United States Government Accountability Office

Report to Congressional Requesters

March 2015

# HOMELAND SECURITY ACQUISITIONS

# DHS Should Better Define Oversight Roles and Improve Program Reporting to Congress

# GAO Highlights

## HOMELAND SECURITY ACQUISITIONS

## DHS Should Better Define Oversight Roles and Improve Program Reporting to Congress

## Why GAO Did This Study

In fiscal year 2014, DHS reported it planned to spend approximately $10.7 billion on its major acquisition programs. DHS acquires systems to reduce the probability of a terrorist attack, protect against disease, mitigate natural hazards, and secure borders. Partially in response to GAO recommendations, the department has taken steps to improve acquisition management in recent years, but has not yet implemented many of these recommendations.

GAO was asked to review DHS's oversight of its major acquisition programs. This report addresses (1) steps DHS has taken to improve oversight and gaps that exist, if any, and (2) whether the data PARM provides to DHS and congressional decision makers are accurate and up-to-date.

GAO reviewed DHS policies and procedures and interviewed oversight and acquisition officials from all nine DHS components with at least one major acquisition program with a life-cycle cost estimate exceeding $1 billion. From these components, GAO selected a non-generalizable sample of nine major acquisition programs with a variety of characteristics to compare PARM oversight activities and review program data.

## What GAO Recommends

GAO recommends that DHS take a number of actions including developing written guidance for a consistent approach to oversight, addressing programs in sustainment, and enhancing data quality and reports to Congress. DHS concurred with GAO's recommendations.

## What GAO Found

The Department of Homeland Security (DHS) has taken steps to improve oversight of major acquisition programs, but it lacks written guidance for a consistent approach to day-to-day oversight. Federal *Standards for Internal Control* call for organizations to define and document key areas of responsibility in order to effectively plan, direct, and control operations to achieve agency objectives. DHS has defined the role of the Component Acquisition Executive, the senior acquisition official within each component, and established monthly meetings to discuss programs that require management attention. However, DHS has not defined all of the roles and responsibilities of the Office of Program Accountability and Risk Management (PARM)—the lead body responsible for overseeing the acquisition process and assessing the status of acquisition programs—and other headquarters organizations. GAO also found that officials' involvement and relationships with components varied significantly. DHS does not have a structure in place for overseeing the costs of 42 programs in sustainment (that is, programs that have been fielded and are operational) for which acquisition documentation requirements were waived in 2013. Sustainment costs can account for more than 80 percent of total costs, and all but one of these programs lack an approved cost estimate. GAO also previously reported that cost estimates are necessary to support decisions about program funding and resources.

The most recent data that PARM provided to DHS and congressional decision makers for oversight were not consistently accurate and up-to-date. Specifically, PARM's fiscal year 2014 Comprehensive Acquisition Status Report (CASR), which was based on fiscal year 2013 data, contained inaccurate information on DHS acquisition programs. To develop the CASR, PARM drew from DHS's official system for acquisition program reporting, the Next Generation Periodic Reporting System (nPRS); however, the system is hampered by data issues, including inconsistent participation by program officials responsible for entering the data. Further, DHS has not provided useful information for certain CASR reporting requirements. DHS interpreted one requirement in a way that eliminated the need to report cost, schedule, or performance changes for almost half of the programs in the CASR. Holding programs accountable for maintaining their data in nPRS and providing decision makers with more in-depth information would enhance future acquisition reports and render the CASR a more effective instrument for DHS and congressional oversight.

**GAO Assessment of the DHS Comprehensive Acquisition Status Report Development Process**



**PARM process:**

Programs enter data in nPRS → Components validate nPRS data → PARM reviews and adjudicates nPRS data → CASR issued to Congress

**What GAO found:**

- Programs are supposed to update data monthly but this was inconsistent.
- Components did not properly validate data.
- The extensive adjudication process did not result in a more accurate CASR.

PARM = DHS Office of Program Accountability and Risk Management
nPRS = Next Generation Periodic Reporting System
CASR = Comprehensive Acquisition Status Report
Source: GAO analysis of DHS data. | GAO-15-292

**United States Government Accountability Office**

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**Abbreviations:**

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|---|---|
| CAE | Component Acquisition Executive |
| CASR | Comprehensive Acquisition Status Report |
| DHS | Department of Homeland Security |
| EBMO | Enterprise Business Management Office |
| IT | Information Technology |
| MAOL | Master Acquisition Oversight List |
| MD 102 | DHS Acquisition Management Directive 102-01 |
| nPRS | Next Generation Periodic Reporting System |
| OCIO | Office of the Chief Information Officer |
| PARM | Office of Program Accountability and Risk Management |
| USM | Under Secretary for Management |

March 12, 2015

Congressional Requesters

The Department of Homeland Security (DHS) invests extensively in acquisition programs to help execute its many critical missions. DHS and its underlying components are acquiring systems to help reduce the probability of a terrorist attack, protect against infectious diseases, mitigate natural hazards, secure air and land borders, and execute a wide variety of other operations. In fiscal year 2014, DHS reported it planned to spend approximately $10.7 billion on its major acquisition programs, including acquisition, planning, maintenance, and investment support costs.[1] In 2011, DHS told Congress that it planned to invest a total of $167 billion in its major acquisition programs. However, DHS officials were unable to verify this number or provide an update, during the course of this review, since the agency lacks key cost information for its programs. We have highlighted DHS acquisition management issues on our high-risk list since 2005 and made numerous recommendations to improve acquisition management practices.[2] In recent years, DHS has taken steps to improve acquisition management by dedicating additional resources to oversight and documenting major acquisition decisions in a more transparent and consistent manner. However, many of our recommendations have not yet been implemented, including that DHS ensure all major acquisition programs fully comply with DHS acquisition policy. Within DHS, the Office of Program Accountability and Risk Management (PARM) is the lead body responsible for overseeing the acquisition process and assessing the status of acquisition programs, although other DHS offices also have oversight roles. Nearly all of DHS's program management offices are located within 13 department

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[1]DHS defines major acquisition programs as having life-cycle cost estimates of $300 million or more; Level 1 programs are expected to cost $1 billion or more.

[2]GAO, *High-Risk Series: An Update*, GAO-05-207 (Washington, D.C.: January 2005); *Homeland Security Acquisitions: DHS Could Better Manage Its Portfolio to Address Funding Gaps and Improve Communications with Congress,* GAO-14-332 (Washington, D.C.: Apr. 17, 2014)*; Homeland Security: DHS Requires More Disciplined Investment Management to Help Meet Mission Needs*, GAO-12-833 (Washington, D.C.: Sept. 18, 2012); *Department of Homeland Security: Assessments of Selected Complex Acquisitions*, GAO-10-588SP (Washington, D.C.: June 30, 2010); and *Department of Homeland Security: Billions Invested in Major Programs Lack Appropriate Oversight*, GAO-09-29 (Washington, D.C.: Nov. 18, 2008).

organizations, including components such as the Transportation Security Administration, U.S. Coast Guard, and U.S. Customs and Border Protection.

You requested that we review DHS's oversight of its major acquisition programs. This review focuses on PARM's day-to-day program oversight, rather than oversight at key points in the acquisition life cycle as defined in policy, such as acquisition decision events that can occur years apart. We have previously reviewed the key points in the acquisition life cycle and have found that DHS's acquisition policy reflects many key program management practices.[3] Specifically, this report addresses (1) steps DHS has taken to improve oversight and gaps that exist, if any, and (2) whether the data PARM provides to DHS and congressional decision makers to carry out their oversight responsibilities are accurate and up-to-date.

To conduct our work, we identified organizations within DHS, in addition to PARM, that are responsible for oversight of major acquisitions and determined their roles and responsibilities by analyzing DHS policies and procedures, reviewing organizational charts, and interviewing policy, budget, and acquisition oversight officials at the headquarters level. To determine how PARM coordinates with the components to conduct oversight, we selected nine DHS components with responsibility for at least one Level 1 acquisition—a program with a reported life-cycle cost estimate exceeding $1 billion—and interviewed their Component Acquisition Executives (CAE) or designees. We reviewed component-specific policies and procedures and charters for program governance groups, as well as other relevant documentation. We also selected a non-generalizable sample of one major acquisition program from each of the nine components to collect examples, from program office officials, of PARM's oversight and coordination activities. We selected as our case study programs those that included a variety of characteristics, such as PARM identification as high visibility for oversight purposes, high and low "risk scores" as reported by PARM, information technology (IT) and non-IT programs, and a range of life-cycle cost estimates. For the nine case studies, we reviewed relevant documentation, such as acquisition decision memorandums, and interviewed program officials. We selected the following programs as case studies:

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[3]GAO-12-833.

- Federal Emergency Management Agency—Risk Mapping, Assessment and Planning
- National Protection and Programs Directorate—Next Generation Network-Priority Service
- Office of the Chief Information Officer (OCIO)—National Capital Region Infrastructure Operations
- Science and Technology Directorate—National Bio and Agro-Defense Facility
- Transportation Security Administration—Technology Infrastructure Modernization
- U.S. Citizenship and Immigration Services—Verification Modernization
- U.S. Coast Guard—Fast Response Cutter
- U. S. Customs and Border Protection—Strategic Air and Marine Program
- U.S. Immigration and Customs Enforcement—Electronic Health Record System

In addition, we collected program data for each of the nine case study programs from the information system that PARM uses to track program performance, the Next Generation Periodic Reporting System (nPRS). We assessed the data reliability of nPRS by comparing this data to the information contained in the Comprehensive Acquisition Status Report, a report to Congress, and noting discrepancies between the system data and the issued data. Based on the discrepancies we found, we evaluated the effectiveness of the acquisition report as a tool for DHS management and congressional oversight. We determined that the nPRS data were not sufficiently reliable for our purposes; however, we present the data for illustrative purposes only. See appendix I for a more complete description of our scope and methodology.

We conducted this performance audit from March 2014 to March 2015 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.

# Background

DHS invests in major acquisition programs to develop capabilities intended to improve its ability to execute its mission. DHS policy defines acquisition programs as follows:

- Level 1 major acquisition programs are expected to cost $1 billion or more over their life cycles.

- Level 2 major acquisition programs are expected to cost at least $300 million over their life cycles.

  - Special interest programs, without regard to the established dollar thresholds, are designated as Level 1 or Level 2 programs. For example, a program may be raised to a higher acquisition level if its importance to DHS's strategic and performance plans is disproportionate to its size or it has high executive visibility.

- Level 3 programs are those with a life-cycle cost estimate less than $300 million and are considered non-major.

DHS's Acquisition Management Directive 102-01 (MD 102) and DHS Instruction Manual 102-01-001 (Guidebook), which includes 12 appendices, establish the framework for the department's policies and processes for managing these acquisition programs. MD 102 establishes that DHS's Chief Acquisition Officer—the Under Secretary for Management (USM)—is responsible for the management and oversight of the department's acquisition policies and procedures.[4] The Deputy Secretary, USM, and CAE are the acquisition decision authorities for DHS's acquisition programs, depending on the level.

The acquisition decision authority is responsible for reviewing and approving the movement of DHS's major acquisition programs through four phases of the acquisition life cycle at a series of five acquisition decision events. These acquisition decision events, which can be more than one year apart, provide the acquisition decision authority an opportunity to assess whether a major program is ready to proceed through the life-cycle phases. Following are the four phases of the acquisition life cycle, as established in DHS acquisition policy:

1. **Need:** Department officials identify that there is a need, consistent with DHS's strategic plan, justifying an investment in a new capability and the establishment of an acquisition program to produce that capability;

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[4]The Secretary of DHS designated the USM the department's Chief Acquisition Officer in April 2011.

2. **Analyze/Select:** A designated program manager reviews alternative approaches to meeting the need and recommends a best option to the acquisition decision authority;

3. **Obtain:** The program manager develops, tests, and evaluates the selected option. During this phase, programs may proceed through acquisition decision event 2B, which focuses on the cost, schedule, and performance parameters; and acquisition decision event 2C, which focuses on low rate initial production; and

4. **Produce/Deploy/Support:** DHS delivers the new capability to its operators, and maintains the capability until it is retired. This phase includes sustainment, which begins when a capability has been fielded for operational use; sustainment involves the supportability of fielded systems through disposal, including maintenance.

Figure 1 depicts the four phases of the acquisition life cycle and the associated acquisition decision events.

**Figure 1: DHS Acquisition Life Cycle and Acquisition Decision Events**
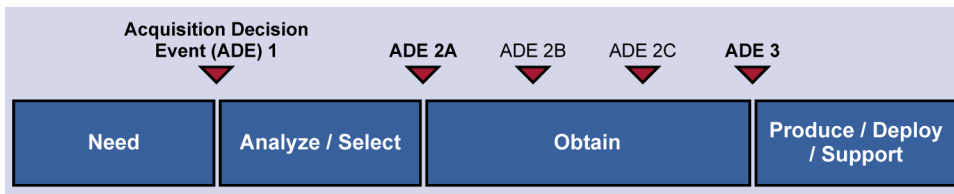


Source: GAO analysis of MD 102. | GAO-15-292

An important aspect of these acquisition decision events is the review and approval of key acquisition documents critical to establishing the need for a major program, its operational requirements, an acquisition baseline, and testing and support plans. Examples of key DHS acquisition documents include:

- a *life-cycle cost estimate*, which provides an exhaustive and structured accounting of all resources and associated cost elements required to develop, produce, deploy, and sustain a program; and

- an *acquisition program baseline*, which establishes a program's critical baseline cost, schedule, and performance parameters.

We are also conducting a separate review that assesses the extent to which select DHS major acquisition programs are on track to meet their cost estimates, schedules, and capability requirements.

PARM is designated by MD 102 as the lead body responsible for overseeing the acquisition process of major acquisition programs. PARM was established in October 2011 to develop and update program management policies and practices, oversee the acquisition workforce, and collect program performance data.[5] PARM is led by an executive director who reports directly to the USM. In addition to its role of overseeing major acquisitions, PARM provides support and assistance to CAEs and program managers at each of DHS's 13 components during the acquisition process. Within these components, CAEs are responsible for establishing acquisition processes and overseeing the execution of their respective portfolios. Also within the components, program management offices are responsible for planning and executing DHS's individual programs within cost, schedule, and performance goals and preparing required acquisition documents for acquisition decision events, which help facilitate the governance process.[6] Table 1 lists elements at the headquarters, component, and program level that contribute to oversight of DHS major acquisition programs.

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[5]Prior to PARM, these responsibilities were carried out by the Acquisition Program Management Division.

[6]In addition, some components and program offices have established program-level governance groups, such as Executive Steering Committees, which are created primarily through charters at the component or program's discretion or at the recommendation of the Acquisition Review Board. Similarly, program managers have established Integrated Product Teams at the working level to provide assistance and support to the acquisition process.

**Table 1: Levels of DHS's Acquisition Oversight**

| Organizational level | Description |
|---|---|
| DHS headquarters | Senior DHS officials approve movement of a major acquisition program from one stage of the life cycle to the next through the Acquisition Review Board. Headquarters membership on the board can include the Under Secretary for Management, Under Secretary for Science and Technology, General Counsel, Chief Procurement Officer, Chief Information Officer, Chief Security Officer, Chief Financial Officer, Director of Operational Test and Evaluation, and Executive Director of the Office of Program Accountability and Risk Management (PARM).<br><br>• PARM - As the lead headquarters body responsible for oversight of major acquisitions, PARM helps program offices prepare for the Acquisition Review Board by reviewing their required documentation. In addition, PARM officials stated they utilize positions known as component leads to provide ongoing oversight of acquisition programs for a specific component. These component leads are to work directly with component and program officials to help ensure that programs meet acquisition milestones and requirements. |
| Component | Component Acquisition Executives are the senior acquisition officials within the components, responsible for acting as the acquisition decision authority for Level 3 programs, serving on Acquisition Review Boards for Level 1 and 2 programs, establishing component-level acquisition policy and processes, and ensuring that valid program data is entered in DHS's systems of record. |
| Program | Program managers are responsible for managing acquisition programs and for ensuring that they effectively deliver the capability within cost, schedule, and performance thresholds. |

Source: GAO analysis of DHS information. | GAO-15-292

The Fiscal Year 2012 DHS Appropriations Act required the USM to submit a Comprehensive Acquisition Status Report (CASR) with the President's budget proposal for fiscal year 2013, and an associated conference report contained the specific information to be included in the CASR.[7] The requirement for the CASR has been continued in subsequent appropriations acts, and DHS is currently working on the next iteration of the CASR, assuming DHS will again be required to produce this report.[8] The legislation required DHS to provide to Congressional appropriations committees programmatic data and evaluative information, such as a program's current acquisition phase, life-cycle cost, and a rating of cost, schedule, and technical risks. DHS is to include this information for each major acquisition on the Master Acquisition Oversight List (MAOL)—a list of DHS acquisitions that is broken down into

[7]Consolidated Appropriations Act, 2012, Pub. L. No. 112-74, 125 Stat. 786, 944, (2011) and H. Rep. No. 112-331, at 950 (2011) (Conf. Rep.).

[8]Consolidated and Further Continuing Appropriations Act, 2013, Div. D., Department of Homeland Security Appropriations Act, 2013, Pub. L. No. 113-6, 127 Stat. 198, 343 and Consolidated Appropriations Act, 2014, Div. F, Department of Homeland Security Appropriations Act, 2014, Pub. L. No. 113-76, 128 Stat. 5, 247.

categories defining the differing oversight requirements across programs. The legislation established the following CASR requirements for major acquisition programs:

1. A narrative description including current gaps and shortfalls, the capabilities to be fielded, and the number of planned increments and/or units;

2. Acquisition Review Board status of each acquisition, including the current acquisition phase, the date of the last review, and a listing of the required documents that have been reviewed and/or approved;

3. The most current approved acquisition program baseline, including project schedules and events;

4. A comparison of the original and current acquisition program baseline, and the current estimate;

5. Whether or not an independent verification and validation has been implemented, with an explanation for the decision and a summary of any findings;

6. A rating of cost risk, schedule risk, and technical risk associated with the program, including narrative descriptions and mitigation actions;

7. Contract status, including earned value management data, as applicable;

8. A life-cycle cost of the acquisition, and time basis for the estimate;

9. A planned procurement schedule, including the best estimate of the annual cost and increments/units to be procured annually;

10. A table delineated by appropriation that provides the actual or estimated appropriations, obligations, unobligated authority, and planned expenditures;

11. The reason for any significant changes from the previous CASR in acquisition quantity, cost, or schedule;

12. Key events or milestones from the prior fiscal year; and

13. Key events or milestones for the current fiscal year.

# DHS Has Taken Steps to Improve Oversight of Major Acquisition Programs, but Lacks Written Guidance and Cost Oversight Mechanism for Some Programs

Although DHS has taken steps to improve oversight of major acquisition programs, such as clarifying the role of the CAEs, it lacks written guidance for a consistent approach to oversight. Specifically, there is no guidance to define the roles and responsibilities of PARM and other DHS headquarters organizations in providing day-to-day support and oversight to programs during the acquisition process. PARM started conducting monthly high visibility meetings to discuss programs that require immediate or additional management attention. PARM also maintains a list of programs subject to oversight, the MAOL. The process for creating this list has fluctuated over time; PARM recently made revisions to the MAOL and plans to make further changes to it in the future. Finally, DHS has not established a structure for overseeing the costs of 42 programs in sustainment whose acquisition documentation requirements were waived by the USM in 2013. Sustainment costs can account for more than 80 percent of total costs, and all but one of these programs lack an approved cost estimate.

## DHS Lacks Written Guidance for a Consistent Approach to Ongoing Oversight

While DHS has made progress in defining and documenting roles and responsibilities in the oversight of major acquisitions, such as issuing guidance describing the roles of CAEs, the roles and responsibilities of PARM and other DHS headquarters organizations are not clear. Without defined roles and responsibilities, DHS cannot ensure it is providing the appropriate level of oversight or receiving the right information to conduct oversight. PARM has made efforts to expand its oversight and support roles through its component leads, PARM's liaisons to the components; however, roles and responsibilities for these positions are not defined. In addition, there was no guidance to define the differences in the role of PARM and OCIO-Enterprise Business Management Office (EBMO) in the oversight of major IT acquisitions, and we found potential overlap in the roles of these entities.

Figure 2 illustrates PARM's interactions with DHS headquarters, component, and program-level offices and officials with acquisition oversight responsibility. Some of these interactions are set forth in policy while others are not.

**Figure 2: Day-to-Day Interactions of DHS Acquisition Oversight Entities**
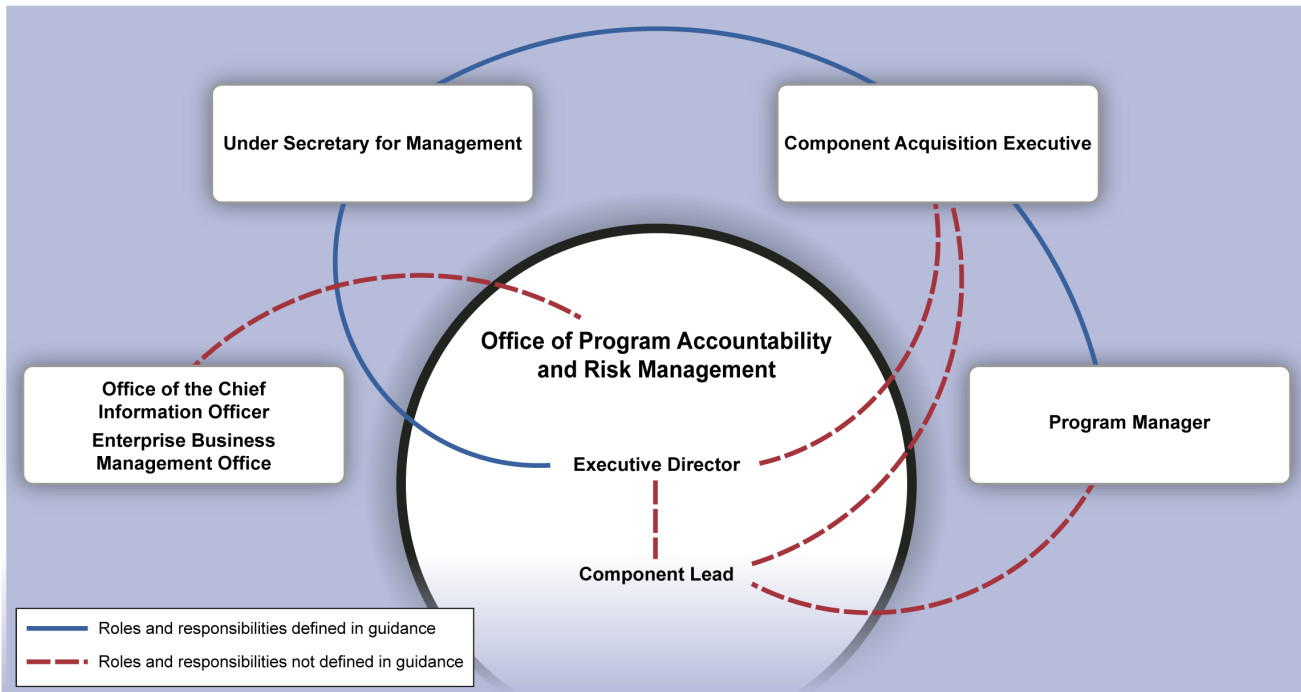


Source: GAO analysis of DHS data. | GAO-15-292

## Roles and Responsibilities in Acquisition Oversight Not Defined in DHS Policy

PARM provides ongoing oversight and support to programs in a number of ways, such as consulting with program officials to prepare required documents prior to an Acquisition Review Board and providing training to components on various aspects of program management. One of PARM's key mechanisms for providing day-to-day oversight and support to programs between acquisition decision events is through its staff of 10 component leads, but their roles and responsibilities are not defined in DHS acquisition policy. According to PARM officials, the component leads provide day-to-day oversight and support to acquisition programs for a specific component and are intended to be a key source of communication and coordination between PARM and the programs. In turn, component leads provide program information to PARM's executive director, which may be used in high visibility meetings with the USM.

PARM component leads told us they interact directly with the CAEs and program offices to ensure that programs are adhering to the acquisition

process, along with meeting acquisition milestones and reporting requirements. While PARM's component leads play an important role in the coordination with components, their roles and responsibilities are not defined in DHS acquisition policy. We found that their involvement and relationships with components varies significantly. For example, PARM's component lead for U.S. Citizenship and Immigration Services is involved in the day-to-day management of programs. This component lead regularly attends component and program-level meetings and organizes training workshops to educate component and program-level staff. In another example, the PARM component lead for the National Protection and Programs Directorate provided additional guidance and attention to the directorate's programs while the acting CAE was learning his role. In contrast, a U.S. Coast Guard official told us that while there is informal, almost daily communication, their component lead does not have direct access to program level data and relies on the input of the CAE to schedule and prioritize department-level acquisition milestone meetings.[9] Such differences in the PARM component leads' involvement with programs may be appropriate depending on the type of program or experience of component and program office staff; however, without defined roles and responsibilities, PARM cannot ensure it is providing the appropriate level of oversight or receiving the right information to conduct oversight.

In addition, we found the PARM component leads demonstrated different levels of knowledge about the programs for which they were responsible for providing oversight. Some component leads were not familiar with key acquisition information such as program schedule, cost, capabilities, or component and program officials. In contrast, another component lead demonstrated technical knowledge about her programs and made proactive observations to us about potential program risks. *Standards for Internal Control in the Federal Government* call for organizations to define and document key areas of responsibility in order to effectively plan, direct, and control operations to achieve agency objectives.[10] PARM officials acknowledged that the roles and responsibilities of component

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[9]U.S. Coast Guard officials told us that they have an internal program management tool, which they do not provide to their component lead.

[10]GAO, *Auditing and Financial Management: Standards for Internal Control in the Federal Government,* GAO/AIMD-00-21.3.1 (Washington, D.C.: Nov. 1, 1999).

leads are not defined in DHS acquisition policy and it is a challenge that they are trying to determine how to address.

Further, while PARM is the lead office responsible for overseeing all major acquisition programs, we found confusion among component officials related to PARM's role in IT acquisitions, where OCIO-EBMO also has oversight responsibility. Of the 72 Level 1 and Level 2 acquisition or service programs listed on the 2014 MAOL, 57 are designated as IT programs. Per the DHS acquisition policy, the OCIO is responsible for establishing IT policies and procedures and ensuring that approved IT acquisitions comply with technical requirements and departmental management processes, such as Agile development, which calls for producing software in small, short increments.[11] Within OCIO, EBMO has been given primary responsibility for ensuring that the department's IT investments align with its missions and objectives. However, while DHS acquisition policy outlines responsibilities for PARM and OCIO, there is no guidance that defines how the role of PARM differs from the role of EBMO in the oversight of IT acquisition programs.

Additionally, some component officials told us that the distinction between the roles of PARM and EBMO is unclear. An official from EBMO said that the program management functions of PARM and EBMO overlap somewhat. Programs report information to PARM and EBMO through two separate systems, which further complicates the distinction. Officials from three of the nine components that we spoke with mentioned programs reporting the same information to both offices through their respective information systems. However, DHS officials noted that in fiscal year 2015, they plan to have the two systems merged. EBMO officials acknowledged that reporting requirements and data requests overlap, but estimated that this overlap is less than 20 percent of the data collected. Having clearly defined roles and responsibilities of stakeholders in the acquisition process is a key element of an effective acquisition function, as outlined in GAO's *Framework for Assessing the Acquisition Function at Federal Agencies*.[12] More clearly documenting the roles and responsibilities of PARM and other DHS headquarters organizations in

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[11]DHS Instruction Manual 102-01-001, "Acquisition Management Instruction/Guidebook" (Oct. 1, 2011).

[12]GAO, *Auditing and Financial Management: Framework for Assessing the Acquisition Function At Federal Agencies,* GAO-05-218G (Washington, D.C.: Sept.1, 2005).

the oversight of major acquisitions could improve coordination, limit overlap of responsibilities, and reduce duplicative efforts at the component level.

## DHS Issued Guidance to Clarify the Role of the CAE

In September 2014, the USM issued a policy memorandum clarifying the responsibilities of the CAEs, who have an important role in acquisition oversight. To strengthen acquisition oversight within the department, the USM intends to standardize these officials' acquisition authorities and experience levels. The memo also sets forth oversight responsibilities of the CAEs, particularly for the Level 3 programs for which they are the acquisition decision authority. The memorandum additionally clarifies that for the purposes of acquisition oversight, program managers report to their CAE and the CAEs report to the USM. This clarification is useful, as CAEs we spoke with prior to the issuance of the memorandum noted differences in the roles and responsibilities of the CAEs across components. For example, at U.S. Immigration and Customs Enforcement, it was the component OCIO, rather than the CAE, who was responsible for the execution of acquisitions, and program managers reported directly to the component OCIO. At the U.S. Coast Guard, the CAE is currently the Vice Commandant, who oversees all of the component's operations and mission support functions, including human resources, budget, and acquisitions. Within mission support is the Assistant Commandant for Acquisitions, who has more direct oversight of the U.S. Coast Guard's acquisition programs. Given the new requirements for CAE experience levels, PARM's executive director anticipates that there may be changes in CAE assignments for at least one component.

The memo directs PARM to create and provide executive-level acquisition training to the CAEs. The memorandum further outlines the CAEs' responsibilities for complementing PARM's oversight activities, such as responding in a timely manner to requests for information. As of March 2014, PARM began working with CAEs to hold monthly forums to discuss topics such as the MAOL, staffing plans, and the CASR.

## PARM Highlights Some Programs for Oversight through High Visibility Meetings, but DHS Lacks a Cost Oversight Mechanism for Programs In Sustainment

PARM established monthly high visibility meetings to discuss programs that require immediate or additional management attention. In addition, to identify programs for which PARM has oversight responsibility, PARM maintains a list of DHS's acquisition programs on the MAOL, which is broken down into categories that describe each program's reporting characteristics. However, DHS has not established a structure for overseeing the costs of 42 programs in sustainment whose acquisition documentation requirements were waived by the USM in 2013.[13] Sustainment costs can account for more than 80 percent of total costs, and all but one of these programs lack an approved cost estimate.

### PARM High Visibility Meetings Highlight Programs for Management Attention

PARM's executive director established high visibility meetings in December 2013 to discuss any acquisition programs that require more immediate attention from DHS management. PARM's executive director uses these meetings as a management tool. He identifies the programs to be discussed in consultation with component leads. PARM's executive director told us that the purpose of these meetings is to make sure that senior leadership—including the USM, Chief Financial Officer, Chief Information Officer, Chief Readiness Support Officer, Chief Procurement Officer, and General Counsel—have a common understanding of the acquisition programs' status and key issues. According to PARM officials, the high visibility meetings have provided better focus through greater senior level involvement and led to a reinvigoration of preparation for Acquisition Review Boards. As of November 2014, 33 programs have been discussed in the high visibility meetings.

PARM officials put programs on the meeting agenda based on a variety of considerations: programs with an upcoming Acquisition Review Board meeting, programs with concerns or issues, and programs that PARM is monitoring closely. Officials told us that the last two categories may include programs under GAO or Inspector General review, programs involved in a bid protest, and programs that have experienced schedule slips or a cost increase. For example, PARM officials told us about a program that changed its acquisition strategy to incorporate information technology, but did not involve the Chief Information Officer. PARM included this program in a high visibility meeting to ensure that officials

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[13]The MAOL refers to programs in sustainment as being post Final Operating Capability, meaning that the capability has already been developed and delivered and the program is now a fielded operational activity being operated and maintained. For the purposes of this report, we use the term Full Operating Capability, which is the term used in MD 102.

were informed of the change in strategy and were involved as appropriate. In another case, PARM officials told us that they used high visibility meetings to raise early awareness about concerns with a program, which resulted in multiple follow-on meetings among high level headquarters and component officials. The USM directed the component to pause the program and issued an acquisition decision memorandum that described the path forward.

## PARM is Taking Steps to Improve the MAOL

DHS acquisition policy provides the overall structure for acquisition management that programs are required to follow. The policy requires PARM to create a list of major acquisition programs, the MAOL, a document approved by the USM.[14] PARM uses the MAOL to identify programs for which it has oversight responsibility and to determine which programs they include in the CASR, an annual report to Congress. In 2014, PARM updated and expanded the MAOL by listing programs in six categories that detail the characteristics of programs.[15] Five categories specifically address acquisition programs (see table 2). In addition, there is one category for a non-acquisition activity that is required to submit an Office of Management and Budget business case.[16]

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[14]DHS Instruction Manual 102-01-001, "Acquisition Management Instruction/Guidebook" (Oct. 1, 2011).

[15]In 2014, PARM changed the name "Major Acquisition Oversight List" to "Master Acquisition Oversight List" to distinguish between the major acquisitions (Level 1 and 2), non-major acquisitions (Level 3), and non-acquisition activities included in the MAOL.

[16] This non-acquisition activity is the Office of the Chief Human Capital Officer's Human Resources Information Technology. The fiscal year 2014 MAOL does not give this activity an acquisition category level, but it was listed in the fiscal year 2013 MAOL as Level 2-special interest.

**Table 2: Categories and Characteristics As Described In the 2014 DHS Master Acquisition Oversight List**

| Categories | Characteristics | | | | | |
|---|---|---|---|---|---|---|
| | Governed by Management Directive 102 | Reports in Next Generation Periodic Reporting System | Submits an Office of Management and Budget business case[a] | Reports in the Investment Management System[b] | Included in the Comprehensive Acquisition Status Report to Congress | Number of programs |
| Level 1 and 2 major acquisition programs | Yes | Yes | Yes | Yes | Yes | 44 |
| Level 1 and 2 major acquisition programs with Component Acquisition Executive delegated as acquisition decision authority | Yes | Yes | Yes | Yes | Yes | 3 |
| Level 2 major service programs with Component Acquisition Executive delegated as acquisition decision authority | Yes | Yes | No | No | Yes | 1 |
| Level 1 and 2 major acquisition programs in sustainment (post full operating capability delivery) | Yes | Yes | Yes | Yes | Yes | 24 |
| Level 3 non-major component-level programs | Not addressed[c] | No[d] | Yes | Yes | No | 39 |

Source: GAO analysis of the Master Acquisition Oversight List (MAOL). | GAO-15-292

[a]DHS is required to provide information on major IT investment's cost, schedule, and performance to the Office of Management and Budget through a business case; its purpose is to provide a business case for each major IT investment and to allow the Office of Management and Budget to monitor IT investments once they are funded. DHS is also required to provide business cases on Non-IT capital assets.

[b]The Investment Management System is DHS's official system of record for business cases reporting to the Office of Management and Budget. The system is owned and operated by Office of the Chief Information Officer-Enterprise Business Management Office, with the Office of Program Accountability and Risk Management as a major stakeholder in the system.

[c]DHS Acquisition Management Directive 102-01 states that it is applicable throughout DHS, with the exception of the office of the Inspector General, and applies to all future acquisitions.

[d]DHS acquisition policy states that all Level 3 programs must submit certain information into the Next Generation Periodic Reporting System (nPRS); however, the MAOL states that Level 3 programs do not have to report in nPRS.

PARM officials stated that they updated the list to more clearly incorporate input of all headquarters organizations, thereby making it a more useful oversight tool. The list has evolved over time as more headquarters organizations have added programs to the MAOL. PARM officials have drafted updates to DHS acquisition policy that include a section on requirements for the MAOL. Specifically, the planned updates will include which headquarters organizations will be involved in the development of the list, and establish a process for removing programs. PARM officials also told us they recently began a process for updating the list more regularly. The updates also provide additional information about the development and use of the MAOL. The draft updates describe the process for determining whether or not a program belongs on the MAOL, which follows a decision tree. PARM officials said that the new process for developing the MAOL more effectively coordinates and tracks the input from other DHS headquarters organizations, like EBMO and the Office of the Chief Financial Officer, as well as CAEs. The draft updates also describe justifications for removal from the MAOL. For example, a program might be removed if it is merged with another program, or if it is no longer considered special interest—meaning that a program was elevated to a higher acquisition level without regard to dollar threshold. Officials were unsure when the draft updates would be approved by DHS management. In addition to the draft policy updates, PARM officials told us that they recently instituted a governing board of officials who will determine changes to the MAOL on a quarterly basis, given its potential to provide important information to department decision makers. PARM officials told us that the next MAOL, expected in February 2015, will use the new process described in draft guidance.

## DHS Lacks Cost Oversight Mechanism for Programs in Sustainment

DHS does not have a structure in place for overseeing the costs of 42 programs whose acquisition documentation requirements were waived through a memorandum issued by the USM in May 2013.[17] This waiver covered certain programs in sustainment, meaning that these acquisition programs have been developed and delivered and they are being operated and maintained through the disposal phase. Because these

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[17]Office of Management and Budget guidance calls for agencies to perform annual assessments of the operations and maintenance performance of IT investments to ensure these investments continue to meet mission needs. We previously assessed DHS's efforts in this area. See GAO, *Information Technology: Agencies Need to Strengthen Oversight of Billions of Dollars in Operations and Maintenance Investments,* GAO-13-87 (Washington, D.C.: Oct. 16, 2012).

programs were in sustainment when MD 102 was instituted in 2008, the USM determined that it would be cost prohibitive and inefficient to recreate documentation for previous phases. However, we found that only one of the 42 waived programs has an approved life-cycle cost estimate, which would include acquisition costs as well as the costs to operate and maintain the system once it is in sustainment. PARM officials could not provide us estimates of the value of the sustainment programs. PARM's executive director stated that these programs should produce operations and maintenance cost estimates. These estimates would account for the remainder of their life cycles through disposal, but the programs are not currently required to do so, given the 2013 waiver.

Further, in the 2014 MAOL, PARM included seven additional programs in sustainment and also noted that documentation was waived for these programs. The 42 programs in sustainment from the USM's memorandum and the seven programs listed on the MAOL are listed in appendix II. The Office of Management and Budget stated in 2014 that the sustainment phase can account for more than 80 percent of program life-cycle costs, which demonstrates the need for oversight of these programs' costs. We have previously reported that cost estimates are necessary to support decisions about program funding, develop annual budget requests, and evaluate resource requirements. Furthermore, the management of a cost estimate involves continually updating the estimate with actual data as they become available, revising the estimate to reflect changes, and analyzing differences between the estimated and actual costs.[18] Without knowing the operations and maintenance cost estimates for these programs, DHS will not be able to fully plan for and manage funding requirements across its major acquisition programs.

The 2013 waiver did not define which DHS office is responsible for oversight of the sustainment programs. CAEs are responsible for Level 3 programs and PARM officials stated that this also applies to programs in sustainment. A PARM official further told us it is difficult to know who is responsible for oversight of Level 1 and Level 2 programs in sustainment. PARM officials expressed concerns about the lack of oversight of these programs. Specifically, officials noted DHS may decide, on a case-by-case basis, which organization should most appropriately provide

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[18]GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-09-3SP (Washington, D.C.: Mar 2, 2009).

oversight to programs in sustainment, which may include more than one office.

## Program Data PARM Provided to DHS and Congressional Decision Makers Were Not Consistently Accurate and Up-to-Date

PARM's fiscal year 2014 CASR, a report mandated by Congress, provided the status of 82 DHS major acquisition programs but contained data that were inaccurate and out-of-date. PARM primarily drew information for the CASR from nPRS, DHS's official system of record for acquisition program reporting. However, data issues—including inconsistent participation among the programs responsible for entering data—have led to inaccurate information in nPRS. For example, our analysis found discrepancies between the CASR and nPRS for life-cycle cost estimate data even after efforts to update or fix the data inaccuracies through an extensive adjudication process. Therefore, it was unclear whether congressional CASR recipients received accurate program information. PARM officials have acknowledged ongoing issues with the data reported in both nPRS and the CASR, and noted that they are working to improve the data quality. Officials stated that information in the CASR did not provide a complete picture of program life-cycle costs, which was the result of both incorrect data that programs had reported and limitations in using the nPRS system. Further, component and program officials have also stated that the CASR did not accurately reflect program risks. Finally, DHS provided insufficient information to address certain CASR reporting requirements. For example, the CASR did not include annual planned procurement schedules containing estimates of the units and/or increments for each program, although it was required to do so.

## Data in DHS's Acquisition Program Reporting System Were Not Consistently Accurate

For the nine programs in our review, we found that program offices did not consistently enter and verify their data in nPRS. DHS established nPRS as the system of record for acquisition program reporting in 2008, and in 2012 the USM issued a memorandum to CAEs stating that programs should make every effort to ensure that their data in nPRS is complete, accurate, and valid on a monthly basis. According to the memorandum, nPRS was intended to be a key tool for acquisition program management, and help provide the capability to efficiently assess the department's acquisition portfolio. DHS components have the responsibility to ensure that their respective programs enter the data in nPRS as required, and CAEs are required to ensure that the data is validated and submitted in timely manner. However, we found that this was not done consistently for the nine major acquisition programs in our review, which are overseen by nine different DHS components.

We examined nPRS data for the nine programs at two key points: September 2013, the closing date for data for fiscal year 2013, and March 2014, the date when PARM issued its fiscal year 2014 CASR, which was based on fiscal year 2013 program data. We found a number of problems with the data. For example, as of September 2013, three programs we reviewed did not enter expenditure data, the amount the programs actually spent, in nPRS for fiscal year 2013 as required, and two of these programs did not enter historical expenditure data at all.[19]

When we compared programs' entries of expenditure data over time, we found additional discrepancies. As an example, the U.S. Coast Guard's Fast Response Cutter program's expenditure entries in nPRS increased by more than $340 million from September 2013 to March 2014, even though both of these entries were supposed to reflect fiscal year 2013 expenditures. A U.S. Coast Guard official stated that this increase was due to a correction in the program's reported expenditures, to account for all funds spent in fiscal year 2013 regardless of when those funds were received. The official noted that the program's entry from September 2013 reflected only funds received in fiscal year 2013. However, the reason for this change was not documented in nPRS. In another example, the U.S. Citizenship and Immigration Service's Verification Modernization program's entries for total historical expenditures through fiscal year 2012 decreased by almost $240 million when comparing these data from September 2013 and March 2014. Figure 3 shows the differences in reported expenditure data in nPRS for the Fast Response Cutter and Verification Modernization programs.

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[19]The Federal Emergency Management Agency's Risk Mapping, Assessment and Planning program; the Office of the Chief Information Officer's National Capital Region Infrastructure Operations program; and the U. S. Customs and Border Protection's Strategic Air and Marine Program all did not report program expenditure data for fiscal year 2013 in nPRS as of September 2013. The Risk Mapping, Assessment and Planning and National Capital Region Infrastructure Operations programs did not report cumulative program expenditure data prior to fiscal year 2013 in nPRS as of September 2013. The Risk Mapping, Assessment and Planning program did report expenditures for information technology only.

**Figure 3: Examples of DHS Program Expenditure Data in the Next Generation Periodic Reporting System**

U.S. dollars (in millions)

```
350                    $343.5

300

250                              $251.7

200

        + $342
150                                        - $239.4

100

 50
              $1.5                    $12.3
  0
        Fast Response Cutter      Verification Modernization total program
        fiscal year 2013 expenditures    expenditures through fiscal year 2012
```

☐ Data recorded in Next Generation Periodic Reporting System (nPRS) as of September 2013

■ Data recorded in nPRS as of March 2014
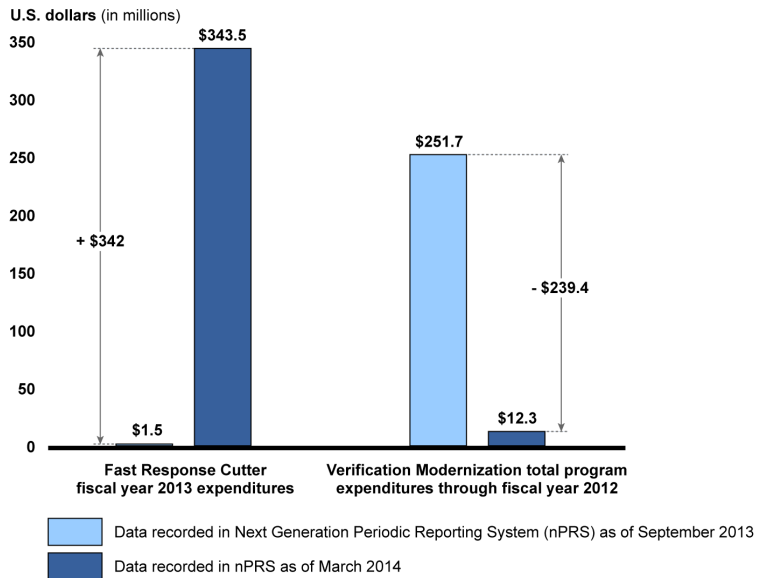
Source: nPRS data. | GAO-15-292

Large nPRS discrepancies such as these call into question the reliability of the underlying data and whether DHS management has the information it needs to provide oversight of major acquisition programs. PARM officials have acknowledged ongoing issues with the data reported in nPRS and noted that they are working to improve its quality. For example, PARM provides a working group to the components to express their views on the nPRS system and its processes. However, PARM officials stated they do not have a mechanism to hold the programs accountable for updating their data. Component and program officials told us that they do not use nPRS for program management—even though that was one intended purpose of the system—because the system is difficult to use and does not meet their needs. For example, the OCIO National Capital Region Infrastructure Operations program manager stated that his program does not work with nPRS. For both September 2013 and March 2014, nPRS data fields for this program that were to be used to populate the fiscal year 2014 CASR, such as the program description and last acquisition review board date, were blank. Component and program officials also stated that they use other internal tools, such as spreadsheets, presentations, or project software for program management purposes and to maintain current information. PARM has not undertaken an effort to ascertain the root causes of why program
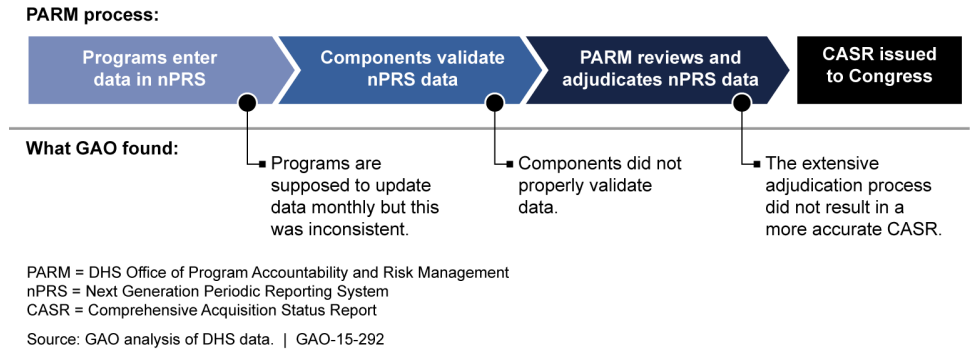
managers are not populating nPRS as required. As we have previously reported, to be useful, performance information must meet users' needs for completeness, accuracy, consistency, timeliness, validity, and ease of use.[20] Unless DHS program managers consider nPRS to be a useful tool for their own program management purposes, as intended, the problems we found with inaccurate data are likely to persist.

## Extensive Adjudication Process Did Not Correct Inaccuracies for Reported Life-Cycle Cost Estimates

To further understand the reasons for program data inaccuracies in the fiscal year 2014 CASR, we analyzed the steps that PARM undertakes as part of an extensive adjudication process with the components regarding the underlying nPRS data. We found that PARM's adjudication process did not rectify key inaccuracies in the fiscal year 2014 CASR, specifically regarding programs' life-cycle cost estimates. As a result, Congress may not have received accurate program information. Prior to its release, PARM conducts an extensive adjudication process for the CASR information, including reviews with program and various DHS headquarters offices, in order to identify and address potential data inconsistencies between the sources and draft report. This process began in October after the close of the fiscal year and ended when the report was published in March. We reviewed nPRS data from March 2014, the date when PARM issued its fiscal year 2014 CASR (which is comprised of fiscal year 2013 program data) to compare these data to what was presented to Congress in the CASR. Figure 4 shows select elements of the CASR development and adjudication process, along with our assessment of those elements.

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[20]GAO, *Managing For Results: Enhancing Agency Use of Performance Information for Management Decision Making,* GAO-05-927 (Washington, D.C.: Sep. 9, 2005).

**Figure 4: GAO's Assessment of the DHS Comprehensive Acquisition Status Report Development Process**

PARM process:

| Programs enter data in nPRS | Components validate nPRS data | PARM reviews and adjudicates nPRS data | CASR issued to Congress |

What GAO found:

- Programs are supposed to update data monthly but this was inconsistent.
- Components did not properly validate data.
- The extensive adjudication process did not result in a more accurate CASR.

PARM = DHS Office of Program Accountability and Risk Management
nPRS = Next Generation Periodic Reporting System
CASR = Comprehensive Acquisition Status Report

Source: GAO analysis of DHS data. | GAO-15-292

The fiscal year 2014 CASR reported on a total of 82 major acquisition programs. For four of the nine major acquisition programs in our review, we found discrepancies between the CASR and nPRS for life-cycle cost estimate data after the adjudication process, which should have reconciled such inconsistencies. As an example of these discrepancies, both across nPRS and between nPRS and the CASR, life-cycle cost estimates for two programs differed even though the estimates were associated with the same source and date. Another program, the Electronic Health Record System, had three different life-cycle values ranging from approximately $60 million to $80 million, a difference of over 35 percent, with two of those values presented in the CASR. Our analysis of the data inconsistencies indicated that it was unclear whether congressional CASR recipients received accurate program cost information because there was no way to confirm which estimate was correct or what the different estimates represented. PARM officials stated that they are changing their process for the development of the next CASR, which they expect to issue with the President's fiscal year 2016 budget submission, in an effort to more effectively match their reported data to nPRS. Table 3 highlights discrepancies between the CASR and nPRS for life-cycle cost estimate data for the four programs that we reviewed.

**Table 3: Examples of DHS-Reported Program Life-Cycle Cost Estimate Values**

| Program | Next Generation Periodic Reporting System, September 2013 | Comprehensive Acquisition Status Report, March 2014 | Next Generation Periodic Reporting System, March 2014 (after adjudication process) |
|---|---|---|---|
| Strategic Air and Marine Program (U.S. Customs and Border Protection) | $2.138 billion, as of October 2010 | $2.099 billion, as of June 2011 | $2.231 billion, as of October 2010 |
| Electronic Health Record System (U.S. Immigration and Customs Enforcement) | $59.897 million, as of February 2013 | $70.540 million, as of June 2012[a] | $59.897 million, as of February 2013 |
| Fast Response Cutter (U.S. Coast Guard) | $12.286 billion, as of November 2009 | $14.475 billion, as of November 2009 | $15.553 billion, as of September 2013 |
| Verification Modernization (U.S. Citizenship and Immigration Services) | $712.432 million, as of June 2013 | $675.832 million, as of April 2012 | $521.158 million, as of November 2013[b] |

Source: Next Generation Periodic Reporting System (nPRS) and Comprehensive Acquisition Status Report (CASR) data. | GAO-15-292

Note: The "as of" date is the date of the life-cycle cost estimate as reported in nPRS and the CASR.

[a]The Electronic Health Record System program's March 2014 CASR entry also included a program life-cycle cost estimate of $81.04 million as of its September 2012 acquisition program baseline.

[b]This update to nPRS would not have been captured in the CASR because it occurred after the end of fiscal year 2013.

Further, PARM may have incorrectly included or excluded certain programs in the CASR based on DHS's incomplete information on program life-cycle costs. As we reported in 2014, unreliable cost estimates have been an enduring challenge for DHS.[21] PARM included Level 1 and 2 programs from the MAOL in the CASR, as required, using program life-cycle costs to determine program status. However, PARM officials acknowledged that some programs' acquisition category levels were incorrect in the CASR, and due to the lack of DHS approved life-cycle cost estimates, they would not know the scope of this issue. For example, the CASR included program life-cycle cost estimate figures, but did not indicate who approved these estimates (i.e., if they were approved at the component or department level), or if anyone approved the

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[21]GAO-14-332.

estimates at all. Because these cost figures may not accurately reflect the actual life-cycle costs, programs may have been inappropriately included or excluded from the CASR and ultimately not receive the appropriate level of congressional oversight.

We also found areas where additional explanation in the CASR would have been helpful. For example, PARM listed the Electronic Health Record System program in the CASR as a Level 2 program, while its reported life-cycle cost estimate of approximately $70 million would designate it a Level 3 program. PARM is not required to include Level 3 programs in the CASR. Electronic Health Record System officials explained that the program was listed as Level 2 because DHS management designated it as a "special interest" program in the MAOL, which did make it eligible for inclusion in the CASR, but PARM did not include this rationale in the CASR.

In addition, program officials stated that the inflexibility of nPRS may prevent the department from providing accurate program information in the CASR. For example, officials from the National Protection and Programs Directorate's Next Generation Network-Priority Service noted difficulties in accurately reporting data on their program's increments in nPRS. The officials stated that the program has multiple increments, each with its own set of acquisition decision events. However, the program reported one overall life-cycle cost estimate in nPRS, even though it has estimates for each increment, because the system does not allow for the inclusion of multiple estimates. Officials ultimately provided explanatory comments in nPRS that noted the increment 1 estimate included only acquisition costs while not specifying who approved the estimate, and that PARM approved the increment 2 estimate in July 2013. Because these incremental estimates were at different stages in their development, combining them into a single estimate in nPRS, which PARM ultimately reported in the CASR, did not provide Congress with an accurate picture of the program's costs.

## DHS Did Not Provide Most Useful Information on Program Risks and Other Requirements for the CASR

Of the 13 CASR reporting requirements, DHS provided insufficient information for in-depth oversight for four of them, and in one case, DHS did not comply with a reporting requirement. The first reporting requirement was a rating of cost risk, schedule risk, and technical risk associated with the program. PARM fulfilled this requirement by reporting programs' top-five cost, schedule, and technical risks, instead of separate ratings for each. However, this reporting was inconsistent. Programs submitted these risks through DHS's Investment Management System, but this system can contain more than five risks. As a result, program

officials stated that they did not know how PARM selected their top-five risks for inclusion in the CASR. For example, the Strategic Air and Marine Program listed nine risks in the system, but PARM only reported two risks in the CASR. Further, the risk reporting in this section varied across the programs in our review. For example:

- The Verification Modernization program had five risks, all of which were technical.

- The Technology Infrastructure Modernization program used four of its own risk categories, which do not track to the required cost, schedule, and technical risks: reliability of systems; dependencies and interoperability between this investment and others; security; and business.

The inconsistent risk reporting in this section prevents Congress from making cost, schedule, and performance comparisons across DHS programs.

In addition, as part of a separate requirement for independent verification and validation, PARM evaluated the overall risk of each program, assigned each a numerical risk score, and published these scores in the CASR. PARM officials computed these risk scores using a set of weighted criteria. However, component and program officials told us that they did not know how PARM evaluated the risk scores for their respective programs. PARM, component, and program officials have acknowledged that the CASR did not accurately reflect the cost, schedule, and performance risks associated with the programs. PARM officials were unable to provide us with the supporting data used to generate the scores because they did not store this information in nPRS. As a result, we were unable assess how PARM computed these scores or determine the extent to which PARM's evaluation accurately reflected program risks.

Due to PARM's inability to provide us with supporting data, we reviewed the Science and Technology Directorate's National Bio and Agro-Defense Facility program's risk assessment in the CASR and found it lacked details that could be useful to Congress and DHS management. PARM gave the program a high risk score, in part, due to the lack of DHS approval for the program's acquisition documents. A program official stated, however, that the documents could not go forward for DHS approval due to the program's lack of funding. The CASR did not contain any clarifying explanation for the documents not being approved. Further

complicating the issue, the program's nPRS data in September 2013 conflicts with its CASR entry, and showed program documents approved by DHS as early as 2009. Discrepancies such as this call into question the value of the information DHS is providing to Congress in the CASR. To gain more visibility into the reasons for these inconsistencies, we reviewed the source documents for the National Bio and Agro-Defense Facility program, provided to us by PARM, and found that the approval dates for five out of six documents do not match what was listed in either nPRS or the CASR.[22] Table 4 compares the National Bio and Agro-Defense Facility program's reported document status according to nPRS as of September 2013 and the CASR issued in March 2014, and the source documents provided by PARM.

**Table 4: National Bio and Agro-Defense Facility Document Approvals According to Multiple Sources**

| Document | Next Generation Periodic Reporting System, September 2013 | Comprehensive Acquisition Status Report, March 2014 | Source documents |
|---|---|---|---|
| Mission needs statement | Approved by DHS, July 2009 | Approved by component, June 2009 | Approved by component, August 2009 |
| Operational requirements document | Approved by DHS, January 2012 | Approved by component, August 2013 | Approved by DHS, July 2014[a] |
| Acquisition plan | Approved by DHS, June 2009 | Approved by DHS, September 2012 | Approved by DHS, August 2014[a] |
| Acquisition program baseline | Approved by DHS, October 2011 | Approved by component, August 2013 | Approved by component, August 2009 |
| Testing and evaluation master plan | Approved by DHS, June 2012[b] | DHS waiver, May 2013[b] | DHS waiver, May 2013[b] |
| Integrated logistics support plan | Approved by DHS, October 2011 | Approved by component, August 2013 | Approved by component, October 2011 |

Source: Next Generation Periodic Reporting System (nPRS) and Comprehensive Acquisition Status Report (CASR) data, and documents provided by the Office of Program Accountability and Risk Management. | GAO-15-292

[a]These source documents would not have been included in the CASR because they were approved after the end of fiscal year 2013.

[b]According to a DHS memorandum dated May 7, 2013, the National Bio and Agro-Defense Facility's commissioning plan was intended to serve as its testing and evaluation master plan. The commissioning plan was dated June 2012, which reflects the DHS approval date for the testing and evaluation master plan in nPRS as of September 2013. The date of the DHS memorandum reflects the DHS waiver dates in the CASR and nPRS as of March 2014.

[22]The National Bio and Agro-Defense Facility's operational requirements document and acquisition plan provided to us by PARM would not be reflected in the fiscal year 2014 CASR because they were approved after the end of fiscal year 2013.

In another example, in PARM's risk assessment of the Federal Emergency Management Agency's Risk Mapping, Assessment and Planning program, the CASR stated that the program was covered by the USM's waiver of acquisition documents requirements and thus did not include certain program data. However, an examination of nPRS showed that, according to the system, the program had key documents, including a mission needs statement and an acquisition program baseline approved by DHS, which PARM did not list in the CASR and which could have provided further information to decision makers.

A second CASR reporting requirement was a program's planned procurement schedule, including an estimate of the quantity to be procured annually until completion. PARM did not comply with this requirement. Instead, PARM provided the top-five contracts by dollar value for each program, but these entries did not include procurement quantity information for the programs. Some programs did report total procurement quantities, but did not link these units to a schedule. PARM officials noted that certain programs are not well-suited for reporting procurement quantities, such as IT programs. However, in such cases, the CASR should explain why no procurement quantities were listed.

A third requirement was the reason for any significant changes in a program's acquisition cost, quantity, or schedule from the prior annual CASR. PARM officials interpreted these changes to only be those that resulted in the submission of a new acquisition program baseline. According to DHS acquisition policy, programs need to submit new baselines when they breach defined cost, schedule, and performance parameters defined in their original baseline.[23] However, programs can experience cost, quantity, or schedule changes that do not require a new baseline. For example, the National Bio and Agro-Defense Facility program experienced a delay in its construction schedule. While this program's baseline remains in place, the construction delay could impact on-time delivery of the facility and is an example of a significant change that could be reported in this section. In addition, the CASR included 38 programs without an approved acquisition program baseline; according to PARM's guidance, the CASR would not include any cost, schedule, or performance changes for these programs. By defining programs'

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[23]DHS Instruction Manual 102-01-001, "Acquisition Management Instruction/Guidebook" (Oct. 1, 2011).

significant changes as those that resulted in new baselines, PARM eliminated the need to report on any cost, schedule, or performance changes for almost half of the programs in the CASR, thereby limiting the information available to Congress.

Finally, we found that PARM did not include certain key program events in the CASR, such as acquisition decision events or full operating capability schedules. Such data, in addition to the acquisition program baseline approval dates that PARM currently reports, would have provided Congress with more robust information about the program status. Table 5 lists these four CASR requirements and our assessment of the information reported.

**Table 5: GAO Assessment of DHS Compliance with Select Congressional Reporting Requirements**

| Congressional Comprehensive Acquisition Status Report (CASR) requirement | GAO assessment |
| --- | --- |
| A rating of cost risk, schedule risk, and technical risk associated with the program, including narrative descriptions and mitigation actions. | DHS Office of Program Accountability and Risk Management (PARM) complied with this requirement, but did not provide a separate rating each for a program's cost, schedule, and technical risks. Instead PARM included the overall top-five risks reported by the programs. As a result, some programs did not report risks for each category, had fewer than five risks, or created their own risk categories, such as "security." Including individual ratings for programs' cost, schedule, and technical risks would show program vulnerabilities in each of these areas and provide Congress with more comprehensive oversight information. |
| A planned procurement schedule, including the best estimate of the annual procurement units and costs until completion. | PARM did not comply with this requirement. PARM did not provide planned procurement schedules, including estimates for annual units and costs until procurement completion. Instead, PARM included a program's top-five contracts by dollar level, which included information such as the description of the product or service, contract status, and contract start and end dates. Including the planned procurement schedules, with the estimates for units and costs, would meet this CASR requirement. |
| The reason for any significant changes from the previous comprehensive report in acquisition quantity, cost, or schedule. | PARM complied with this requirement, but only reported program changes resulting in a new acquisition program baseline. There were 38 programs in the CASR without a baseline; therefore, under its current guidance, PARM will not report changes for these programs in any future CASRs. Including significant changes for all CASR programs would provide Congress the ability to better track program changes over time. |
| The most current approved acquisition program baseline, including project schedules and events. | PARM complied with this requirement, but did not report certain events, such as acquisition decision events or initial operating capability, that guidance states programs are to include in acquisition baselines. Including major program events can help management improve planning and determine whether programs are within schedule parameters. |

Source: GAO analysis of 2014 CASR data. | GAO-15-292

## Conclusions

Effective, on-going oversight of DHS's broad portfolio of programs is essential to ensure that programs are accountable for their performance and that Congress and DHS decision makers receive useful, accurate, and up-to-date information. DHS has improved aspects of its acquisition management in recent years, including dedicating additional resources to acquisition oversight and clarifying the roles of CAEs.

DHS could further enhance its oversight efforts by providing written roles and responsibilities to oversight officials within PARM and among headquarters organizations. Furthermore, a consistent, defined approach to oversight could limit overlap of responsibilities and give DHS more insight into whether its acquisition programs are executing according to cost, schedule, and performance goals.

Likewise, as DHS acquisition programs move into the sustainment phase, their costs continue to require monitoring. The USM's waiving of documentation requirements for the 42 programs in sustainment in 2013 resulted in a lack of oversight of costs for these programs. As of yet, no DHS office has been designated to take over monitoring those programs' operations and maintenance costs. Without an identified oversight body, DHS lacks insight into those programs' performance and the execution of their funding, which could potentially be billions of dollars. This is particularly of concern given that only one program had an approved cost estimate at the time of the waiver.

Finally, DHS has not effectively communicated program status to Congress through the CASR because it has provided out-of-date and inaccurate information. Programs do not consistently report their own data in nPRS, and components are not validating the information. Although PARM's adjudication process may address some data issues, data are not corrected in the source systems before being published in the CASR. Further, while PARM has some flexibility in the implementation of the CASR reporting requirements, in one case the requirement was not met. In other cases, such as PARM's assessment of program risks, there are opportunities for more transparency and clarity in the information being transmitted to Congress. Holding programs accountable for maintaining their cost, schedule, and performance data, and presenting contextual information would help make the CASR a more effective instrument for DHS and congressional oversight.

# Recommendations for Executive Action

In order to help ensure consistent, effective oversight of DHS's acquisition programs, we recommend the Secretary of DHS take the following five actions:

- Direct PARM to develop written guidance that defines roles and responsibilities of its component leads.

- Direct the USM to:

  - Develop written guidance to clarify roles and responsibilities of PARM and OCIO-EBMO for conducting oversight of major acquisition programs.

  - Produce operations and maintenance cost estimates for programs in sustainment and establish responsibility for tracking sustainment programs' adherence to those estimates.

  - Determine mechanisms to hold programs accountable for entering data in nPRS consistently and accurately and to hold CAEs accountable for validating the information. Also, evaluate the root causes of why programs are not using nPRS as intended.

  - To make the CASR more useful, starting with the report reflecting fiscal year 2015 program data, adjust the CASR to do the following:

    - Report an individual rating for each program's cost, schedule, and technical risks;

    - Report a best estimate of procurement quantities or indicate why this is not applicable, as appropriate;

    - Report all programs' significant changes in acquisition cost, quantity, or schedule from the previous CASR report by determining a means to account for programs that lack acquisition program baselines;

    - Report major program events that are included in acquisition program baselines, such as scheduled acquisition decision events; and

    - Report the level at which the program's life-cycle cost estimate was approved.

## Agency Comments and Our Evaluation

We provided a draft of this product to DHS for comment. In its written comments, reproduced in appendix III, DHS concurred with all five of our recommendations and provided plans of action and estimated completion dates for four of them. Regarding the remaining recommendation, that the Secretary of DHS direct PARM to develop written guidance that defines roles and responsibilities for component leads, DHS provided evidence that is has complied with the recommendation, and we agree. Specifically, DHS provided a Component Lead Handbook, signed on February 13, 2015, while our report was out for comment, that provides oversight roles and responsibilities and other guidance to PARM component leads in their job to oversee component programs.

DHS also provided technical comments that we incorporated into the report as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the Secretary of DHS. In addition, the report will be available at no charge on GAO's website at http://www.gao.gov.

If you or your staff have questions about this report, please contact me at (202) 512-4841 or mackinm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.

Michele Mackin

Director
Acquisition and Sourcing Management

*List of Requesters*

The Honorable Ron Johnson
Chairman
The Honorable Thomas R. Carper
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Claire McCaskill
Ranking Member
Permanent Subcommittee on Investigations
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Michael McCaul
Chairman
The Honorable Bennie G. Thompson
Ranking Member
Committee on Homeland Security
House of Representatives

The Honorable Scott Perry
Chairman
The Honorable Bonnie Watson Coleman
Ranking Member
Subcommittee on Oversight and Management Efficiency
Committee on Homeland Security
House of Representatives

The Honorable Jeff Duncan
House of Representatives

# Appendix I: Objectives, Scope, and Methodology

The objective of this review was to assess the Department of Homeland Security's (DHS) oversight of its major acquisition programs. Specifically, this review focused on DHS's Office of Program Accountability and Risk Management (PARM) and its day-to-day program oversight, rather than the oversight it conducts at key points in the acquisition life cycle as defined in policy. We assessed (1) steps DHS has taken to improve oversight and what gaps, if any, exist and (2) whether the data PARM provides to DHS and congressional decision makers to carry out their oversight responsibilities on program cost, schedule, and performance are accurate and up-to-date.

To answer these questions, we identified organizations within DHS, in addition to PARM, that are responsible for oversight of major acquisitions and determined their roles and responsibilities by analyzing DHS policies and procedures, reviewing organizational charts, and interviewing policy, budget, and acquisition oversight officials at the headquarters level. Specifically, we reviewed DHS Acquisition Management Directive 102-01 (MD 102) and its associated guidebook—DHS Instruction Manual 102-01-001—and the guidebook's 12 appendices. We reviewed draft updates to DHS acquisition policy, as well as draft updates to departmental instructions, such as Agile Development and Delivery for Information Technology and the Systems Engineering Life Cycle Guidebook. We also reviewed DHS acquisition memorandums, including the Secretary's April 2014 Unity of Effort memorandum; the Office of the Chief Procurement Officer's Strategic Plan; information technology (IT) policies and guidance, such as DHS Directive 102-04 on IT portfolio management and the Office of the Chief Information Officer (OCIO) Portfolio Governance Concept of Operations. At the department level, we interviewed officials from PARM, OCIO–Enterprise Business Management Office (EBMO), Office of the Chief Procurement Officer, Office of Policy, and Office of the Chief Financial Officer–Office of Program Analysis and Evaluation and Cost Analysis Division. In addition, we reviewed relevant GAO and DHS Inspector General reports to provide context for all of our objectives.

To address our first objective, we selected nine DHS components with responsibility for at least one Level 1 acquisition—a program with a reported life-cycle cost estimate exceeding $1 billion—and interviewed their Component Acquisition Executives (CAE) or designees. We reviewed component-specific policies and procedures and charters for program governance groups, as well as other relevant documentation. The 2014 Master Acquisition Oversight List (MAOL) identifies Level 1 acquisition programs for the following nine components:

- Federal Emergency Management Agency
- National Protection and Programs Directorate
- OCIO
- Science and Technology Directorate
- Transportation Security Administration
- U.S. Citizenship and Immigration Services
- U.S. Coast Guard
- U. S. Customs and Border Protection
- U.S. Immigration and Customs Enforcement

To collect examples of PARM's oversight and coordination activities at the program level, we selected a non-generalizable sample of major acquisition programs from each of the nine components. Table 6 lists the nine programs we selected as case studies.

**Table 6: Nine DHS Major Acquisition Programs Selected as Case Studies**

| Program name | Component | Acquisition category | Information technology |
|---|---|---|---|
| Electronic Health Record System | U.S. Immigration and Customs Enforcement | Level 2 | Yes |
| Fast Response Cutter | U.S. Coast Guard | Level 1 | No |
| National Bio and Agro-Defense Facility | Science and Technology Directorate | Level 1 | No |
| National Capital Region Infrastructure Operations | Office of the Chief Information Officer | Level 1 | Yes |
| Next Generation Network-Priority Service | National Protection and Programs Directorate | Level 1 | Yes |
| Risk Mapping, Assessment and Planning | Federal Emergency Management Agency | Level 1 | No |
| Strategic Air and Marine Program | U.S. Customs and Border Protection | Level 1 | No |
| Technology Infrastructure Modernization | Transportation Security Administration | Level 2 | Yes |
| Verification Modernization | U.S. Citizenship and Immigration Services | Level 2 | Yes |

Source: GAO analysis of DHS information. | GAO-15-292

We selected programs that were included in the fiscal year 2014
Comprehensive Acquisition Status Report (CASR), which PARM
submitted to the House and Senate Appropriations Committees to provide
information on DHS major acquisition programs. To the extent possible,
we chose programs that have been identified as having "concerns/issues"
or as being "monitored closely" in PARM's high visibility meetings, which
include DHS senior leadership. In order to assess acquisition oversight
across the spectrum of DHS programs, we selected case study programs
with a variety of characteristics. We chose a mix of Level 1 and Level 2
programs, as defined in the fiscal year 2014 CASR, and included both IT
and non-IT programs. One of our nine case study programs, the
Electronic Health Record System, was classified as a Level 2 program in
the fiscal year 2014 CASR, but listed as a Level 3 program on the 2014
MAOL. We chose this program in order to examine the reasons for the
change and to determine the extent to which oversight varies for major
and non-major acquisition programs. Another factor used to select the
case studies was program risk, as measured by CASR risk scores. Risk
scores are included in the CASR's independent verification and validation
section and are derived from PARM's rating of program risk using a
standard set of criteria. We chose programs to include a mix of both high
and low CASR risk scores. For these case studies, we reviewed relevant
program documentation, such as acquisition decision memorandums, and
interviewed program officials.

For the second objective, we collected and reviewed data from DHS's
official system of record for its acquisition programs, the Next Generation
Periodic Reporting System (nPRS), and compared that data to the fiscal
year 2014 CASR. All major programs on DHS's MAOL are required to
report in nPRS. PARM then uses the program data in nPRS to help
generate its CASR.

In order to assess the data reliability of nPRS, we reviewed select
acquisition program data from nPRS and compared this data to the
information contained in the CASR. Specifically, we used nPRS reports
for each of the nine case study programs from the end of fiscal year 2013,
when PARM pulled the program data from the system to begin generating
the fiscal year 2014 CASR. We then compared the data from those
reports to the issued CASR, as well as to the nPRS program reports from
March 2014—the date that PARM released the CASR. The comparison of
those three sets of information allowed us to note discrepancies, including
missing data or outliers, between the system data and the issued data, as
well as if corrections were made to the system data following the release
of the report.

We assessed various data elements from the nPRS program reports that are used to generate the information contained in the CASR. We reviewed data across a range of tabs contained in the nPRS program reports such as general information, Acquisition Review Board history, program status, budget and funding, acquisition program baseline milestones, risk, and key documents. For each of the nine case study programs, we assessed reports from the end of fiscal year 2013, as well as March 2014, for a total of eighteen program reports. In addition, we reviewed documents, such as the nPRS user manual and policies related to data entry, and interviewed agency officials responsible for inputting and reviewing the nPRS data.

We determined that the nPRS data were not sufficiently reliable for our purposes; however, we present the data for illustrative purposes only. For example, for certain programs in our review, current and historical expenditure data was missing. Another example from our analysis showed differences in the life-cycle cost estimates for certain programs in nPRS compared to those reported in the CASR. While the Under Secretary for Management (USM) issued a memorandum that programs are to update their nPRS data monthly, PARM officials recognized that this does not happen consistently, and they acknowledged that there are data accuracy issues with nPRS. In addition, when officials made updates or changes to program-reported information due to the pending release of the CASR, the programs were responsible for entering these updates or changes into nPRS. Our analysis confirmed that certain programs in our review did not update nPRS after going through the CASR reporting process.

In order to evaluate the effectiveness of nPRS and the CASR as tools for DHS management and congressional oversight, we first reviewed the Department of Homeland Security Appropriations Act, 2014, which established the provision for the USM to submit the CASR with the President's budget proposal for fiscal year 2015. In addition, we reviewed Conference Report 112-331 for the Consolidated Appropriations Act, 2012, which contained the information requirements for inclusion in the CASR.[1] We then compared the data from nPRS for the nine case study programs to that presented in the fiscal year 2014 CASR to determine discrepancies between the two for certain data elements. We further

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[1]H.R. Rep. No. 112-331, at 950 (2011) (Conf. Rep.).

compared the CASR information to PARM policies and procedures, such as the MAOL and MD 102. In order to review the CASR's independent verification and validation requirement, we asked PARM officials for supporting documentation for how they generated their independent verification and validation evaluations, but they were unable to provide the documentation because they did not store it in nPRS. Finally, we assessed the information the CASR either did or did not provide compared to its congressional reporting requirements. We conducted this assessment based on the CASR's congressional reporting requirements, DHS policies, and acquisition practices.

We conducted this performance audit from March 2014 to March 2015 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.

# Appendix II: Department of Homeland Security Acquisition Programs in Sustainment Exempt From Documentation Requirements

Table 7 below identifies 42 acquisition programs for which the Department of Homeland Security's (DHS) Under Secretary for Management waived documentation requirements in a May 2013 memorandum. These programs were already in sustainment prior to 2008, meaning that they were in the last phase of their acquisition life cycle, when DHS issued MD 102. Programs in sustainment have been developed and delivered to their respective components for operation and maintenance through disposal. The memorandum stated that it would be cost prohibitive and inefficient for these programs to recreate the documentation called for under the directive for their previous acquisition life-cycle phases.

**Table 7: Forty-two Acquisition Programs on the Waiver for Documentation for Programs in Sustainment**

| Component | Acquisition Program |
|---|---|
| Department of Homeland Security | Homeland Secure Data Network |
| Federal Emergency Management Agency | Integrated Financial Management Information System |
| | National Flood Insurance Program |
| | Risk Mapping, Assessment and Planning |
| National Protection and Programs Directorate | Information System Security Line of Business |
| Office of Health Affairs | BioSurveillance Common Operating Network |
| Transportation Security Administration | Federal Air Marshal Service Mission Scheduling and Notification System |
| | HAZMAT Threat Assessment Program |
| | Information Technology Infrastructure Program |
| | Performance Management Information System |
| | Transportation Vetting System |
| | Transportation Worker Identification Credential |
| | Transportation Security Administration Operating Platform |
| | HRAccess |
| | National Explosive Detection Canine Training Program |
| | Screening Partnership Program |
| | Secure Flight |
| | Federal Air Marshal Service Net |
| | Air Cargo |
| U.S. Citizenship and Immigration Services | Customer Service Portal |
| | Document Production Division |
| | Infrastructure (Enterprise) |
| | Infrastructure (End User Support) |
| U.S. Coast Guard | Asset Logistics Management Information System |

| Component | Acquisition Program |
|---|---|
| | Coastal Patrol Boat |
| | Direct Access |
| | Marine Information for Safety and Law Enforcement |
| | Ports and Waterways Safety System |
| | Coast Guard Business Intelligence |
| | Infrastructure – Standard Workstation Infrastructure Recapitalization and Sustainment (SWIRS) |
| | Infrastructure – CGOne |
| | Vessel Logistics System |
| U.S. Customs and Border Protection | Advance Passenger Information |
| | Automated Targeting System Maintenance |
| | Secure Freight Initiative |
| | Systems Applications and Products |
| | Infrastructure |
| U.S. Immigration and Customs Enforcement | IT Infrastructure (Atlas) |
| | Federal Financial Management System |
| | Student & Exchange Visitor Information System |
| U.S. Secret Service | IT Infrastructure |
| | Enterprise Financial Management System |

Source: GAO analysis of DHS policy. | GAO-15-292

Table 8 below identifies seven additional major acquisition programs in sustainment for which DHS waived documentation requirements on the 2014 Master Acquisition Oversight List. The Master Acquisition Oversight List stated that having programs provide documents for their previous acquisition life-cycle phases would be costly and provide no positive performance impact for systems already delivered.

**Table 8: Programs Waived of Documentation Requirements by the 2014 Master Acquisition Oversight List**

| Component | Acquisition Program |
|---|---|
| Departmental Management Operations, Office of the Chief Information Officer | Enterprise License Agreement |
| | National Capital Region Infrastructure Operations |
| Departmental Management Operations | Homeland Security Presidential Directive-12 |
| Federal Emergency Management Agency | Infrastructure |
| National Protection and Programs Directorate | Office of Biometric Identification Management, Automated Biometric Identification System |
| U.S. Coast Guard | Core Accounting System |
| U.S. Customs and Border Protection | Office of Biometric Identification Management, Arrival Departure Information System |

Source: GAO analysis of DHS memorandum. | GAO-15-292

# Appendix III: Comments from the Department of Homeland Security

## Homeland Security

February 20, 2015

Michele Mackin
Director, Acquisition and Sourcing Management
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re:  Draft Report GAO-15-292, "HOMELAND SECURITY ACQUISITIONS:  DHS
     Should Better Define Oversight Roles and Improve Program Reporting to
     Congress"

Dear Ms. Mackin:

Thank you for the opportunity to comment on this draft report.  The U.S. Department of
Homeland Security (DHS) appreciates the U.S. Government Accountability Office's
(GAO) work in planning and conducting its review and issuing this report.

The Department is pleased with GAO's acknowledgement of the many positive steps
taken during the past several years to improve oversight of DHS major acquisition
programs, as well as the progress made to fully address related GAO "High Risk"
outcomes.  The DHS Office of Program Accountability and Risk Management (PARM)
was created in 2011 to focus on overseeing the management of acquisition programs.  To
fulfill its mission, PARM is responsible for establishing and maintaining effective
acquisition policy, procedures and guidance; implementing collaborative oversight to
proactively monitor the progress of acquisition programs; and working with the
Component Acquisition Executives (CAE) to build a competent and well-trained program
management workforce.  While progress has been made, we agree that work remains to
further mature the oversight framework.

As part of the Secretary Jeh Johnson's DHS Unity of Effort Initiative, the Department is
re-intensifying its efforts to further strengthen its acquisition oversight framework.
Short-term plans include: (1) updating Management Directive (MD) 102-01 to
incorporate new entities and processes being developed under Unity of Effort, such as the
Joint Requirements Council; (2) actively leveraging the CAEs to support PARM in
overseeing programs; (3) using data from the acquisition program staffing assessments to
inform staffing decisions; (4) continuing to use the Acquisition Review Board (ARB) as

the principal governing body; (5) improving the validity and accuracy of program performance data; and (6) enhancing our information systems.

The draft report contained five recommendations, with which the Department concurs. Specifically, GAO recommended The Secretary of Homeland Security:

**Recommendation 1:** Direct PARM to develop written guidance that defines roles and responsibilities for component leads.

**Response**: Concur. The Component leads are part of PARM's internal staff. As such, their roles, responsibilities and goals are contained in their performance plans. In addition to annual performance goals, PARM has developed written guidance for staff members who serve in lead roles. PARM is in the process of providing this information to GAO under separate cover. After its receipt and review, we request that this recommendation be considered resolved and closed.

**Recommendation 2:** Direct the Under Secretary for Management (USM) to develop written guidance to clarify roles and responsibilities of PARM and OCIO-EBMO for conducting oversight of major acquisition programs.

**Response**: Concur. PARM and the DHS Office of the Chief Information Officer (OCIO) are working collaboratively to develop guidance that will clarify the roles and responsibilities for conducting oversight for major acquisitions. Estimated Completion Date (ECD): September 30, 2015.

**Recommendation 3:** Direct the USM to produce operations and maintenance cost estimates for programs in sustainment and establish responsibility for tracking sustainment programs' adherence to those estimates.

**Response**: Concur. Through reporting in the Next Generation Periodic Reporting System (nPRS) and the Future Years Homeland Security Program (FYHSP), DHS Components have already established cost baselines and project future spending on programs in sustainment. While the Department has delineated responsibility for the oversight and tracking of sustainment programs to Component Heads as part of MD 102-01, we acknowledge that formal lifecycles for many of the programs currently in sustainment have not been established. Going forward, the Department will take the following steps to further codify the cost baseline of these programs and to manage them more effectively:

- In March 2015, the DHS Chief Financial Officer (CFO) will assess the list of the 49 programs in sustainment, having with waivers for legacy documentation, to ensure that each program remains a pertinent capital investment warranting a cost estimate.

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- In April 2015, DHS will issue an Acquisition Decision Memorandum establishing policy that requires Components to affirm lifespan for those capital investments. Components will also be required to refresh current cost estimates reported in nPRS to serve as a cost baseline. This memorandum will reemphasize that Component Heads, through the CAE structure, are responsible for the oversight and tracking of programs in sustainment throughout the operational lifecycle until eventual retirement.

Further, as the DHS CFO manages the annual Planning, Programming, Budgeting, and Execution process for resource allocation there are opportunities for Components to raise unanticipated financial issues encountered in sustainment with the Department. Annually Components analyze their portfolios of major acquisitions, including those in sustainment, to see where efficiencies can be gained to drive down the costs of operations and maintenance as they manage within their budget and balance against fiscal constraint. Through this process, programs will be directed to reenter the Acquisition Lifecycle Framework at an earlier phase should a major change, such as a service life extension, a significant refresh that adds capability, or other deviation be identified. ECD: August 31, 2015.

**Recommendation 4**: Direct the USM to determine mechanisms to hold programs accountable for entering data in nPRS consistently and accurately and to hold CAEs accountable for validating the information. Also, evaluate the root causes of why programs are not using nPRS as intended.

**Response**: Concur. The Department agrees that programs should be held accountable for providing accurate and timely data. To improve accountability, the USM has directed CAEs to be the primary accountability officials to certify that the program offices enter timely and accurate information into the nPRS.

PARM has taken ownership of certain nPRS fields and is responsible for updates. This will significantly streamline data collection and reporting. PARM is conducting an evaluation to determine the cause of why programs are not using nPRS as intended.

In addition, PARM and the OCIO are working closely to integrate the two primary reporting systems, nPRS and the Investment Management System. When complete, this integrated system will significantly streamline the data entry, reporting and collection process. ECD: September 30, 2015.

**Recommendation 5**: Direct the USM to make the CASR more useful, starting with the report reflecting fiscal year 2015 program data, adjust the CASR to do the following:

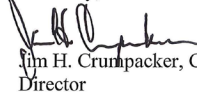- Report an individual rating for each program's cost, schedule, and technical risks;

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- Report best estimate of procurement quantities or indicate why this is not applicable, as appropriate;
- Report all programs' significant changes in acquisition cost, quantity, or schedule from the previous CASR report by determining a means to account for programs that lack acquisition program baselines;
- Report major program events that are included in acquisition program baselines, such as scheduled acquisition decision events;
- Report the level at which the program's life-cycle cost estimate was approved.

**Response**: Concur. PARM will identify the necessary changes to the Comprehensive Acquisition Status Report (CASR) template to satisfy the recommendation. Once the CASR template is finalized, PARM will work with Components and program offices to review any new information requirements for completing the CASR.

By October 2015, PARM will work with Components to gather the CASR reporting information and begin the adjudication process. The revised information will be in the Fiscal Year (FY) 2015 CASR when it is submitted to Congress with the President's budget in the second quarter of FY 2016. ECD: March 30, 2016.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously submitted under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Sincerely,

Jim H. Crumpacker, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

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# Appendix IV: GAO Contact and Staff Acknowledgments

| | |
|---|---|
| **GAO Contact** | Michele Mackin, (202) 512-4841 or mackinm@gao.gov |
| **Staff Acknowledgments** | In addition to the contact named above, Katherine Trimble, Assistant Director; Leigh Ann Haydon, Analyst-in-Charge; Stephen V. Marchesani; Alexis Olson; Sarah Marie Martin; and Daniel Hilger made key contributions to this report. Peter W. Anderson, Jean L. McSween, Ozzy Trevino, and Alyssa Weir also provided assistance. |

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