DEPARTMENT OF HOMELAND SECURITY

Continued Leadership Is Critical to Addressing a Range of Management Challenges

Statement of Gene L. Dodaro, Comptroller General of the United States

Accessible Version
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Continued Leadership Is Critical to Addressing a Range of Management Challenges

Why GAO Did This Study

In 2003, GAO designated Implementing and Transforming DHS as a high-risk area to the federal government. DHS has made considerable progress in transforming its original component agencies into a single cabinet-level department, and as a result, in 2013, GAO narrowed the scope of the high-risk area to focus on Strengthening DHS Management Functions.

In addition, DHS leadership is responsible for implementing numerous recommendations that GAO has made to the department and its component agencies. Current vacancies in top leadership positions could pose a challenge to addressing high-risk areas and priority recommendations that span DHS’s diverse missions, which include preventing terrorism and enhancing security, managing our borders, administering immigration laws, securing cyberspace, and responding to disasters.

This testimony discusses the need for DHS leadership commitment to strengthen its management functions and address GAO’s priority recommendations. This testimony is based on GAO’s 2019 high-risk update and other reports issued from March 2006 through April 2019.

What GAO Found

With the support and commitment of top leadership, the Department of Homeland Security (DHS) has made important progress in strengthening its management functions; however, considerable work remains. As of March 2019, DHS had fully addressed 17 of the 30 outcomes related to its management functions (see table). DHS needs to continue to show sustained leadership commitment in implementing its Integrated Strategy for High-Risk Management to achieve the remaining outcomes. Leadership commitment is also pivotal in addressing other GAO high-risk areas where DHS has a role, such as ensuring the cybersecurity of the nation, the National Flood Insurance Program, and limiting the federal government’s fiscal exposure by better managing climate change risks. Currently, DHS has acting officials serving in eight positions requiring Senate confirmation, including positions with responsibilities for implementing high-risk outcomes, such as the Secretary, Deputy Secretary, and Under Secretary for Management.

![Table: GAO Assessment of Department of Homeland Security (DHS) Progress on Key Outcomes Across Management Areas, as of March 2019](image)

In April 2019, GAO sent a letter to the Acting Secretary of Homeland Security detailing 26 open recommendations that GAO believes warrant the highest priority personal attention from the department and its components. These 26 recommendations fall into six major areas—emergency preparedness and response, border security, transportation security, infrastructure and management, cybersecurity, and chemical and nuclear security. For example, GAO has recommended that DHS take steps to strengthen human capital management, such as better managing and assessing its cybersecurity workforce gaps and areas of critical need. Fourteen of the 26 recommendations have been issued to acting officials serving in vacant positions, including 12 to the Secretary of Homeland Security, and two to the Federal Emergency Management Agency which is currently operating under acting leadership.

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What GAO Finds

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Chairman Thompson, Ranking Member Rogers, and Members of the Committee:

I am pleased to be here today to discuss the importance of Department of Homeland Security (DHS) leadership in addressing management challenges and the department’s progress thus far. As you know, when DHS began operations in 2003, department leadership faced the daunting task of transforming 22 agencies—several with major management challenges—into one department. At that time, we recognized that the creation of DHS was an enormous undertaking that could take years to implement. Failure to effectively address management challenges could have serious national security consequences. In 2003, shortly after the department was formed, we designated Implementing and Transforming DHS as a high-risk area to the federal government. Today, the work to strengthen DHS management continues.

DHS has made considerable progress in transforming its original component agencies into a single cabinet-level department. As a result, in 2013, we narrowed the scope of the high-risk area to focus on strengthening DHS management functions (i.e., acquisition management, information technology management, financial management, human capital management, and management integration) and changed the name of the high-risk area to Strengthening DHS Management Functions to reflect this focus. Over the last 16 years, leadership commitment has been a key factor in DHS’s progress toward implementing our criteria for removal from the High Risk List. It remains essential for DHS to maintain top leadership support and sustained commitment to ensure continued progress.¹

In addition to addressing its management functions high-risk area, DHS leadership is responsible for implementing numerous recommendations that we have made to the department and its component agencies. Since DHS began operations in 2003, we have made about 2,800 recommendations, and DHS has implemented more than 75 percent of

¹The five criteria for removal are the agency must have (1) a demonstrated strong commitment and top leadership support to address the risks; (2) the capacity—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.
them, thereby strengthening program management and performance measurement, among other things. In April 2019, we sent a letter to the Acting Secretary of Homeland Security detailing 26 open recommendations that we deem highest priority for implementation.\(^2\)

Given that these recommendations are often the most complex and difficult to implement, top DHS leadership will play an important role in the actions to address these recommendations.

Current vacancies in top leadership positions could pose a challenge to addressing high-risk areas and priority recommendations that span DHS's diverse missions, which include preventing terrorism and enhancing security, managing our borders, administering immigration laws, securing cyberspace, and responding to disasters. Based on information we have received from DHS in compliance with the Federal Vacancies Reform Act of 1998 (Vacancies Act), there are currently acting officials serving in eight positions requiring Senate confirmation.\(^3\)

Specifically, as of April 26, 2019, the following positions remain vacant: Secretary (16 days), Deputy Secretary (377 days), Under Secretary for Management (16 days), Under Secretary for Science and Technology (826 days), Director of U.S. Immigration and Customs Enforcement (ICE) (826 days), Administrator of

\(^2\)GAO, *Priority Open Recommendations: Department of Homeland Security*, GAO-19-360SP (Washington, D.C.: Apr. 19, 2019). We highlight priority recommendations because, upon implementation, they may significantly improve government operation, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk area or duplication issue.

\(^3\)Pub. L. No. 105-277, Div. C, Title I, 112 Stat. 2681-611 (1998) (codified as amended at 5 U.S.C. §§ 3345-3349d). The Vacancies Act requires executive departments and agencies to report to the Congress and to us certain information about a vacancy in a presidentially-appointed, Senate-confirmed position immediately upon the occurrence of events specified in the statute. The Vacancies Act further requires us to report to Congress, the President, and the Office of Personnel Management if we determine that an acting officer is serving longer than the 210-day period permitted under the statute or any applicable extensions.
Federal Emergency Management Agency (FEMA) (50 days), Chief Financial Officer (826 days), and Inspector General (512 days).4

Filling vacancies—including top DHS leadership positions and the heads of operational components—with confirmed appointees, as applicable, could help to ensure continued leadership commitment across all of DHS’s mission areas. Although the department was formed as part of a determined national effort to safeguard the United States against terrorism, department leaders must execute all of the department’s missions. For example, Hurricane Katrina in 2005, one of the largest natural disasters in our nation’s history, refocused attention on the importance of DHS’s role in providing the coordinated, comprehensive federal response in the event of a natural disaster.5 In addition, DHS focuses efforts on cybersecurity because cyber-based intrusions and attacks on federal systems and systems supporting our nation’s critical infrastructure are evolving and becoming more sophisticated, such as the significant 2015 Office of Personnel Management (OPM) data breaches that affected 21.5 million individuals.6 Such examples demonstrate the range of threats that DHS leaders must be prepared to address.

With DHS’s wide-ranging missions, DHS leadership also has a pivotal role in addressing other DHS-specific and government-wide areas on our high-risk list. Specifically, DHS is responsible for addressing a high-risk area related to FEMA’s management of the National Flood Insurance Program. DHS and FEMA will also play key roles in the high-risk area of

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4In addition, the Presidentially-appointed, Senate-confirmed position of Under Secretary for the Office of Strategy, Policy and Plans, which was established in December 2016, has not yet been filled but a nomination for the position is currently pending. In its report to us concerning the vacancy in the Secretary position, the department stated the Commissioner for U.S. Customs and Border Protection was serving as Acting Secretary pursuant to section 113(g)(2) of title 6 of the United States Code, rather than the Vacancies Act. Generally, the Vacancies Act is the exclusive means for temporarily authorizing an acting official to serve in a vacant position, unless another means is expressly authorized by statute. Section 113(g) is such a statute and provides at section 113(g)(1) that if both the positions of Secretary and Deputy Secretary are vacant, the Under Secretary for Management is required to serve as Acting Secretary. In the absence of an Under Secretary for Management, section 113(g)(2) permits the Secretary to designate other officers in further order of succession to serve as Acting Secretary. We calculated the durations of the vacancies based on information reported to us by DHS as required pursuant to the Vacancies Act. 5 U.S.C. § 3349.


Limiting the Federal Government’s Fiscal Exposure by Better Managing Climate Change Risks. Additionally, DHS has a key role in ensuring cybersecurity of the nation. For example, DHS has established the National Cybersecurity and Communications Integration Center, which functions as the 24/7 cyber monitoring, incident response, and management center for the federal civilian government. Further, DHS has a nexus and responsibilities in several of our other government-wide, high-risk areas including (1) improving management of information technology acquisitions and operations, (2) strategic human capital management, (3) managing federal real property, and (4) the government-wide security clearance process.

My statement today discusses the need for DHS’s continued leadership commitment to (1) strengthen its management functions and (2) address our priority recommendations. This statement is based on our 2019 high-risk update and other reports we issued from March 2006 through April 2019. For these products we analyzed DHS strategies and other documents related to the department’s efforts to address its high-risk areas and interviewed DHS officials, among other things. 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.

**Top Leadership Commitment Is Critical to Sustained Progress in Strengthening Management Functions**

With top leadership support and commitment, DHS has made important progress in strengthening its management functions, but considerable work remains. As shown in figure 1, as of March 2019, DHS had met three out of five criteria for removal from our High Risk List—leadership commitment, action planning, and monitoring progress.

**Figure 1: GAO’s 2019 High Risk Rating for Strengthening Department of Homeland Security Management Functions**

DHS has partially met the remaining two criteria: capacity (i.e., people and other resources) and demonstrated, sustained progress. To address the criteria for capacity, DHS needs to make additional progress in identifying and allocating resources in certain areas—namely, acquisition,
information technology, and financial management—to fully demonstrate its capacity. For the criteria for demonstrated, sustained progress, we reported in March 2019 that DHS had fully addressed 17 out of the 30 outcomes that are the basis for gauging DHS’s progress across management areas, as shown in table 1.

To fully meet the criteria for demonstrated, sustained progress, 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. DHS can accomplish this by, among other things, maintaining a high level of top leadership support and sustained commitment to ensure continued progress in executing its corrective actions through completion, and increasing employee engagement and morale.

Table 1: GAO Assessment of Extent to Which Department of Homeland Security (DHS) Has Demonstrated Sustained Progress in Addressing Key Outcomes Across Management Areas, as of GAO’s March 2019 High Risk Report

<table>
<thead>
<tr>
<th>Key management function</th>
<th>Fully addressed</th>
<th>Mostly addressed</th>
<th>Partially addressed</th>
<th>Initiated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition management</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Information technology management</td>
<td>5</td>
<td>1</td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Financial management</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Human capital management</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Management integration</td>
<td>3</td>
<td>1</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>4</strong></td>
<td><strong>6</strong></td>
<td><strong>3</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

Source: GAO analysis of DHS documents, interviews, and prior GAO reports. [GAO-19-544T]

a"Fully addressed": Outcome is fully addressed.
b"Mostly addressed": Progress is significant and a small amount of work remains.
c"Partially addressed": Progress is measurable, but significant work remains.
d"Initiated": Activities have been initiated to address the outcome, but it is too early to report progress.

Examples of important programs and remaining work in the key management functions include:

- In the key management function of human capital management, DHS leadership is needed to address skills gaps that have had a significant role in the DHS management high-risk area. For example, we have found that DHS lacks guidance on how to identify critical cybersecurity
and acquisition skills needed to support its new information technology delivery model. We have also found that DHS has insufficient technical skills to support its biometric identification services program. Addressing these skill gaps could help DHS fully demonstrate its capacity to strengthen and integrate its management functions.

- Additionally, within human capital management, DHS has struggled with low employee morale scores since it began operations in 2003. DHS’s 2018 score ranked 20th among 20 large and very large federal agencies. Increasing employee engagement and morale is critical to strengthening DHS’s mission and management functions. DHS has continued to strengthen its employee engagement efforts by implementing our 2012 recommendation to establish metrics of success within components’ action plans for addressing its employee satisfaction problems. Further, DHS has conducted audits to better ensure components are basing hiring decisions and promotions on human capital competencies. In addition, OPM’s 2018 Federal Employee Viewpoint Survey data showed that in the past 2 years, DHS’s score on the Employee Engagement Index (EEI) increased by 4 points—from 56 in 2016 to 60 in 2018—which was 1 point more than the government-wide increase over the same period. While this improvement is notable, DHS’s current EEI score is 1 point below its EEI baseline score in 2010, suggesting that DHS is still working to regain lost ground after an 8 point drop between 2010 and 2015.

- In the key management function of financial management, DHS officials have faced challenges modernizing DHS components’ financial management systems and business processes that affect the department’s ability to have ready access to timely and reliable information for informed decision-making. Effectively modernizing financial management systems for the Coast Guard, FEMA, and ICE would help improve the reliability of their financial reporting.

As we have reported, perhaps the single most important element of successful management improvement and transformation initiatives is the demonstrated commitment of top leaders, as shown by their personal involvement in reform efforts. With regard to leadership commitment, DHS’s top leadership, including leaders at the Secretary and Deputy Secretary level, has demonstrated exemplary commitment and support for addressing the department’s management challenges. They have also taken actions to institutionalize this commitment to help ensure the long-

\[10\] GAO-11-466T.
term success of the department’s efforts. One such effort is the Under Secretary for Management’s Integrated Priorities initiative to strengthen the integration of DHS’s business operations across the department. During monthly leadership meetings with the Under Secretary for Management, the department’s Chief Executive Officers have been providing status updates on their respective actions to address this high-risk designation. Furthermore, top DHS leaders, such as the Under Secretary for Management and the department’s Chief Executive Officers, routinely meet with our management to discuss progress on high-risk areas.

Continued Leadership Commitment Is Critical to Addressing Priority Open Recommendations

In April 2019, we sent a letter to the Acting Secretary of Homeland Security detailing 26 open recommendations that we deem highest priority for implementation. Priority recommendations are those that we believe warrant priority personal attention from heads of key departments or agencies. These 26 recommendations fall into six major areas—emergency preparedness and response, border security, transportation security, infrastructure and management, cybersecurity, and chemical and nuclear security. Many of these recommendations cut across DHS’s mission areas that are critical for national security. Given that these recommendations are often the most complex and difficult to implement, top DHS leadership will play a critical role in addressing them.

Fourteen of the 26 priority open recommendations we identified in the April 2019 letter are directed to acting officials serving in vacant positions. We have issued 12 recommendations to the Secretary of Homeland Security who is currently an acting official. We have also issued two recommendations to FEMA which is currently operating under acting leadership.

Committed and consistent leadership at the department and component levels will be critical for addressing our priority recommendations. For example:

11GAO-19-360SP.
12GAO-19-360SP.
In September 2014, we recommended that the Secretary of Homeland Security work jointly with the Administrator of the General Services Administration to strengthen management of the ongoing acquisition project to develop the multi-billion dollar headquarters facilities at the St. Elizabeth’s campus in Washington, D.C. Leadership is critical in this effort, given the magnitude of the project and the impact of headquarters consolidation on DHS operations.\(^\text{13}\)

In October 2008, we recommended actions that FEMA should take to improve its administration of the National Flood Insurance Program high-risk area.\(^\text{14}\) We also recommended in September 2012 that FEMA develop a methodology to better assess a jurisdiction's capability to respond to and recover from a disaster without federal assistance.\(^\text{15}\) In July 2015, we further recommended that the Mitigation Framework Leadership Group establish an investment strategy to identify, prioritize, and guide federal investments in disaster resiliency.\(^\text{16}\) Implementing these actions could limit the federal government's fiscal exposure and increase the nation's resilience to extreme weather events as the costs and impacts of weather disasters resulting from floods, drought, and other events are expected to increase in significance as previously “rare” events become more common and intense.\(^\text{17}\)

In July 2018, we recommended that U.S. Customs and Border Protection (CBP) analyze the costs associated with future barrier segments along the southwest border and include cost as a factor in the Impedance and Denial Prioritization Strategy. Obtaining this key information could help CBP evaluate designs and prioritize locations for future border barrier segments to deter cross-border illegal activity.\(^\text{18}\)

In February 2017, we recommended that DHS establish metrics and methods by which to evaluate the performance of DHS’s National Cybersecurity and Communications Integration Center in relation to its statutorily-required cybersecurity functions. Until it develops metrics and methods to evaluate its performance, the center cannot ensure that it is effectively meeting its statutory requirements, while cyber-

\(^{13}\)GAO-14-648.  
\(^{14}\)GAO-09-12.  
\(^{15}\)GAO-12-838.  
\(^{16}\)GAO-15-515.  
\(^{17}\)GAO-14-364T.  
\(^{18}\)GAO-18-614.
based intrusions and attacks on federal systems and systems supporting our nation’s critical infrastructure are becoming more numerous, damaging, and disruptive.\textsuperscript{19} We also recommended in February 2018 that DHS take steps to better manage and assess its cybersecurity workforce gaps and areas of critical need.\textsuperscript{20} Given its important role in the nation’s cybersecurity, taking steps to address these issues will be critical.

We will continue to monitor DHS’s progress in strengthening management functions and addressing priority recommendations. We also plan to continue to meet quarterly with DHS management to gauge leadership commitment, discuss progress, and review DHS’s goals and corrective action plans in its \textit{Integrated Strategy for High-Risk Management}, which DHS issues twice per year.

Thank you, Chairman Thompson, Ranking Member Rogers, and Members of the Committee. This concludes my testimony. I would be pleased to answer any questions.

\textbf{GAO Contact and Staff Acknowledgments}

For further information on this testimony, please contact Christopher P. Currie at (404) 679-1875 or curriec@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Other individuals making key contributions to this work include Alana Finley, Assistant Director; Luis E. Rodriguez, Analyst-in-Charge; Karin Fangman; Andrew Howard; and Thomas Lombardi. Key contributors for the previous work that this is based on are listed in each product.

\textsuperscript{19}GAO-17-163.
\textsuperscript{20}GAO-18-175.
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