

GAO Highlights

Highlights of [GAO-16-338SP](#), a report to congressional committees

Why GAO Did This Study

In fiscal year 2015, DHS planned to invest about \$7 billion in major acquisitions. DHS's acquisition activities are on GAO's High Risk List, in part due to program management, requirements, and funding issues.

Congress included a provision in statute for GAO to review DHS's major acquisitions. This report, GAO's second annual review, addresses the extent to which (1) DHS's major acquisition programs are on track to meet their schedule and cost goals, (2) these programs changed KPPs after initiation, and (3) DHS has addressed these programs' affordability issues.

GAO assessed DHS's 16 largest acquisition programs that were in the process of obtaining new capabilities as of June 2015, and 9 other programs that GAO or DHS identified were at risk of poor outcomes to provide additional insight into factors that lead to poor outcomes. For all 25 programs, GAO reviewed key acquisition documents and met with program officials. GAO reviewed 22 of these programs in an April 2015 report ([GAO-15-171SP](#)). GAO also met with senior acquisition and financial oversight officials, and assessed DHS's policies and practices against internal control standards and key program management practices.

What GAO Recommends

GAO recommends DHS (1) quantify information when assessing programs' funding gaps, (2) conduct these assessments in a timely manner, (3) communicate results to Congress, and (4) require components to establish formal affordability review processes. DHS concurred with GAO's recommendations.

View [GAO-16-338SP](#). For more information, contact Michele Mackin at (202) 512-4841 or mackinm@gao.gov

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HOMELAND SECURITY ACQUISITIONS

DHS Has Strengthened Management, but Execution and Affordability Concerns Endure

What GAO Found

During 2015, 11 of the 25 Department of Homeland Security (DHS) programs GAO reviewed remained on track to meet their current schedule and cost goals. Eight programs experienced schedule slips, cost growth, or both, including 5 programs with life-cycle cost estimates that increased by a total of 18 percent. For the remaining six programs, DHS leadership had not approved baselines establishing their schedule and cost goals as of December 15, 2015. DHS leadership has since approved baselines for four of these six programs (one of the six is being discontinued). This action should enhance DHS's management efforts going forward, but GAO could not assess whether the programs were on track during 2015 because the baselines were approved so late in the year.

GAO Review of 25 Major DHS Acquisition Programs during 2015

Total number of programs GAO reviewed	Programs on track to meet schedule and cost goals	Programs with schedule slips, cost growth, or both	Programs that lacked approved schedule and cost goals
25	11	8	6

Source: GAO analysis of DHS documentation and data. | [GAO-16-338SP](#).

Since 2008, 12 of the 25 programs changed their key performance parameters (KPP)—the requirements a system must meet to fulfill its purpose—after DHS leadership approved them. Programs most often changed KPPs because they were poorly defined or programs decided to pursue greater capabilities. Nine programs may change their KPPs in the future, including seven that changed KPPs before. There are valid reasons to change a KPP—such as responding to emerging threats—but changes often come with schedule slips and cost growth.

DHS leadership is taking steps to improve the affordability of its major acquisition portfolio, and 14 of the programs GAO reviewed currently have funding plans covering at least 93 percent of their estimated costs through fiscal year 2020. In June 2014, DHS leadership established that components must certify programs' funding levels and identify tradeoffs necessary to address any funding gaps prior to major decisions. These efforts have generally been effective, and components have identified specific actions they can take to close three programs' funding gaps in the future. But the guidance does not require components to quantify cost estimates, funding streams, and the monetary value of proposed tradeoffs; and, in one case, the Coast Guard did not provide DHS leadership information needed to assess the National Security Cutter program's funding gap. From June 2014 through December 2015, DHS leadership assessed 14 of the programs GAO reviewed through this process, but it is uncertain whether DHS leadership will assess the remaining programs in a timely manner because the assessments are not required until major decisions, which can occur infrequently. Without timely affordability assessments, the acquisition funding plans presented to Congress are less likely to be comprehensive. That said, components do not have to wait for DHS leadership to improve the affordability of their acquisition programs. For example, the Transportation Security Administration has a formal affordability review process. However, Customs and Border Protection and the Coast Guard do not. DHS could further improve the affordability of its major acquisitions by requiring all components to create formal processes for addressing affordability.