In our 2017 high-risk report we found that DHS has taken actions to address some of its previous capacity shortcomings and ensure that the department has the people and resources necessary to resolve risk. However, we also found that additional progress is needed to ensure that DHS has sufficient capacity not only to resolve risks, but to fully achieve and sustain the 30 outcomes. As a result, we assessed DHS as having partially met the capacity criterion. We concluded that DHS needs to continue to comprehensively identify the people and resources necessary to make progress towards achieving all 30 outcomes; work to mitigate shortfalls and prioritize initiatives, as needed; and communicate to senior leadership about critical resource gaps requiring resolution.

**Action plan (met).** In our 2017 high-risk report, we found that DHS previously established a plan for addressing this high-risk area as discussed above, and has continued to take critical, actionable steps towards addressing challenges faced within the department. As with prior iterations, DHS included in its most recent August 2016 version of its *Integrated Strategy for High Risk Management* key management initiatives and related corrective actions for addressing each of the management challenges and related outcomes we identified. For example, the August 2016 updated version of its strategy includes information on actions DHS is taking for an initiative focused on financial systems modernization and an initiative focused on IT human capital management, which support various outcomes. We concluded that DHS's strategy and approach, if effectively implemented and sustained, provides a path for DHS to be removed from our High-Risk List.

**Monitoring (met).** We found in our 2017 high-risk report that DHS has met the monitor progress criterion as a result of steps the department has taken since our 2015 high-risk update to strengthen its monitoring of key financial system modernization programs. DHS established a framework for monitoring its progress in implementing key management initiatives in

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<sup>13</sup>The discovery phase includes an in-depth analysis of the requirements and capabilities of the new system, also known as a gap analysis, and is also performed to determine the feasibility of implementing, deploying, and maintaining financial management services for the chosen solution.

the *Integrated Strategy for High Risk Management*. In the June 2012 updated version of its strategy, DHS included, for the first time, performance measures to track its progress in implementing all of its key management initiatives. DHS continued to include performance measures in its August 2016 updated version of its strategy. For example, to monitor progress made towards strengthening the DHS acquisition process by improving the acquisition workforce, DHS management continues to monitor the percent of its nine acquisition certification policies completed—policies related to program management, cost estimating, and contracting among others—and the percent of required acquisition certification training developed.

However, in our 2015 high-risk update, we found that DHS could strengthen its financial management monitoring efforts and thus concluded that the department had partially met the criterion for establishing a framework to monitor progress. In particular, according to DHS officials, as of November 2014, the department was establishing a monitoring program that would include assessing whether the projects modernizing key components of their financial management systems were following industry best practices and meeting users' needs. In 2015, we concluded that effectively implementing these modernization projects is important because until they are complete, the department's systems will not effectively support financial management operations. Following the 2015 high-risk update, DHS entered into a contract for independent verification and validation services that should help ensure that financial management systems modernization projects meet key requirements. We concluded in our 2017 high-risk report that moving forward, DHS will need to continue to closely track and independently validate the effectiveness and sustainability of its corrective actions and make midcourse adjustments, as needed.

**Demonstrated progress (partially met).** In our 2017 high-risk report, we found that DHS has continued to make important progress in strengthening its management functions, but needs to demonstrate additional sustainable and measurable progress in addressing key challenges that remain within and across these functions. For example, DHS established the Joint Requirements Council, an acquisition oversight body, through which it has created a process for validating capability and requirements documents, among other things. DHS has also worked to improve the management and oversight of its IT investments by establishing and implementing a tiered governance and portfolio management structure. In addition, DHS obtained a clean audit opinion

on its financial statements for 4 consecutive fiscal years—2013, 2014, 2015, and 2016.

However, in our 2017 high-risk report we found that considerable work remains as DHS continues to face significant management challenges in key areas that hinder the department's ability to meet its missions. For example, we found that while DHS has initiated acquisition program health assessments to demonstrate that major acquisition programs are on track to achieve their cost, schedule, and capability goals, it will take time to demonstrate that these initiatives will improve program performance. In addition, DHS does not have modernized financial management systems, which affects its ability to have ready access to reliable information for informed decision making. It is important that DHS retain and attract the talent required to complete its work—a challenge the department continues to face due to employee morale issues. As a result, we concluded that addressing these and other management challenges will be a significant undertaking, but will be critical to mitigate the risks that management weaknesses pose to mission accomplishment.

In the coming years, DHS needs to continue implementing its *Integrated Strategy for High Risk Management* and maintain engagement with us to show measurable, sustainable progress in implementing corrective actions and achieving outcomes. In doing so, it will be important for DHS to:

- maintain its current level of top leadership support and sustained commitment to ensure continued progress in executing its corrective actions through completion;
- continue to identify the people and resources necessary to make progress towards achieving outcomes, work to mitigate shortfalls and prioritize initiatives, as needed, and communicate to senior leadership critical resource gaps;
- continue to implement its plan for addressing this high-risk area and periodically provide assessments of its progress to us and Congress;
- closely track and independently validate the effectiveness and sustainability of its corrective actions and make midcourse adjustments, as needed; and
- make continued progress in achieving the 17 outcomes it has not fully addressed and demonstrate that systems, personnel, and policies are in place to ensure that progress can be sustained over time.

We will continue to monitor DHS’s efforts in this high-risk area to determine if the outcomes are achieved and sustained over the long term.

## DHS Progress in Achieving Key High-Risk Outcomes

As previously discussed, key to addressing the department’s management challenges is DHS demonstrating the ability to achieve sustained progress across the 30 outcomes we identified and DHS agreed were needed to address the high-risk area. In our 2017 high-risk report, we found that DHS has fully addressed 13 of these outcomes, mostly addressed 8, partially addressed 6, and initiated the remaining 3. Addressing some of these outcomes, such as those pertaining to improving employee morale and modernizing the department’s financial management systems, are significant undertakings that will likely require multiyear efforts. Table 2 summarizes DHS’s progress in addressing the 30 key outcomes and is followed by selected examples, including recommendations that DHS should implement to strengthen its management functions.

**Table 2: GAO Assessment of Department of Homeland Security (DHS) Progress in Addressing Key Outcomes, as of February 2017**

Key management function	Fully addressed <sup>a</sup>	Mostly addressed <sup>b</sup>	Partially addressed <sup>c</sup>	Initiated <sup>d</sup>	Total
Acquisition management	2	2	1	NA	5
Information technology management	3	3	NA	NA	6
Financial management	2	NA	3	3	8
Human capital management	3	3	1	NA	7
Management integration	3	NA	1	NA	4
<b>Total</b>	<b>13</b>	<b>8</b>	<b>6</b>	<b>3</b>	<b>30</b>

Source: GAO analysis of DHS documents, interviews, and prior GAO reports. | GAO-17-409T

<sup>a</sup>“Fully addressed”: Outcome is fully addressed.

<sup>b</sup>“Mostly addressed”: Progress is significant and a small amount of work remains.

<sup>c</sup>“Partially addressed”: Progress is measurable, but significant work remains.

<sup>d</sup>“Initiated”: Activities have been initiated to address the outcome, but it is too early to report progress.

**Acquisition Management.** In our 2017 high-risk report we found that DHS has fully addressed two of the five acquisition management

outcomes, mostly addressed two outcomes, and partially addressed the remaining outcome. For example, we reported that DHS has validated the required acquisition documentation for all of its major acquisition programs, and plans to continue to ensure that all major acquisition programs have approved acquisition program baselines and to use a pre-Acquisition Review Board checklist to confirm that programs have all required documentation for Acquisition Decision Events. In addition, DHS has taken a number of recent actions to establish and operate the Joint Requirements Council. These actions include (1) establishing a process for validating capability and requirements documents, and (2) piloting a joint assessment of requirements process that is intended to eventually inform the department's budget decisions. We also found that DHS continues to assess and address whether appropriate numbers of trained acquisition personnel are in place at the department and component levels.

Further, we reported in March 2016 that 11 of the 25 major DHS acquisition programs we reviewed remained on track to meet their current schedule and cost goals, while 8 experienced schedule slips, cost growth, or both.<sup>14</sup> We found that major milestone dates for these programs slipped an average of 11 months, and Life-Cycle Cost Estimates increased by a total of \$1.7 billion. In our 2017 high-risk report we found that DHS has initiated acquisition program health assessments to report to senior DHS management the status of major acquisition programs toward achieving cost, schedule, and capability goals; however, it will take time to demonstrate that such initiatives are improving program performance. In March 2016, we also reported that DHS leadership was taking steps to improve the affordability of its major acquisition portfolio, and that 14 of the 25 programs we reviewed had funding plans covering at least 93 percent of their estimated costs through fiscal year 2020.<sup>15</sup> However, we found that DHS guidance does not require components to quantify cost estimates, funding streams, and the monetary value of proposed tradeoffs, and that it was uncertain whether DHS leadership will assess the remaining programs in a timely manner because the assessments are not required until major decisions, which can occur infrequently. In our March 2016 report, we concluded that without timely

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<sup>14</sup>The remaining 6 programs lacked department approved schedule and cost goals at the time of our review (as of December 2015). See GAO, *Homeland Security Acquisitions: DHS Has Strengthened Management, but Execution and Affordability Concerns Endure*, [GAO-16-338SP](#) (Washington, D.C.: Mar. 31, 2016).

<sup>15</sup>[GAO-16-338SP](#).

affordability assessments, the acquisition funding plans presented to Congress are less likely to be comprehensive.

We recommended in March 2016 that DHS (1) quantify information when assessing programs' funding gaps, (2) conduct these assessments in a timely manner, (3) communicate results to Congress, and (4) require components to establish formal affordability review processes. DHS concurred, and implemented the first recommendation by establishing guidance for components to provide detailed information about available funding and any associated shortfalls. DHS also has efforts underway to address the remaining three recommendations by requiring department components to submit key funding information annually for major acquisition programs and ensuring all components establish formal, repeatable processes for addressing major acquisition affordability issues, among other actions. These actions, which DHS plans to complete by April 2017, will address our remaining recommendations once implemented.

**IT Management.** In our 2017 high-risk report we found that DHS has fully addressed three of the six IT management outcomes and mostly addressed the remaining three. For example, DHS established and implemented a tiered governance and portfolio management structure for overseeing and managing its IT investments, and annually reviews each of its portfolios and the associated investments to determine the most efficient allocation of resources within each of the portfolios. We found that the department also made progress in implementing strategic IT human capital planning goals that support the department's IT Strategic Plan. In this strategic plan, DHS shifted its IT paradigm from acquiring assets to acquiring services and acting as a service broker, or intermediary between the purchaser of a service and seller of that service. However, according to DHS officials, this shift will require a major transition in the skill sets of DHS's IT workforce, as well as hiring, training, and managing staff with those new skill sets.

While DHS issued a contract in July 2016 for support services to assist DHS headquarters in implementing this transition, department officials stated in September 2016 that they have not yet defined the skill sets needed to implement the paradigm shift or identified what skills gaps exist. Additionally, we found that DHS continues to take steps to enhance its information security program. According to independent auditors of the department's financial statements, DHS had made progress in correcting its prior year IT security weaknesses. However, in November 2016—for the 13th consecutive year—the auditors designated deficiencies in IT



systems controls as a material weakness for financial reporting purposes.<sup>16</sup>

**Financial Management.** We found in our 2017 high-risk report that DHS has fully addressed two financial management outcomes, partially addressed three, and initiated three.<sup>17</sup> Most notably, DHS received a clean audit opinion on its financial statements for 4 consecutive years—fiscal years 2013, 2014, 2015 and 2016—fully addressing two outcomes. In addition, in November 2016, DHS’s financial statement auditors reported that one of four material weaknesses in its internal controls over financial reporting had been remediated since our last high-risk update. We found that DHS has continued efforts to improve internal controls and expects that it will remediate the remaining three by fiscal year 2017. As we reported, until remediated, these weaknesses will continue to hamper DHS’s ability to establish effective internal controls over financial reporting and comply with financial management system requirements. We found that DHS also continues to make progress on three multiyear projects to modernize financial management systems for selected DHS components. Specifically, DHS has made progress on its U.S. Coast Guard modernization project, whereas additional efforts need to be completed on its projects to modernize FEMA and U.S. Immigration and Customs Enforcement financial management systems before DHS will be in a position to implement modernized solutions for these components and their customers.

For example, discovery phase activities to determine the feasibility of implementing, deploying, and maintaining the chosen solution are not expected to be completed for these two projects until April 2017. Such information is essential for determining the implementation schedule and finalizing cost estimates that are needed prior to approving the projects for implementation. We concluded in our 2017 high-risk report that without sound internal controls and systems, DHS faces long-term

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<sup>16</sup>A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, but is important enough to merit attention by those charged with governance.

<sup>17</sup>As previously discussed, in March 2014, we updated the actions and outcomes in collaboration with DHS to reduce overlap and ensure their continued relevance and appropriateness. These updates resulted in a reduction from nine to eight total financial management actions and outcomes.

challenges in sustaining a clean audit opinion on its financial statements and in obtaining and sustaining a clean opinion on its internal controls over financial reporting, which are needed to ensure that its financial management systems generate reliable, useful, and timely information for day-to-day decision making as a routine business operation.

**Human Capital Management.** In our 2017 high-risk report, we found that DHS has fully addressed three human capital management outcomes, mostly addressed three, and partially addressed the remaining one. For example, the Secretary of Homeland Security signed a human capital strategic plan in 2011—which was revised and reissued in 2014—that DHS has since made sustained progress in implementing, thereby fully addressing one outcome.<sup>18</sup> In addition, we found that DHS fully met one outcome for the first time by linking workforce planning efforts to strategic and program planning efforts. Specifically, DHS successfully demonstrated the ability to conduct structured workforce planning for the majority of its priority mission critical occupations at the department in fiscal year 2015, and for all mission critical occupations in fiscal year 2016. To support this planning, DHS issued its Workforce Planning Guide in 2015, which enabled DHS components to apply a consistent and departmentally-approved methodology, including the use of standardized tools and templates.<sup>19</sup> DHS also published and implemented a department-wide Employee Engagement Action Plan, which DHS's components used to develop tailored action plans for their own employee engagement and outreach.

However, we found that DHS has considerable work ahead to improve employee morale. For example, the Office of Personnel Management's Federal Employee Viewpoint Survey data showed that DHS's scores generally declined in four areas (leadership and knowledge management, results-oriented performance culture, talent management, and job satisfaction) from 2008 through 2015. DHS has developed plans for addressing its employee satisfaction problems and improved scores in all four areas in 2016, but as we recommended in September 2012, DHS

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<sup>18</sup>DHS, *Human Capital Strategic Plan Fiscal Years 2015-2019* (Washington, D.C.: October 2014).

<sup>19</sup>DHS, Office of the Chief Human Capital Officer, *DHS Workforce Planning Guide* (Washington, D.C.: July 2015).

needs to continue to improve its root-cause analysis efforts related to these plans.<sup>20</sup>

DHS also needs to continue strengthening its learning management capabilities. Specifically, in February 2016, we reported that DHS had initiated the Human Resources Information Technology (HRIT) investment in 2003 to address issues presented by its human resource environment.<sup>21</sup> With respect to learning management, in February 2016 we found limitations resulting from nine disparate learning management systems that did not exchange information.<sup>22</sup> DHS established the Performance and Learning Management System (PALMS) to consolidate DHS's nine existing systems into one system and enable comprehensive training reporting and analysis across the department, among other things. However, in our 2016 report, we found that selected PALMS capabilities had been deployed to DHS headquarters and two components, but full implementation at four components was not planned, leaving uncertainty about whether PALMS would be used enterprise-wide to accomplish these goals. As of September 2016, DHS had deployed selected PALMS capabilities to one additional component and had plans to implement it at two additional components in the first half of fiscal year 2017.

**Management Integration.** In our 2017 high-risk report, we found that DHS has sustained its progress in fully addressing three of the four management integration outcomes, and partially addressed the remaining outcome. For example, in January 2011, DHS issued a comprehensive action plan to guide its management integration efforts—the *Integrated Strategy for High Risk Management*. Since then, DHS has generally improved the strategy with each updated version based on feedback we provided. DHS has also shown important progress in addressing the last and most significant management integration outcome—to implement outcomes in each management area to develop consistent or consolidated processes and systems within and across its management functional areas. For example, the Secretary's April 2014 *Strengthening*

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<sup>20</sup>GAO, *Department of Homeland Security: Taking Further Action to Better Determine Causes of Morale Problems Would Assist in Targeting Action Plans*, [GAO-12-940](#) (Washington, D.C.: Sept. 28, 2012).

<sup>21</sup>GAO, *Homeland Security: Oversight of Neglected Human Resources Information Technology Investment is Needed*, [GAO-16-253](#) (Washington, D.C.: Feb. 11, 2016).

<sup>22</sup>[GAO-16-253](#).

*Departmental Unity of Effort* memorandum highlighted a number of initiatives designed to allow the department to operate in a more integrated fashion.

Further, in support of this effort, in August 2015, the Under Secretary for Management identified four integrated priority areas to bring focus to strengthening integration among the department's management functions. According to DHS's August 2016 updated version of its strategy, these priorities—which include, for example, strengthening resource allocation and reporting reliability and developing and deploying secure technology solutions—each include detailed goals, objectives, and measurable action plans that are monitored at monthly leadership meetings led by senior DHS officials, including the Under Secretary for Management. Accomplishments DHS officials attribute to the *Unity of Effort* initiative and integrated priorities initiatives include the following, among others:

- DHS's Office of Program Accountability and Risk Management developed and implemented a policy directive to monitor and track critical staffing gaps for major acquisition programs to ensure that such gaps are identified and remediated in a timely manner.<sup>23</sup>
- DHS Science and Technology Directorate established Integrated Product Teams to better link the department's research and development investments with the department's operational needs.
- DHS strengthened its strategy, planning, programming, budgeting, execution, and acquisition processes by improving existing structures and creating new ones where needed to build additional organizational capability. DHS has institutionalized these reforms by issuing a range of departmental management directives and instructions.

However, as we reported in the 2017 high-risk report, given that these main management integration initiatives are in the early stages of implementation and contingent upon DHS sustaining implementation plans and efforts over a period of years, it is too early to assess their effects. We concluded that to achieve this outcome, DHS needs to

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<sup>23</sup>DHS, *Major Acquisition Program Staffing Management*, DHS Policy Directive 102-05 (Washington, D.C.: June 30, 2016). In December 2016, based in part on our input, DHS subsequently updated its staffing assessment guidance to re-focus the assessment process on all major program acquisition-related positions. This will be discussed further in our assessment of DHS's major acquisitions programs, to be issued in March 2017.

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continue to demonstrate sustainable progress integrating its management functions within and across the department and its components, as well as fully address the other 17 outcomes it has not yet achieved.

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## Key Themes Continue to Impact DHS's Progress in Implementing Its Mission Functions

In September 2011, we identified three key themes that had impacted DHS's progress in implementing its mission functions since it began operations: (1) executing and integrating its management functions for results, (2) leading and coordinating the homeland security enterprise, and (3) strategically managing risks and assessing homeland security efforts.<sup>24</sup> As previously discussed, DHS has made important progress with respect to the first theme by strengthening and integrating its management functions, but considerable work remains. Our recent work indicates that DHS has similarly made progress related to the other two themes of leading and coordinating the homeland security enterprise and strategically managing risk and assessing homeland security efforts, but that these two themes continue to impact the department's progress in implementing its mission functions. Further, our recent work has also found that by addressing these two key themes, DHS could improve the efficiency and effectiveness of its operations.

**Leading and coordinating the homeland security enterprise.** As we reported in September 2011, while DHS is one of a number of entities with a role in securing the homeland, it has significant leadership and coordination responsibilities for managing efforts across the homeland security enterprise.<sup>25</sup> To satisfy these responsibilities, it is critically important that DHS develop, maintain, and leverage effective partnerships with its stakeholders while at the same time addressing DHS-specific responsibilities in satisfying its missions. Before DHS began operations, we reported that to secure the nation, DHS must form effective and sustained partnerships among components and also with a range of other entities, including federal agencies, state and local governments, the private and nonprofit sectors, and international

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<sup>24</sup>[GAO-11-881](#).

<sup>25</sup>[GAO-11-881](#).

partners.<sup>26</sup> DHS has made strides in providing leadership and coordinating efforts. For example, in December 2015, we reported on the efforts of the Federal Protective Service (FPS), an agency within DHS, to collaborate with the General Services Administration (GSA) to implement their joint responsibilities to secure and protect approximately 8,900 federal facilities.<sup>27</sup> We found that FPS and GSA have taken some steps to improve collaboration, such as drafting a joint strategy and renewing negotiations to update their 2006 memorandum of agreement on roles, responsibilities, and operational relationships concerning the security of GSA-controlled space.

However, our recent work has also identified opportunities for DHS to improve its partnerships, and in turn, improve the efficiency and effectiveness of its operations. For example, our 2016 annual report on fragmentation, overlap, and duplication identified strengthening FPS and GSA collaboration as an opportunity for improving efficiency and effectiveness.<sup>28</sup> We reported that in December 2015, the two agencies had made limited progress in agreeing on several key practices GAO has previously identified that can enhance and strengthen collaboration.<sup>29</sup> Specifically, FPS and GSA had not fully defined or articulated a common outcome or established mutually reinforcing joint strategies; collaborated in communicating existing policies and procedures to operate across agencies and regions; or jointly developed mechanisms to monitor, evaluate, and report on the results of their related missions regarding facility protection. The incomplete implementation of key collaboration practices leaves day-to-day operational decisions to the regional and facility levels, a situation that may result in inconsistent management practices and may increase security lapses, putting facilities, tenants, and the public at greater risk. Thus, we recommended that FPS and GSA take actions to improve their collaboration by, among other things, establishing

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<sup>26</sup>GAO, *Department of Homeland Security: Progress Report on Implementation of Mission and Management Functions*, [GAO-07-454](#) (Washington, D.C.: Aug. 17, 2007).

<sup>27</sup>GAO, *Homeland Security: FPS and GSA Should Strengthen Collaboration to Enhance Facility Security*, [GAO-16-135](#) (Washington, D.C.: Dec. 16, 2015).

<sup>28</sup>GAO, *2016 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, [GAO-16-375SP](#) (Washington, D.C.: Apr. 13, 2016).

<sup>29</sup>See GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

plans with timeframes for reaching agreement on (1) a joint strategy defining common outcomes and (2) roles and responsibilities. DHS concurred and as of December 2016, FPS reported that it had begun to take steps with GSA to resolve differences in agency opinions on security-related authorities for protecting federal real property. FPS also stated that once an agreement has been established, both agencies would be better positioned to devise a plan with timeframes for finalizing a joint strategy.

Further, in March 2016, we reported on federal efforts to address the risks of electromagnetic pulse or solar weather events—events which could have a debilitating impact on critical electrical infrastructure and communications systems.<sup>30</sup> We found, among other things, that DHS and the Department of Energy (DOE), the two primary federal entities with responsibilities for addressing risks to the energy sector, had not taken action to identify key electrical infrastructure assets, as called for in DHS's National Infrastructure Protection Plan.<sup>31</sup> We recommended that DHS and DOE collaborate to leverage their expertise to review existing Federal Energy Regulatory Commission analysis to determine whether further assessment is needed to adequately identify critical electric infrastructure assets. DHS and DOE concurred and stated that they intend to review the analysis by April 2017 and increase collaborative efforts on addressing risks to electrical infrastructure.

**Strategically managing risks and assessing homeland security efforts.** As we reported in September 2011, risk management has been widely supported by Congress and DHS as a management approach for homeland security, enhancing the department's ability to make informed decisions and prioritize resource investments.<sup>32</sup> Since DHS has limited resources and cannot protect the nation from every conceivable threat, it must make risk-informed decisions regarding its homeland security approaches and strategies. Our recent work has found that DHS offices and components have continued to engage in risk management activities.

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<sup>30</sup>GAO, *Critical Infrastructure Protection: Federal Agencies Have Taken Actions to Address Electromagnetic Risks, but Opportunities Exist to Further Assess Risks and Strengthen Collaboration*, [GAO-16-243](#) (Washington, D.C.: Mar. 24, 2016).

<sup>31</sup>The National Infrastructure Protection Plan provides the overarching approach for integrating the nation's critical infrastructure security and resilience activities into a single national effort.

<sup>32</sup>[GAO-11-881](#).

For example, in April 2016, we reported that DHS conducted a risk assessment to characterize risks, threats, current and future trends, and critical uncertainties that will most affect homeland security in the 2015 to 2019 timeframe for its second Quadrennial Homeland Security Review—a comprehensive examination of the homeland security strategy of the United States.<sup>33</sup> However, DHS did not incorporate all elements of a successful risk assessment for its Quadrennial Homeland Security Review. Specifically, DHS did not document how its various analyses were synthesized to generate results, thus limiting the reproducibility and defensibility of the results. In addition, the Quadrennial Homeland Security Review describes homeland security hazards, but does not rank those hazards or provide prioritized strategies. We recommended that DHS improve its risk assessment documentation and prioritize risks to better justify cost-effective risk management strategies. DHS concurred with our recommendations and stated that it will implement them during the 2018 Quadrennial Homeland Security Review.

In addition, our recent work has identified opportunities for DHS components to better strategically manage risks in various programs. For example, in December 2015, we reported that DHS's U.S. Citizenship and Immigration Services (USCIS) and the Department of Justice's (DOJ) Executive Office for Immigration Review (EOIR)—the two agencies that adjudicate asylum applications—have limited capability to detect and prevent asylum fraud and that both agencies' efforts to date have focused on case-by-case fraud detection rather than more strategic, risk-based approaches.<sup>34</sup> To help ensure fraud prevention controls are effective and appropriately targeted, we recommended that USCIS and EOIR conduct regular fraud risk assessments. DHS and DOJ concurred. DHS indicated that USCIS was in the process of developing a risk assessment tool and implementation plan for completing regular fraud risk assessments, and expected the first assessment to be completed by the end of fiscal year 2017.

In September 2011, we also reported that limited strategic and program planning, as well as assessment and evaluation to inform approaches and investment decisions, had contributed to DHS programs not meeting

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<sup>33</sup>GAO, *Quadrennial Homeland Security Review: Improved Risk Analysis and Stakeholder Consultations Could Enhance Future Reviews*, [GAO-16-371](#) (Washington, D.C.: Apr. 15, 2016).

<sup>34</sup>GAO, *Asylum: Additional Actions Needed to Assess and Address Fraud Risks*, [GAO-16-50](#) (Washington, D.C.: Dec. 2, 2015).



strategic needs or doing so effectively and efficiently. For example, we reported that DHS had missed opportunities to optimize performance across its missions because of a lack of reliable performance information or assessment of existing information.<sup>35</sup> Our recent work has also indicated that strategic and program planning challenges continue to affect implementation of some DHS programs. For example, in April 2015, we identified enhancing oversight of FEMA's Disaster Relief Fund as an opportunity to save millions of dollars.<sup>36</sup> In December 2014, we found that FEMA's average annual administrative cost percentage (i.e., the percentage of total costs devoted to administrative costs) for major disasters had doubled since fiscal year 1989.<sup>37</sup> To better control and reduce its administrative costs for major disasters, we recommended that FEMA develop an integrated plan that includes all steps the agency will take, milestones for accomplishing cost reductions, and clear roles and responsibilities, including the assignment of senior officials/offices responsible for monitoring and measuring performance. In response, in December 2015, FEMA developed and issued an integrated plan to control and reduce administrative costs. In addition, in February 2016, Congress passed and the President signed the Directing Dollars to Disaster Relief Act of 2015 into law, which requires FEMA to implement an integrated plan to control its costs and report on progress for the next 7 years.<sup>38</sup>

Our other recent work has indicated that further strengthening assessment and evaluation, including using reliable performance information, would better inform DHS approaches and investment decisions. For example, in May 2015, we reported on USCIS efforts to transform its outdated systems for processing the millions of applications for persons seeking to study, work, visit, or live in the United States, into a

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<sup>35</sup>[GAO-11-881](#).

<sup>36</sup>GAO, *2015 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, [GAO-15-404SP](#) (Washington, D.C.: Apr. 14, 2015).

<sup>37</sup>See GAO, *Federal Emergency Management Agency: Opportunities Exist to Strengthen Oversight of Administrative Costs for Major Disasters*, [GAO-15-65](#) (Washington, D.C.: Dec. 17, 2014). Examples of FEMA administrative costs include the salary and travel costs for the disaster workforce, rent and security expenses associated with field operation locations, and supplies and information technology for field operation staff. FEMA obligated \$12.7 billion from the Disaster Relief Fund to cover its administrative costs for the 650 major disasters declared during fiscal years 2004 through 2013.

<sup>38</sup>Pub. L. No. 114-132, 130 Stat. 293 (2016).

modern system with electronic adjudication and case management.<sup>39</sup> We found that USCIS expected the Transformation Program—which was started in 2006—to cost up to \$3.1 billion and be fully deployed by March 2019, which is an increase of approximately \$1 billion and delay of over 4 years from its initial July 2011 baseline. Further, we found the program’s two key governance bodies had not used reliable information to make decisions, and that a key change in the acquisition strategy—the program architecture approach—was made without information on the added costs associated with implementing the change. In our 2015 report we recommended that DHS take actions to improve governance and oversight of the Transformation Program, including re-baselining cost, schedule, and performance expectations; and ensuring that the two key governance bodies are relying on complete and accurate program data to effectively monitor performance.

DHS concurred with these recommendations and has taken some steps to address them, such as approving a re-baseline of cost, schedule, and performance to measure progress going forward; however, DHS needs to take additional actions to improve its performance monitoring data and strengthen management of the Transformation Program. For example, in July 2016, we reported that cost and schedule data reported monthly by the program office to the department to monitor program performance are not always accurate or present a full picture of the program.<sup>40</sup> In July 2016, we also reported on the extent to which the Transformation Program is using IT program management leading practices and found that key practices, including performance monitoring related practices such as ensuring software meets expectations prior to being deployed and defining measureable development outcomes, were not consistently followed. As a result, the program runs the risks that the system will continue to face delays, that the functionality deployed will be of limited quality, and that production issues will delay performance of the system and the processing of filings for citizenship and immigration benefits. To improve program management, in July 2016 we made 12 recommendations, including that DHS review and update, as needed, existing policies and guidance and consider additional controls to help ensure it follows its own policies and leading practices—such as those to

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<sup>39</sup>GAO, *Immigration Benefits System: Better Informed Decision Making Needed on Transformation Program*, [GAO-15-415](#) (Washington, D.C.: May 18, 2015).

<sup>40</sup>GAO, *Immigration Benefits System: U.S. Citizenship and Immigration Services Can Improve Program Management*, [GAO-16-467](#) (Washington, D.C.: July 7, 2016).

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monitor performance through the collection of reliable metrics, ensure software meets expectations prior to deployment, and establish outcomes for software development, among others. DHS concurred and described plans to complete actions associated with the recommendations by July 2017.

Chairman Perry, Ranking Member Correa, and Members of the Subcommittee, this completes my prepared statement. I would be happy to respond to any questions you may have at this time.

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## GAO Contact and Staff Acknowledgments

For further information about this testimony, please contact Rebecca Gambler at (202) 512-8777 or [gablerr@gao.gov](mailto:gablerr@gao.gov). In addition, contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this statement include Taylor Matheson (Assistant Director), Rick Cederholm, Larry Crosland, Valerie Freeman, Stephanie Heiken, Fatima Jahan, James Kernan, Tracey King, Emily Kuhn, Elizabeth Luke, Heather May, Shannin O'Neill, and Lindsay Taylor. Key contributors for the previous work that this is based on are listed in each product.

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## Related GAO Products

*Homeland Security Acquisitions: Joint Requirements Council's Initial Approach Is Generally Sound and It Is Developing a Process to Inform Investment Priorities.* [GAO-17-171](#). Washington, D.C.: October 24, 2016.

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*Department of Homeland Security: Taking Further Action to Better Determine Causes of Morale Problems Would Assist in Targeting Action Plans.* [GAO-12-940](#). Washington, D.C.: September 28, 2012.

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