DHS FINANCIAL MANAGEMENT

Better Use of Best Practices Could Help Manage System Modernization Project Risks

Why GAO Did This Study

To help address long-standing financial management system deficiencies, DHS initiated its TRIO project, which has focused on migrating three of its components to a modernized financial management system provided by IBC, an OMB-designated, federal SSP. House Report Number 3128 included a provision for GAO to assess the risks of DHS using IBC in connection with its modernization efforts.

This report examines (1) the extent to which DHS and the TRIO components followed best practices in analyzing alternatives, and the key factors, metrics, and processes used in their choice of a modernized financial management system; (2) the extent to which DHS managed the risks of using IBC for its TRIO project consistent with risk management best practices; and (3) the key factors and challenges that have impacted the TRIO project and DHS’s plans for completing remaining key priorities. GAO interviewed key officials, reviewed relevant documents, and determined whether DHS followed best practices identified by GAO as necessary characteristics of a reliable, high-quality AOA process and other risk management best practices.

What GAO Found

The Department of Homeland Security’s (DHS) TRIO project represents a key effort to address long-standing financial management system deficiencies. During 2012 and 2013, the TRIO components—U.S. Coast Guard (Coast Guard), Transportation Security Administration (TSA), and Domestic Nuclear Detection Office (DNDO)—each completed an alternatives analysis (AA) to determine a preferred alternative for modernizing its financial management system. GAO found that DNDO’s AA substantially met the four characteristics—well-documented, comprehensive, unbiased, and credible—that GAO previously identified for a reliable, high-quality analysis of alternatives (AOA) process. However, Coast Guard’s and TSA’s AAs did not fully or substantially meet three of these characteristics, and DHS guidance for conducting AAs did not substantially incorporate certain best practices, such as identifying significant risks and mitigation strategies and performing an independent review to help validate the AOA process. Based on these analyses and other factors, the TRIO components determined that migrating to a federal shared service provider (SSP) represented the best alternative, and in 2014, DHS selected the Department of the Interior’s Interior Business Center (IBC) as the federal SSP for the project. However, because Coast Guard’s and TSA’s AAs did not fully or substantially reflect all of the characteristics noted above, they are at increased risk that the alternative selected may not achieve mission needs.

DHS also did not fully follow best practices for managing project risks related to its use of IBC on the TRIO project. Specifically, DHS followed three of seven risk management best practices, such as determining risk sources and categories and establishing a risk management strategy. However, it did not fully follow four best practices for defining risk parameters, identifying risks, developing risk mitigation plans, and implementing these plans largely because its guidance did not sufficiently address these best practices. For example, although DHS created joint teams with IBC and provided additional resources to IBC to help address risk mitigation concerns, it did not always develop sufficiently detailed risk mitigation plans that also included contingency plans for selected critical risks. As a result, although IBC’s capacity and experience for migrating large agencies the size of Coast Guard and TSA was identified as a risk in July 2014, a contingency plan working group to address this concern was not established until January 2017. By not fully following risk management best practices, DHS is at increased risk that potential problems may not be identified or properly mitigated.

What GAO Recommends

GAO recommends that DHS more fully follow best practices for conducting an AOA process and managing risks. DHS concurred with GAO’s recommendations and described actions it will take, or has taken, in response.

View GAO-17-799. For more information, contact Asif A. Khan at (202) 512-9869 or khana@gao.gov.