

Why GAO Did This Study

DHS invests extensively in major acquisition programs to develop new systems that help the department execute its many critical missions. In 2011, DHS reported to Congress that it planned to invest \$167 billion in these major acquisition programs. We previously found that DHS had not managed its investments effectively, and its acquisition management activities have been on GAO's High Risk List since 2005. This report addresses the extent to which (1) major DHS acquisition programs face key challenges; (2) DHS has policies and processes to effectively manage individual acquisition programs; (3) DHS has policies and processes to effectively manage its portfolio of acquisition programs as a whole; and (4) DHS has taken actions to address the high-risk acquisition management issues GAO has identified in previous reports. GAO surveyed all 77 major program offices DHS identified in 2011 (92 percent response rate), reviewed available documentation of acquisition decisions from November 2008 to April 2012, and interviewed officials at DHS headquarters and components.

What GAO Recommends

GAO recommends that DHS modify its policy to better reflect key program and portfolio management practices, ensure acquisition programs fully comply with DHS acquisition policy, prioritize major acquisition programs departmentwide and account for anticipated resource constraints, and document prerequisites for delegating major milestone decision authority. DHS concurred with all of GAO's recommendations, and noted its progress on a number of fronts, which is accounted for in the report.

View [GAO-12-833](#). For more information, contact John Hutton at (202) 512-4841 or huttonj@gao.gov.

HOMELAND SECURITY

DHS Requires More Disciplined Investment Management to Help Meet Mission Needs

What GAO Found

Nearly all of the Department of Homeland Security (DHS) program managers GAO surveyed reported their programs had experienced significant challenges. Sixty-eight of the 71 respondents reported they experienced funding instability, faced workforce shortfalls, or their planned capabilities changed after initiation, and most survey respondents reported a combination of these challenges. DHS lacks the data needed to accurately measure program performance, but GAO was able to use survey results, information DHS provided to Congress, and an internal DHS review from March 2012 to identify 42 programs that experienced cost growth, schedule slips, or both. GAO gained insight into the magnitude of the cost growth for 16 of the 42 programs, which increased from \$19.7 billion in 2008 to \$52.2 billion in 2011, an aggregate increase of 166 percent.

DHS acquisition policy reflects many key program management practices that could help mitigate program risks. It requires programs to develop documents demonstrating critical knowledge that would help leaders make better informed investment decisions when managing individual programs. However, DHS has not consistently met these requirements. The department has only verified that four programs documented all of the critical knowledge the policy requires to proceed with acquisition activities. Officials explained that DHS's culture has emphasized the need to rapidly execute missions more than sound acquisition management practices. Most major programs lack reliable cost estimates, realistic schedules, and agreed-upon baseline objectives, limiting DHS leadership's ability to effectively manage those programs and provide information to Congress. DHS recognizes the need to implement its acquisition policy more consistently, but significant work remains.

DHS acquisition policy does not fully reflect several key portfolio management practices, such as allocating resources strategically, and DHS has not yet re-established an oversight board to manage its investment portfolio across the department. As a result, DHS has largely made investment decisions on a program-by-program and component-by-component basis. The widespread risk of poorly understood cost growth, coupled with the fiscal challenges facing the federal government, makes it essential that DHS allocate resources to its major programs in a deliberate manner. DHS plans to develop stronger portfolio-management policies and processes, but until it does so, DHS programs are more likely to experience additional funding instability, which will increase the risk of further cost growth and schedule slips. These outcomes, combined with a tighter budget, could prevent DHS from developing needed capabilities.

DHS has introduced seven initiatives that could improve acquisition management by addressing longstanding challenges GAO and DHS survey respondents have identified, such as funding instability and acquisition workforce shortfalls. Implementation plans are still being developed, and DHS is still working to address critical issues. Because of this, it is too early to determine whether the DHS initiatives will be effective, as GAO has previously established that agencies must sustain progress over time to address management challenges. DHS is also pursuing a tiered-governance structure, but it must reduce risks and improve program outcomes before regularly delegating major milestone decision authority.