

ELIMINATING WASTE, FRAUD, ABUSE, AND  
DUPLICATION IN THE DEPARTMENT OF  
HOMELAND SECURITY

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HEARING  
BEFORE THE  
SUBCOMMITTEE ON OVERSIGHT,  
INVESTIGATIONS, AND MANAGEMENT  
OF THE  
COMMITTEE ON HOMELAND SECURITY  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

MARCH 8, 2012

**Serial No. 112-75**

Printed for the use of the Committee on Homeland Security



Available via the World Wide Web: <http://www.gpo.gov/fdsys/>

U.S. GOVERNMENT PRINTING OFFICE

76-602 PDF

WASHINGTON : 2013

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# CONTENTS

	Page
STATEMENTS	
The Honorable Michael T. McCaul, a Representative in Congress From the State of Texas, and Chairman, Subcommittee on Oversight, Investigations, and Management:	
Oral Statement .....	1
Prepared Statement .....	3
The Honorable William R. Keating, a Representative in Congress From the State of Massachusetts, and Ranking Member, Subcommittee on Oversight, Investigations, and Management:	
Oral Statement .....	9
Prepared Statement .....	10
The Honorable Bennie G. Thompson, a Representative in Congress From the State of Mississippi, and Ranking Member, Committee on Homeland Security:	
Prepared Statement .....	12
WITNESSES	
Hon. James S. Gilmore, III, Former Governor of Virginia, Former Chairman, Congressional Advisory Panel to Assess Domestic Response Capabilities For Terrorism Involving Weapons of Mass Destruction:	
Oral Statement .....	13
Prepared Statement .....	16
Ms. Cathleen A. Berrick, Managing Director, Homeland Security and Justice Issues, Government Accountability Office:	
Oral Statement .....	20
Prepared Statement .....	21
Mr. Charles K. Edwards, Acting Inspector General, Department of Homeland Security:	
Oral Statement .....	33
Prepared Statement .....	35
Mr. Scott Lilly, Senior Fellow, Center for American Progress:	
Oral Statement .....	40
Prepared Statement .....	41



## **ELIMINATING WASTE, FRAUD, ABUSE, AND DUPLICATION IN THE DEPARTMENT OF HOMELAND SECURITY**

**Thursday, March 8, 2012**

U.S. HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON OVERSIGHT, INVESTIGATIONS, AND  
MANAGEMENT,  
COMMITTEE ON HOMELAND SECURITY,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 9:09 a.m., in Room 311, Cannon House Office Building, Hon. Michael T. McCaul [Chairman of the subcommittee] presiding.

Present: Representatives McCaul, Long, Duncan, and Keating.

Mr. McCAUL. The committee will come to order. I recognize myself for an opening statement.

Today we continue our examination of the Department of Homeland Security's ability to adequately manage its own people, its resources, and billions of taxpayer dollars, and ultimately its ability to carry out its core mission of protecting the American people.

Investigations recently completed by both the Government Accountability Office and the DHS inspector general call into question the Department's ability to operate effectively and without susceptibility to waste, fraud, and abuse of authority. For example, last year more than 150 Department of Homeland Security employees were arrested for offenses that hindered carrying out the Department's core mission to protect the homeland. There were thefts by airport screeners. You can see the slides. Between October 2009 and September 2010, at Newark Liberty Airport, TSA screeners stole as much as \$30,000 from unsuspecting passengers who were trying to get through security to board their plane. In Orlando, passengers had laptop computers stolen from their luggage. There were immigration officers accepting bribes; even Customs and Border Protection officers conspiring with transnational drug traffickers. As a former Federal prosecutor in the Department of Justice Public Integrity Section, I find that to be extremely offensive.

The DHS inspector general received in fiscal year 2011 approximately 5,800 complaints against Customs and Border Patrol employees, and of these complaints, the IG converted approximately 730 of those complaints into active investigations. Presently the inspector general has approximately 1,200 CBP-related cases open for investigation.

Then there is wasted taxpayer money. After squandering close to \$1 billion on the failed SBInet, DHS is attempting yet another bor-

der security project. Once again, the lack of coordination, communication, and integration at the administrative level has produced similar results. The Department is unable to justify the rationale for specific technologies, how much is needed, or even where to put it along the Arizona border.

Further findings expose duplicative functions within the Department that unnecessarily spend money and consume scarce resources.

These findings call into question whether the Department of Homeland Security, given the challenges it faces from within, is capable of securing our borders, enforcing our immigration laws, and protecting the American people from terrorist attacks.

Last month the Secretary of Homeland Security, Janet Napolitano, testified before our committee the administration's fiscal year 2013 budget reflects a commitment to protect the homeland and the American people through effective and efficient uses of resources. She said the Department of Homeland Security has implemented initiatives to cut costs, share resources across its agencies, and consolidate and streamline operations. This includes redirecting over \$850 million from administrative and mission support areas to front-line priorities, as well as saving over \$3 billion through various efforts since 2009, which has allowed DHS to redeploy funds to mission-critical initiatives.

These are all positive initiatives, and I commend the Secretary, but the fact is the Government Accountability Office states the Department can do a better job saving taxpayer dollars by eliminating duplication and finding additional cost savings.

For example, last week the GAO issued a key report related to duplication and cost-saving opportunities across the Federal Government. The report identified 16 homeland security areas where offices, programs, or initiatives have similar or overlapping objectives. The GAO report also identified inefficiencies within DHS that are causing other Federal agencies that contract with DHS to spend more money than necessary.

Last year DHS collected about \$230 million in fees from other agencies to pay for 2,500 facility risk assessments. However, DHS's Federal Protective Service completed only four of those assessments. The agencies that paid for the service got nothing in return for their risk assessments.

In addition to GAO's work, the DHS inspector general found hundreds of millions of dollars in questionable costs in 2011. During the past year, the IG made recommendations to improve acquisition controls, to reduce duplication, develop more efficient fraud-prevention efforts for FEMA, strengthen information sharing between the Government and private industry on cyberthreats, and improve TSA's oversight of airport badging procedures, among other important findings.

Just as American families have had to make difficult choices concerning their finances, so should the Department. DHS has a responsibility to not only protect and secure the homeland, but also ensure that it is a good steward of the taxpayer dollars.

In February, our subcommittee began a series of hearings examining the challenges faced by DHS. These hearings seek to answer three basic questions: What challenges does DHS face? More blunt-

ly, what is wrong with the Department? Why is it taking so long to become “One DHS”, as Secretary Napolitano often talks about? Do the DHS shortcomings hinder it from carrying out its core mission of securing the homeland?

Today we continue that discussion. Stealing from airline passengers, conspiring with drug traffickers, blindly throwing resources onto the border, and unnecessarily duplicating efforts contributing to the waste, fraud, and abuse of authority that fleeces the American taxpayer and breaches their trust. We need to assess to what extent internal control weaknesses exist that, if corrected, could prevent incidences like these in the future.

Given the fiscal challenges facing our Nation and the possibility for continued waste within DHS, it is important to assess how Congress could help make DHS a stronger organization. So I look forward to hearing more about these cost-saving areas from the GAO and DHS inspector general and the witnesses here.

We are honored to have Governor Gilmore here as well. I appreciate you being here, Governor.

With that I recognize the Ranking Member.

[The statement of Mr. McCaul follows:]

STATEMENT OF CHAIRMAN MICHAEL T. MCCAUL

MARCH 8, 2012

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There were Immigration officers accepting bribes. Even Customs and Border Protection officers conspiring with transnational drug traffickers. The DHS Inspector General received in fiscal year 2011 approximately 5,800 complaints against Customs and Border Protection employees. Of these complaints, the Inspector General converted approximately 730 into investigations. Presently, the Inspector General has approximately 1,200 CBP-related cases open for investigation.

Then there's wasted taxpayer money. After squandering close to \$1 billion on the failed SBINet, DHS is attempting yet another border security project. Once again, the lack of coordination, communication, and integration at the administrative level has produced similar results. The Department is unable to justify the rationale for specific technologies, how much is needed, or even where to put it along the Arizona border.

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support areas to front-line priorities, as well as saving over \$3 billion through various efforts since 2009, which has allowed DHS to redeploy funds to mission-critical initiatives.

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The GAO report also identifies inefficiencies within DHS that are causing other Federal agencies that contract with DHS to spend more money than necessary.

Last year, DHS collected about \$230 million in fees from other agencies to pay for 2,500 facility risk assessments. However, DHS's Federal Protective Service completed only four of those assessments. The agencies that paid for the service but got nothing in return ended up conducting their own risk assessments.

In addition to GAO's work, the DHS Inspector General found hundreds of millions of dollars in questionable costs in 2011. During the past year, the Inspector General made recommendations to improve acquisition controls to reduce duplication, develop more efficient fraud prevention efforts for the Federal Emergency Management Agency, strengthen information sharing between the Government and private industry on cyber threats, and improve TSA's oversight of airport badging procedures, among other important findings.

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- What challenges does DHS face and put bluntly, what is wrong with DHS?
- Why is it taking so long to become "One DHS"? as Secretary Napolitano so often mentions, and
- Do DHS shortcomings hinder it from carrying out its core mission of securing the homeland?

Today, we continue that discussion. Stealing from airline passengers, conspiring with drug traffickers, blindly throwing resources onto the border and unnecessarily duplicating efforts contribute to the waste, fraud, and abuse of authority that fleeces the American taxpayer and breaches their trust. We need to assess to what extent internal control weaknesses exist that, if corrected, could prevent incidents like these in the future.

Given the fiscal challenges facing our Nation and the possibility for continued waste within DHS, it is important to assess how Congress can help make DHS a stronger organization. We look forward to hearing more about these cost savings areas from GAO and the DHS Inspector General.



## **TSA Supervisory Officer Sentenced in Connection with \$30,000 Theft Scheme**



Source: The Star-Ledger  
Terminal C at Newark Liberty International Airport. A Transportation Security Administration supervisor at the airport was sentenced for stealing from passengers

## **TSA Supervisory Officer Sentenced in Connection with \$30,000 Theft Scheme**



Source: John O' Boyle/The Star-Ledger  
Passengers prepare to enter the security screening area at Newark Liberty International Airport in November 2010

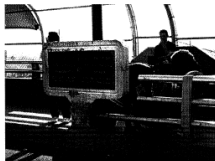
## TSA Supervisory Officer Sentenced in Connection with \$30,000 Theft Scheme



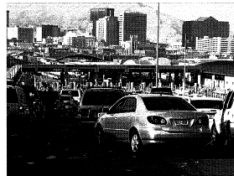
Source: myfoxny.com

Supervisory Transportation Security Officer admitted stealing currency from passengers' baggage. The officer was sentenced in U.S. District Court to 30 months imprisonment, followed by 36 months supervised release, and ordered to forfeit \$24,150

## CBP Officers Accepting Bribes and Conspiring with Drug Traffickers



Paso Del Norte Port of Entry  
Source: DHS OIG



Paso Del Norte Port of Entry  
Source: DHS OIG



Paso Del Norte Port of Entry  
Source: DHS OIG



Paso Del Norte Port of Entry  
Source: DHS OIG



Paso Del Norte Port of Entry  
Source: DHS OIG



Paso Del Norte Port of Entry  
Source: DHS OIG

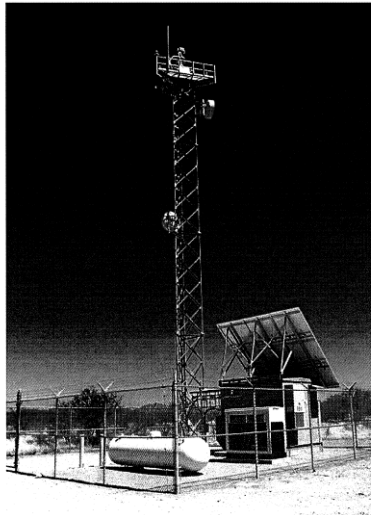
## Technologies Contained in Arizona Border Surveillance Technology Plan



Source: GAO.

A Mobile Surveillance System consists of camera and radar systems mounted on a truck, with images being transmitted to and monitored on a computer screen in the truck's passenger compartment.

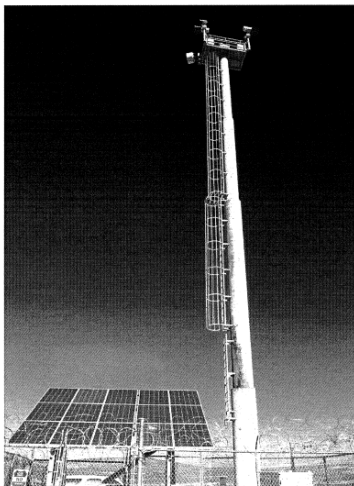
## Technologies Contained in Arizona Border Surveillance Technology Plan



Source: GAO.

An Integrated Fixed Tower “system” consists of fixed towers, sensors (cameras and radar), a data communications network, facilities upgrades, information displays, and an information management system.

## Technologies Contained in Arizona Border Surveillance Technology Plan



Source: CBP.

Remote Video Surveillance System

## Technologies Contained in Arizona Border Surveillance Technology Plan



Source: CBP.  
Agent Portable Surveillance System

Mr. KEATING. Thank you, Mr. Chairman. Thank you for having this hearing, which I think is a timely examination of the ways to ensure that our scarce Homeland Security funds are being utilized properly.

I do agree with you in terms of the Arizona border surveillance technology plan. I agree with you, as a former district attorney myself, there is no place for criminal acts, you know, with the people that are there to protect us in the law enforcement field in our country. But I do think it is important to note as well that DHS itself has been vigilant in rooting out this kind of behavior, and they are to be commended in that respect.

The current economic climate does have all people tightening their belts across the country. The same is true for our Federal Government. Congress has the responsibility of safeguarding taxpayer funds by eliminating instances of duplication and wasteful spending. Yet streamlining operations can at times be distinguished from reducing the resources of Federal employees so drastically that they can't perform their jobs effectively and provide needed Government services.

I mentioned at our last hearing both the necessity of looking at these issues from a broader perspective; that shortsighted plans that eliminate job-creating programs and compromise our safety for the sake of short-term savings are not always the answer. For this reason, I am pleased to see the GAO has taken a bird's-eye view of Federal Government programs and provided with us a roadmap for actual savings prospects. The report identifies 51 areas that re-

quire greater efforts at efficiency, as well as suggestions for providing more effective Government services. It also identifies Government duplication, overlap, fragmentation to help Congress discover more cost savings and revenue-enhancement opportunities.

Although the report contains a Government-wide assessment, it highlights several broad areas where duplication, overlap, and fragmentation exist within DHS. Accordingly, this subcommittee received testimony from DHS Under Secretary Rafael Borrás last week on efforts the Department is making to integrate its management system.

Pursuant to his testimony, the Department is making positive strides in this regard and is having clear plans in place to reduce duplicated efforts in the management area. In fact, the Department's Efficiency Review Initiative, which was highlighted by Vice President Biden as a model for all Federal agencies, has resulted in more than \$1 billion in DHS cost avoidances, including \$180 million saved by consolidating duplicative software-licensing agreements.

Moreover, the Department serves as one of the leading Federal agencies in the administration's Shared First Initiative, which requires Federal agencies to eliminate duplicative IT systems. Due to this program, there aren't any duplicative IT efforts at DHS, even in the face of at least \$1.2 billion in duplicative IT investments at the Departments of Energy and Defense. So according to the GAO head, Comptroller Gene Dodaro, again, DHS is to be commended for moving in this direction.

These are the good stories. I am pleased to see that Secretary Napolitano has advanced internal measures aimed at eliminating waste, fraud, and duplication. Unfortunately, this does not change the fact that DHS is still made up of 22 legacy agencies, and a number of its activities are still shared by other Federal agencies. It is within these instances where GAO identifies numerous instances of undefined roles, responsibilities, and duplicative efforts that ultimately result in spending taxpayer money that could have been better utilized.

For example, when it comes to personnel background investigations, cybersecurity training, and the identification of fraudulent travel documents, the lines between multiple agencies are blurred. Furthermore, despite its management strides, the Department has yet to fully address efficiencies in component operations that result in wasted funds.

The Department's Federal Protective Service has received over \$230 million from Federal agencies for risk assessment and security services, yet these agencies have not found the FPS's services adequate or satisfactory, so they perform their own assessments as well.

Mr. Chairman, I think that a much more sound strategy to eliminate and streamline bureaucratic programs that haven't been working for years over preventing new programs and technologies with potential for taking effective due cost concerns in place is a sound strategy. I look forward to receiving testimony from our witnesses on these and other issues in the relevance of today's hearing. With that, I yield back my time.

[The statement of Mr. Keating follows:]

## STATEMENT OF RANKING MEMBER WILLIAM R. KEATING

Thank you, Chairman McCaul for holding this important hearing, which is a timely examination of ways to ensure that scarce homeland security funds are being utilized properly.

The current economic climate has people all across America tightening their belts and cutting back on spending.

The same is true of our Federal Government.

Congress has the responsibility of safeguarding taxpayer funds by eliminating instances of duplication and wasteful spending.

Yet, streamlining operations is not one and the same with reducing the resources of Federal employees so drastically that they cannot perform their jobs effectively and provide needed Government services.

I have said this time and again, both on and off the committee, shortsighted plans that eliminate job-creating programs and compromise our safety for the sake of immediate savings are not always the answer.

For this reason, I am pleased to see that the Government Accountability Office (GAO) has taken a bird's-eye view of Federal Government programs and provided with us a road map for actual savings prospects.

The report identifies 51 areas that require greater efforts at efficiency as well as suggestions for providing more effective Government services.

It also identifies Government duplication, overlap, fragmentation to help Congress discover more cost savings and revenue-enhancement opportunities.

Although the report contains a Government-wide assessment, it highlights several broad areas where duplication, overlap, or fragmentation exist within the Department of Homeland Security.

Accordingly, this subcommittee received testimony from DHS Under Secretary of Management Rafael Borrás last week on the efforts the Department is making to integrate its management system.

Pursuant to his testimony, the Department is making very positive strides in regard to having clear plans in place to reduce duplicative efforts in the management arena.

In fact, the Department's Efficiency Review Initiative, which was highlighted by Vice President Biden as a model for all Federal agencies, has resulted in more than \$1 billion in DHS cost avoidances, including \$180 million saved by consolidating duplicative software-licensing agreements.

Moreover, the Department serves as one of the leading Federal agencies in the administration's Shared First Initiative, which requires Federal agencies to eliminate duplicative IT systems.

Due to this program, there aren't any duplicative IT efforts at DHS, even in the face of at least \$1.2 billion in duplicative IT investments at the Departments of Energy and Defense, according to GAO head, Comptroller General Gene Dodaro.

These are the good stories. And I am pleased to see that Secretary Napolitano has advanced internal measures aimed at eliminating waste, fraud, and duplication.

Unfortunately, this does not change the fact that DHS is still made up of 22 legacy agencies and a number of its activities are still shared by other Federal agencies.

It is within these instances where GAO identifies numerous instances of undefined roles and responsibilities and duplicative efforts that ultimately result in spending taxpayer money that could have been better utilized.

For example, when it comes to personnel background investigations, cybersecurity trainings, and the identification of fraudulent travel documents, the lines between multiple agencies are blurred.

Furthermore, despite its management strides, the Department has yet to fully address deficiencies in component operations that result in wasted funds.

The Department's Federal Protective Service (FPS) has received over \$230 million from Federal agencies for risk assessments and security services.

Yet, these agencies have not found the FPS's services adequate or satisfactory, so they perform their own assessments, as well.

Mr. Chairman, I think that it is much more sound strategy to eliminate or streamline bureaucratic programs that haven't been working for years over preventing new programs and technologies with potential from taking effect due to cost concerns.

Mr. McCaul. I thank the Ranking Member and his bipartisan-ship. Other Members are reminded that they may submit statements for the record.

[The statement of Ranking Member Thompson follows:]

## PREPARED STATEMENT OF RANKING MEMBER BENNIE G. THOMPSON

MARCH 8, 2012

Thank you, Chairman McCaul for holding this hearing.

These are very difficult financial times and every aspect of the Government—Federal, State, and local—must do its part to eliminate wasteful spending, weed out unnecessary duplication, and cut costs where possible.

Reducing Government spending by eliminating overlapping and duplicative programs is a common-sense approach to saving scarce Federal funds and enhancing revenue.

This approach, however, should be achieved with a careful examination of what works, what does not work, what should be consolidated, and what should be left alone.

For example, it has been proposed that the Department of Homeland Security reduce 16 individually-authorized preparedness grant programs into a single pool of money.

This proposal causes me grave concern.

Although I recognize it is prudent to re-evaluate and streamline programs to promote efficiency and reduce costs in the wake of the current fiscal climate, I am concerned that the end result will be hamstrung first responders facing unprecedented natural disasters.

As required by law, the Government Accountability Office (GAO) has conducted an examination of duplication, overlap, and fragmentation across Federal Government programs and has recommended actions for improvement.

The result of this examination is a 426-page report, the size of which, is an indication that extensive work is required.

In the report, GAO identifies 51 areas where programs may be able to achieve greater efficiencies or become more effective in providing Government services and 32 areas with evidence of duplication, overlap, or fragmentation.

Due to its size, mission, and inherent overlapping authority, the Department of Homeland Security is named in more areas of overlap than any other agency.

The report also contained 176 actions that either the Executive Branch or Congress should take to improve this country's fiscal outlook.

While it is convenient for my colleagues to point the finger at the Executive Branch, in this instance, the numbers indicate that the Executive Branch is ahead of the game while Congress, with a Republican controlled House, lags behind.

In fact, in a follow-up status report on the 176 recommended actions, GAO determined that nearly 80 percent of the issues identified that required Executive Branch action have been addressed.

On the other hand, this Congress has addressed less than 40 percent of the GAO recommendations that required Congressional action.

Many of the recommended Congressional actions could have been achieved by now, if the Majority would stop putting politics first and bring common-sense, cost-savings bills—even if introduced by Democrats—to the House floor.

As the Ranking Member of a committee that shares its oversight jurisdiction with over 100 Congressional committees and subcommittees, watching my colleagues put politics first comes as no surprise.

To illustrate this point, the Homeland Security Authorization Act that this committee ordered reported last October has yet to be considered by the House because, in part, the report has been held up due to jurisdictional challenges.

Of relevance to this hearing, that measure contains a section that would require the Department to “identify redundant, wasteful, or unnecessary capabilities and capacities where resources can be redirected.”

Unless we get our house in order and reduce duplicative homeland security jurisdiction, good-intentioned provisions like this one that would result in efficiencies at the Department of Homeland Security, are unlikely to ever be enacted into law.

With that Mr. Chairman, I yield back the balance of my time.

Mr. McCAUL. You, having served as a district attorney, and I as a Federal prosecutor, I think we make a pretty good team. I think our goal is not gotcha politics here, it is about how we can better improve the Department, which is so important to protect the lives of the American people.

So with that, I want to introduce our distinguished panel of witnesses. First, the Honorable James Gilmore. He is a former Governor of Virginia. When I lived in Virginia, at DOJ, he was my



Governor. He is Chairman of the Congressional Advisory Panel to Assess Domestic Response Capabilities for Terrorism Involving Weapons of Mass Destruction. Prior to serving as Governor, he was Virginia's attorney general. He also served in the U.S. Army as a counterintelligence agent. In 2009, he became president and CEO of the Free Congress Foundation. He is also president of USA Secure.

Next we have Ms. Cathleen Berrick, the Managing Director of Homeland Security and Justice Issues at the Government Accountability Office. In this position she oversees GAO's reviews of the Department of Homeland Security and Justice programs. Prior to being named Managing Director by Comptroller Gene Dodaro, she oversaw GAO's reviews of aviation and surface transportation security matters, as well as Department of Homeland Security management issues.

We also have next Mr. Charles Edwards, the Acting Inspector General of the Department of Homeland Security. He assumed this position in February 2011. Previously, Mr. Edwards served as the Deputy Inspector General of the Department of Homeland Security. He has served over 20 years in the Federal Government, and has held leadership positions at several Federal agencies, including TSA, United States Postal Service Office of Inspector General, and the U.S. Postal Service. I have two extra reporters from two of my new counties in my new district that may want to talk to you about the Postal Service after this hearing.

Mr. Scott Lilly is the senior fellow at the Center for American Progress. He writes and researches on areas including governance, Federal budgeting, National security, and the economy. He joined the center in 2004 after 31 years of service within the United States Congress. He served as a clerk and staff director on the House Appropriations Committee, minority staff director of that committee; executive director of the House Democrat Study Group; executive director of the Joint Economic Committee; and chief of staff in the office of Congressman David Obey from Wisconsin.

It is good to have you here. You have a pretty extensive background in this institution. It is good to have you.

So with that, I now recognize our first witness, the former Governor Gilmore, for his testimony.

**STATEMENT OF HON. JAMES S. GILMORE, III, FORMER GOVERNOR OF VIRGINIA, FORMER CHAIRMAN, CONGRESSIONAL ADVISORY PANEL TO ASSESS DOMESTIC RESPONSE CAPABILITIES FOR TERRORISM INVOLVING WEAPONS OF MASS DESTRUCTION**

Mr. GILMORE. Mr. Chairman, thank you very much. I thank you for the invitation, Mr. Chairman, Mr. Keating, Members of the subcommittee. My thanks also to Chairman Peter King for this invitation as well. I would ask, Mr. Chairman, that the oral remarks that I make today be extended in the record, with the permission of the subcommittee.

Mr. MCCAUL. Without objection, so ordered.

Mr. GILMORE. Mr. Chairman, I am here today, I think, to give you some sense of historical perspective of how we ended up where we are today, which may give some insight as to where we are real-

ly trying to go. I was approached in 1999—1998, really—by the Congress through its representative the Department of Defense, was delegated with the authority of setting up the official Commission of the United States Congress on Terrorism and Weapons of Mass Destruction, and asked to chair that Commission.

I want the Members to know about your Commission. This was not a Commission of insiders. This was not a witch hunt. This was not an effort to try to find blame. This was an effort, instead, at a very early date, to investigate the state of preparedness of the United States. It was not a Washington- or Federal-centric Commission. The Congress, in its wisdom, put onto the membership people—police, fire, rescue, emergency services, people from across the States, as well as some specialists in intelligence and other areas.

Jim Clapper, I asked him to serve as the Vice Chairman of our Commission, which he did for many years until he left to go back into the Government. As everyone is aware, General Clapper is now the Director of National Intelligence of the United States.

Ray Downey was our fire representative. He died in the World Trade Center on 9/11. Paul Bremer was on the Commission. But frankly, the work was aided a great deal by our representatives from around the States in the various fields that were important to homeland security.

We issued our first report in 1999. We issued our second report in 2000. I brought a copy of that along with me here today just to display to you. All the Congresspeople received all five of our reports. We just did three reports before the 9/11 attack and two afterwards. The Congress extended the Commission, the 3-year Commission, for 2 years afterwards.

This second report was issued December 15 in the year 2000, fully a year before the attack. In the opening cover letter we reported, “We are impelled by the stark realization that a terrorist attack on some level inside our borders is inevitable, and the United States must be ready.” This was not the first warning, either by other people or even by our Commission, as to the nature of things, but it was widely ignored.

The second report, however, did address the issue of the Department of Homeland Security, and we did not endorse the Department. We investigated for a year the question of how you address this issue. We believed that to create a Department of Homeland Security would require at least 10 years to put together, to straighten it all out, to figure out who was in and who was out, what the chain of command would be, how the management pieces would be put into place. We just didn’t think we had 10 years. So our recommendation, which is extensively discussed in our reports, was a White House coordinating body.

Now, we did—in May 2010, General Clapper and I did brief the new administration. We sat with Vice President Cheney at length. We believed that the Bush administration was, in fact, beginning to set up the internal White House committee in order to coordinate all the different elements of the United States Government that would deal with homeland security issues. But sadly enough, we didn’t have a year after the issuance of this report. The 9/11 attack, of course, occurred before that time.

After the 9/11 attack, there was enormous political pressure in both the Congress and the administration to take decisive action. It didn't, I think, seem like the coordinating recommendations we made looked decisive enough after the 9/11 attack. The Congress decided that they were going to move on their own and set up a Department of Homeland Security and toss these various agencies into one overarching department.

It seemed apparent that that was going to happen, and I believe the Bush administration could fairly be said to be resisting it. But after a while, they concluded that Congress was going to act, and they wanted to be a part of shaping it, and they, in fact, submitted their own bill.

Our position of the Gilmore Commission, even after all these years, would be, and still is today, that while we did not recommend this structure, nonetheless we wished them all success, because after 10 years, that is what we got. So we really ought to be going to work with these distinguished colleagues to my left in order to polish this up and find ways to eliminate duplication, and to work in order to make it a great success, as indeed we believed that it can be.

Our review would indicate that of the initial reports that have come out, we are concerned about the original report of DHS of Homeland Security grants, fraudulent travel documents, passenger aviation fees, and domestic disaster assistance. We believe these areas are areas where duplication is realistic and could be addressed.

We think much work has to be done. We believe that we still haven't completely answered the question of who is in charge in any particular area. The FBI is not in the Department. The CIA is not in the Department. Locals and States are not in the Department. Locals will always be the first responders, just as they were at the World Trade Center and at the Pentagon. They are not in the DHS structure, although there is some communication.

We believe there has been woefully inadequate public communication to the people of the United States as to what the dangers are. We believe that there has been insufficient attention and seriousness paid to the risk of the use of the military in the homeland, one of our principal areas. The most recent National Defense Authorization Act, for example, has reckless language that authorizes, by construction, the detention of American citizens indefinitely and without trial. There is language in there that the Congress, I think, sought to correct that, and I think they failed to correct it.

These are serious challenges as we see right now. We believe there is no training of the military to play a law enforcement role, nor should they play a law enforcement role. We believe that the locals and the States are not being sufficiently cut in, nor financed, in order to prepare for the inevitable additional attacks.

You mentioned, Mr. Chairman, in closing, that I am now president and CEO of the Free Congress Foundation. We have several topics that we address. One of our topics that we are about to do is to begin now the Center for National Security at the Free Congress Foundation for the purpose of beginning to follow up on this work, which has not been followed up on, in our view, sufficiently. We would like to make a contribution to the community and to the

Congress, and we will do it through the raising of private funds and through the use of a private nonprofit. Hopefully we can make a contribution to your work, Mr. Chairman, and that of your subcommittee, and that of the full committee. Thank you very much. [The statement of Mr. Gilmore follows:]

PREPARED STATEMENT OF JAMES S. GILMORE, III

MARCH 8, 2012

#### INTRODUCTION

Mr. Chairman it is honor to be here today. I commend you and House Homeland Security Chairman Peter King for holding these forward-thinking hearings on reviewing American Homeland Security policy as an institution for the 21st Century. Communicating with the American public about the realities of terrorism and how our country is prepared is essential to keeping our liberty.

I have singled out a few items to consider as objectives to save taxpayer dollars. I note that the Department of Homeland Security (DHS) isn't the only agency with duplication problems. This is a Government-wide problem—but four Government Accountability Office (GAO) report items stand out.

*Homeland Security Grants.*—The Department of Homeland Security needs better project information and coordination among four overlapping grant programs (current reform is underway with grant consolidation).

*Information Technology Investment Management.*—The Office of Management and Budget, and the Departments of Defense and Energy need to address potentially duplicative information technology investments to avoid investing in unnecessary systems.

*Passenger Aviation Security Fees.*—Options for adjusting the passenger aviation security fee could further offset billions of dollars in civil aviation security costs.

*Domestic Disaster Assistance.*—The Federal Emergency Management Agency could reduce the costs to the Federal Government related to major disasters declared by the President by updating the principal indicator on which disaster funding decisions are based and better measuring a State's capacity to respond without Federal assistance.

#### HISTORY OF GILMORE COMMISSION BEFORE & AFTER 9/11

After the fall of the Berlin Wall, Americans and most of the civilized world looked ahead to the future with little fear—especially of global war. A transcript of a Jan. 26, 1996 Bill Clinton Presidential radio address delivered on a Saturday morning following his recently delivered state of the union address sums up where he and most of Americans were focused—Domestic Policy:

"These are the seven challenges I set forth Tuesday night—to strengthen our families, to renew our schools, and expand educational opportunity, to help every American who's willing to work for it achieve economic security, to take our streets back from crime, to protect our environment, to reinvent our government so that it serves better and costs less, and to keep America the leading force for peace and freedom throughout the world. We will meet these challenges, not through big government. The era of big government is over, but we can't go back to a time when our citizens were just left to fend for themselves."

Little did we know then that by 2003 a Republican President would sign a bipartisan bill creating another Government cabinet agency called the "Department of Homeland Security."

As a new Republican majority emerged in the mid-1990s in the House and Senate—there was much talk of reinventing Government and President Clinton and the Congress did balance the Federal budget for the first time in three decades in 1998.

However, Congress and the Clinton administration were uneasy about the growing threat to the West which came in two major events—the August 7, 1998 U.S. Embassy bombings in Africa and the October 12, 2000 bombing of the USS Cole.

We worked tirelessly to deliver our first report to the Congress on Dec. 15, 1999. The Gilmore Commission was up and running by the time of the USS Cole incident—and probably did our best work in the second report—which was delivered to the Congress on Dec. 15, 2000. We kept our focus and delivered our final report to Congress and President Bush a week before September 11, 2001.

The Commission was extended another 2 years after 9/11.

From 1999 to 2003, I was proud to serve as Chairman of the Congressional Advisory Panel to Assess the Capabilities for Domestic Response to Terrorism Involving Weapons of Mass Destruction—the shortened name became known as “The Gilmore Commission.” To sum up what we did in those 5 years prior and after 9/11 is this: Our Commission was focused on local responders. One Gilmore Commission member, Ray Downey, served as a representative from the New York City Fire Department. Ray, unfortunately, died serving the people of his city and Nation while responding and saving lives on September 11, 2001. Of our five reports—we delivered 164 recommendations. One hundred forty-six have now been adopted by the Congress and the Executive Branch.

Prior to the horrendous attacks on 9/11 our Commission (myself and Gen. James Clapper) briefed former Vice President Dick Cheney at the White House in May 2001 to address the growing terrorist threat to this country and to begin to develop our counterterrorism office inside the White House. This would become the Office of Homeland Security which was announced by President Bush on September 20, 2001.

#### CONGRESSIONAL MANDATE FOR THE GILMORE COMMISSION

The Advisory Panel was established by Section 1405 of the National Defense Authorization Act for Fiscal Year 1999, Public Law 105–261 (H.R. 3616, 105th Congress, 2nd Session) (October 17, 1998). That Act directed the Advisory Panel to accomplish several specific tasks.

It said: The panel shall—

1. Assess Federal agency efforts to enhance domestic preparedness for incidents involving weapons of mass destruction;
2. Assess the progress of Federal training programs for local emergency responses to incidents involving weapons of mass destruction;
3. Assess deficiencies in programs for response to incidents involving weapons of mass destruction, including a review of unfunded communications, equipment, and planning requirements, and the needs of maritime regions;
4. Recommend strategies for ensuring effective coordination with respect to Federal agency weapons of mass destruction response efforts, and for ensuring fully effective local response capabilities for weapons of mass destruction incidents; and
5. Assess the appropriate roles of State and local government in funding effective local response capabilities.

That Act required the Advisory Panel to report its findings, conclusions, and recommendations for improving Federal, State, and local domestic emergency preparedness to respond to incidents involving weapons of mass destruction to the President and the Congress three times during the course of the Advisory Panel’s deliberations—on December 15 in 1999, 2000, and 2001. The Advisory Panel’s tenure was extended for 2 years in accordance with Section 1514 of the National Defense Authorization Act for Fiscal Year 2002 (S. 1358, Public Law 107–107, 107th Congress, First Session), which was signed into law by the President on December 28, 2001. By virtue of that legislation, the panel was required to submit two additional reports—one on December 15, 2002, and one on December 15, 2003.

#### ADVISORY PANEL COMPOSITION (A UNIQUE MEMBERSHIP FOCUSED ON FIRST RESPONDERS)

Mister Chairman, please allow me to pay special tribute to the men and women who serve on our panel. This Advisory Panel is unique in one very important way. It is not the typical National “blue ribbon” panel, which in most cases historically have been composed almost exclusively of what I will refer to as “Washington Insiders”—people who have spent most of their professional careers inside the Beltway. This panel has a sprinkling of that kind of experience—a former Member of Congress and Secretary of the Army, a former State Department Ambassador-at-Large for Counterterrorism, a former senior executive from the CIA and the FBI, a former senior member of the intelligence community, the former head of a National academy on public health, two retired flag-rank military officers, a former senior executive in a non-governmental charitable organization, and the head of a National law enforcement foundation. But what truly makes this panel special and, therefore, causes its pronouncement to carry significantly more weight, is the contribution from the members of the panel from the rest of the country:

- Three directors of State emergency management agencies, from California, Iowa, and Indiana, two of whom now also serve their Governors as Homeland Security Advisors;
- The deputy director of a State homeland security agency;
- A State epidemiologist and director of a State public health agency;

- A former city manager of a mid-size city;
- The chief of police of a suburban city in a major metropolitan area;
- Senior professional and volunteer fire fighters;
- A senior emergency medical services officer of a major metropolitan area;
- And, of course—in the person of your witness—a former State governor.

These are representatives of the true “first responders”—those heroic men and women who put their lives on the line every day for the public health and safety of all Americans. Moreover, so many of these panel members are also National leaders in their professions: Our EMS member is a past president of the national association of emergency medical technicians; one of our emergency managers is the past president of her national association; our law officer now is president of the international association of chiefs of police; our epidemiologist is past president of her professional organization; one of our local firefighters is chair of the terrorism committee of the international association of fire chiefs; the other is chair of the prestigious national Interagency Board for Equipment Standardization and Inter-Operability.

Those attacks continue to carry much poignancy for us, because of the direct loss to the panel. Ray Downey, Department Deputy Chief and chief-in-charge of Special Operations Command, Fire Department of the City of New York, perished in the collapse of the second tower in the September 11 attack on the New York World Trade Center.

#### PANEL REPORTS

In the history of the Panel, we produced five advisory reports to the Congress and to the President of the United State. The first report in 1999 assessed threat. The second report in 2000 developed the fundamentals of a National strategy for combating terrorism.

The third report, dedicated to Ray Downey who lost his life in the World Trade Center, filled out a National strategy in five key subject areas: State and local response capabilities, health and medical capabilities, immigration and border control, cybersecurity, and use of the military. Our fourth report in 2002, issued in the year following the 9/11 attacks, further made recommendations on how to marshal the National effort towards a National strategy. It paid special attention to the needs of intelligence sharing and the proper structure for counterterrorism activities inside the United States. Our last report was issued on December 15, 2003. That final report sought to express some end-vision and direction for the United States as it develops its National strategy and makes the country safer.

#### FIFTH REPORT (2003)—FORGING AMERICA’S NEW NORMALCY: SECURING OUR HOMELAND, PRESERVING OUR LIBERTY

Mister Chairman, the Advisory Panel released its fifth and final report on December 15, 2003. In that report, the strategic vision, themes, and recommendations were motivated by the unanimous view of the panel that its final report should attempt to define a future state of security against terrorism—one that the panel has chosen to call “America’s New Normalcy.”

That strategic vision offered by the panel reflects the guiding principles that the panel has consistently enumerated throughout its reports:

- It must be truly National in scope, not just Federal.
- It should build on the existing emergency response system within an all-hazards framework.
- It should be fully resourced with priorities based on risk.
- It should be based on measurable performance.
- It should be truly comprehensive, encompassing the full spectrum of awareness, prevention, preparedness, response, and recovery against domestic and international threats against our physical, economic, and societal well-being.
- It should include psychological preparedness.
- It should be institutionalized and sustained.
- It should be responsive to requirements from and fully coordinated with State and local officials and the private sector as partners throughout the development, implementation, and sustainment process.
- It should include a clear process for strategic communications and community involvement.
- It must preserve civil liberties.

In developing the report, panel members all agreed at the outset that it could not postulate, as part of its vision, a return to a pre-September 11 “normal.” The threats from terrorism are now recognized to be a condition must face far into the future. It was the panel’s firm intention to articulate a vision of the future that subjects

terrorism to a logical place in the array of threats from other sources that the American people face every day—from natural diseases and other illnesses to crime and traffic and other accidents, to mention a few. The panel firmly believes that terrorism must be put in the context of the other risks we face, and that resources should be prioritized and allocated to that variety of risks in logical fashion.

In 2004 our panel proffered a view of the future—5 years hence—that it believes offers a reasonable, measurable, and attainable benchmark. It believes that, in the current absence of longer-term measurable goals, this benchmark can provide Government at all levels, the private sector, and our citizens a set of objectives for readiness and preparedness. The panel did not claim that the objectives presented in this future view are all-encompassing. Neither do they necessarily reflect the full continuum of advances that America may accomplish or the successes that its enemies may realize in the next 5 years. The view is a snapshot in time for the purpose of guiding the actions of today and a roadmap for the future.

The panel said that America's new normalcy by January 2009 should reflect:

- Both the sustainment and further empowerment of individual freedoms in the context of measurable advances that secure the homeland.
- Consistent commitment of resources that improve the ability of all levels of government, the private sector, and our citizens to prevent terrorist attacks and, if warranted, to respond and recover effectively to the full range of threats faced by the Nation.
- A standardized and effective process for sharing information and intelligence among all stakeholders—one built on moving actionable information to the broadest possible audience rapidly, and allowing for heightened security with minimal undesirable economic and societal consequences.
- Strong preparedness and readiness across State and local government and the private sector with corresponding processes that provide an enterprise-wide National capacity to plan, equip, train, and exercise against measurable standards.
- Clear definition about the roles, responsibilities, and acceptable uses of the military domestically—that strengthens the role of the National Guard and Federal Reserve Components for any domestic mission and ensures that America's leaders will never be confronted with competing choices of using the military to respond to a domestic emergency versus the need to project our strength globally to defeat those who would seek to do us harm.
- Clear processes for engaging academia, business, all levels of government, and others in rapidly developing and implementing research, development, and standards across technology, public policy, and other areas needed to secure the homeland—a process that focuses efforts on real versus perceived needs. Well-understood and shared process, plans, and incentives for protecting the Nation's critical infrastructures of Government and in the private sector—a unified approach to managing our risks.

The panel's Future Vision back in 2009 included specifics details involving:

- State, Local, and Private Sector Empowerment;
- Intelligence;
- Information Sharing;
- Training, Exercising, Equipping, and Related Standards;
- Enhanced Critical Infrastructure Protection;
- Research and Development, and Related Standards;
- Role of the Military.

The GAO and DHS have prepared lengthy reports to enhance homeland security of our Nation and the Congress is doing its due diligence. Hearings like we are having today move forward the idea of making progress happen, but we must always consider the role of the military as we decide on our future homeland policy.

#### IN CONCLUSION

Civil liberties are the foundation of the Gilmore Commission. The panel addressed the on-going debate in the United States about the tradeoffs between security and civil liberties. It concluded that history teaches, however, that the debate about finding the right "balance" between security and civil liberties is misleading, that the traditional debate implies that security and liberty are competing values and are mutually exclusive. It assumes that our liberties make us vulnerable and if we will give up some of these liberties, at least temporarily, we will be more secure.

It concluded that civil liberties and security are mutually reinforcing. The panel said that we must, therefore, evaluate each initiative along with the combined effect of all initiatives to combat terrorism in terms of how well they preserve all of the "unalienable rights" that the founders believed were essential to the strength and security of our Nation—rights that have become so imbedded in our society and in-

grained in our psyche that we must take special precautions, take extra steps, to ensure that we do not cross the line.

Mr. McCAUL. Well, thank you, Governor. It is a real honor to have somebody of your experience and magnitude appear before this committee. Thank you for being here.

The Chairman now recognizes Ms. Berrick for her testimony.

**STATEMENT OF CATHLEEN A. BERRICK, MANAGING DIRECTOR, HOMELAND SECURITY AND JUSTICE ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE**

Ms. BERRICK. Thank you, Mr. Chairman, Ranking Member Keating, the Members of the subcommittee. I am pleased to be here to discuss GAO's work assessing overlap, potential duplication, and cost-saving opportunities at DHS, as well as challenges that have affected the Department's implementation efforts.

As you know, DHS is now the third-largest department in the Federal Government. Given the significance of its mission, and in a time of building fiscal pressures, it is critical that its programs are operating effectively and efficiently, are sustainable, and continue to mature to address pressing security needs.

Last week, as you mentioned, GAO issued its second annual report identifying areas across the Federal Government, including DHS, that have duplicating goals or activities, as well as opportunities to reduce costs or enhance revenue. Our report identified 15 such areas across the Department.

For example, we found that the Department lacked oversight to prevent unnecessary duplication, and four overlapping grant programs which together constitute over \$20 billion in grant funding since 2002. As a result, DHS could not be assured that it wasn't awarding multiple grants to the same recipients for the same or similar purposes.

We also found that Federal agencies are paying for their own security assessments, as you mentioned, while also paying FPS within DHS for assessments that it is not conducting.

In the area of cost savings, we reported that deploying more efficient, in-line baggage screening systems at airports could result in about \$450 million in savings over the next 5 years because of reduced staffing costs. They would need fewer screeners to man this equipment.

Regarding border security, we found that delaying proposed investments in border-surveillance technology until DHS better defines the measures' benefits and estimates life-cycle costs could help ensure their effective and efficient deployment.

In another example we found that DHS could reduce the billions of Federal dollars spent on major disasters by adjusting the indicator used for assistance awards to better reflect a State's capability to respond.

In total, we recommended 40 actions that either DHS or the Congress could take to address these issues and achieve savings. Of the 22 actions GAO suggested in our report last year, our first annual report, 2 have been fully implemented, 14 have been partially implemented, and 6 have not been addressed. Moving forward, we will continue to monitor DHS's efforts in these areas.



In a report we issued last year commemorating the 10th anniversary of 9/11, we talked about a lot of the important progress DHS has made across its mission since its establishment. However, we also reported on work remaining needed to strengthen the efficiency and effectiveness of DHS's operations, as well as themes that have impacted the Department's progress. These themes were drawn from more than 1,200 reports we have issued studying DHS since its creation, and over 1,600 recommendations we have made to strengthen their operations.

For example, we reported that while DHS has enhanced its management functions and has plans for further enhancement, which we think are very positive, it has not always effectively executed these functions for results. This, as you know, has contributed to schedule delays, cost increases, and performance issues in a number of major acquisitions that are aimed at delivering important mission capabilities. A number of these programs have had to be canceled as a result.

We also found that while DHS has made important strides in coordinating efforts with its many, many stakeholders, including State and local law enforcement, it needs to take additional action to forge and leverage these partnerships and share information, such as sharing information with private-sector stakeholders on threats to critical infrastructure.

Moving forward, as declining budgets are likely to be a reality, it will be important for DHS to address these issues as well as take action to proactively identify areas to reduce duplication and enhance cost savings throughout the Department.

Mr. Chairman, thank you for the opportunity to testify. I look forward to your questions.

[The statement of Ms. Berrick follows:]

PREPARED STATEMENT OF CATHLEEN A. BERRICK

MARCH 8, 2012

GAO HIGHLIGHTS

Highlights of GAO-12-464T, a testimony before the Subcommittee on Oversight, Investigations, and Management, Committee on Homeland Security, House of Representatives.

*Why GAO Did This Study*

The terrorist attacks of September 11, 2001, led to profound changes in Government agendas, policies, and structures to confront homeland security threats facing the Nation. Most notably, DHS began operations in 2003 with missions that included preventing terrorist attacks in the United States, reducing the Nation's vulnerability to terrorism, and minimizing damages from attacks. DHS is now the third-largest Federal department, with more than 200,000 employees, and has an annual budget of almost \$60 billion. Since 2003, GAO has issued over 1,200 products on DHS's operations in such areas as transportation security and emergency management, among others. Moreover, GAO has reported that overlap and fragmentation among Government programs, including DHS, can cause potential unnecessary duplication, and reducing it could save billions of tax dollars annually and help agencies provide more efficient and effective services. As requested, this testimony addresses: (1) Opportunities for DHS to reduce potential unnecessary duplication in its programs, save tax dollars, and enhance revenue, and (2) crosscutting and management issues that have affected DHS's implementation efforts. This testimony is based on GAO reports issued from March 2011 through February 2012.

### What GAO Recommends

While this testimony contains no new recommendations, GAO previously made about 1,600 recommendations to DHS. The Department has addressed about half of them, has efforts to address others, and has taken action to strengthen its operations.

### DEPARTMENT OF HOMELAND SECURITY.—ACTIONS NEEDED TO REDUCE OVERLAP AND POTENTIAL UNNECESSARY DUPLICATION, ACHIEVE COST SAVINGS, AND STRENGTHEN MISSION FUNCTIONS

### What GAO Found

In March 2011 and February 2012, GAO reported on 6 areas where the Department of Homeland Security (DHS) or Congress could take action to reduce overlap and potential unnecessary duplication, and 9 areas to achieve cost savings. Of the 22 actions GAO suggested be taken in March 2011 to address such issues, 2 were fully implemented, 14 were partially implemented, and 6 have not been addressed. GAO's February 2012 report identified 18 additional actions to address overlap, potential duplication, and costs savings, including the following examples.

TABLE 1.—EXAMPLES OF OVERLAP, POTENTIAL DUPLICATION, AND COST SAVINGS AREAS

Example	
Homeland security grants ..	DHS lack of oversight contributed to the risk of funding unnecessarily duplicative projects among 4 overlapping programs that in total constituted \$20 billion in grants from fiscal years 2002 through 2011.
Immigration inspection fees	Air passenger immigration inspection fees should be reviewed and adjusted to fully recover the cost of inspection activities conducted by U.S. Immigration and Customs Enforcement (ICE) and CBP.
Border security technology	Delaying proposed border security technology investments until DHS better measures benefits and estimates life-cycle costs could help ensure the most effective use of program funding.
Domestic disaster assistance.	DHS could reduce the billions of Federal dollars spent on major disasters by adjusting the indicator used for disaster assistance awards and better measuring a State's capacity to respond.
Federal facility risk assessments.	Agencies are making duplicate payments by funding their own assessments, and paying the Federal Protective Service millions for assessments it is not performing.

Source: GAO analysis.

In September 2011, GAO reported on three key themes that should be addressed to enhance the effectiveness and efficiency of DHS's operations.

*Leading and coordinating the homeland security enterprise.*—DHS has made important strides in providing leadership and coordinating efforts among its stakeholders. However, DHS needs to take additional action to forge effective partnerships and strengthen the sharing and utilization of information, which has affected its ability to effectively satisfy its missions, such as sharing information with private-sector stakeholders on cyber-based threats to critical infrastructure.

*Implementing and integrating management functions for results.*—DHS has enhanced its management functions, and has plans to further strengthen the management of the Department. However, DHS has not always effectively executed or integrated these functions, which has contributed to schedule delays, cost increases, and performance issues in a number of programs aimed at delivering important mission capabilities, such as border security technologies.

*Strategically managing risks and assessing homeland security efforts.*—While progress has been made, limited strategic and program planning and limited assessment to inform approaches and investment decisions have contributed to DHS programs not meeting strategic needs in an efficient manner, such as the lack of risk-based plans for deploying aviation security technologies.

Chairman McCaul, Ranking Member Keating, and Members of the subcommittee: I am pleased to be here today to discuss our work on opportunities for the Department of Homeland Security (DHS) to reduce overlap and potential unnecessary duplication in its programs, save tax dollars, enhance revenue, and address cross-cutting and management issues that have affected its mission implementation efforts. Last September, the Nation passed the 10-year anniversary of the September 11, 2001, terrorist attacks. The events of that day led to profound changes in Government agendas, policies, and structures to confront the homeland security threats facing the Nation. Given DHS's significant leadership responsibilities in homeland security, it is critical that its programs are operating as efficiently and effectively as possible, are sustainable, and continue to mature to address pressing security needs.

DHS began operations in 2003 with key missions that include preventing terrorist attacks from occurring within the United States, reducing U.S. vulnerability to terrorism, minimizing resulting damages, and helping the Nation recover from any attacks that may occur. DHS is now the third-largest Federal department, with more than 200,000 employees, and has an annual budget of almost \$60 billion. We have evaluated numerous departmental programs and efforts since DHS began its operations, and issued more than 1,200 reports and Congressional testimonies in areas such as border security and immigration, transportation security, and emergency management, among others. We have made more than 1,600 recommendations to DHS designed to strengthen its operations, such as to improve performance-measurement efforts, strengthen management processes, enhance coordination and information sharing, and increase the use of risk information in planning and resource allocation decisions, as well as to address gaps and challenges in its mission operations that have affected DHS's implementation efforts. As of September 2011, DHS had implemented about half of these recommendations, had actions underway to address others, and had taken additional steps to strengthen its operations. However, as we have previously reported, the Department has more to do to ensure that it conducts its missions efficiently and effectively, while simultaneously preparing to address future challenges that face the Department and the Nation.

In March 2011 and February 2012, we reported on areas across the Federal Government, including DHS, that had duplicative goals or activities to inform Government policymakers as they address the rapidly building fiscal pressures facing our National Government.<sup>1</sup> These reports included more than 100 areas, some of which related to homeland security, where agencies, offices, or initiatives had similar or overlapping objectives or provided similar services to the same populations; or where Government missions were fragmented across multiple agencies or programs. We reported that overlap and fragmentation among Government programs or activities that can be harbingers of potential unnecessary duplication and that reducing or eliminating potential unnecessary duplication, overlap, or fragmentation could potentially save billions of tax dollars annually and help agencies provide more efficient and effective services. These reports also included opportunities for Federal departments, including DHS, to consider taking action that could either reduce the cost of Government operations or enhance revenue collections for the Treasury.

Moreover, in September 2011, we issued a report summarizing progress made by DHS in implementing its homeland security missions 10 years after the terrorist attacks of September 11, 2001.<sup>2</sup> We reported that DHS had implemented key homeland security operations and achieved important goals in many areas to create and strengthen a foundation to reach its potential. We also reported, however, that as DHS continues to mature, more work remains for it to strengthen the efficiency and effectiveness of those efforts to achieve its full potential. As part of this work, we identified three key themes that affected DHS's implementation efforts.

My statement today, as requested, is based on these reports and addresses: (1) Opportunities for DHS to reduce overlap and potential unnecessary duplication in its programs, save tax dollars, and enhance revenue, and (2) crosscutting and management issues that have affected DHS's program-implementation efforts.

For these past reports, among other things, we analyzed DHS documents; reviewed and updated our past reports, supplemented by DHS Office of Inspector Gen-

<sup>1</sup> GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, DC: Mar. 1, 2011); *2012 Annual Report: Opportunities to Reduce Duplication, Overlap, and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-342SP (Washington, DC: Feb. 28, 2012); *Follow-up on 2011 Report: Status of Actions Taken to Reduce Duplication, Overlap, and Fragmentation, Save Tax Dollars, and Enhance Revenue*, GAO-12-453SP (Washington, DC: Feb. 28, 2012).

<sup>2</sup> GAO, *Department of Homeland Security: Progress Made and Work Remaining in Implementing Homeland Security Missions 10 Years after 9/11*, GAO-11-881 (Washington, DC: Sept. 7, 2011).

eral (IG) reports, issued since DHS began its operations in March 2003; and interviewed DHS officials. We conducted this work in accordance with generally accepted Government auditing standards. More detailed information on the scope and methodology from our previous work can be found within each specific report.

DHS COULD TAKE ACTIONS TO REDUCE OVERLAP AND POTENTIAL UNNECESSARY  
DUPLICATION AND ACHIEVE COST SAVINGS

*Overlap and Potential Unnecessary Duplication at DHS*

Our March 2011 and February 2012 reports identified 6 areas across DHS where overlap or potential unnecessary duplication exists, and 17 specific actions that the Department or Congress could take to address these areas. In our March 2011 report we suggested that DHS or Congress take 11 actions to address the areas of overlap or potential unnecessary duplication that we found. Of these 11 actions, 1 has been fully addressed, 4 have been partially addressed, and the remaining 6 have not been addressed. In many cases, the existence of overlap, potential unnecessary duplication, or fragmentation can be difficult to determine with precision due to a lack of data on programs and activities. Where information has not been available that would provide conclusive evidence of overlap, duplication, or fragmentation, we often refer to “potential unnecessary duplication.” In some cases, there is sufficient information available to show that if actions are taken to address individual issues, significant financial benefits may be realized. In other cases, precise estimates of the extent of potential unnecessary duplication, and the cost savings that can be achieved by eliminating any such unnecessary duplication, are difficult to specify in advance of Congressional and Executive Branch decision making. However, given the range of areas we identified at DHS and the magnitude of many of the programs, the cost savings associated with addressing these issues could be significant. Tables 1 and 2 summarize the areas of overlap and potential unnecessary duplication that we identified at DHS, the actions we identified for DHS and Congress to consider to address those areas, and the status of those actions.<sup>3</sup>

Table 1: Overlap and Potential Unnecessary Duplication Areas at DHS and Actions Taken since GAO's March 2011 Report

Areas of overlap or potential unnecessary duplication	Actions to consider	Status
DHS oversight could help eliminate potential duplicative efforts of interagency forums in securing the northern border. We reported in March 2011 that DHS does not currently provide guidance or oversight to the DHS components that collaborate with other federal, state, local, tribal, and Canadian law enforcement partners to coordinate and leverage scarce resources through interagency forums, including the Integrated Border Enforcement Team and the Border Enforcement Security Task Force. In addition, we found that DHS did not maintain comprehensive data on the costs of these interagency forums to help it ascertain whether the benefits outweigh the costs.	Action 1: DHS should provide guidance and oversight for interagency forums to help prevent potential unnecessary duplication and strengthen its coordination efforts along the northern border.	○
February 2012 Update: No executive-branch action has been taken on either of our previous recommendations. However, a draft bill has been introduced in Congress that would require DHS to consider whether an Integrated Border Enforcement Team already exists in an area under consideration for a Border Enforcement Security Task Force. <sup>4</sup> However, the bill does not address potential unnecessary duplication among existing Integrated Border Enforcement Teams and Border Enforcement Security Task Force units.	Action 2: DHS could lead efforts to develop a framework for identifying costs incurred by forum participants.	○
The Transportation Security Administration's (TSA) security assessments for hazardous material trucking companies overlapped with efforts conducted by the Department of Transportation's (DOT) Federal Motor Carrier Safety Administration (FMCSA). As a result, government resources were not being used effectively. Extrapolating from data from prior years, we estimated that, over the next 5 years, avoiding TSA reviews conducted on companies less than 2 years after a FMCSA review could save approximately \$184,000; avoiding TSA reviews on companies that receive a FMCSA review during the same 5-year period could save approximately \$373,000; and eliminating all TSA reviews on hazardous material trucking companies could save over \$1 million.	Action 1: TSA could discontinue conducting voluntary security reviews on trucking companies.  Action 2: TSA could request that the full results of FMCSA security reviews of trucking companies be provided through an existing web portal.	●  ○

<sup>3</sup>For the purposes of our reports, we considered “duplication” to occur when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries. We used the term “overlap” when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries. We used the term “fragmentation” to refer to those circumstances in which more than one Federal agency (or more than one organization within an agency) is involved in the same broad area of National need. The presence of fragmentation and overlap can suggest the need to look closer at the potential for duplication. In certain instances in this statement, we use the term “potential duplication” to include duplication, overlap, or fragmentation.

Areas of overlap or potential unnecessary duplication	Actions to consider	Status
<p><b>February 2012 Update:</b> TSA has fully implemented the option to discontinue conducting security reviews on trucking companies that were covered by the FMCSA program in order to eliminate the short-term overlap between TSA and FMCSA's reviews of hazardous material trucking companies. However, no executive action has been taken on the option we identified for TSA to use FMCSA security information in the DOT web portal that is the same or similar to the data TSA previously collected. Finally, TSA has drafted proposed regulations that would provide full regulatory responsibility from FMCSA for commercial trucking security.</p>	Action 3: TSA and FMCSA should continue efforts toward TSA assuming full regulatory responsibility for commercial trucking security.	●
<p>DHS could streamline mechanisms for sharing security-related information with public transit agencies to help address overlapping information. We identified the potential for overlap between three information-sharing mechanisms that DHS funds and uses to communicate security-related information with public transit agencies. Further, these overlapping mechanisms could otherwise unnecessarily complicate those agencies' efforts to discern relevant information and take appropriate actions to enhance transportation security. DHS reported that for fiscal years 2009 and 2010, the department expended \$62 million on one information network—which served multiple audiences and includes a public transit portal—and its estimated lifecycle-costs are \$451 million. However, DHS was unable to estimate the cost for the public transit portal.</p> <p><b>February 2012 Update:</b> TSA, in coordination with federal and industry stakeholders through an information-sharing working group, launched a report intended to streamline, share, and exchange intelligence and security-related information, among public transit agencies. However, security-related information has not yet been fully incorporated from all three mechanisms we identified as potentially duplicative. In addition, no executive-branch action has been taken on the action we identified that DHS develop and track verifiable cost data to assist TSA in identifying potential cost savings resulting from the consolidation of these mechanisms.</p>	<p>Action 1: DHS and TSA could identify and implement ways to more efficiently share security-related information.</p> <p>Action 2: DHS could develop and track verifiable cost data specific to each of its information-sharing mechanisms.</p>	●
<p>The Federal Emergency Management Agency (FEMA) needs to improve its oversight of grants and establish a framework for assessing capabilities to identify gaps and prioritize investments. From fiscal year 2002 through 2011, Congress appropriated over \$37 billion for homeland security preparedness grant programs to enhance the ability of state, territory, local, and tribal governments to prevent, protect against, respond to, and recover from terrorist attacks and other disasters.<sup>9</sup> In March 2011, we reported that FEMA did not compare and coordinate grant applications across its preparedness programs to identify potential unnecessary duplication and that the agency had not established measurable goals or performance measures to assist in effectively prioritizing national investments.</p> <p><b>February 2012 Update:</b> The actions we identified to address any overlap and potential unnecessary duplication in the agency have been partially addressed. For example, DHS sought to consolidate FEMA's grant programs, including a proposal in the fiscal year 2013 budget request to consolidate most of FEMA's current preparedness grant programs into one comprehensive program. However, to date FEMA had not coordinated application reviews of grant programs. In addition, DHS announced plans to develop and implement a national preparedness system that would enable it to assess capability gaps, but the system remained under development.</p>	<p>Action 1: FEMA should examine grant programs and coordinate application process to eliminate or reduce redundancy.</p> <p>Action 2: Congress may wish to limit grant funding to maintaining capabilities.</p> <p>Action 3: FEMA should complete national preparedness assessment of capability gaps.</p> <p>Action 4: Congress may wish to limit grant funding to only projects that support capability gaps.</p>	●

<sup>9</sup>H.R. 915, 112th Cong. (as reported by the Committee on Homeland Security, House of Representatives, Nov. 4, 2011).

<sup>10</sup>This total is based on Congressional Research Service data and GAO analysis and includes firefighter assistance grants and emergency management performance grants. See Congressional Research Service, *Department of Homeland Security Assistance to States and Localities: A Summary of Issues for the 111th Congress*, R40246 (Washington, D.C.: Apr. 30, 2010).

Legend:

- = Addressed, meaning all actions needed in that area were addressed.
- ◐ = Partially addressed, meaning at least one action needed in that area showed some progress toward implementation, but not all actions were addressed.
- = Not addressed, meaning none of the actions needed in that area were addressed.

Source: GAO.

TABLE 2.—OVERLAP AND POTENTIAL UNNECESSARY DUPLICATION AREAS AT DHS INCLUDED IN GAO'S FEBRUARY 2012 REPORT

Areas of Overlap or Potential Unnecessary Duplication	Actions To Consider
<p><i>FEMA needs better project information and coordination to identify and prevent potential unnecessary duplication among four overlapping grant programs.</i>—Of the \$37 billion in appropriated homeland security preparedness grant programs from fiscal years 2002 through 2011, FEMA allocated about \$20.3 billion to grant recipients through four programs intended to enhance the capacity of States, localities, and other entities to prevent, respond to, and recover from a terrorism incident. However, we found that the four FEMA grant programs had multiple areas of overlap, including overlap among grant recipients, goals, and geographic locations, combined with the limited project information FEMA had available regarding grant funding levels, grant recipients, and grant purposes. Specifically, we found that 140 projects constituting about \$183 million in grant funding lacked sufficient detail to determine whether they were unnecessarily duplicative or had involved coordination to prevent any unnecessary duplication. Upon gathering additional information from State and local grant recipients, however, we determined that none of the projects were duplicative. In its budget request for fiscal year 2013, DHS proposed consolidating most of FEMA's current preparedness grant programs into one comprehensive program.</p>	<p>Action 1: FEMA should take steps to ensure that it collects project information with the level of detail needed to better identify any potential unnecessary duplication.</p> <p>Action 2: FEMA should explore opportunities to enhance its internal coordination and administration of the programs.</p> <p>Action 3: Congress may want to consider requiring DHS to report on the results of its efforts to identify and prevent unnecessary duplication and consider these results in making future funding decisions for these programs.</p>
<p><i>Agencies are making duplicate payments for facility risk assessments by completing their own assessments, while also paying the Federal Protective Service (FPS) for assessments that it is not performing.</i>—FPS received \$236 million from Federal agencies for risk assessments and other security services in fiscal year 2011, but multiple agencies, including DHS, expend additional resources to assess their own facilities. Moreover, DHS has not taken actions to address this unnecessary duplication. Further, it is not clear whether FEMA's planned risk assessment tool that will be used to complete risk assessments will help minimize the unnecessary duplication. In our February 2012 report, we reiterated two recommendations made in previous reports and suggested additional action to further mitigate duplicative efforts. DHS agreed with our previous two recommendations and has begun action on both, but it did not comment on the new suggested action.</p>	<p>Action 1: FPS should develop interim solutions for completing risk assessments while addressing the risk assessment tool's challenges.</p> <p>Action 2: FPS should make information about the estimated costs of key activities and the basis for these estimates available to affected parties.</p> <p>Action 3: DHS should work with Federal agencies to determine their reasons for duplicating the activities and identify measures to reduce this unnecessary duplication.</p>

Source: GAO.

*Cost-Saving and Revenue Enhancing Areas*

Our 2011 and 2012 annual reports also identified 9 areas describing other opportunities for DHS or Congress to consider taking action that could either reduce the cost of Government operations or enhance revenue collection for the Treasury. We identified 23 specific actions that the Department or Congress could take to address these areas. In our March 2011 report, we suggested that DHS or Congress take 11 actions to either reduce the cost of Government operations or enhance revenue collection. Of these 11 actions, 1 has been fully addressed and 10 have been partially addressed. In some cases, there is sufficient information to estimate potential savings or other benefits if actions are taken to address individual issues. In other cases, estimates of cost savings or other benefits would depend upon what Congressional and Executive Branch decisions were made, including how certain GAO recommendations are implemented. Additionally, information on program performance,

the level of funding in agency budgets devoted to overlapping or fragmented programs, and the implementation costs that might be associated with program consolidations or terminations, are factors that could impact actions to be taken as well as potential savings. Tables 3 and 4 summarize the cost savings and revenue-enhancing areas that we reported on in March 2011 and February 2012.

Table 3: Cost-Saving and Revenue Enhancing Areas at DHS and Actions Taken Since GAO's March 2011 Report

Areas for cost savings or revenue enhancements	Actions to consider	Status
<p>More efficient baggage screening systems could result in about \$470 million in net savings over the next five years based on reduced TSA staffing costs. We found that if TSA continues to replace or modify older systems with more efficient systems, including in-line screening systems, it could reduce full-time equivalent baggage screener positions as a result of investments made in fiscal years 2011 through 2015.</p> <p>February 2012 Update: TSA has partially addressed our suggested action by replacing 60 stand-alone checked baggage screening machines with more efficient in-line screening systems. However, TSA anticipates that over the next 5 years it will support fewer projects to install more efficient systems than in the past due to its shift in strategic focus from completion of optimal airport systems to replacement and upgrade of the aging explosive detection system fleet. As a result, the assumptions that we used to calculate projected potential savings of \$470 million are now outdated. It is unclear when the agency will be capable of completing the installation of more efficient solutions at all airports where such solutions are warranted. While TSA's plans to replace and upgrade its aging explosive detection system fleet are understandable, we believe that TSA should continue to pursue the installation of more efficient screening solutions to the extent possible.</p>	<p>Action 1: TSA should continue to replace or modify older systems with more efficient solutions, including in-line screening systems.</p>	
<p>Clarifying the availability of certain customs fee collections could produce a onetime savings of \$640 million. We reported that Customs and Border Protection (CBP) had \$639.4 million in unobligated balances in its Customs User Fee Account as a result of excess collections from a temporary fee increase and elimination of North American Free Trade Agreement country exemptions from January 1, 1994, to September 30, 1997.</p> <p>February 2012 Update: The House Report accompanying the 2012 Department of Homeland Security Appropriations bill directed the Office of the Chief Financial Officer and CBP to report on the appropriate application of these funds no later than 30 days after the date of enactment of the 2012 Appropriations Act (i.e., Jan. 23, 2012).<sup>5</sup> On January 27, 2012, DHS officials stated that the department was working with CBP and the Appropriations Committees to schedule a briefing on this issue.</p>	<p>Action 1: Congress may wish to clarify purposes for which unobligated balances are available given that these balances have remained in CBP's Customs User Fee Account for more than 10 years.</p>	
<p>Independent validation of TSA's behavior-based screening program is needed to justify funding or expansion. TSA did not validate the science supporting the program or determine if behavior detection techniques could be successfully used across the aviation system to detect threats before deploying the Screening of Passengers by Observation Techniques program. The program has an annual cost of over \$200 million, with about 3,000 Behavior Detection Officers deployed to 161 airports in fiscal year 2010.</p> <p>February 2012 Update: DHS partially addressed our recommendation to complete an initial validation study, but this study's methodology was not sufficiently comprehensive to validate the program and determine the extent to which it can be used successfully in the aviation environment. In addition, DHS partially addressed our recommendation to conduct additional research on the extent to which the program can be effectively implemented in airports and to help determine the need for periodic refresher training. For example, TSA completed an annual training analysis of its curricula and, as a result, is developing a training plan to be completed by early 2012. Further, Congress froze program funds at fiscal year 2010 levels for fiscal year 2011. According to its fiscal year 2013 budget request, DHS is requesting 72 additional Behavior Detection Officer full-time equivalents. Given the broad scope of the additional work remaining to validate the science for using behavior detection techniques for counterterrorism purposes in an airport environment, additional information on these efforts could help Congress make future funding decisions regarding the program.</p>	<p>Action 1: DHS should use an independent panel of experts to assess methodology of initial validation study.</p> <p>Action 2: DHS could conduct additional research to determine whether program can be effectively implemented and the need for refresher training.</p> <p>Action 3: Congress may wish to limit funding pending independent assessment of program.</p> <p>Action 4: Congress may wish to consider the study's results in making future funding decisions.</p>	
<p>DHS management of acquisitions could be strengthened to reduce cost overruns and schedule and performance shortfalls. As DHS's acquisition spending has increased to over \$14 billion and its portfolio of complex acquisitions continues to expand, most DHS acquisition programs we reviewed have not met cost, schedule, and performance expectations. For example, CBP's program to modernize its computer application for disseminating data to support port-of-entry inspections did not have a component- or department-approved baseline after more than 8 years.</p> <p>February 2012 Update: DHS partially addressed our recommendation to ensure that requirements and cost estimates are well defined up front by developing plans to address management of acquisitions. For example, DHS reported that it planned to implement an integrated investment life-cycle model to establish a decision-making process for investments' life cycles and that, as of December 2011, the department had chosen three portfolios to pilot this process. DHS also partially addressed our recommendation to establish and measure performance against department-approved baselines and indicators for major acquisition programs by working to develop a decision support tool to track programs' cost, schedule, and performance indicators. Further, DHS partially addressed our recommendation to ensure that its investment decisions are transparent and documented by planning to have its Investment Review Board, once established, meet regularly to approve major program decisions. These actions are positive steps that should help strengthen DHS's acquisition management processes. However, DHS is in the early stages of implementing these actions, thus it is too soon to assess their impact on reducing acquisition cost overruns and schedule and performance shortfalls at this time.</p>	<p>Action 1: DHS should ensure requirements and cost estimates are well defined upfront.</p> <p>Action 2: DHS should establish and measure performance against DHS-approved baselines and indicators.</p> <p>Action 3: DHS should ensure investment decisions are transparent and documented, among other things.</p>	

Areas for cost savings or revenue enhancements	Actions to consider	Status
<p>Improvements in managing research and development (R&amp;D) could help reduce inefficiencies and costs for homeland security. DHS has experienced challenges in managing its multibillion dollar R&amp;D efforts, and we have identified problems with its testing and cost-benefit analyses efforts in this area. For example, DHS spent more than \$200 million on advanced spectroscopic portals, used to detect smuggled nuclear or radiological materials, without issuing an accurate analysis of both the benefits and the costs—which we later estimated at over \$2 billion—and a determination of whether additional detection capabilities was worth the additional costs. DHS subsequently announced that it was cancelling the advanced spectroscopic portals program as originally conceived.</p> <p>February 2012 Update: DHS partially addressed our recommendations. For example, DHS reported that it planned to establish a new model for managing departmentwide investments across their life cycles; is working with components to improve the quality and accuracy of cost estimates; and planned to establish various structures and processes to oversee program research, development, and testing. While DHS has made some progress in these areas, we reported that it would be important for the agency to follow through on the establishment of these new processes.</p>	<p>Action 1: DHS could take further actions to improve management of R&amp;D efforts and reduce costs.</p> <p>Action 2: DHS should ensure that cost-benefit analyses are part of R&amp;D and testing efforts.</p>	<p>●</p> <p>●</p>
<p>Legend:</p> <p>● = Addressed, meaning all actions needed in that area were addressed.</p> <p>◐ = Partially addressed, meaning at least one action needed in that area showed some progress toward implementation, but not all actions were addressed.</p> <p>○ = Not addressed, meaning none of the actions needed in that area were addressed.</p> <p>Source: GAO.</p> <p><sup>a</sup>H.R. Rep. No. 112-91, at 27 (2011).</p>		

TABLE 4.—NEW COST-SAVINGS AND REVENUE-ENHANCING AREAS AT DHS INCLUDED IN GAO'S FEBRUARY 2012 REPORT

Cost Saving or Revenue-Enhancing Areas	Actions to Consider
<p><i>Options for adjusting the passenger aviation security fee could further offset civil aviation security costs.</i>—From fiscal years 2002 through 2011, TSA collected about \$18 billion in passenger and air carrier security fees, compared to the approximately \$63 billion appropriated for aviation security activities over the same time frame; thus, security fees offset about 29 percent of amounts appropriated. We found that increasing the passenger security fee could help further offset billions of dollars in the Federal budget for aviation security programs and activities in outlying fiscal years. We identified options Congress may wish to consider using to increase the passenger security fee that could increase fee collections from about \$2 billion to \$10 billion over 5 years. In addition, we reported that TSA's fiscal year 2012 budget proposal to incrementally increase the passenger security fee by 2014 could reduce total outlays from fiscal years 2012 through 2014 by 1 percent. This would reduce expected fee collections of \$4.4 billion by about \$120 million over this 3-year period. In its budget request for fiscal year 2013, DHS included a proposal to gradually raise the passenger security fee to \$7.50 per one-way trip by 2018 and devote \$18 billion of this fee increase for deficit reduction.</p>	<p>Action 1: Congress, working with TSA, may wish to consider increasing the passenger security fee according to one of the options we identified.</p>



TABLE 4.—NEW COST-SAVINGS AND REVENUE-ENHANCING AREAS AT DHS INCLUDED IN GAO'S FEBRUARY 2012 REPORT—Continued

Cost Saving or Revenue-Enhancing Areas	Actions to Consider
<p><i>FEMA could reduce the costs to the Federal Government related to major disasters declared by the President.</i>—From fiscal years 2004 through 2011, the President approved 539 major disaster declarations at a cost of \$78.7 billion. We found that FEMA could reduce the costs to the Federal Government related to major disasters declared by the President by updating the principal indicator on which disaster funding decisions are based and better measuring a State's capacity to respond without Federal assistance. We reported that we expected to reiterate two recommendations from August 2001 related to the principle indicator and further recommend that the Secretary of Homeland Security direct the FEMA Administrator to implement them. We also expect to make a recommendation related to the metrics to assess a State's disaster preparedness and capabilities, so that it can be used to better measure State capacity to respond to disasters. We are currently conducting a review of the disaster declaration process and plan to report the results in 2012.</p>	<p>Action 1: FEMA should re-examine the basis for the Public Assistance per capita indicator and determine whether it accurately reflects a State's capacity to respond to and recover from a disaster without Federal assistance.</p> <p>Action 2: FEMA should re-examine the method used to update the per capita indicator to ensure that the indicator accurately reflects annual changes in a State's capacity to respond to and recover from a disaster.</p> <p>Action 3: FEMA should examine the usefulness of supplementing or replacing the per capita damage indicator with the metrics required by both statute and Presidential Policy Directive to assess a State's disaster preparedness and capabilities.<sup>1</sup></p>
<p><i>Delaying proposed investments until DHS better defines and measures benefits and estimates life-cycle costs for future acquisitions of border surveillance technology could help ensure the most effective use of future program funding.</i>—We found that CBP's Arizona Border Surveillance Technology Plan, the successor of CBP's nearly \$1 billion Secure Border Initiative Network (SBInet) technology program for securing the border between points of entry, is at an increased risk of not cost-effectively accomplishing its goal in support of Arizona border security because CBP has not provided support for its business case for investing in the plan. We made three recommendations in November 2011 to increase CBP's likelihood of successfully implementing the Arizona Border Surveillance Technology Plan, minimize performance risks, help justify program funding, and increase the reliability of CBP's cost estimate. DHS concurred with our recommendations and identified steps it planned to take to implement them, along with estimated dates for their completion, but not all actions fully addressed our recommendations. In addition, in February 2012, we reported that Congress may wish to consider limiting future program funding. The President's fiscal year 2013 budget requests \$91.8 million for Integrated Fixed Towers that are part of the Arizona Border Surveillance Technology Plan.</p>	<p>Action 1: CBP should determine the mission benefits to be derived from implementation of the plan.</p> <p>Action 2: CBP should develop and apply key attributes for metrics to assess program implementation.</p> <p>Action 3: CBP should update its cost estimate for the plan using best practices.</p> <p>Action 4: Congress may wish to consider limiting future program funding until CBP has more fully defined the benefits and costs of its new plan for Arizona.</p>

TABLE 4.—NEW COST-SAVINGS AND REVENUE-ENHANCING AREAS AT DHS INCLUDED IN GAO'S FEBRUARY 2012 REPORT—Continued

Cost Saving or Revenue-Enhancing Areas	Actions to Consider
<p><i>The air passenger immigration inspection user fee should be reviewed and adjusted to fully recover the cost of the air passenger immigration inspection activities conducted by U.S. Immigration and Customs Enforcement (ICE) and CBP.</i>—We estimated that fee collections available to ICE and CBP to pay for costs incurred in providing inspection services totaled about \$600 million in fiscal year 2010. However, we found that air passenger immigration fee collections did not fully cover CBP's costs in fiscal years 2009 and 2010. Although ICE does not track air passenger costs separately from sea passenger costs, ICE officials stated that its portion of total air and sea passenger collections did not cover ICE's total air and sea passenger costs in fiscal year 2007 through 2009. We reiterated in our February 2012 report four items for Congressional consideration to allow ICE and CBP to better align air passenger immigration inspection fee revenue with the costs of providing these services and achieve cost savings by reducing the reliance on general fund appropriations.</p>	<p>Action 1: Congress may wish to direct DHS to require ICE and CBP to regularly report total cost of air passenger immigration inspections and the amount of associated fee collections.</p> <p>Action 2: Congress may wish to direct DHS to adjust the fee as needed so that collections are aligned with total inspection costs.</p> <p>Action 3: Congress may wish to require DHS to direct ICE to amend its cost study methodology.</p> <p>Action 4: Congress may wish to require DHS to direct ICE and CBP to establish a regular schedule to review and coordinate costs of inspection activities.</p>

Source: GAO.

<sup>1</sup>See 6 U.S.C. § 749 and Presidential Policy Directive—8 (PPD-8): National Preparedness, March 30, 2011.

DHS CAN IMPROVE THE EFFICIENCY AND EFFECTIVENESS OF ITS OPERATIONS BY CONTINUING TO ADDRESS THEMES THAT HAVE IMPACTED ITS PROGRESS

Our work at DHS has identified three key themes—leading and coordinating the homeland security enterprise, implementing and integrating management functions for results, and strategically managing risks and assessing homeland security efforts—that have impacted the Department's progress since it began operations.<sup>4</sup> As these themes have contributed to challenges in the Department's management and operations, addressing them can result in increased efficiencies and effectiveness. For example, DHS can help reduce cost overruns and performance shortfalls by strengthening the management of its acquisitions, and reduce inefficiencies and costs for homeland security by improving its R&D management. These themes provide insights that can inform DHS's efforts, moving forward, as it works to implement its missions within a dynamic and evolving homeland security environment. DHS made progress and has had successes in all of these areas, but our work found that these themes have been at the foundation of DHS's implementation challenges, and need to be addressed from a Department-wide perspective to effectively and efficiently position DHS for the future and enable it to satisfy the expectations set forth by the Congress, the administration, and the country.

*Leading and coordinating the homeland security enterprise.*—While DHS is one of a number of entities with a role in securing the homeland, it has significant leadership and coordination responsibilities for managing efforts across the homeland security enterprise. To satisfy these responsibilities, it is critically important that DHS develop, maintain, and leverage effective partnerships with its stakeholders, while at the same time addressing DHS-specific responsibilities in satisfying its missions. Before DHS began operations, we reported that the quality and continuity of the new department's leadership would be critical to building and sustaining the long-term effectiveness of DHS and achieving homeland security goals and objec-

<sup>4</sup>DHS defines the homeland security enterprise as the Federal, State, local, Tribal, territorial, non-Governmental, and private-sector entities, as well as individuals, families, and communities, who share a common National interest in the safety and security of the United States and the American population.

tives.<sup>5</sup> We further reported that to secure the Nation, DHS must form effective and sustained partnerships between components and also with a range of other entities, including Federal agencies, State and local governments, the private and nonprofit sectors, and international partners.<sup>6</sup>

DHS has made important strides in providing leadership and coordinating efforts. For example, it has improved coordination and clarified roles with State and local governments for emergency management. DHS also strengthened its partnerships and collaboration with foreign governments to coordinate and standardize security practices for aviation security. However, DHS needs to take additional action to forge effective partnerships and strengthen the sharing and utilization of information, which has affected its ability to effectively satisfy its missions. For example, in July 2010, we reported that the expectations of private-sector stakeholders have not been met by DHS and its Federal partners in areas related to sharing information about cyber-based threats to critical infrastructure.<sup>7</sup> In 2005, we designated information-sharing for homeland security as high-risk because the Federal Government faced serious challenges in analyzing information and sharing it among partners in a timely, accurate, and useful way.<sup>8</sup> Gaps in sharing, such as agencies' failure to link information about the individual who attempted to conduct the December 25, 2009, airline bombing, prevented the individual from being included on the Federal Government's consolidated terrorist watchlist, a tool used by DHS to screen for persons who pose risks to the country. The Federal Government and DHS have made progress, but more work remains for DHS to streamline its information sharing mechanisms and better meet partners' needs. Moving forward, it will be important that DHS continue to enhance its focus and efforts to strengthen and leverage the broader homeland security enterprise, and build off the important progress that it has made thus far. In addressing ever-changing and complex threats, and with the vast array of partners with whom DHS must coordinate, continued leadership and stewardship will be critical in achieving this end.

*Implementing and integrating management functions for results.*—Following its establishment, the Department focused its efforts primarily on implementing its various missions to meet pressing homeland security needs and threats, and less on creating and integrating a fully and effectively functioning department from 22 disparate agencies. This initial focus on mission implementation was understandable given the critical homeland security needs facing the Nation after the Department's establishment, and the enormous challenge posed by creating, integrating, and transforming a department as large and complex as DHS. As the Department matured, it has put into place management policies and processes and made a range of other enhancements to its management functions, which include acquisition, information technology, financial, and human capital management. However, DHS has not always effectively executed or integrated these functions. In 2003, we designated the transformation and integration of DHS as high-risk because DHS had to transform 22 agencies into one department, and failure to effectively address DHS's management and mission risks could have serious consequences for U.S. National and economic security. Nine years later, DHS remains on our high-risk list.<sup>9</sup> DHS has demonstrated strong leadership commitment to address its management challenges and has begun to implement a strategy to do so. Further, DHS developed various management policies, directives, and governance structures, such as acquisition and information technology management policies and controls, to provide enhanced guidance on investment decision making. DHS also reduced its financial management material weaknesses and developed strategies to strengthen human capital management. For example, in fiscal year 2011, DHS moved from a Disclaimer of Opinion to a Qualified Audit Opinion on its Balance Sheet and Statement of Custodial Activity for the first time since 2003. However, DHS has not been able to obtain an unqualified audit opinion on its consolidated financial statements (i.e., prepare a set of financial statements that are considered fairly presented) though its current goal is to receive an unqualified, or clean opinion, on the Department-wide consolidated financial statement for fiscal year 2013.

DHS needs to continue to demonstrate sustainable progress in addressing its challenges, as these issues have contributed to schedule delays, cost increases, and per-

<sup>5</sup> GAO, *Homeland Security: Critical Design and Implementation Issues*, GAO-02-957T (Washington, DC: July 17, 2002).

<sup>6</sup> GAO, *Department of Homeland Security: Progress Report on Implementation of Mission and Management Functions*, GAO-07-454 (Washington, DC: Aug. 17, 2007).

<sup>7</sup> GAO, *Critical Infrastructure Protection: Key Private and Public Cyber Expectations Need to Be Consistently Addressed*, GAO-10-628 (Washington, DC: July 15, 2010).

<sup>8</sup> GAO, *High-Risk Series: An Update*, GAO-05-207 (Washington, DC: Jan. 2005).

<sup>9</sup> GAO, *High-Risk Series: An Update*, GAO-11-278, (Washington, DC: Feb. 2011).

formance problems in major programs aimed at delivering important mission capabilities. For example, we reported on numerous cost, schedule, and performance risks, and concluded that DHS had not economically justified its investment in the Secure Border Initiative Network, DHS's border security technology program.<sup>10</sup> More specifically, DHS did not adequately define requirements, perform testing, or oversee contractors, delaying security enhancements on the Southwest Border. After initiating a Department-wide assessment of the program, the Secretary of Homeland Security froze program funding and, at the completion of the assessment in January 2011, the Secretary decided to end the Secure Border Initiative Network as originally conceived after investing nearly \$1 billion in the program. DHS also has not yet fully implemented its roles and responsibilities for developing and implementing key homeland security programs and initiatives. For example, FEMA has not yet developed a set of target capabilities for disaster preparedness or established metrics for assessing those capabilities to provide a framework for evaluating preparedness, as required by the Post-Katrina Emergency Management Reform Act of 2006.<sup>11</sup> Moreover, DHS does not yet have enough personnel with required skills to carry out activities in various areas, such as acquisition management; and is in the process of modernizing its financial management system, impacting its ability to have ready access to reliable information for informed decision making. Moving forward, addressing these management challenges will be critical for DHS's success, as will be the integration of these functions across the Department to achieve efficiencies and effectiveness.

*Strategically managing risks and assessing homeland security efforts.*—Forming a new department while working to implement statutorily-mandated and Department-initiated programs and responding to evolving threats, was, and is, a significant challenge facing DHS. Key threats, such as attempted attacks against the aviation sector, have impacted and altered DHS's approaches and investments, such as changes DHS made to its processes and technology investments for screening passengers and baggage at airports. It is understandable that these threats had to be addressed immediately as they arose. However, limited strategic and program planning by DHS, as well as assessment to inform approaches and investment decisions, have contributed to programs not meeting strategic needs or doing so in an efficient manner. For example, we previously reported that TSA's program for research, development, and deployment of passenger checkpoint screening technologies was not risk-based and did not reflect some of the key risk-management principles, such as conducting a risk assessment based on the three elements of risk—threat, vulnerability, and consequence—and including a cost-benefit analysis and performance measures.<sup>12</sup> As a result, TSA had limited assurance that its strategy targeted the most-critical risks and that it was investing in the most cost-effective new technologies or other protective measures. In addition, we reported that DHS coordinated the development of a strategic plan for the global nuclear detection architecture—a multidepartment effort to protect against terrorist attacks using nuclear and radiological materials through coordinated activities.<sup>13</sup> However, the strategic plan for the architecture did not include some key components, such as funding needed to achieve the strategic plan's objectives, or monitoring mechanisms for determining programmatic progress and identifying needed improvements.

Further, DHS has made important progress in analyzing risk across sectors, but it has more work to do in using this information to inform planning and resource-allocation decisions. Risk management has been widely supported by Congress and DHS as a management approach for homeland security, enhancing the Department's ability to make informed decisions and prioritize resource investments. Since DHS does not have unlimited resources and cannot protect the Nation from every

<sup>10</sup> See, for example, GAO, *Secure Border Initiative: DHS Needs to Strengthen Management and Oversight of Its Prime Contractor*, GAO-11-6 (Washington, DC: Oct. 18, 2010); *Department of Homeland Security: Assessments of Selected Complex Acquisitions*, GAO-10-588SP (Washington, DC: June 30, 2010); *Secure Border Initiative: DHS Needs to Reconsider Its Proposed Investment in Key Technology Program*, GAO-10-340 (Washington, DC: May 5, 2010); *Secure Border Initiative: DHS Has Faced Challenges Deploying Technology and Fencing Along the Southwest Border*, GAO-10-651T (Washington, DC: May 4, 2010); and *Secure Border Initiative: DHS Needs to Address Testing and Performance Limitations That Place Key Technology Program at Risk*, GAO-10-158 (Washington, DC: Jan. 29, 2010).

<sup>11</sup> See 6 U.S.C. § 749.

<sup>12</sup> GAO, *Aviation Security: DHS and TSA Have Researched, Developed, and Begun Deploying Passenger Checkpoint Screening Technologies, but Continue to Face Challenges*, GAO-10-128 (Washington, DC: Oct. 7, 2009).

<sup>13</sup> GAO, *Combating Nuclear Smuggling: DHS has Developed a Strategic Plan for its Global Nuclear Detection Architecture, but Gaps Remain*, GAO-11-869T (Washington, DC: July 26, 2011).

conceivable threat, it must make risk-informed decisions regarding its homeland security approaches and strategies.

Moreover, we have reported on the need for enhanced performance assessment, that is, evaluating existing programs and operations to determine whether they are operating as intended or are in need of change, across DHS's missions.<sup>14</sup> Information on the performance of programs is critical for helping the Department, Congress, and other stakeholders more systematically assess strengths and weaknesses and inform decision making. In recent years, DHS has placed an increased emphasis on strengthening its mechanisms for assessing the performance and effectiveness of its homeland security programs. For example, DHS established new performance measures, and modified existing ones, to better assess many of its programs and efforts. However, our work has found that DHS continues to miss opportunities to optimize performance across its missions due to a lack of reliable performance information or assessment of existing information; evaluation among possible alternatives; and, as appropriate, adjustment of programs or operations that are not meeting mission needs. For example, we reported that CBP had invested \$2.4 billion in tactical infrastructure (fencing, roads, and lighting) along the Southwest Border, but could not measure the impact of this investment in tactical infrastructure on border security.<sup>15</sup> As the Department further matures and seeks to optimize its operations, DHS will need to look beyond immediate requirements; assess programs' sustainability across the long term, particularly in light of constrained budgets; and evaluate trade-offs within and among programs across the homeland security enterprise. Doing so should better equip DHS to adapt and respond to new threats in a sustainable manner as it works to address existing ones.

#### CONCLUDING OBSERVATIONS

Given DHS's significant leadership responsibilities in securing the homeland, it is critical that the Department's programs and activities are operating as efficiently and effectively as possible, are sustainable, and that they continue to mature, evolve, and adapt to address pressing security needs. Since it began operations in 2003, DHS has implemented key homeland security operations and achieved important goals and milestones in many areas. These accomplishments are especially noteworthy given that the Department has had to work to transform itself into a fully functioning cabinet department while implementing its missions—a difficult undertaking for any organization and one that can take years to achieve even under less-daunting circumstances. However, our work has shown that DHS can take actions to reduce overlap and potential unnecessary duplication to improve the efficiency of its operations and achieve cost-savings in several areas. Further, while DHS has made progress, additional actions are needed to strengthen partnerships with stakeholders, improve its management processes and share information, and enhance its risk management and performance-measurement efforts to enhance effectiveness and achieve efficiencies throughout the Department.

Chairman McCaul, Ranking Member Keating, and Members of the subcommittee, this concludes my prepared testimony. I would be pleased to respond to any questions that Members of the subcommittee may have.

Mr. MCCAUL. Thank you, Ms. Berrick.

The Chairman now recognizes Mr. Edwards for his testimony.

#### STATEMENT OF CHARLES K. EDWARDS, ACTING INSPECTOR GENERAL, DEPARTMENT OF HOMELAND SECURITY

Mr. EDWARDS. Good morning, Chairman McCaul, Ranking Member Keating, and Members of the committee. Thank you for inviting me to discuss waste, fraud, abuse, and duplication at DHS.

Since its inception in 2003, the Department has made strides toward establishing, building, and maintaining a cohesive, effective, and efficient organization. While the Department is taking positive steps, it still faces significant challenges in achieving effective and economic operations.

<sup>14</sup> For a list of GAO reports related to performance assessment, see GAO-11-881.

<sup>15</sup> GAO, *Secure Border Initiative: Technology Deployment Delays Persist and the Impact of Border Fencing Has Not Been Assessed*, GAO-09-896 (Washington, DC: Sept. 9, 2009).

Today I will discuss the results of recent audits that underscore the need for continued improvement in three areas: Acquisition management, disaster response, and transportation security.

Acquisition management, including adequate planning, oversight, and controls, is critical to the Department's effort to prevent fraud, waste, and abuse. Our recent review of CBP's purchase and storage of steel for fence construction under the Secure Border Initiative illustrates what can happen without adequate planning and oversight. CBP purchased steel based on needs it estimated before legally acquiring land or meeting treaty obligations. Then it did not provide effective contract oversight; for example, not paying invoices on time, and not thoroughly reviewing and documenting selection of the subcontractor. As a result, CBP purchased more steel than needed, incurred additional storage costs, paid interest on late payments, and approved a high-priced subcontractor, all of which led to additional expenditures. We estimate that CBP could have avoided about \$69 million in costs if it had managed this acquisition more effectively.

We also conducted an audit that looked into DHS oversight of acquisition programs managed by the components. Although DHS generally had management oversight and controls over component acquisition programs, it needed to further refine some policies and strengthen oversight. Some components were subjecting acquisitions to increased regulatory requirements because the DHS acquisition management directive was not clearly understood. These requirements may have resulted in increased costs.

Additionally we found the Department could benefit from more use of strategic sourcing. Specifically, DHS had eight different procurement officers purchasing detection equipment, was not facilitating strategic sourcing, and was using multiple equipment models to meet similar missions. The Department could decrease acquisition costs by strategically sourcing this equipment.

We also recently reviewed OneNet, an information technology infrastructure platform designed to consolidate DHS's component networks. The goal of OneNet is to allow DHS's components to share data in support of cross-organizational missions. DHS has made some progress, but needs to make a number of improvements in order to ensure transition to OneNet.

As a result of our review, we made recommendations to the Department's Chief Information Officer that we believe will help ensure this transition.

FEMA's Individuals and Households Program, which is used to quickly disburse money to disaster survivors, is at risk to fraud, waste, and abuse, and therefore requires fiscal responsibility and program integrity. We looked at the progress FEMA has made in preventing fraudulent losses of Federal funds. The agency still needs to increase fraud prevention awareness, and develop, establish, and enhance internal controls, including the checking of the validity of data. The process of recouping improper payments, which had been halted, has been restarted, and should continue until all cases are resolved.

Another critical mission of DHS is transportation security. As part of this mission, TSA must provide sufficient oversight to ensure that individuals working at airport locations are properly

screened before receiving a badge, giving them unfettered access to secure areas. We determined that TSA had limited oversight of the badging process. Badges were issued despite inaccurate or omitted application data or improper vetting. Airport employees were not always trained how to use the available tools to detect fraud. TSA did not require airports to conduct recurrent criminal history checks. As a result, TSA has no assurance that individuals who pose threats could not obtain badges to access secure areas.

In closing, I would like to note that DHS and its components concurred with the majority of our report recommendations, and in most cases have already begun implementing them. I commend the Department for continuing to meet and work on these management challenges and improve its operations and performance.

Mr. Chairman, this concludes my prepared remarks, and I would be happy to answer any questions that you or other Members may have.

[The statement of Mr. Edwards follows:]

PREPARED STATEMENT OF CHARLES K. EDWARDS

MARCH 8, 2012

Good morning Chairman McCaul, Ranking Member Keating, and distinguished Members of the committee: I am Charles K. Edwards, Acting Inspector General of the Department of Homeland Security (DHS). Thank you for the opportunity to testify today on our on-going efforts to identify and eliminate waste, fraud, abuse, and duplication in the Department.

As you know, the DHS Office of Inspector General (OIG) was established in January 2003 by the *Homeland Security Act of 2002* by amendment to the *Inspector General Act of 1978*. The DHS OIG seeks to promote economy, efficiency, and effectiveness in DHS programs and operations and reports directly to both the DHS Secretary and the Congress. We fulfill our mission primarily by issuing audit, inspection, and investigative reports that include recommendations for corrective action, and by referring cases to the United States Attorney General for prosecution.

I would like to begin by noting the strides DHS has taken toward building a cohesive agency that addresses its key mission objectives to protect our borders, improve our response to manmade and natural threats, and implement transportation and trade security. DHS, by virtue of the breadth and importance of its mission, the scope of its activities, and the number of employees, must overcome some especially difficult challenges.

Each year we publish a report on the most significant management challenges facing the Department including acquisition management, grants management, and transportation security. Today, my testimony will highlight important issues in those three areas.

I am pleased to report that not only did DHS and its components concur with majority of our recommendations in these areas; in most cases they are already taking steps to implement these recommendations.

#### ACQUISITION MANAGEMENT

The Department continues to streamline its management of acquisitions, but is still challenged by their magnitude and complexity. Good acquisition management is critical to the Department's efforts to prevent fraud, waste, and abuse, particularly good acquisition planning and adequate oversight and controls, as well as best practices such as strategic sourcing of common equipment. I would like to highlight four of our 2011 reports focusing on these issues.

In our report, *U.S. Customs and Border Protection's Management of the Purchase and Storage of Steel in Support of the Secure Border Initiative (OIG-12-05)*, we determined that U.S. Customs and Border Protection (CBP) did not effectively manage the purchase and storage of steel in support of the Secure Border Initiative. Since 2008, CBP spent approximately \$1.2 billion to construct physical barriers along the Southwest Border as part of this initiative. About \$310 million of the cost was to purchase and store steel in support of fence construction. CBP purchased steel based on an estimate before legally acquiring land or meeting international treaty

obligations. In addition, it did not provide effective contract oversight during the project: It paid invoices late, did not reconcile invoices with receiving documents, and did not perform a thorough review of the contractor's selection of a higher-priced subcontractor or document the reasons for its approval of the subcontractor. As a result, CBP purchased more steel than needed, incurred additional storage costs, paid interest on late payments, and approved a higher-priced subcontractor, with additional expenditures of about \$69 million that could have been put to better use.

CBP did not efficiently plan the purchase and storage of steel for the Supply and Supply Chain Management (SSCM) task order. It purchased 27,557 tons of extra steel, with a value of about \$44 million, which remained in storage at the end of the task order. Additionally, CBP did not obtain necessary approval to build all planned fence segments before acquiring the steel. In September 2009, CBP purchased 34 tons of steel for \$23,000, even though it had significant quantities of the same steel already in storage. CBP was not proactive and did not efficiently plan for the storage of steel remaining from the task order. Instead of moving the extra steel to a cost-efficient location, CBP extended the original contract and awarded a supplemental storage contract. CBP's decision to extend the storage contracts for 2 years resulted in \$9.8 million in avoidable storage costs.

CBP did not reconcile or promptly pay invoices from the SSCM task order. The cost of the task order increased because CBP paid invoices late, which resulted in late payment interest charges. Furthermore, CBP could not guarantee the Government received what it paid for under the task order. CBP did not have policies and procedures for submitting and reviewing invoices. There was no clear guidance on the proper office to route invoices to, no time line for the review process, and no notification process to remind offices of invoices coming due.

CBP did not perform a thorough review of the consent to subcontract documentation and did not document the reasons for its approval of the higher-price subcontractor. Its approval of a subcontractor may have added about \$13.5 million to the project. The DHS Office of the Chief Procurement Officer recognized the importance of component oversight of subcontractor selection and issued an acquisition alert in April 2011 to DHS heads of contracting activities.

We noted that CBP should ensure it applied lessons learned from this project to future projects. To that end, we made five recommendations to improve CBP's management of future fence construction and contract oversight. CBP concurred with four recommendations, and DHS proposed an alternative to the fifth recommendation that met the intent of that recommendation. CBP was acting to implement the recommendations.

In *DHS Oversight of Component Acquisition Programs (OIG-11-71)*, we reported that DHS generally had management oversight and controls over components' acquisition programs, but needed to further refine some policies and strengthen oversight in some areas.

The Department had made progress in its acquisition oversight processes and controls by implementing a revised *Acquisition Management Directive (Directive 102-01)* and accompanying *Acquisition Instruction Guidebook (102-01-001)*. The directive and guidebook addressed many previously identified oversight and control problems related to acquisition management. However, the guidance needed further refining to provide additional details and improve controls in some areas.

The Department had not fully defined for its components what constituted an acquisition program, and had not developed consistent guidance for reporting the three levels of acquisition programs in its standard reporting system. Components were not completing and reporting all key information into the next Generation Periodic Reporting System (nPRS), and were thus distorting the acquisition portfolio position through inconsistent reporting of programs. In July 2010, data from nPRS showed progress in entering level 3 acquisition program components, but the system still only reflected half the total number of level 3 programs that components were reporting outside nPRS. By mandating use of nPRS for all acquisition programs, the Department would have visibility into components' acquisition programs and could provide better oversight of its acquisition portfolio.

The Department did not ensure that components were using all available acquisition tools, including nPRS and the Strategic Sourcing Program Office (SSPO). Component personnel had developed or were developing their own data tracking systems because the Department had not consistently mandated use of nPRS or its tools. The Department also did not ensure that components were using the SSPO to manage acquisition programs, which would have created transparency and efficiency in their acquisition programs. As a result, components may have awarded contracts without considering the SSPO, and the Department may have incurred increased costs for procurements. In addition, components may have conducted duplicative



market research for procurements that had already been done by the SSPO. The Department should ensure components were at least considering the use of the SSPO before awarding contracts.

DHS did not ensure that all components had developed adequate policies and procedures to manage and oversee acquisition programs. The Department's Acquisition Management Directive 102-01 states that components are authorized to establish internal acquisition processes and procedures consistent with the Directive. However, not all components had created such processes and procedures. Others had created program management offices to manage simple procurements, were not properly reporting programs into the standard system, or were not applying strategic sourcing strategies to support program development. The Department had not ensured the adequacy of the processes and procedures that components developed. As a result, some components unnecessarily created acquisition programs, which potentially increased administrative costs without adding value to the programs. In addition, the Department did not always know what is in its acquisition portfolio.

We made four recommendations to the Chief Procurement Officer to strengthen the Department's management oversight and controls over component acquisition programs, including requiring reporting of acquisitions in nPRS, implementing a plan of action or deadline to finalize acquisition management policies and procedures, and requiring components to consider using the SSPO and other resources in planning acquisitions. The Chief Procurement Officer agreed with our recommendations, and DHS initiated corrective actions.

The report, *DHS Continues to Face Challenges in the Implementation of Its OneNet Project (OIG-11-116)*, presented the results of our audit of DHS' efforts to consolidate its components' networks into a single wide-area network, OneNet. In 2005, DHS began to consolidate and transform existing individual component networks into a single, world-class information technology (IT) infrastructure. As part of an IT Infrastructure Transformation Program, OneNet's goal was to provide a reliable, cost-effective IT platform for data sharing among components in support of cross-organizational missions.

DHS had made some progress toward consolidating the existing components' IT infrastructures into OneNet. The Department had established a centralized Network Operations Center/Security Operations Center to manage and oversee OneNet and to monitor, detect, and respond to IT security incidents. All but three components were signing memorandums of agreement with CBP to obtain network and security services; as the OneNet steward, CBP had elected not to prepare an agreement. All components had converted their sites to Multiple Protocol Label Switching architecture to read and access audit trails captured on firewall and intrusion detection devices. The Department had also established a redundant trusted internet connection (RTIC) to provide a redundant network infrastructure and essential OneNet services (e.g., internet, extranet, and application hosting) to all DHS components.

At the time of our review, the Department needed to improve its implementation of OneNet. DHS needed to establish component connections (peering) to OneNet and ensure that all components transitioned to the RTIC. At the time of our audit, only two components had peered all their sites to OneNet; the remaining seven components identified the lack of Policy Enforcement Points (PEP), which support controlled cross-communication among component Trust Zones, as the primary reason for their delayed transition to OneNet. DHS components had established different and unique levels of IT security policies, as well as different PEPs, to enforce these policies. Not all DHS components had completely transitioned to the RTIC. As of February 2011, two components had completed their transition. Three of the remaining seven components had signed waivers with extension dates until 2012 to defer their transition to the RTIC. Finally, DHS had not completed required OneNet management documents, such as the Concept of Operations, which describes how to use desired capabilities to carry out operations. Three components did not have required interconnection security agreements, and three other such agreements had expired.

We recommended that the DHS Chief Information Officer complete the transition and connection (peering) of components and develop and implement key planning documents, network service agreements, and interconnection security agreements for OneNet. DHS generally agreed with our findings and recommendations.

In *DHS Department-wide Management of Detection Equipment (OIG 11-47)*, we found the Department could better manage acquisition of detection equipment by developing processes to standardize equipment purchases and identifying common mission requirements among components. DHS had eight different procurement offices purchasing detection equipment and did not have a process to facilitate strategic sourcing. The Department was using multiple models to meet similar missions, and thus, was incurring higher administrative, logistical support, and maintenance

costs. We identified about \$170 million worth of small X-ray machines, metal detectors, and personal and hand-held radiation detectors that DHS could acquire through strategic sourcing strategies. To strategically source, DHS would need to standardize purchases of explosive, metal, and radiation detection equipment; and identify common mission requirements among components. Limiting the models and types of equipment would increase procurement, maintenance, and personnel efficiencies.

Components were also maintaining separate inventories, and the inventory systems were not based on standard inventory data elements and standard nomenclature for similar detection equipment. Without a dictionary of common data elements and nomenclature, the Department did not have timely visibility over on-hand balances of equipment and could not be sure inventory data was complete and accurate.

We made two recommendations to the Deputy Under Secretary for Management. First, we recommended that DHS establish a standard data dictionary, consolidate data descriptions, and make sure components use consistent inventory terms; second, we recommended that DHS re-establish a Joint Requirements Council to identify cross-cutting opportunities and common requirements. DHS concurred with both recommendations and reported it was developing standard data elements to manage its inventory accounts and was planning to revive the Joint Requirements Council.

#### DISASTER ASSISTANCE FRAUD

The report, *Assessment of FEMA's Fraud Prevention Efforts (OIG-11-84)*, included results of our review of FEMA's Individuals and Households Program (IHP), through which the agency quickly disburses billions of dollars to disaster survivors. The program's vulnerability to fraud, waste, and abuse requires FEMA to implement procedures designed to ensure assistance is provided in proper amounts and only to eligible recipients. While FEMA had made progress in preventing fraudulent losses of Federal funds, challenges remained in reporting and identifying fraud; increasing fraud prevention awareness; developing and maintaining proper internal controls; and recouping improper disaster assistance payments.

The report highlighted the fact that FEMA had not established an environment in which employees understand that fraud prevention is integral to the agency's mission. This is partially caused by FEMA not training disaster assistance employees how to prevent and detect fraud, waste, and abuse. Rather, FEMA offered non-mandatory ad hoc training to those employees who wanted to take the training. FEMA's leaders must continually demonstrate the importance of fiscal responsibility and program integrity. Mandating fraud prevention training for all employees would increase the agency's attention to fraud prevention and deterrence.

The agency had improved its internal controls since Hurricanes Katrina and Rita. However, OIG and Government Accountability Office reviews, as well as agency assessments, continued to identify needed improvements in internal controls over its assistance programs. For example, in September 2009, we reported that FEMA substantially improved internal control weaknesses that existed during Hurricanes Katrina and Rita. While these changes resulted in fewer instances of payments made to registrations with duplicate and invalid key data, FEMA does not always use all of its validity checks for key registration data. Consequently, FEMA continued to make improper disaster assistance payments that should have been avoided. FEMA needs to consistently apply its existing business rules, and monitor payment activities to update its internal controls when it identifies new vulnerabilities.

The goal of the Fraud Prevention and Investigation Branch (FPIB) is to assist in identifying, mitigating, and preventing fraud in FEMA programs through fraud awareness training and, in partnership with DHS, recoupment of losses. FEMA should issue a management directive establishing FPIB as an agency-wide entity with authority to review all FEMA-funded programs and recommend improvements to internal controls to deter and prevent fraud, waste, and abuse. FEMA needs also to provide additional staffing to enable the FPIB to achieve that goal and adopt measures used by the Recovery Accountability and Transparency Board, such as the fraud-mapping tool, to foster accountability and transparency of FEMA programs and improve internal controls. Finally, FPIB's visibility would be enhanced if it reported directly to the FEMA Office of the Administrator, or one of his direct reports.

#### TRANSPORTATION SECURITY

Transportation security is one of the critical missions for which DHS was created. Since its inception, the Department has invested considerable resources to establish a secure transportation environment, particularly at our Nation's airports. We have audited many of the layers of security established or overseen by TSA. One of our

recent reports, *TSA's Oversight of the Airport Badging Process Needs Improvement*, examined TSA's controls over the issuance of airport badges to individuals.

Individuals who pose threats may obtain airport badges and gain access to secured airport areas, endangering the safety of airport workers, passengers, and aircraft. We identified badges issued to individuals with one or more omissions or inaccuracies in key applicant data used for vetting. For example, badges were issued to individuals without a complete security threat assessment (STA). Individuals were not always properly vetted, and badges were issued without the required information such as STA status, birthdate, and birthplace. Airport operators and local TSA officials were not fully aware of the details of the complex vetting process and the ramifications of entering inaccurate biographical data.

TSA had designed and implemented only limited oversight of the badge application process. Specifically, the agency did not ensure that airport operators had quality assurance procedures to safeguard the completeness and accuracy of the data used for vetting. Despite its reliance on designated airport operator employees, TSA did not always ensure that airports were properly training these employees. Only one airport had a formalized training program focused on airport operator employees' duties and responsibilities. TSA also did not ensure that airport operator employees were using available tools to perform their assigned duties.

In addition, TSA did not require its inspectors to verify airport data during interviews. TSA inspectors reviewed the airport badging process during inspections; however, this limited coverage did not ensure that vetting information was complete and accurate. Inspectors did not always have direct access to the Transportation Security Clearinghouse database and were not required to compare or cross-reference records. Therefore, inspections of badging office records may have been insufficient to determine the airports' level of compliance with vetting process requirements. Direct access to clearinghouse data would enable inspectors to verify records for approved STAs in a timely manner and take immediate corrective action if necessary.

TSA did not require airports to conduct recurrent Criminal History Records Checks (CHRC) to ensure that badge holders maintained their reputable status. According to airport and TSA officials, these checks should be conducted on a recurrent basis. These officials also indicated the self-reporting policy was ineffective because most employees would not report themselves for fear of losing their job. Some airports were proactive in mitigating risk in the CHRC process. According to TSA officials, the agency recognized the need for more frequent criminal checks. The Transportation Threat Assessment and Credentialing office, in cooperation with the agency's Office of Chief Council, was exploring implementation of a requirement to conduct recurrent CHRCs.

Some sites we visited had best practices that could be implemented at other airports to ensure authenticity of documentation and data accuracy. In addition, in response to our preliminary findings, the Airports Council International—North America established a task force of its member airports to identify and evaluate best practices for airport identification badging. Some practices included conducting badging application audits to identify common errors to incorporate into training classes, providing advanced training on fraudulent document identification and document handling procedures, establishing checks to prevent duplicate records, and establishing a quality control process to review applicant information before it is submitted for an STA.

We presented our findings to the airport operators, local TSA officials, and inspectors. Our analysis generated 101 updates, which airport operators sent to the Transportation Security Clearinghouse. We made recommendations to establish and implement quality assurance procedures for the badging process, ensure that airport operator employees receive proper training and tools to perform their assigned duties, require independent verification of approved applications, provide real-time reports on active badge holders, and conduct recurrent CHRCs. TSA concurred with all but one recommendation—on real-time reporting—with which it partially concurred.

In closing, I would like to commend the Department for acting quickly on our recommendations in an effort to improve its operations and performance. The Office of Inspector General remains committed to performing audits and inspections, identifying issues, and making recommendations to assist DHS in carrying out its mission effectively and efficiently.

Mr. Chairman, this concludes my prepared statement. Thank you for the opportunity to testify, and I welcome any questions from you or Members of the committee.

Mr. MCCAUL. Thank you, Mr. Edwards.

The Chairman now recognizes Mr. Lilly for his testimony.

**STATEMENT OF SCOTT LILLY, SENIOR FELLOW, CENTER FOR  
AMERICAN PROGRESS**

Mr. LILLY. Thank you very much, Mr. Chairman. I want to congratulate this subcommittee. I have felt that over the past decade we have seen a general degradation in the capability of the Federal Government to do the things it needs to do, and I think one reason for that is a decline in effective oversight by the Congress. The Congress has the capability of breaking down walls within bureaucracies, forcing the bureaucracy to share information with itself, as well as help the American people understand what the people who are paid with their tax dollars are doing. I think this hearing is a very good step in the right direction.

Of all the departments in the Federal Government that I think need oversight, the Department of Homeland Security is the most, and that is for a number of reasons. I would say, first of all, I would like to very strongly agree with Governor Gilmore with respect to the mistake that I believe the Congress and the President made in creating this Department. There is a very good reason that the United States did not combine the Departments of Navy and War before World War II, but did so afterwards. I think after 9/11 was the worst time we could have tried to combine 20 disparate agencies with little background.

There is an important lesson to be learned here, and that is politicians very often want to do the easiest and most visible thing when there is a problem, and that is to rearrange the boxes. But in fact, rearranging the boxes is almost always the wrong thing to do. If you had looked at the entire Federal Government and tried to identify the most troubled agencies, certainly the Immigration and Naturalization Service in the Department of Justice would have been among them on September 11, 2001. Those problems should have been dealt with directly within the Justice Department at that time rather than trying to deal with the failings of that agency after combining it into a large and largely out-of-control Department. So I think that gives us some context as to why we have the problems we have.

I think we also had serious leadership problems in the early days of the Department. I think a lot of less effective staff from other agencies were transferred to the Department, which compounded those problems. I think the Department developed a culture of excluding one another and the Congress from information that has to be shared within departments in order to make the Department work better.

Of all the things that we could look at to try to improve the Department, I am not sure that duplication would be at the top of my list. We certainly need to be mindful of duplication.

With respect to the local grants, it is a program that is declining in budget already. I think largely local governments don't want to spend even Federal money to solve the same problem twice.

I am concerned about duplication, and we should look for opportunities—we should always be mindful of it and check for it, but I am much more concerned about the general lack of managerial talent within the Department, and within the Government generally, to make the large-type procurements that we are talking about with the Arizona border. This is obviously a project that

takes a huge amount of skill. It has never been done. We need the best management the country has, and you can't always hire those on contract. If you don't have some of them working for the Government, you are going to have a problem.

I want to say one other thing that I think this committee should look at. It is not directly in your jurisdiction, but I think it is an enormous problem. We talked about weapons of mass destruction. I think there is one area where we are failing pretty dramatically in that regard, and that is with respect to biological weapons.

The threshold for nuclear weapons is quite high, as the efforts that Iran is making today show. The efforts for biological weapons are much lower. The ability to track them and the expertise necessary to produce them is far more difficult. The efforts that we are making in terms of producing antidotes or helping defend the American people or first responders I think have fallen completely flat.

So with that I will conclude my testimony and am happy to take questions.

[The statement of Mr. Lilly follows:]

#### PREPARED STATEMENT OF SCOTT LILLY

I want to congratulate the committee on their work in overseeing the operations of the Department of Homeland Security. The Department was created during my tenure as Minority Staff Director of the House Appropriations Committee and I have watched it struggle for more than 8 years now. I must say that I have never witnessed greater chaos in Government than in the early years of this Department.

There was an extended period in which they could not produce a directory of the names and phone numbers of their key employees. I did a report in 2005 detailing the data from an Office of Personnel Management study which showed that DHS employees ranked the performance of their Department dramatically lower than employees of other Federal agencies. During that period we had Departmental IG reports indicating that leaders of the deeply troubled Transportation Security Administration had awarded themselves \$1.5 million in year-end bonuses—amounts one-third higher than handed out by any other Federal agency. TSA also spent \$462,000 on an awards ceremony including nearly \$2,000 for seven sheet cakes.

In 2006, that same IG told ABC News that he had not been reappointed because the Secretary of the Department had labeled him a “traitor and a turn coat” for his effort.

We are finally seeing some improvement but DHS continues to need all of the oversight that the Congress can give it and it needs the support and understanding of Congress in mutual efforts to solve some of its most intractable and enduring problems.

Having said that, I do not see the first issue raised by the General Accountability Office in their February 28 report, the potential for duplicative projects resulting in DHS local grants, as a particularly something that merits a lot of time and attention. We should be mindful of the possibility of duplication and agencies have a responsibility to get sufficient information about projects for which Federal funds are being requested to know whether they are likely to duplicate efforts in the same or neighboring jurisdictions.

On the other hand, one would have to expect that local governments, having far greater planning resources to address local needs than the Federal Government, would also be concerned about using their Federal funds wisely and in a way that does not provide two solutions to the same problem. Frankly, I would be more concerned about local governments using funds requested under the banner of counterterrorism and security as a means of solving other problems not associated with that purpose. Ultimately GAO did not find duplication but simply a lack of optimal reporting.

Federal Facilities Risk Assessment by the Federal Protective Service is different problem and a more troubling one. FPS is currently expected to make these assessments for about 2,300 facilities a year. They charge agencies occupying these facilities for the cost of the assessments at a rate that appears to be somewhere between \$80,000 and \$100,000 per facility. One problem is that at least some agencies seem

to lack confidence in FPS to competently perform this work. In addition, there appears to be a problem with FPS being able to simply execute these assessments at all. Finally, the question has been raised as to whether FPS is charging an unreasonable price for such services.

The committee should get to the bottom of these problems. There are at least two sides to every problem. It would strike me as entirely plausible that FPS simply lacks the expertise and management capabilities to effectively perform this function. It is also plausible that other agencies are unwilling to give up turf to a central provider of services even though that would be a more logical and less costly approach. It is also plausible that both of those scenarios are accurate. The amount of money involved is not small but the importance of protecting Federal facilities is even bigger. The committee should insure that the facilities are protected and at a reasonable cost to the taxpayer. It may take a lot of time and patience but that is what good oversight is all about.

Finally, I noticed that an issue not in the latest GAO report was mentioned in the Chairman's comments about this hearing on the committee website. Those comments involved the Arizona Border Surveillance Technology Plan which is simply the latest iteration of efforts that now date back 15 years and previously known as Secure Border Initiative Network. Over time we have spent close to a billion dollars on these efforts and they have yet to demonstrate anything like the capability we had all hoped for.

It is tempting in a political season to assign blame for such failure. I could point out that this particular contract was crafted in 2005 and signed in 2006. But I don't think that accomplishes much if we want to solve the problem. Good oversight is not about who does the best job of playing "gotcha" but finding out why bureaucracies fail to perform. Is this problem simply lacking the managerial competence in DHS to organize a task of this dimension? Is it that smart people were sold on technologies that were still not mature enough to work in the real world? Is poor contract performance to blame? Is this a problem that will simply take a lot of time, money, and patience to solve? Is it some portion of all of these?

The answers to these questions are important and this committee can play a vital role in forcing out the truth—but only if it truly seeks the truth and unfortunately that is sometimes not the real objective of oversight investigation.

Again, I congratulate you on holding this hearing and would be happy to answer any questions the subcommittee may choose to ask.

Mr. McCAUL. Thank you, Mr. Lilly. We appreciate your remarks about oversight. You of all people know how important it is for the Congress to provide oversight. You know, we legislate, we pass laws, but through oversight we can make the Executive Branch more effective. I think a lot of times we introduce bills that go nowhere, and particularly in this Congress we see a lot of gridlock. I think oversight, and what we are doing here today, we can make changes for the better. As you mentioned, this Department probably needs more oversight than any other. So thank you for your testimony.

My first question has to do with—you know, when I got the information from the IG report and GAO, I was very alarmed by the corruption within the Border Patrol, Customs and Border Patrol, particularly the case involving the agent who 19, 20 different times facilitated cartels with drug transactions, bringing cash and weapons into the airports, getting past screening with a badge, and taking those cash and weapons out of this country to groups I consider to be terrorists. Then I saw there were over 200 active investigations, cases.

I guess, Mr. Edwards and Ms. Berrick, I mean, how extensive is this problem? How can we stop it? Because as a former public corruption prosecutor, I see nothing more offensive than somebody that has sworn an oath to our country and our Constitution then betraying our country and our Constitution by these acts.

Mr. EDWARDS. Mr. Chairman, preventing employee corruption is a difficult task, especially the value a corrupt employee brings to

the criminal enterprise, mainly involving the drug trade. The Department uses pre-employment screening, CBP uses polygraphs, and they also do a periodic background investigation to help address the corrupt employees and to identify infiltrators. But that alone is not enough.

We, along with the components, do integrity briefing and training to alert employees on signs of corruption and the consequences of corruption, and also invite employees to come to us and let us know if they see corruption that exists. We also work with law enforcement entities and components to detect and to arrest corrupt employees. Besides civil rights violations, this is our highest domestic priority. Last year, in fiscal year 2011, we arrested 403 employees.

But to answer your question, we need to have effective, strong internal controls, which is critical to detecting, deterring, and preventing these type of incidents.

Mr. MCCAUL. Well, over 400 arrests?

Mr. EDWARDS. Four hundred and three, sir.

Mr. MCCAUL. Border Patrol agents?

Mr. EDWARDS. All arrests per fiscal year 2011.

Mr. MCCAUL. I mean, this is sort of like an enemy within that we need to pay attention to. I was not aware of the extensive nature of this corruption within the Department, and thank you for calling that to our attention.

Ms. Berrick, do you have anything to add to that?

Ms. BERRICK. Mr. Chairman, while the IG does criminal investigations of these cases, GAO's role is more to look at what controls the agencies have in place to detect and prevent this prior to some criminal act happening. We actually have some on-going work now looking into these issues. There is more Congressional interest in this.

For example, we are looking at the integrity of border agents and what controls DHS has in place to ensure that. We are going to be reporting out this summer. We have some similar work at TSA as well. We would be happy to brief you and your staff when that work is completed.

Mr. MCCAUL. I am also concerned about some of these employees that work in fast-food restaurants in the airport, and they have these badges to get in without screening. You often wonder what kind of background checks are done on these individuals as well.

When I was working counterterrorism, we initially did a sweep of all the airports of illegals who were working within the airports who had these badges because they can be compromised.

So the other issue that is so important to me being from Texas is the border, and what are we doing to better secure the border? In the technology piece, you know, we have done a lot with the fencing and all that, and added more agents, but the technology piece is the piece that has not been completed. When I hear the Secretary say it is going to be another 10 years before that can be done, you know, a lot of my constituents get very frustrated about that.

So SBInet in the Arizona Tucson sector was a colossal failure to the tune of almost \$1 billion. What is the Department doing now? I know, Ms. Berrick, you have called into question the technology

piece in the Tucson sector today in terms of they are not doing it the right way.

Ms. BERRICK. Right. Thank you, Mr. Chairman.

With respect to SBInet deployed along 53 miles of the highest-risk area within Arizona, we found that Border Patrol generally thinks it is providing value. They are happy with the increased support it is providing. However, the Army Test and Evaluation Command did a study that actually found SBInet is only providing a marginal improvement in interdiction capability when you compare it to what was already on the ground, ground sensors and other things.

So we actually recommended that DHS do a post-implementation review, because they are spending money maintaining that system, as you mentioned, along the 53 miles, to really see is it worth the investment that we are paying for this?

The second piece to this is DHS's new strategy for securing the Southwest Border, starting in Arizona. They are calling it the Arizona Technology Plan. There is a lot of similar technologies that they are planning on using that they were going to be using for the failed SBInet. We have called into question the need for CBP to do better planning, to make sure that they can justify the specific technologies, the locations, the numbers that they are going to pursue so that Congress can make informed decisions about those and also have better life-cycle cost estimates. We found that the estimates were a very rough order of magnitude. We think there is a potential for significant more funds being needed to roll this out as DHS has envisioned it. So we think they need more rigor in how they go about pursuing this part two of securing the border.

Mr. MCCAUL. In this time of budgetary constraints as well, Congressman Cuellar and I—he is from Laredo, and I am from Austin—we talked a lot about leveraging existing technologies within the Federal Government. I mean, too often we are stovepiped. So the DOD has some great sensor surveillance technology that already exists, and the private sector has a lot of this already. We don't need to start from scratch. As we draw down our operations in Iraq and Afghanistan, I think that we ought to be reallocating those technologies to the Southwest Border. In fact, on a recent trip to Afghanistan and Pakistan and Iraq, we talked to the generals about that. I think that would be an effective use of the Federal Government's resources.

The final question, because my time—well, I am about 2, almost 3 minutes over, but, Governor, I just wanted to, with all of your vast experience in this issue—to some extent I agree with you, you know, merging 22 agencies. I mean, what a difficult task. I don't envy any Secretary of this Department. It is a monumental task they have. What, in your opinion—just a very general question: What do we need to do to fix this Department?

Mr. GILMORE. Mr. Chairman, I think that this is a good time, 10 years on after the 9/11 attack, to simply do a management assessment of whether or not the structure of the Department of Homeland Security is the best way to carry out the mission of protecting the Nation. There are other alternatives that we offered and that other people have offered.



We do not wish this Department any ill. We wish it success, particularly because the security of the Nation depends on it. But an overall management assessment, particularly the work that is being done by the GAO and the inspector general, we think are productive. But I would be cautious about only looking at the granular issues that have been addressed here this morning, this person or that person, or the badge is not right, or you can't get into the fast food areas. I think an overall management look at the Department and the mission that needs to be carried out 10 years on would be a very healthy thing. The Congress, of course, could lead in that way and make that happen.

Mr. Chairman, if I might add one more thought about this, we believe at Free Congress that there are several serious threats to the Nation. We think that the lack of growth and the economic downturn is the greatest challenge to our National security that exists. But also the threat to the Southern Border is very serious, in our view. I don't think that any consistent policy has been articulated yet as to what we are trying to do down there other than build fences and perhaps capture people in the desert.

At the end of the day, people are corrupt because of money, because of the great deal of money that can be offered to people, which means that I believe that a public statement from the Congress would be very healthy to say that it isn't just a matter of taking money and being publicly corrupt in violation of the criminal laws. I myself was a prosecutor. The public statement really ought to be that people who take money from drug people in order to smuggle and set up abilities to be corrupt are actually betraying their country.

In fact, the people who are using these products that are being offered in the United States of America, when they use them, they aren't just breaking the criminal law, they are betraying their country, because they are setting up an opportunity here for insecurity. These corruptions and methodologies that are going on along the Southern Border, you wait until we get into another major conflict in this country and people want to strike inside this country. The vehicles and methods and routes to do damage to this country exist on that Southern Border.

Mr. McCAUL. Thank you. I couldn't agree with you more. I have been talking a lot, this is my fourth term, 8 years, about that border and the threat that is posed from the Southern Border. You know, just recently with what is going on in Iran, with Israel, the Iranian operative thinking he is contracting with Los Zetas, the drug cartels, to take out the Saudi Ambassador in Washington, they are becoming more operational. We know that the Qods Forces and Hezbollah have a presence now in this hemisphere. That Southern Border, I think, poses a serious threat. Thank you for identifying that.

I am well over my time. With that, I recognize Ranking Member Mr. Keating.

Mr. KEATING. Thank you, Mr. Chairman.

I thank Mr. Lilly for recognizing that Congress has a role in viewing this, but I have got to tell you I think we are going to be here time and time again—it is like shining a sneaker—trying to

see what DHS can do. Until we address the fundamental issues, there is going to be inherent waste and duplication.

I think there is an estimate, Mr. Lilly, that Homeland Security is subject to one of the most fractured jurisdictions in terms of responsibility. It is estimated it reports to over 100 Congressional committees and subcommittees. How has this disjointed jurisdiction affected this duplication? Until we can start to—how can Congress approach this if things are so fractured? What do we have to do ourselves on these jurisdictional issues? Because I will tell you, we are going to be here long after I am gone talking about the same thing until we do some fundamental restructuring.

Mr. LILLY. Well, I think Congress plays a role in this. I really prepared my remarks with respect to the Executive Branch issues. But a number of agencies, or a number of departments have multiple jurisdictions in the Congress. But I don't think there is any example that is as divided as this is. Even where there is multiple jurisdictions, for instance—well, the jurisdictions split pretty cleanly within the organization of the executive department, so it is clear which agency or which committee of the Congress has jurisdiction over what. You normally end up with one authorizing committee that plays the lead role and one appropriations subcommittee, and I think that can work quite effectively.

I think that there needs to be more coordination between the authorizing committees and the Appropriations Committee, because I think you can dig into things a lot more deeply than the Appropriations Committee can. But certainly if the Congress would clean up its act and try to streamline jurisdictions, that would be a big assistance to oversight.

Mr. KEATING. I don't think I can do my job with the current situation as effectively as I can. I don't think DHS can do their job with the current situation.

Mr. LILLY. I will give you an example of an issue that I don't think is being addressed right now, and that is the flood insurance under FEMA, which is not under the control of this committee, but the banking committee. We are paying insurance companies about 8 percent in order to basically do the paperwork on this. They have no risk at all. I think the price that we are paying is way out of line. Somebody needs to be looking at that. As far as I can tell, the banking committee isn't.

Mr. KEATING. Most of us were in Philadelphia just a few days ago. You know, there is a perimeter breach that was there. Yet when we had our hearing at Logan Airport in Boston earlier this year, we found out that that is just a local responsibility. There is no Federal responsibility at all on those issues the way it is set up.

Governor Gilmore, I mean, we could be here forever dealing with this, but those jurisdictional lines have to be combined. We are asking an agency that has day-to-day responsibility with our safety on one hand to be over here, and there is just a myriad of different agencies they have to deal with. No one could do their job as efficiently as they could unless we get that resolved.

Mr. GILMORE. Congressman Keating, I think you are right, and I appreciate your leadership on that. You will find that our Commission reports, all five of them, are replete with recommendations to the Congress that they simplify their oversight capabilities by

reducing the number of committees that the Department and that the Homeland Security authorities have to respond to. That has not been done. Why not? Because territorial—because the Congresspeople want to protect their territory, and their authority, and so on. So in order to protect that territory inside the Congress, they are sacrificing the National security of the United States. It is a simple trade-off. In fact, this report right here on page 16 starting on that is an admonition to the Congress to simplify their oversight capabilities by reducing the number of committees. Actually, this committee and this subcommittee exist today because of those reforms, but they didn't undo all the other oversight as well.

Mr. KEATING. Ms. Berrick, would you like to comment on that?

Ms. BERRICK. Thank you, Representative Keating.

I can certainly see it causing challenges for the Department day in and day out working with them, with reporting to multiple committees. GAO is sometimes asked this question directly since, of course, we work for the Congress.

I think that the key issue is how well the committees work together and coordinate. Frankly, we are not doing any more investigations at DHS; we are not being asked by Congress to do any more than we are doing for similar-sized organizations. Our experience has been that the committees generally have worked together well, usually have multiple requesters on engagements that GAO is asked to do.

So I think the key, again, is how well those committees work together, but certainly can sympathize with DHS on the multiple reporting requirements and oversight.

Mr. KEATING. I will just close and say that we are looking at duplication, we should look at ourselves first right here in Congress.

Thank you. With that, I yield back.

Mr. MCCAUL. I associate myself with the Ranking Member's remarks. We talked about how the Federal Government is stovepiped and doesn't work well together, and yet on this very issue—and it was a recommendation of the 9/11 Commission—was that the Congress consolidate under one committee oversight and authorizing of the Department, and yet you have got so many other committees that have that responsibility as well. It should be consolidated.

With that, I recognize the gentleman from Missouri, former auctioneer, Mr. Long.

Mr. LONG. Thank you, Mr. Chairman.

Mr. Gilmore, in February, the DHS Under Secretary of Management told the subcommittee that some of the existing contracting offices within DHS and its components may be duplicative and unnecessary, which, from your testimony, I am sure you agree with. How might DHS restructure its contracting offices to maximize the efficiency and then eliminate duplication?

Mr. GILMORE. Congressman, the way I would approach it would be to ask: What is the mission? What are we trying to accomplish? The various components need to harmonize and work together in order to complete the mission. Procurement within those different agencies needs to be directed towards the accomplishment of the overarching mission. There is no reason why you couldn't simply have the ability to combine much of the procurement into one place with one's ability to oversee the procurement so that instead of a

mission for each individual agency, as disparate as they may be, they could be combined to carry out the overarching Homeland Security mission. So in other words, there could be a combination of this in a consolidation.

Mr. LONG. Is the turf battles why you see so much duplication, you think?

Mr. GILMORE. No. Well, as I have said, I think there is a turf battle in Congress. I don't know whether there is a turf battle—

Mr. LONG. I am talking about within the—

Mr. GILMORE. I do know that. I think that within the Department itself, the Secretary would have a feel for whether or not she is obstructed by turf battles within the different agencies. I think it is more likely that each of the agencies came in, 10 years ago, into the Department with disparate missions and different structures and different ideas about how to carry things out, and they are trying to do all of that. Now the question is whether that combines into the overall mission of the Department of Homeland Security. That will be a good study, I think, for GAO.

Mr. LONG. Thank you.

Mr. Lilly, you have said that you are not as concerned about duplication, or at least duplication would not be No. 1 on your priority list. If you are just going to name three things that we should be the most concerned with, what would be your top three priorities?

Mr. LILLY. Well, I think the first thing is just attracting the caliber of management to the Department, to the Federal Government.

Mr. LONG. Okay. You have mentioned that a couple of times. Where are we falling short on that? What caused the current morass?

Mr. LILLY. Well, I think there are a number of things that have happened. One is I think we had a pretty talented generation of managers that came into the Government in the 1960s and 1970s, and they came in in a bunch, and they are leaving in a bunch. So you have got kind of a vacuum as a result of that.

Also, I know there are people up here that are wanting to talk about how much Federal employees are overpaid, and there may be some levels where that is true. The recent CBO study showed that for employees with less than a college degree, the Federal Government pays more. But at the very top end, when you are talking about program managers and contract officers, we don't pay enough to hold them.

You can go to any department, and you can see our best people in Government are being hired by the contractors that work for the Government and paid \$20,000, \$30,000, \$50,000 more than they are making working for the Government. So we just have a continuous system of dumbing down our best talent because we are not competitive at that level.

If you wanted a project officer that is going to be able to figure out how to use information technology to protect the border, you are talking about a very high-priced piece of talent, and if you are not willing to pay for it, you won't get it. I don't think we do have it.

Mr. LONG. Okay.

Ms. Berrick, why does DHS maintain three separate information-sharing mechanisms for the public transit agencies?

Ms. BERRICK. Thank you. This was an issue we reported on last year. I think the reason is in DHS's early years, they were very focused on getting out as much security information as possible to stakeholders, so they used many different methods to do that, which is understandable wanting to get that information out. They paid less attention to are these systems duplicating each other and also, frankly, how useful the information is to the recipients.

Now that DHS is maturing, we have been looking at this issue and have made a number of recommendations that DHS streamline these information-sharing mechanisms, and also solicit feedback from the recipients of this information to make sure it is, in fact, what they need, because what we have heard in a number of cases—one example is in the transportation security area—is stakeholders, you know, rail operators are getting information from so many different sources that they tend to stop looking at it because they are getting overwhelmed.

Mr. LONG. Right.

Ms. BERRICK. So I think that is the reason. Again, DHS is moving in the right direction, I think. They have already taken action to consolidate some of these information-sharing networks for transit operators, for example. But I still think that there is more that can be done.

Mr. LONG. Okay. Thank you.

I thank you all for your testimony. I yield back.

Mr. McCAUL. I thank the gentleman.

The Chairman now recognizes Mr. Duncan from South Carolina.

Mr. DUNCAN. Thank you, Mr. Chairman.

Before I ask any questions, I want to talk about a comment that was just made about turf battles, and related to a hearing we had on border and maritime security this week dealing with these overstates. During the testimony and questioning, it was brought up that the agencies involved, whether it is CBP or ICE and even the Department of State, aren't communicating. I hear the word "turf battles," and I think about the 9/11 Commission report and the fact that they revealed that these agencies that were charged with protecting our great land—the FBI, and the CIA, and NCIS, and all these others—weren't communicating; that there were walls often put up between agencies.

It alarms me, Governor Gilmore, that we are talking about turf battles. We shouldn't have turf battles. The battle that we are fighting is for American turf and American liberty here in this country. The 9/11 Commission report clearly indicated that agencies needed to communicate in order to keep this country safe.

So, Mr. Chairman, I ask that we have an oversight hearing on this particular issue, of agencies communicating, because I think we are charged with—in this whole committee and subcommittee—with doing that. So I appeal to you.

A question I have is a question that I brought up with Secretary Napolitano, and it is an area of duplication. One area of possible duplication seems to be the International Affairs Division. The President's fiscal year 2013 request seeks to realign the DHS Office of International Affairs as an independent office responsible di-

rectly only to the Secretary. In addition to the DHS' office, the components, such as CBP, ICE, and TSA, all run their own international affairs offices. So I guess for Ms. Berrick, has GAO investigated whether there is duplication and overlap in this area? If so, what did you find?

Ms. BERRICK. We haven't looked at the specific issue of the nine offices within DHS, our international affairs offices. However, in our report that we issued last week, we did look at duplication among different agencies' internal affairs offices and delivering training to foreign posts in other countries and found that just among the internal affairs offices among multiple agencies, there was a lack of coordination on what this training should be. So as a result, these foreign posts, the CBP officers and others, were getting similar training from multiple sources. So I think there is certainly a potential there, since we found that on a broader scale, but we haven't specifically looked at that within DHS.

Mr. DUNCAN. I think at a time when we need to streamline Government, and that is what I think this Congress is trying to do—I understand Customs and Border Patrol is basically looking at protecting folks coming into our borders and our ports; and TSA, transportation, making sure that the terrorists aren't flying into this country with weapons of mass destruction. Then ICE, if we do have an immigration or customs issue, they are going to enforce that. Hopefully they are going to remove that element and enforce the laws on the books.

So I get that they are all different missions. I guess what I am looking at is an international office under the DHS necessary to streamline that, or is there true duplication?

So I will ask Mr. Lilly there if he wants to answer.

Mr. LILLY. I would just say I think what you are talking about there is—the goal would be to consolidate all of this so there is one voice for the Department of Homeland Security. But I think you have to recognize that you still have these different cultures operating within the Department. The immigration people are competent to deal with their counterparts overseas, and that is very important because we have a lot of expectations with foreign governments in terms of the way they deal with this.

But the sharing of information is something that is a process that takes time. So your goal is to get to one DHS office in an embassy in Rome, or wherever, but right now you may have to sacrifice that in order to make sure that you are communicating agency by agency with your foreign counterparts.

Mr. DUNCAN. Well, I guess I am looking at—the NCTC was created after 9/11, the Department of Homeland Security was created after 9/11, and with the intent purpose of making sure that all of our agencies charged with security are communicating and are doing the mission to defend this great country. I think we have grown Government so much that we are actually—it seems to me we are working counter to that original 9/11 Commission report that charged us and created this agency.

So I am alarmed that information sharing isn't happening, and that we are so large that maybe we are cumbersome and not able to fulfill the mission. Sometimes simple and smaller is more efficient and better.

So I yield back the balance of my time.

Mr. McCAUL. I appreciate the gentleman's comments. I think, you know, when each of the 22 have their own procurement officer, acquisition, Mr. Lilly, One DHS really is the goal, and I think that hopefully we will get to that point. I think the gentleman from South Carolina is correct. We have created so many different organizations—now the DNI, for instance—I mean, it just, I think, complicated things.

I just want to close by saying on the public corruption issue, to me, it is appalling that we have Federal officers, Federal agents facilitating working with drug cartels or terrorists. That, to me, is unacceptable. That is no different than Hanssen within the FBI or Aldrich Ames in the CIA betraying their countries, as Governor Gilmore stated.

So with that, I want to thank the witnesses for their testimony. This has been an outstanding hearing. With that, this hearing is adjourned.

[Whereupon, at 10:18 a.m., the subcommittee was adjourned.]

