



Testimony

Before the Oversight, Management,
and Accountability Subcommittee,
Committee on Homeland Security,
U.S. House of Representatives

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HIGH RISK

Important Progress Made, but More Work Needed to Strengthen DHS Management

Statement of Chris Currie, Director,
Homeland Security and Justice

Accessible Version

Madam Chairwoman Torres Small, Ranking Member Crenshaw, and Members of the Subcommittee:

I am pleased to be here today to discuss the Department of Homeland Security's (DHS) management challenges and its progress in addressing them. As you know, in 2002, when DHS was created, 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, and 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's management continues.

Since 2003, we have narrowed the focus of this high-risk area as DHS has matured and evolved. In 2013, we reported that although challenges remained for DHS across its range of missions, the department had made considerable progress in transforming its original component agencies into a single cabinet-level department. As a result, we narrowed the scope of the high-risk area to focus on strengthening DHS management functions (human capital, acquisition, financial management, and information technology) and changed the name of the high-risk area to *Strengthening DHS Management Functions* to reflect this focus.

In the last decade, DHS has taken many steps to strengthen its management including developing a more strategic approach to human capital planning, improving acquisition process compliance, and improving its information technology (IT) investment framework. DHS has implemented more than 75 percent of the approximately 2,800 recommendations we have made since 2003, which have strengthened program management and performance measurement, among other things. However, significant challenges remain in the areas of acquisition management and financial reporting. In May 2018, we found that many of the acquisition programs we assessed were not on track to meet their schedule and cost goals, as I will explain in greater detail later in this statement.¹ Further, components' financial management systems and

¹GAO, *Homeland Security Acquisitions: Leveraging Programs' Results Could Further DHS's Progress to Improve Portfolio Management*, [GAO-18-339SP](#) (Washington, D.C.: May 17, 2018).

business processes need to be modernized to facilitate the department's ability to have ready access to reliable information for informed decision making. We continue to closely monitor DHS's work in these areas and regularly meet with DHS management to discuss progress.

Our five criteria for removing areas from the High-Risk List guide our discussions with DHS and our assessments of its progress. Specifically, 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.

My statement discusses DHS's progress and remaining actions needed to strengthen and integrate its management functions. This statement is based on our 2019 high-risk update and other reports we issued from February 2017 through March 2019.² 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.

²GAO, *High Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Area*, [GAO-19-157SP](#) (Washington, D.C.: March 6, 2019); *High Risk Series: Progress on Many High Risk Areas, while Substantial Efforts Needed on Others*, [GAO-17-317](#) (Washington, D.C.: Feb. 15, 2017); and *Roundtable on Reauthorizing the Department of Homeland Security, Statement of George A. Scott, Managing Director, Homeland Security and Justice* (Washington, D.C.: February 2018).

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

DHS Has Met 3 of 5 Criteria for Removal from the High-Risk List

DHS's efforts to strengthen and integrate its acquisition, IT, financial, and human capital management functions have resulted in the department meeting 3 out of 5 criteria for removal from the High-Risk List—leadership commitment, action planning, and monitoring progress. DHS has partially met the remaining two criteria—capacity and demonstrated, sustained progress, as shown in figure 1.

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



Source: GAO analysis. | GAO-19-475T

With regard to leadership commitment, DHS's top leadership, including the Secretary and Deputy Secretary of Homeland Security, has continued to demonstrate commitment and support for addressing the department's management challenges. They have also taken actions to institutionalize this commitment to help ensure the long-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 GAO management to discuss progress on high-risk areas.

With regard to having an action plan and monitoring effectiveness, in January 2011, DHS produced its first Integrated Strategy for High-Risk Management and has issued 14 updated versions, most recently in September 2018. The September 2018 strategy describes DHS's progress to-date, planned corrective actions to further strengthen its management functions, and includes performance measures to monitor key management initiatives. DHS's Management Directorate leads this ongoing effort and DHS's strategy and approach, if effectively implemented and sustained, provides a path for DHS to be removed from our High-Risk List.

DHS has partially met the criteria for capacity but needs to make additional progress identifying and allocating resources in certain areas—namely acquisition, IT, and financial management—to fully demonstrate its capacity. DHS has analyzed components' acquisition program staffing assessments but has yet to conduct an in-depth analysis across components or develop a plan to address any gaps. With regard to IT staffing, DHS has not fully identified or reported to Congress or the Office of Personnel Management (OPM) on its department-wide cybersecurity specialty areas of critical needs, such as cybersecurity management or incident response, as required by law.³ Additionally, DHS's financial statement auditor has identified several capacity-related issues, including resource limitations and inadequate management and staff training, as causes for the material weaknesses reported.

The final criterion is demonstrated progress, which remains partially met. In 2010, we identified, and DHS agreed, that achieving 30 specific outcomes in the areas of acquisition management, IT management,

³In February 2018, we recommended that DHS take steps to ensure that (1) its cybersecurity workforce procedures identify position vacancies and responsibilities, (2) cybersecurity workforce data are complete and accurate, and (3) plans for reporting critical needs are developed. DHS concurred and stated it planned to provide further evidence addressing the recommendations. GAO, *Cybersecurity Workforce: Urgent Need for DHS to Take Actions to Identify Its Position and Critical Skill Requirements*, [GAO-18-175](#) (Washington, D.C.: February 6, 2018).

financial management, human capital management, and management integration would be critical to addressing the department’s management challenges. As such, these 30 outcomes became the key criteria by which we gauge DHS’s demonstrated progress.

We reported in March 2019 that DHS has fully addressed 17 of the 30 needed outcomes, mostly addressed four, partially addressed six, and initiated actions to address the remaining three, as shown in table 1.

Table 1: GAO Assessment of Department of Homeland Security (DHS) Progress Across Management Areas, as of GAO’s March 2019 High Risk Report

| Key management function | Fully addressed ^a | Mostly addressed ^b | Partially addressed ^c | Initiated ^d | Total |
|-----------------------------------|------------------------------|-------------------------------|----------------------------------|------------------------|-----------|
| Acquisition management | 2 | 2 | 1 | | 5 |
| Information technology management | 5 | 1 | | | 6 |
| Financial management | 2 | | 3 | 3 | 8 |
| Human capital management | 5 | 1 | 1 | | 7 |
| Management integration | 3 | | 1 | | 4 |
| Total | 17 | 4 | 6 | 3 | 30 |

Source: GAO analysis of DHS documents, interviews, and prior GAO reports. | GAO-19-475T

^aFully addressed: Outcome is fully addressed.

^bMostly addressed: Progress is significant and a small amount of work remains.

^cPartially addressed: Progress is measurable, but significant work remains.

^dInitiated: Activities have been initiated to address the outcome, but it is too early to report progress.

In the last 2 years, DHS has made particular progress in the areas of human capital and IT management. Specifically, since 2017 DHS has taken steps to fully address 4 outcomes. The department fully addressed two key human capital outcomes by (1) demonstrating that components are basing hiring decisions and promotions on human capital competencies and (2) strengthening employee engagement efforts. In addition, in the last 2 years DHS has fully addressed two IT outcomes by (1) providing ongoing oversight and support to troubled IT investments to help improve their cost, schedule, and performance; and (2) demonstrating significant progress in implementing its IT strategic workforce planning initiative.

Important progress and remaining work in all of the five key areas include:

- **Acquisition management.** DHS continues to face challenges in funding its acquisition portfolio. In May 2018, we found that recent enhancements to DHS’s acquisition management, resource

allocation, and requirements policies largely reflect key portfolio management practices.⁴ However, we also found that of the 24 major acquisition programs we assessed with approved schedule and cost goals, 10 were on track to meet those goals during 2017—a decrease from 2016.

In addition, we found that DHS’s portfolio of major acquisition programs was not affordable from fiscal years 2018 to 2022 because the planned costs exceeded the planned budget. DHS has taken steps to strengthen acquisition requirements development across the department, such as reestablishing the Joint Requirements Council in June 2014 to review and validate DHS acquisition requirements. However, opportunities remain to further strengthen DHS’s acquisition process by, for example, using the Joint Requirements Council to (1) identify overlapping or common requirements and (2) make recommendations to senior leadership to help ensure that DHS uses its finite investment resources wisely and maintains a balanced portfolio of investments that combine near-term operational improvements with long-term strategic planning.

Figure 2: Department of Homeland Security Acquisition Project: The Center Building at St. Elizabeth’s in 2016 (left) and 2018 (right)



Source: GAO (left photo); Department of Homeland Security (right photo). | GAO-19-475T

⁴[GAO-18-339SP](#).

Note: An ongoing effort to consolidate DHS headquarters is to include the development of multi-billion dollar headquarters facilities at the St. Elizabeth's campus in Washington, D.C. This is an example of a DHS acquisition project but is not specifically referenced in the high risk outcomes.

- **IT management.** DHS has updated its approach for managing its portfolios of IT investments across all components. As part of the revised approach, the department is using its capital planning and investment control process and the Joint Requirements Council to assess IT investments across the department on an ongoing basis. For example, as part of its capital planning process for the fiscal year 2020 budget, the Office of the Chief Information Officer worked with the components to assess each major IT investment to ensure alignment with DHS's functional portfolios, and to identify opportunities to share capabilities across components. This updated approach should enable DHS to identify potentially duplicative investments and opportunities for consolidating investments, as well as reduce component-specific investments.

Additionally, DHS has continued to take steps to enhance its information security program. In November 2018, the department's financial statement auditor reported that DHS had made progress in correcting its prior year IT security weaknesses. However, for the 15th consecutive year, the auditor designated deficiencies in IT systems controls as a material weakness for financial reporting purposes. Work also remains in implementing our six open recommendations concerning DHS's cybersecurity workforce assessment requirements.⁵

DHS also faces challenges in fulfilling its pivotal role in government-wide cybersecurity efforts, as identified in our *Ensuring the Cybersecurity of the Nation* high-risk area. 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. However, DHS has continued to be challenged in measuring how the center is performing its functions in accordance with mandated implementing principles.

- **Financial management.** DHS received a clean audit opinion on its financial statements for 6 consecutive years—fiscal years 2013 to 2018. However, in fiscal year 2018, its auditor reported two material weaknesses in the areas of financial reporting and information

⁵GAO, *Cybersecurity Workforce: Urgent Need for DHS to Take Actions to Identify Its Position and Critical Skill Requirements*, [GAO-18-175](#) (Washington, D.C.: February 6, 2018).

technology controls and financial systems, as well as instances of non-compliance with laws and regulations. These deficiencies hamper DHS's ability to provide reasonable assurance that its financial reporting is reliable and the department is in compliance with applicable laws and regulations.

Further, DHS components' financial management systems and business processes need to be modernized; the current systems affect the department's ability to have ready access to reliable information for informed decision-making. As we reported in 2017, DHS officials have faced various challenges in their efforts to address this—lack of sufficient resources, aggressive schedule, complex requirements, and increased costs. Effectively modernizing financial management systems for the Coast Guard, Federal Emergency Management Agency, and Immigration and Customs Enforcement would help address DHS's risk in this area.

- **Human capital management.** 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.⁶ Further, DHS has conducted audits to better ensure components are basing hiring decisions and promotions on human capital competencies. OPM's 2018 Federal Employee Viewpoint Survey data showed that in the past 2 years, DHS's score on the Employee Engagement Index 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 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.
- **Management integration.** Since 2015, DHS has focused its efforts to address crosscutting management challenges through the establishment and monitoring of its Integrated Priorities initiative. The department updated these priorities in September 2017. Each priority includes goals, objectives, and measurable action plans that are discussed at monthly leadership meetings led by senior DHS officials, including the Under Secretary for Management. DHS needs to

⁶GAO, *Department of Homeland Security: Taking Further Action to Better Determine Causes of Morale Problems Would Assist in Targeting Action Plans*, [GAO-12-940](#) (Washington, DC Published: Sept. 28, 2012. Publicly Released: October 31, 2012).

continue to demonstrate sustainable progress integrating its management functions within and across the department.

What Remains to be Done

In closing, it is clear that significant effort is required to build and integrate a department as large and complex as DHS, which has grown to more than 240,000 employees and approximately \$74 billion in budget authority. Continued progress for this high-risk area depends primarily on addressing the remaining outcomes. In the coming years, DHS needs to continue implementing its Integrated Strategy for High-Risk Management to show measurable, sustainable progress in implementing corrective actions and achieving outcomes. In doing so, it remains 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 13 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.

Madam Chairwoman Torres Small, Ranking Member Crenshaw, 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.

GAO Contacts and Staff Acknowledgments

If you or your staff members have any questions about this testimony, please contact me 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 Claudia Becker, Assistant Director; Imoni Hampton, Analyst-in-Charge; Michele Fejfar, Melissa Greenaway, James Lawson, and Tom Lombardi. Key contributors for the previous work that this is based on are listed in each product.

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