



Highlights of GAO-06-1012T, a testimony before the Committee on Government Reform, House of Representatives

Why GAO Did This Study

The Department of Homeland Security (DHS) has some of the most extensive acquisition needs within the U.S. government. In fiscal year 2005, the department reported that it obligated almost \$17.5 billion to acquire a wide range of goods and services. DHS's acquisition portfolio is broad and complex, including procurements for sophisticated screening equipment for air passenger security; technologies to secure the nation's borders; trailers to meet the housing needs of Hurricane Katrina victims; and the upgrading of the Coast Guard's offshore fleet of surface and air assets.

This testimony summarizes GAO reports and testimonies, which have reported on various aspects of DHS acquisitions. It addresses (1) areas where DHS has been successful in promoting collaboration among its various organizations, and (2) challenges it still faces in integrating the acquisition function across the department; and (3) DHS' implementation of an effective review process for its major, complex investments. The information in this testimony is based on work that was completed in accordance with generally accepted government auditing standards.

www.gao.gov/cgi-bin/getrpt?GAO-06-1012T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Michael Sullivan at (202) 512-4841 or sullivanm@gao.gov.

HOMELAND SECURITY

Challenges in Creating An Effective Acquisition Organization

What GAO Found

Since its establishment in March 2003, DHS has been faced with assembling 23 separate federal agencies and organizations with multiple missions and cultures into one department. This mammoth task involved a variety of transformational efforts, one of which is to design and implement the necessary management structure and processes for the acquisition of goods and services. We reported in March 2005 that DHS had opened communication among its acquisition organizations through its strategic sourcing and small business programs. With strategic sourcing, DHS' organizations quickly collaborated to leverage spending for various goods and services—such as office supplies, boats, energy, and weapons—without losing focus on small businesses, thus leveraging its buying power and increasing savings. Its small business program, whose reach is felt across DHS, is also off to a good start. Representatives have been designated in each DHS procurement office to ensure small businesses can compete effectively for the agency's contract dollars.

We also reported that DHS' progress in creating a unified acquisition organization has been hampered by policy decisions that create ambiguity about who is accountable for acquisition decisions. To a great extent, we found that the various acquisition organizations within DHS were still operating in a disparate manner, with oversight of acquisition activities left primarily up to each individual organization. DHS continues to face challenges in integrating its acquisition organization. Specifically, dual accountability for acquisitions exists between the Chief Procurement Officer (CPO) and the heads of each DHS component; a policy decision has exempted the Coast Guard and Secret Service from the unified acquisition organization; the CPO has insufficient capacity for department-wide acquisition oversight; and staffing shortages have led the Office of Procurement Operations, which handles a large percentage of DHS' contracting activity, to rely extensively on outside agencies for contracting support—often for a fee. We found that this office lacked the internal controls to provide oversight of this interagency contracting activity. This last challenge has begun to be addressed with the hiring of additional contracting staff.

Some of DHS' organizations have major, complex acquisition programs that are subject to a multi-tiered investment review process intended to help reduce risk and increase chances for successful outcomes in terms of cost, schedule, and performance. While the process includes many best practices, it does not include two critical management reviews, namely a review to help ensure that resources match customer needs and a review to determine whether a program's design performs as expected. Our prior reports on large DHS acquisition programs, such as the Transportation Security Administration's Secure Flight program and the Coast Guard's Deepwater program, highlight the need for improved oversight of contractors and adherence to a rigorous management review process.