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ASSESSING DHS'S PERFORMANCE: WATCHDOG RECOMMENDATIONS TO IMPROVE HOMELAND SECURITY

HEARING

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND MANAGEMENT EFFICIENCY

OF THE

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HOUSE OF REPRESENTATIVES

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ASSESSING DHS'S PERFORMANCE: WATCHDOG RECOMMENDATIONS TO IMPROVE HOMELAND SECURITY

Thursday, February 26, 2015

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

The subcommittee met, pursuant to call, at 10:03 a.m., in Room 311, Cannon House Office Building, Hon. Scott Perry [Chairman of the subcommittee] presiding.

Present: Representatives Perry, Clawson, Loudermilk, Watson Coleman, Richmond, and Torres.

Mr. PERRY. Good morning. The Committee on Homeland Security Subcommittee on Oversight and Management Efficiency will come to order.

The purpose of this hearing is to receive testimony regarding the recommendations from the Government Accountability Office and DHS inspector general to improve the Department of Homeland Security.

Before I begin, I would like to welcome the new Members of the subcommittee. Unfortunately, I am sure there is a lot going on this morning. I literally have three places to be at one time, and I think most of us are the same way. Just the same, to officially welcome them to the subcommittee. The other Members bring with them tremendous private-sector, military, and other experience which will be helpful in our oversight of the Department of Homeland Security. I also look forward to working with all of our colleagues on both sides of the aisle.

Ranking Member Watson Coleman and I met recently to discuss the subcommittee's priorities, and I look forward to working with her on areas of mutual interest.

I now recognize myself for an opening statement.

Last month the Secretary of Homeland Security Jeh Johnson, in a speech before the Wilson Center, said that regarding how his Department conducts business and protects the homeland, we are still finding our way, but we are headed in the right direction. While I certainly give Secretary Johnson credit for trying to improve relations with Congress, his statement and acknowledgement of mediocrity is very disappointing.

The Secretary also made discouraging statements about recent border security legislation passed by this committee as unworkable

and impossible to achieve. As the Oversight and Management Efficiency Subcommittee, we must hold the Department accountable to the highest standards given that our National debt is over $18 trillion and we face numerous threats. Whether from radical jihadi terrorists intent on attacking us, to porous borders with a steady flow through the illegal immigrants and drugs coming into our communities, DHS simply must secure the homeland efficiently and effectively.

Folks back home in Pennsylvania didn't send me to Washington to watch their tax dollars wasted on ineffective programs.

Testimony from our witnesses today is, then, so important. Watchdogs from the Government Accountability Office, the GAO, and DHS Office of Inspector General, the OIG, safeguard taxpayer dollars from waste, fraud, and abuse.

Earlier this month, GAO released its high-risk list of areas in the Federal Government most susceptible to mismanagement. Despite DHS's hope that it will get off the list soon, areas related to DHS management functions, terrorism-related information sharing, and cybersecurity continue to remain at high risk to fraud, waste, and abuse according to GAO's 2015 report.

In addition, OIG releases an annual report on major management challenges facing DHS. The 2014 report identified nine broad areas where the Department faces serious management and performance challenges. OIG also identified hundreds of millions of dollars in questionable costs and funds that could be put to better use. Hundreds of recommendations by these watchdogs remain open and unimplemented by DHS at this time.

A recent GAO and OIG report also highlighted specific dysfunctional programs where management failures continue at DHS, to include the following: Ineffective use of unmanned aerial systems at the border; a lack of a cybersecurity strategy for Federal facility, physical facility, and access control systems; failure to adequately manage DHS's headquarters consolidation project at St. Elizabeths; mismanagement in processing Freedom of Information Act or FOIA requests; and a lack of rigorous covert testing program for nuclear smuggling at our borders. These reports show serious deficiencies in how DHS secures the border, protects Federal buildings from cyber attacks, and manages billions of taxpayer dollars. DHS must act on these and other recommendations to improve our homeland security.

Finally, I need to hear more from the inspector general on a recent report where in his opinion TSA attempted to cover up embarrassing findings using its authority to classify information as Sensitive. I am concerned that TSA failed to provide a timely explanation to the IG's report's findings regarding Sensitive security markings. Although DHS has a responsibility to protect information that if released could harm our National security, DHS has absolutely no excuse to hide information from the American people simply to avoid embarrassment. Secretary Johnson said that management reform itself is a homeland security imperative. However, DHS has a long way to go to reach its full potential.

I look forward to hearing from today's witnesses on their recommendations to improve the efficiency and effectiveness of DHS and what the Department is doing to address these concerns.

[The statement of Chairman Perry follows:]

STATEMENT OF CHAIRMAN SCOTT PERRY

FEBRUARY 26, 2015

Last month, the Secretary of Homeland Security, Jeh Johnson, in a speech before the Wilson Center, said that regarding how his Department conducts business and protects the homeland, "we are still finding our way, but we are headed in the right direction." While I give Secretary Johnson credit for trying to improve relations with Congress, his statement and acceptance of mediocrity is very disappointing. The Secretary also made discouraging statements about recent border security legislation passed by this committee as "unworkable" and "impossible to achieve."

As the Oversight and Management Efficiency Subcommittee, we must hold the Department of Homeland Security (DHS) accountable to the highest standards. Given that our National debt is over $18 trillion and we face numerous threats—whether from radical jihadi terrorists intent on attacking us, to porous borders with a steady flow of illegal immigrants and drugs coming in to our communities—DHS must secure the homeland efficiently and effectively. Folks back home in Pennsylvania didn't send me to Washington to watch their tax dollars be wasted on ineffective programs.

Testimony from our witnesses today is, then, so important. Watchdogs from the Government Accountability Office (GAO) and DHS Office of Inspector General (OIG) safeguard taxpayer dollars from waste, fraud, and abuse. Earlier this month, GAO released its "High-Risk List" of areas in the Federal Government most susceptible to mismanagement. Despite DHS's hope that it will get off the list soon, areas related to DHS management functions, terrorism-related information sharing and cybersecurity continue to remain at high risk to fraud, waste, and abuse according to GAO's 2015 report.

In addition, OIG releases an annual report on major management challenges facing DHS. The 2014 report identified nine broad areas where the Department faces serious management and performance challenges. OIG also identified hundreds of millions of dollars in questionable costs and funds that could be put to better use. Hundreds of recommendations by these watchdogs remain open and unimplemented by DHS.

Recent GAO and OIG reports also highlight specific dysfunctional programs where management failures continue at DHS, to include:

- Ineffective use of unmanned aerial systems at the border;
- Lack of a cybersecurity strategy for Federal facility physical and access control systems;
- Failure to adequately manage DHS's headquarters consolidation project at St. Elizabeths;
- Mismanagement in processing Freedom of Information Act (FOIA) requests; and
- Lack of a rigorous covert testing program for nuclear smuggling at the border.

These reports show serious deficiencies in how DHS secures the border, protects Federal buildings from cyber attacks, and manages billions of taxpayer dollars. DHS must act on these and other recommendations to improve our homeland security.

Finally, I need to hear more from the Inspector General on a recent report where, in his opinion, TSA attempted to cover up embarrassing findings using its authority to classify information as Sensitive. I'm concerned that TSA failed to provide a timely explanation to the IG report's findings regarding Sensitive security markings. Although DHS has a responsibility to protect information that, if released, could harm our National security, DHS has no excuse to hide information from the American people simply to avoid embarrassment.

Secretary Johnson said that, "management reform is itself a homeland security imperative," however, DHS has a long way to go to reach its full potential. I look forward to hearing from today's witnesses on their recommendations to improve the efficiency and effectiveness of DHS and what the Department is doing to address these concerns.

Mr. PERRY. The Chairman now recognizes the Ranking Minority Member of the subcommittee, the gentlelady from New Jersey, Mrs. Watson Coleman, for a statement she may have.

Mrs. WATSON COLEMAN. Thank you very much, Mr. Chairman, and thank you for holding this important hearing. I look forward to working with you during the 114th Congress to ensure that the Department of Homeland Security has the direction and resources

it needs to perform its critical mission as efficiently and effectively as possible.

I also extend my gratitude to our distinguished panel of witnesses that are appearing before the subcommittee this morning. During the hearing I will be especially interested to hear the witnesses' perspectives on the impact of a lapse in funding for the Department of Homeland Security; what it would have on the DHS's ability to implement the recommendations that we will be discussing today.

Given that the Department endured the challenges of a lapse in funding less than 2 years ago and the dangers another shutdown of DHS would pose to our Nation's security, I sincerely hope that my Republican colleagues will realize the error of their ways and pass a full funding measure for the Department without strings attached. The women and men who so ably work for the Department deserve guarantees that they will continue to be compensated for their service on behalf of our Nation.

To that end, I am eager to hear from Inspector General Roth regarding what happens to his audit staff that produce the recommendations that result in the savings for the taxpayer in the event of a lapse in funding in the Department.

Regarding recommendations in DHS's progress, I also look forward to hearing from Inspector General Roth regarding how the number of open unresolved recommendations decreased from 691 to 94 between 2011 and 2014, and how the improvement corresponds to the Department's proactive interactions with the Office of Inspector General.

I look forward to hearing from Ms. Gambler regarding GAO's assessment of the Department's improvement in the areas of greater commitment by its leadership, senior leadership, and the implementation of a corrective action plan to address these long-standing management issues.

I, as I know my colleagues on the committee are, I am committed to seeing that DHS's management functions are removed from GAO's high-risk list. Ms. Gambler and her team have provided the road map for DHS to be removed from the high-risk list. It is now up to the Department to implement the reforms and policies we know are needed. It is also up to Congress to provide the Department the funds and support necessary to stay on track.

Given Dr. Gerstein's recent opinion piece in *Politico,* I am eager to hear him share his views on how the Department can build on the success of its response to Superstorm Sandy in 2012. I am also interested in hearing Dr. Gerstein's perspective on the Secretary's Unity of Effort initiative and what he believes Congress can do to aid the Department in its mission.

With that, Mr. Chairman, I thank you again for holding this hearing today and for not letting a little bit of snow delay our work.

With that, I yield back the balance of my time. Thank you.

[The statement of Ranking Member Watson Coleman follows:]

STATEMENT OF RANKING MEMBER BONNIE WATSON COLEMAN

FEBRUARY 26, 2015

Thank you Mr. Chairman for holding this important hearing today. I look forward to working with you during the 114th Congress to ensure that the Department of Homeland Security has the direction and resources it needs to perform its critical mission as efficiently and effectively as possible.

I also extend my gratitude to our distinguished panel of witnesses for appearing before the subcommittee today.

During the hearing, I will be especially interested to hear the witnesses' perspectives on the impact a lapse in funding for Department of Homeland Security would have on DHS' ability to implement the recommendations we will be discussing.

Given that the Department endured the challenges of a lapse in funding less than 2 years ago and the dangers another shutdown of DHS would pose to our Nation's security, I sincerely hope that my Republican colleagues will realize the error of their ways and pass a full year funding measure for the Department without strings attached. The women and men who so ably work for the Department deserve guarantees that they will continue to be compensated for their service on behalf of our Nation.

To that end, I am eager to hear from Inspector General Roth regarding what happens to his audit staff that produce recommendations that result in savings for the taxpayer in the event of a lapse in funding for the Department.

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I look forward to hearing from Ms. Gambler regarding GAO's assessment of the Department's improvement in the areas of greater commitment by its senior leadership, and the implementation of a corrective action plan to address its longstanding management issues.

I, as I know my colleagues on the committee are, am committed to seeing that DHS' management functions are removed from GAO's high-risk list. Ms. Gambler and her team have provided the road map for DHS to be removed from the high-risk list. It is now up to the Department to implement the reforms and policies we know are needed.

It is also up to Congress to provide the Department the funds and support necessary to stay on track. Given Dr. Gerstein's recent opinion piece in *Politico,* I am eager to hear him share his views on how the Department can build on the success of its response to Superstorm Sandy in 2012.

I am also interested in hearing Dr. Gerstein's perspective on the Secretary's Unity of Effort initiative and what he believes Congress can do to aid the Department in its mission.

With that Mr. Chairman, I thank you again for holding this hearing today and for not letting a little bit of snow delay our work.

Mr. PERRY. Other Members of the subcommittee are reminded that opening statements may be submitted for the record.

[The statement of Ranking Member Thompson follows:]

STATEMENT OF RANKING MEMBER BENNIE G. THOMPSON

FEBRUARY 26, 2015

Thank you, Mr. Chairman.

And thank you for holding the Subcommittee on Oversight and Management Efficiency's first hearing of the 114th Congress.

I look forward to seeing this subcommittee, with you and Ranking Member Watson Coleman at the helm, conduct vigilant and bipartisan oversight of the Department of Homeland Security.

I would also like to thank the panel of witnesses for appearing today.

I look forward to hearing from each of you about your recommendations for how the Department of Homeland Security can become more efficient and effective in its mission of securing the homeland.

Unfortunately, as we meet today to discuss recommendations for DHS, Republicans in the House continue to put partisan politics and pandering to their fringe ahead of funding the Department responsible for keeping the homeland secure.

They are doing so at a time of increased security concerns both at home and abroad.

This week, rather than focusing on implementing recommendations issued by GAO and the Inspector General, among their other important duties, DHS employees are being forced to prepare for furloughs and the stress that accompanies working without knowing when your next paycheck may come.

With that in mind, I have a recommendation for my Republican colleagues regarding homeland security—fully fund the Department without strings attached so that DHS and its dedicated employees can focus on their mission.

Regrettably, damage has already been done by the Republican brinksmanship regarding funding for DHS.

As Dr. Gerstein points out in his written testimony, even just the specter of a lapse in funding for the Department of Homeland Security has costs and is a signification distraction.

While I remain hopeful that my Republican colleagues will recognize the error of their ways on this issue, any confidence I had in their ability to govern responsibly has been further eroded.

Turning to recommendations for DHS, I look forward to hearing from Inspector General Roth regarding his new initiative for verification reviews to ensure recommendations are fully implemented by the Department and that the actions taken had the intended effect.

While we are pleased when DHS concurs with a recommendation, the real benefit is found in the implementation, not the mere acknowledgement that there is a problem.

I am also eager to hear from the Inspector General regarding his concerns with the Transportation Security Administration's use, and what he believes to be misuse, of the Sensitive Security Information designation.

Regarding TSA, I have questions for Ms. Gambler of GAO about the agency's expedited passenger screening program and continued use of behavior detection as a method for screening passengers.

Given Dr. Gerstein's time in senior positions within DHS, I look forward to hearing his insider's perspective on how he believes the Department can become more effective and efficient.

Before yielding back, I would like to acknowledge the good work of Stephen Caldwell who recently retired after more than 30 years of service with GAO.

His work on security issues was invaluable to both this committee and the Department of Homeland Security.

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

Mr. PERRY. We are pleased to have a distinguished panel of witnesses before us today, and this important topic.

Let me remind the witnesses that their entire written statement will appear in the record, and that I will introduce each of you first and then recognize you individually for your testimony.

The Honorable John Roth assumed the post of inspector general for the Department of Homeland Security in March 2014. Previously, Mr. Roth served as the director of the Office of Criminal Investigations at the Food and Drug Administration, and as an assistant U.S. attorney for the Eastern District of Michigan.

Ms. Rebecca Gambler is a director of homeland security and justice issues with the Government Accountability Office, the GAO. Ms. Gambler leads GAO's work related to border security and immigration, as well as DHS's management issues.

Dr. Daniel Gerstein is a senior policy researcher with the RAND Corporation. Prior to joining RAND, Dr. Gerstein was the acting under secretary and deputy under secretary for DHS's Science and Technology Directorate, where he managed efforts related to cybersecurity, biodefense, and other issues. Dr. Gerstein also served in several positions in the Defense Department.

Thank you all for being here today.

The Chairman now recognizes Mr. Roth for your testimony.

STATEMENT OF JOHN ROTH, INSPECTOR GENERAL, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. ROTH. Thank you.

Chairman Perry, Ranking Member Watson Coleman, and Members of the subcommittee, thank you for the invitation here to discuss our recommendations to improve Homeland Security.

I have submitted a more detailed written statement for the record, but for my oral statement I would like to focus on the Department's continued challenges in the area of acquisition and program management.

Acquisition and program management at DHS is inherently complex and high-risk. It is further challenged by the magnitude and diversity of the Department's procurements. DHS acquires more than $25 billion worth of goods and services every year. Although DHS has improved its acquisition process, many major acquisition programs lack the management controls necessary to manage risk and measure performance. Components do not always follow Department acquisition guidance, which leads to cost overruns, missed schedules, and mediocre acquisition performance. All of these have an effect on budget, security, and the efficient use of resources.

I will give three examples today. First, we conducted an audit on the acquisition of housing units in Ajo, Arizona, in which DHS spent about $680,000 for each of the houses that they built. This is in an area where the average home price was about $86,000. We identified about $4.6 million that CBP spent on the project that could have been put to better use.

A second example, in a recent management advisory we brought to the Department's attention an issue related to CBP's National aviation maintenance contract. In 2009, CBP awarded a $938 million contract to an outside vendor to maintain about 265 aircraft which were to fly approximately 100,000 hours per year. During the course of the contract, the number of CBP aircraft maintained, the annual flight hours, and the average age of the aircraft fleet all decreased. As a result, we would have expected that the maintenance costs would decrease as well. In fact, the contract costs actually increased at a rate of about 9 percent per year.

We did an audit, and we attempted to compare the labor-hour data being used by the contractor to that being kept by CBP, in an attempt to understand whether we were being charged for work that was actually performed. Unfortunately, because of inconsistent and unreliable data kept by both CBP and the contractor, we were unable to do so. This means we don't know whether we received what we paid for. It is a pretty fundamental thing to understand in a billion-dollar maintenance contract.

Third, as a third example, we recently reported that although CBP's unmanned drone program contributes to border security, after 8 years CBP cannot prove that the program is effective because it has not developed performance measures. The program has also not achieved the results they had established when they started the program. The aircraft are not meeting flight-hour goals, and we found little or no evidence that CBP met its program expectations.

CBP anticipated using the unmanned aircraft to patrol more than 23,000 hours per year, but in fact the aircraft logged only a combined total of about 5,100 hours per year, about 80 percent less than what was anticipated. As a result, CBP has invested significant funds, about $360 million over the course of 8 years, in a program that has not achieved the expected results and it cannot demonstrate how much the program has improved border security.

The $443 million CBP plans to spend on program expansion could be put to better use by investing in alternatives such as manned aircraft and ground surveillance assets.

As we conduct our work for fiscal 2015, we began with two priorities, to aid the Department in achieving its critical missions and priorities, and to ensure that they engaged in proper stewardship and integrity of taxpayer dollars.

We also conduct, of course, legislatively mandated work and make an earnest effort to address the concerns of Congress and the Department along with our other stakeholders. We attempt to be transparent in our work. Our annual performance plan and our current list of on-going projects are published on our website to better inform the Congress and the public regarding our work.

Mr. Chairman, this concludes my remarks. I welcome any questions you or any other Members of the committee have.

[The prepared statement of Mr. Roth follows:]

PREPARED STATEMENT OF JOHN ROTH

FEBRUARY 26, 2015

Chairman Perry, Ranking Member Watson Coleman, and Members of the subcommittee: Thank you for inviting me here today to discuss our recommendations to improve homeland security. I am pleased to have the opportunity to share our efforts to improve DHS through our independent audits and inspections, as well as our efforts to ensure the integrity of the DHS workforce and its operations.

I would like to focus on some of DHS' challenges, many of which we highlighted in our fiscal year 2014 report on major management challenges, and some of which at times hamper our efforts to improve the Department's programs and operations. My testimony today will focus on recent and upcoming audits in four areas: Unity of Effort, acquisition management, IT management, and financial management.

RECENT AND UPCOMING WORK

Unity of Effort

Given its history as a group of very diverse agencies and its complex, multi-faceted mission, it is not surprising that the Department continues to face challenges transforming itself into a cohesive single agency. To accomplish its mission, DHS must have a strong, yet flexible, central authority that is able to ensure the components collaborate for maximum effectiveness and cost efficiency. A unified culture within DHS is necessary for better homeland security, as well as deriving efficiencies from the integration of operations. The Secretary's April 2014 Unity of Effort initiative is a positive step towards achieving that change. In addition, DHS must strengthen its efforts to integrate management operations under an authoritative governing structure capable of effectively overseeing and managing programs that cross component lines.

We have observed that the components often have similar responsibilities and challenges, but many times operate independently and do not unify their efforts, cooperate, or share information. This situation is sometimes exacerbated by components' disregard for DHS' policies. Together, these problems hamper operations and lead to wasteful spending; for instance,

- Last year, we found that DHS did not adequately manage or have the enforcement authority over its components' vehicle fleet operations to ensure right-sizing, that is, to make certain the motor vehicle fleet includes the correct number and type of vehicles. Without a centralized fleet management information system, the Department has to rely on multiple systems that contain inaccurate

and incomplete vehicle data. Additionally, each component manages its own vehicle fleet, making it difficult for the DHS Fleet Manager to provide adequate oversight and ensure the components comply with Federal laws, regulations, policies, and directives. We found that the components were operating underused vehicles, which in fiscal year 2012, cost DHS from $35 to $49 million. (*DHS Does Not Adequately Mange or Have Enforcement Authority Over its Component's Vehicle Fleet Operations,* OIG 14–126)

- The Department's failure to adequately plan and manage programs and ensure compliance was also evident in our audit of DHS' preparedness for a pandemic. We found that the Department did not develop and implement stockpile replenishment plans, sufficient inventory controls to monitor stockpiles, or have adequate contract oversight processes; DHS also did not ensure compliance with its guidelines. Thus, DHS was not effectively managing its stockpile of pandemic equipment and antiviral medications, and components were maintaining inaccurate inventories of pandemic preparedness supplies. Consequently, the Department cannot be certain it has sufficient equipment and medical countermeasures to respond to a pandemic. (*DHS Has Not Effectively Managed Pandemic Personal Protective Equipment and Antiviral Medical Countermeasures,* OIG 14–129)

In fiscal year 2015, we will continue to monitor the Department's efforts toward achieving Unity of Effort; for example,

- DHS operates a number of training centers to meet the demand for specialized skills across the Department. We have just begun an audit to determine whether DHS' oversight of its training centers ensures the most cost-effective use of resources. Although the Department has made great strides in improving both the quality and availability of training, we believe there may be opportunities to reduce overall cost by identifying redundant capacity.
- Another forthcoming audit focuses on whether DHS has the information it needs to effectively manage its warehouses. Until recently, the components managed their own warehouse needs with little or no joint effort. We expect to publish the final report by June 2015.

Acquisition Management

Acquisition management at DHS is inherently complex and high-risk. It is further challenged by the magnitude and diversity of the Department's procurements. DHS acquires more than $25 billion[1] worth of goods and services each year. Although DHS has improved its acquisition processes, many major acquisition programs lack the foundational documents and management controls necessary to manage risks and measure performance. Components do not always follow Departmental acquisition guidance, which leads to cost overruns, missed schedules, and mediocre acquisition performance. All of these have an effect on budget, security, and efficient use of resources; for example,

- U.S. Customs and Border Protection (CBP) did not effectively plan and manage employee housing in Ajo, Arizona, and made decisions that resulted in additional costs to the Federal Government, spending about $680,000 for each house that was built, which was significantly more than the Ajo average home price of $86,500. We identified about $4.6 million CBP spent on the project that could have been put to better use. (*CBP Did Not Effectively Plan and Manage Employee Housing in Ajo, Arizona (Revised)*, OIG–14–131)
- We recently reported that although CBP's Unmanned Aircraft System program contributes to border security, after 8 years, CBP cannot prove that the program is effective because it has not developed performance measures. The program has also not achieved the expected results—the aircraft are not meeting flight-hour goals, and we found little or no evidence CBP has met its program expectations. CBP anticipated using the unmanned aircraft to patrol more than 23,000 hours per year, but the aircraft logged only a combined total of 5,102 hours, or about 80 percent less than what was anticipated. As a result, CBP has invested significant funds in a program that has not achieved the expected results, and it cannot demonstrate how much the program has improved border security. The $443 million CBP plans to spend on program expansion could be put to better use by investing in alternatives, such as manned aircraft and ground surveillance assets. (*U.S. Customs and Border Protection's Unmanned Aircraft System Program Does Not Achieve Intended Results or Recognize All Costs of Operations*, OIG–15–17)

[1] According to DHS' *Fiscal Year 2014 Agency Financial Report,* the Department's fiscal year 2014 obligations for "Contractual Services and Supplies" were about $22.6 billion and its obligations for "Acquisition of Assets" were about $3.1 billion.

- In a recent management advisory, we brought to the Department's attention an issue related to CBP's National Aviation Maintenance contract. In 2009, CBP awarded a $938 million contract to Defense Support Services, LLC to maintain about 265 aircraft to fly approximately 100,000 hours per year. Since the contract was awarded, however, the number of CBP aircraft maintained, annual flight hours, and the average age of the aircraft fleet have decreased, while contract costs increased. We were not able to reconcile maintenance labor hours with the hours the contractor charged CBP because of inconsistent and unreliable data. (*U.S. Customs and Border Protection's Management of National Aviation Maintenance Activities*, Management Advisory)

Given the magnitude and risks of the Department's acquisitions, we will continue to invest resources in this critical area; for instance,

- In fiscal year 2015, we plan to audit CBP's acquisition of an integrated fixed tower (IFT) system. IFT systems are intended to assist agents in detecting, tracking, identifying, and classifying items of interest along our borders through a series of fixed-sensor towers. In February 2014, CBP awarded $145 million to begin work on the IFT acquisition program, a spin-off of CBP's $1 billion SBInet acquisition. The acquisition is currently in schedule breach. An audit at this point in the program's life cycle will be useful in identifying program challenges and may help prevent further schedule breaches.
- We are also planning an audit to determine whether the USCG is effectively managing the acquisition of eight Legend-class National Security Cutters, which will replace its 1960s-era High-Endurance Cutters. In 2012, GAO reported that the cost of the USCG's plan to acquire the final two cutters is not covered by the USCG's current 5-year budget plan. Thus, there may be a significant mismatch between expected capital investment funding and the estimated life-cycle costs for the project.

As these examples illustrate, we are moving towards a more proactive approach by performing audits throughout the acquisition process. This approach would allow for course corrections early in the acquisition life cycle before full investment in a program occurs—addressing cost, schedule, and performance problems as they occur, thus protecting a long-term investment.

Cybersecurity and IT Management

DHS continues to face challenges in protecting its IT infrastructure, as well as ensuring that its infrastructure supports its mission needs and operates efficiently. Recent audits highlight some of these challenges:

- As we reported in December 2014, the Department made progress in improving its information security program. Although it has transitioned to a risk-based approach for managing IT security, the components' lack of compliance with existing security policies and weaknesses in DHS' oversight and enforcement of these policies undermines the Department's efforts. Additionally, DHS and its components continued to operate information systems without the proper authority, hindering protection of sensitive information. There are some indications that DHS may not be properly inventorying its systems or that components may be procuring or developing new systems independently. Components also did not mitigate security vulnerabilities in a timely manner. (*Evaluation of DHS' Information Security Program for Fiscal Year 2014*, OIG–15–16)
- In July 2014, the National Protection and Programs Directorate (NPPD) made progress expanding its Enhanced Cybersecurity program to share cyber threat information with qualified Commercial Service Providers and ultimately to 16 critical infrastructure sectors. But NPPD's limited outreach and resources slowed the expansion. NPPD also relied on manual reviews and analyses to share cyber threat information, which led to inconsistent quality in cyber threat indicators. (*Implementation Status of Enhanced Cybersecurity Services Program*, OIG–14–119)
- We reported on problems with the Electronic Immigration System (ELIS), which U.S. Citizenship and Immigration Services (USCIS) uses in its adjudication process. The system's 29 commercial software products make it difficult to make changes in the system. Although ELIS was designed to improve efficiency, time studies showed that adjudicating using paper-based processes was faster than using the complex computer system. USCIS staff also said it takes longer to process adjudications using the Enterprise Document Management System (EDMS), which they use to view and search electronic copies of paper-based immigration case files. Although digitizing files reduces document delivery time, staff said using EDMS is burdensome. (*U.S. Citizenship and Immigration Services Information Technology Management Progress and Challenges,* OIG–14–112)

- In March 2014, we reported on EINSTEIN 3 Accelerated (E^3A), an automated process for collecting network security information from participating Federal agencies. NPPD has begun deploying E^3A and expects to reach full operating capability by the end of fiscal year 2015. However, we concluded that NPPD needs to strengthen its monitoring of E^3A's implementation and improve its ability to handle personally identifiable information as the program matures. (*Implementation Status of EINSTEIN 3 Accelerated*, OIG–14–52)

Financial Management

Financial statement audits

Congress and the public must be confident that DHS is properly managing its finances to make informed decisions, manage Government programs, and implement its policies. In fiscal year 2014, DHS obtained an unmodified (clean) opinion on all financial statements for the first time in its history. This was a significant achievement that built on previous years' successes; yet, it required considerable manual effort to overcome deficiencies in internal control and a lack of financial IT systems functionality.

Many key DHS financial systems do not comply with Federal financial management system requirements. Limitations in financial systems functionality add substantially to the Department's challenge in addressing systemic internal control weaknesses and limit its ability to leverage IT systems to process and report financial data efficiently and effectively. In fiscal year 2015 and beyond, DHS will need to sustain its progress in achieving an unmodified opinion on its financial statements and work toward building a solid financial management internal control structure.

Grant Management (FEMA)

FEMA continues to experience challenges managing the immense and risky disaster assistance program. Currently, every State and most of the U.S. possessions have open disasters that include more than 100,000 grant applicants spending more than $50 billion on more than 600,000 disaster assistance projects. Last year, we issued *Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits* (OIG–14–102–D), which summarized the results of our disaster assistance audits for the last 5 years. Of the $5.9 billion we audited, disaster assistance recipients did not properly spend $1.36 billion, or an average of 23 percent, of the disaster assistance grants.

The Department also provides Homeland Security Grant Program (HSGP) funds to State, territory, local, and Tribal governments to enhance their ability to respond to terrorist attacks and other disasters. Since 2005, we have conducted 74 separate audits covering more than $7 billion in HSGP funds awarded to all 50 States, 6 urban areas, 5 U.S. territories, and the District of Columbia. Although we determined that in most instances the States complied with applicable laws and regulations, we issued more than 600 recommendations for improvement to FEMA, almost 90 percent of which have been resolved. Most of the recommendations were related to strategic homeland security planning, timely obligation of grant funds, financial management and reporting, and sub-grantee compliance monitoring.

We will continue to look for ways to help FEMA improve grant management in fiscal year 2015. For instance, we are currently undertaking a capstone review to measure the impact of FEMA's corrective actions as they specifically address these recurring challenges. We anticipate that our assessment will further strengthen the level of National preparedness by helping to better inform the agency's future administration and investment of taxpayer dollars.

We are also conducting an audit of approximately $2 billion awarded through FEMA's Assistance to Firefighters Grant and Staffing for Adequate Fire and Emergency Response Grants programs. These grants are awarded directly to fire departments (volunteer, combination, and career), unaffiliated Emergency Medical Service (EMS) organizations, or volunteer firefighter interest organizations. The audit will determine if FEMA ensures that these grant funds are expended appropriately.

CHALLENGES

Meeting the Risk

We must focus our limited resources on issues that make a difference, especially those that may have a significant impact on the Department's ability to fulfill its strategic missions. At the beginning of each year, we initiate a risk-based planning process by identifying high-impact programs and operations that are critical to the Department's mission or integrity. Once we identify the high-impact areas, we evaluate all the projects that have been proposed throughout the previous year.

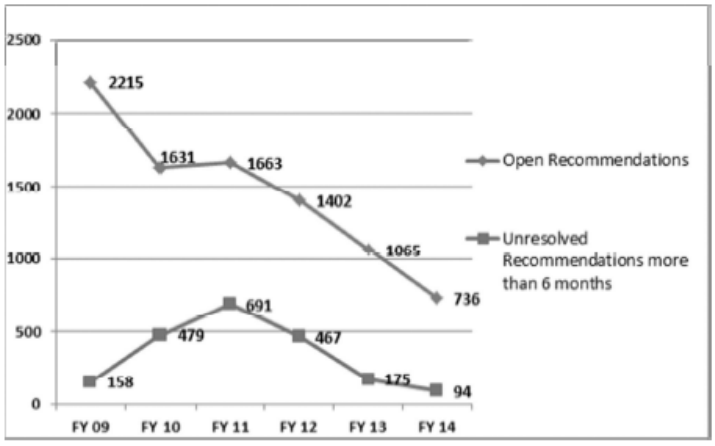
As we planned our work for fiscal year 2015, we began with two priorities: To aid the Department in achieving its critical missions and priorities and to ensure the proper stewardship and integrity of Department programs and resources. We also conduct legislatively-mandated work and make an earnest effort to address the concerns of Congress and the Department, along with our other stakeholders. In fiscal year 2015, our work will focus on determining the effectiveness of the Department's efforts to: (1) Prevent terrorism and enhance security; (2) enforce and administer our immigration laws; (3) secure and manage our borders; (4) strengthen National preparedness and resilience to disasters; and (5) safeguard and secure the Nation's cyber space. We will also continue our efforts to promote management stewardship and ensure program integrity.

Our *Annual Performance Plan* and our current list of *Ongoing Projects* are published on our website to better inform the Congress and the public regarding our work.

Audit Follow-up

Audit follow-up is an integral part of good management; it is a shared responsibility of both auditors and agency management officials. The Department has made great strides in closing recommendations. For example, as shown in the following chart and attachment 1, DHS reduced the number of unresolved, open recommendations more than 6 months old from a high of 691 in fiscal year 2011 to 94 in fiscal year 2014. In parallel, the number of recommendations categorized as "resolved-open" (recommendations that the Department agreed to but has not yet implemented) steadily declined from a high of 1,663 in fiscal year 2011 to 736 in fiscal year 2014. DHS's goal is to have zero financial statement-related recommendations categorized as "open-unresolved" by March 30, 2015. This progress largely results from increased focus by the Department through the audit liaisons and increased communication with our office; we sincerely appreciate the personnel and resources the Department has dedicated to this effort. In addition, we recently began publishing a quarterly report of open recommendations over 6 months old on our public website in an effort to make this process more transparent to Congress and the public.

Recommendation Trends FY 2009 - 2014



We need to do more to ensure that Department and component management fully implements corrective actions. To that end, we are initiating "verification reviews." These limited-scope reviews will focus on our most crucial recommendations, examining whether the recommendations were implemented and whether the actions taken had the intended effect; for example,

- One of our verification reviews will determine if USCG implemented recommendations from our 2012 audit on the USCG's Sentinel Class Fast Response Cutter (FRC). In September 2008, the USCG awarded an $88.2 million fixed-price contract for the detailed design and construction of the lead FRC. The estimated $1.5 billion contract contains 6 options to build a maximum of 34 cutters. We found that USCG's schedule-driven strategy allowed construction

of the FRCs to start before operational, design, and technical risks were resolved. Consequently, six FRCs under construction needed modification, which increased the total cost of the acquisition by $6.9 million and caused schedule delays of at least 270 days for each cutter. This aggressive acquisition strategy also allowed the USCG to procure 12 FRCs before testing in actual operations. We made four recommendations designed to eliminate this risk in future acquisitions and one recommendation to address the current FRC acquisition. (*U.S. Coast Guard's Acquisition of the Sentinel Class—Fast Response Cutter*, OIG–12–68)

- We will also follow up on the recommendations from our report on DHS' oversight of interoperable communications. During the audit, we tested DHS radios to determine whether DHS components could talk to each other in the event of an emergency. They could not. Only 1 of 479 radio users we tested—or less than 1 percent—could access and use the specified common channel to communicate. Further, of the 382 radios tested, only 20 percent (78) contained all the correct program settings for the common channel. In our verification review, we will determine whether the Department created a structure with the necessary authority to ensure that the components achieve interoperability, as well as policies and procedures to standardize Department-wide radio activities. (*DHS' Oversight of Interoperable Communications*, OIG–13–06)

We believe verification reviews such as these will result in increased commitment by the components to enact change.

Transparency of Reports

The *Inspector General Act* contemplates that my reports, to the greatest possible extent, be available to the public. Openness and transparency are critical to good government, and the Act allows me to publish my reports except in three narrow circumstances: First, where disclosure of the information is specifically prohibited by law; second, where specifically prohibited from disclosure by Executive Order in the interest of National defense, National security, or in the conduct of foreign affairs; and third, where part of an on-going criminal investigation.

The Department often raises objections to the publication of certain information in our reports, often marking parts of our reports as "For Official Use Only" or "Law Enforcement Sensitive." These designations are not recognized in the law, and in my experience they risk being used to attempt to avoid revealing information that is embarrassing to the agency involved. However, sometimes such information, if disclosed, could cause harm to DHS programs and operations.

In those situations, I use my discretion to redact information in our public report. However, in order to properly exercise my discretion in an informed and responsible manner, I require such requests to come from the component or agency head, coupled with an articulation of the actual, *specific* harm that would result from disclosure. Too often, the fear of harm is highly speculative, and fails to balance the need for transparency against the risks of disclosure.

Recently, we have had issues with the Transportation Security Administration (TSA) designating certain material as "Sensitive Security Information" (SSI) within an audit report concerning the information technology operations at John F. Kennedy airport in New York. The designation of SSI is in the absolute and unreviewable discretion of the administrator of TSA and improper disclosure of it carries with it civil and administrative penalties. What was especially troubling about this episode, in my view, was the length of time it took—nearly 6 months—to get a resolution of the issue, the fact that my security experts who wrote the report were confident that the general and non-specific manner in which they wrote the report would not compromise TSA's computer security, and that the similar information had been published in previous audit reports without objection.

The SSI designation is a useful tool to protect sensitive transportation security information in a manner that gives some flexibility to TSA. However, I am worried that SSI can be misused, as I believe it has been here, to prevent embarrassment. We intend to conduct a formal review of TSA's administration of the SSI program, and report those results to the Secretary and the Congressional committees with oversight over the program.

Resources

The budget for our office is relatively tiny—we represent just 0.23 percent of the DHS budget, yet we have an outsize impact on the operation of the Department.

For every dollar given to the OIG, we return more than $7 in savings, as reflected by the statutory performance measures set forth in the Inspector General Act. This vastly understates our performance, because much of our best work—audit and inspections reports that shed light on problematic aspects of programs, for example—

don't carry with it a cost savings, but the value to the American taxpayer is incalculable.

Notwithstanding the demonstrated contributions of our office, our budget has actually shrunk by about 1 percent since fiscal year 2012. As a result, our on-board strength from fiscal year 2012 to this year has decreased by about 15 percent. We have been forced to cut training to less than a third of what we have determined to be appropriate, reducing our ability to do our job and decreasing morale. This includes training for our auditors necessary under the Inspector General Act, as well as training for our Special Agents to keep them safe.

Yet, during this same time, DHS' authorized workforce grew by about 5,000, representing a 2.3 percent increase. The Department continues to grow, but the Inspector General's office—the one entity within the Department designed to save money and create efficiency—shrinks.

This, I believe, represents a false economy.

WORKING WITH CONGRESS

We are proud of our work and the success we have had pointing out challenges the Department needs to overcome and recommending ways to resolve issues and improve programs and operations. However, it is your legislative efforts that enhance the significance of our work and create an even greater impact on the Department. By introducing and passing legislation, you show that you trust in us and have faith in our work. This validation spurs those who need to act to ensure we protect this Nation and use taxpayer dollars effectively; for example,

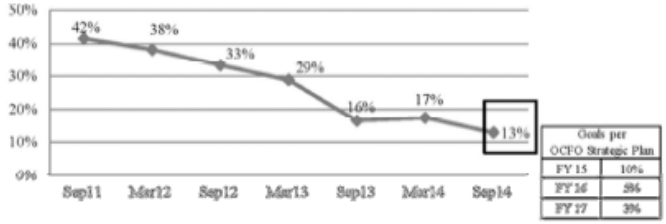
- S. 159, which was referred to the Senate Committee on Homeland Security and Government Affairs on January 13, 2015, resulted from our recent report on CBP's Unmanned Aircraft System (UAS) Program. The bill requires DHS to use its UAS for surveillance of the entire Southern Border and report performance indicators such as flight hours, detections, apprehensions, and seizures. It also prevents DHS from procuring additional UAS until it operates its current fleet for at least 23,000 hours annually. (*U.S. Customs and Border Protection's Unmanned Aircraft System Program Does Not Achieve Intended Results or Recognize All Costs of Operations*, OIG–15–17)
- H.R. 719, the TSA Office of Inspection Accountability Act of 2015, which passed the House on February 10, 2015, resulted from our report on TSA's Office of Inspection. It requires TSA to reclassify criminal investigators if less than 50 percent of their time is spent performing criminal investigative duties. The bill also requires the assistant secretary to estimate the cost savings to the Federal Government resulting from such reclassification. (*Transportation Security Administration Office of Inspection's Efforts To Enhance Transportation Security*, OIG–13–123)
- H.R. 615, which passed the House on February 2, 2015, resulted from our report on DHS's Oversight of Interoperable Communications. This bill would amend the Homeland Security Act of 2002 to require the Department to take administrative action to achieve and maintain interoperable communications capabilities among its components. (*DHS' Oversight of Interoperable Communications*, OIG–13–06)

We appreciate your efforts and hope that we can continue to count on you in the future. For our part, we intend to continue accomplishing our mission to the best of our ability.

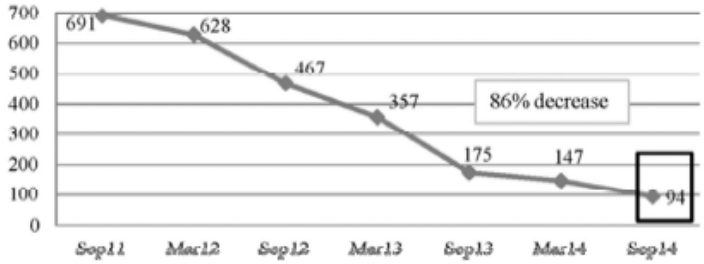
Mr. Chairman, this concludes my prepared statement. I welcome any questions you or other Members of the subcommittee may have.

ATTACHMENT 1.—STATUS OF OIG RECOMMENDATIONS

Percentage of Total Open OIG Recommendations
Unresolved More than 6 Months*



Total Open OIG Recommendations
Unresolved More than 6 Months*



*Includes performance, financial statement, and grant-related disaster assistance.

ATTACHMENT 2.—OIG REPORTS REFERENCED IN THIS TESTIMONY

DHS Does Not Adequately Manage or Have Enforcement Authority Over its Component's Vehicle Fleet Operations, OIG 14–126, August 2014
DHS Has Not Effectively Managed Pandemic Personal Protective Equipment and Antiviral Medical Countermeasures, OIG 14–129, August 2014
CBP Did Not Effectively Plan and Manage Employee Housing in Ajo, Arizona (Revised), OIG–14–131, September 2014
U.S. Customs and Border Protection's Unmanned Aircraft System Program Does Not Achieve Intended Results or Recognize All Costs of Operations, OIG–15–17, December 2014
U.S. Customs and Border Protection's Management of National Aviation Maintenance Activities, CBP Management Advisory, January 2015
Evaluation of DHS' Information Security Program for Fiscal Year 2014, OIG–15–16, December 2014
Implementation Status of Enhanced Cybersecurity Services Program, OIG–14–119, July 2014
U.S. Citizenship and Immigration Services Information Technology Management Progress and Challenges, OIG–14–112, July 2014
Implementation Status of EINSTEIN 3 Accelerated, OIG–14–52, March 2014
Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits, OIG–14–102–D, June 2014
U.S. Coast Guard's Acquisition of the Sentinel Class—Fast Response Cutter, OIG–12–68, August 2012
DHS' Oversight of Interoperable Communications, OIG–13–06, November 2012

Transportation Security Administration Office of Inspection's Efforts To Enhance Transportation Security, OIG–13–123, September 2013

Mr. PERRY. Thank you, Mr. Roth.

Chairman now recognizes Ms. Gambler for your testimony.

STATEMENT OF REBECCA GAMBLER, DIRECTOR, HOMELAND SECURITY AND JUSTICE ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Ms. GAMBLER. Good morning, Chairman Perry, Ranking Member Watson Coleman, and Members of the subcommittee. I appreciate the opportunity to testify at today's hearing to discuss GAO's work on DHS's efforts to strengthen and integrate its management functions.

Since 2003, GAO has issued hundreds of reports addressing the range of DHS's mission and management functions, and we have made about 2,200 recommendations to strengthen the Department's management and performance measurement, among other things. DHS has implemented more than 69 percent of these recommendations, and has actions under way to address others.

GAO also regularly reports to Congress on Government operations that we have identified as high-risk because of their greater vulnerability to fraud, waste, abuse, and mismanagement or the need for transformation. In 2003, we designated implementing and transforming DHS as high-risk because the Department had to transform 22 agencies into one Department, and the failure to address associated risks could have serious consequences for U.S., National, and economic security.

With DHS's maturation and evolution, in our 2013 high-risk update, we narrowed the scope of the high-risk area to focus on strengthening DHS management functions. These functions include human capital, acquisition, information technology, and financial management. We also changed the name of the area to strengthening DHS management functions.

My remarks today will focus on two areas, DHS's progress and remaining actions to strengthen its management functions and cross-cutting issues or themes that have affected DHS's efforts to implement its missions.

First, DHS has made progress in meeting our criteria for removal from the high-risk list. Specifically in our 2015 high-risk update, which we issued earlier this month, we found that DHS has met two of our criteria, demonstrating leadership commitment and having a corrective action plan. DHS has partially met the other three criteria, having the capacity to resolve the risks, a framework to monitor progress, and demonstrated sustained progress.

GAO and DHS have agreed to 30 actions and outcomes across DHS's management functions that the Department must meet to address the high-risk designation. DHS has fully or mostly addressed just less than half of these actions and outcomes and has partially addressed or initiated activities to address the others.

For example, within acquisition management, the Department has taken action to establish effective component-level acquisition capability, but more work is needed to demonstrate that major acquisition programs are on track to achieve cost, schedule, and capability goals.

Further, within human capital management, DHS has developed and made progress in implementing a strategic human capital plan. However, DHS has considerable work ahead to improve employee morale.

Overall, while DHS has made progress in addressing those issues that contribute to its designation as high-risk, DHS needs to continue to demonstrate measurable and sustainable progress in implementing corrective actions and achieving those actions and outcomes that we and the Department have identified.

Second, we have identified various themes that have impacted DHS's progress in implementing its mission functions. Those themes include leading and coordinating the Homeland Security Enterprise, and strategically managing risks and assessing Homeland Security efforts.

While DHS has made important progress in these themes, they continue to affect the Department's implementation efforts. For example, while DHS has made important strides in coordinating efforts with Homeland Security partners in various mission areas, our work has shown that DHS could further improve its coordination and outreach with Federal, State, local, and other partners, and with the public, such as in how DHS handles and processes FOIA requests.

Further, DHS and its components have strengthened their risk and performance assessments of various programs and initiatives. However, opportunities exist for the Department and its components to improve their risk assessment efforts in such areas as covert testing along the border and to strengthen their planning efforts in such areas as St. Elizabeths headquarters consolidation project.

GAO has made recommendations to the Department in all of these areas and others, and as DHS continues to implement actions in response to these recommendations, we will monitor the Department's progress.

This concludes my prepared statement, and I would be happy to answer any questions that Members may have.

[The prepared statement of Ms. Gambler follows:]

PREPARED STATEMENT OF REBECCA GAMBLER

FEBRUARY 26, 2015

Chairman Perry, Ranking Member Watson Coleman, and Members of the subcommittee: Thank you for the opportunity to discuss the Department of Homeland Security's (DHS) on-going efforts to strengthen and integrate its management functions. In the 12 years since the Department's creation, DHS has implemented key homeland security operations, achieved important goals and milestones, and grown to more than 240,000 employees and approximately $60 billion in budget authority. We have issued hundreds of reports addressing the range of DHS's missions and management functions, and our work has identified gaps and weaknesses in the Department's operational and implementation efforts, as well as opportunities to strengthen their efficiency and effectiveness. Since 2003, we have made approximately 2,200 recommendations to DHS to strengthen program management, performance measurement efforts, and management processes, among other things. DHS has implemented more than 69 percent of these recommendations and has actions under way to address others.

We also report regularly to Congress on Government operations that we identified as high-risk because of their increased vulnerability to fraud, waste, abuse, and mismanagement, or the need for transformation to address economy, efficiency, or effectiveness challenges. In 2003, we designated implementing and transforming DHS as

high-risk because DHS had to transform 22 agencies—several with major management challenges—into one department, and failure to address associated risks could have serious consequences for U.S. National and economic security.[1] Given the significant effort required to build and integrate a department as large and complex as DHS, our initial high-risk designation addressed the Department's initial transformation and subsequent implementation efforts, to include associated management and programmatic challenges.[2]

Since 2003, the focus of the *Implementing and Transforming DHS* high-risk area has evolved in tandem with DHS's maturation and evolution. In September 2011, we reported in our assessment of DHS's progress and challenges 10 years after the terrorist attacks of September 11, 2001, (9/11) that the Department had implemented key homeland security operations and achieved important goals in many areas to create and strengthen a foundation to reach its potential.[3] However, we also reported that continuing weaknesses in DHS's management functions had been a key theme impacting the Department's implementation efforts. While challenges remain for DHS across its range of missions, the Department has made considerable progress in transforming its original component agencies into a single Cabinet-level department and positioning itself to achieve its full potential. As a result, in our 2013 high-risk update, we narrowed the scope of the high-risk area to focus on strengthening DHS management functions (human capital, acquisition, financial management, and information technology [IT]), and changed the name from *Implementing and Transforming DHS to Strengthening DHS Management Functions* to reflect this focus. We also reported in our 2013 update that the Department needs to demonstrate continued progress in implementing and strengthening key management initiatives and addressing corrective actions and outcomes in order to mitigate the risks that management weaknesses pose to mission accomplishment and the efficient and effective use of the Department's resources.[4]

In November 2000, we published our criteria for removing areas from the high-risk list.[5] Specifically, agencies must have: (1) A demonstrated strong commitment and top leadership support to address the risks; (2) a corrective action plan that identifies the root causes, identifies effective solutions, and provides for substantially completing corrective measures in the near term, including but not limited to steps necessary to implement solutions we recommended; (3) the capacity (that is, the people and other resources) to resolve the risks; (4) a program instituted to monitor and independently validate the effectiveness and sustainability of corrective measures; and (5) the ability to demonstrate progress in implementing corrective measures.

As requested, my statement discusses:

- DHS's progress and actions remaining in strengthening and integrating its management functions, and
- cross-cutting issues that have affected DHS's progress in implementing its mission functions.

This statement is based on GAO's 2015 high-risk update report as well as reports and testimonies we issued from September 2011 through February 2015.[6] For the past products, among other things, we analyzed DHS strategies and other documents related to the Department's efforts to address its high-risk areas, reviewed our past reports issued since DHS began its operations in March 2003, and interviewed DHS officials. More detailed information on the scope and methodology of our prior work can be found within each specific report. We conducted the work on which this statement is based in accordance with generally-accepted Government

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[1] GAO, *High-Risk Series: An Update*, GAO–03–119 (Washington, DC: January 2003).

[2] DHS also has responsibility for other areas we have designated as high-risk. Specifically, in 2005, we designated establishing effective mechanisms for sharing and managing terrorism-related information to protect the homeland as high-risk, involving a number of Federal departments, to include DHS. In 2006, we identified the National Flood Insurance Program as high-risk. Further, in 2003, we expanded the scope of the high-risk area involving Federal information security, which was initially designated as high-risk in 1997, to include the protection of the Nation's computer-reliant critical infrastructure. See GAO, *High-Risk Series: An Update*, GAO–09–271 (Washington, DC: January 2009); *High-Risk Series: An Update*, GAO–07–310 (Washington, DC: January 2007); and *High-Risk Series: An Update*, GAO–05–207 (Washington, DC: January 2005).

[3] 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).

[4] GAO, *High-Risk Series: An Update*, GAO–13–283 (Washington, DC: February 2013).

[5] GAO, *Determining Performance and Accountability Challenges and High Risks,* GAO–01–159SP (Washington, DC: November 2000).

[6] GAO, *High-Risk Series: An Update*, GAO–15–290 (Washington, DC: February 2015). See also the related GAO products list at the end of this statement.

auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

DHS HAS MADE PROGRESS IN STRENGTHENING ITS MANAGEMENT FUNCTIONS, BUT CONSIDERABLE WORK REMAINS

DHS Progress in Meeting Criteria for Removal From the High-Risk List

DHS's efforts to strengthen and integrate its management functions have resulted in progress addressing our criteria for removal from the high-risk list. In particular, in our 2015 high-risk update report, which we released earlier this month, we found that DHS has met two criteria and partially met the remaining three criteria, as shown in table 1.

TABLE 1.—ASSESSMENT OF DEPARTMENT OF HOMELAND SECURITY (DHS) PROGRESS IN ADDRESSING THE STRENGTHENING DHS MANAGEMENT FUNCTIONS HIGH-RISK AREA, AS OF FEBRUARY 2015

Criterion For Removal From High-Risk List	Met *	Partially met **	Not met ***
Leadership commitment	X		
Corrective action plan	X		
Capacity		X	
Framework to monitor progress		X	
Demonstrated, sustained progress		X	
Total	2	3	0

Source.—GAO analysis of DHS documents, interviews, and prior GAO reports. GAO 15–388T

* *"Met"*.—There are no significant actions that need to be taken to further address this criterion.

** *"Partially met"*.—Some but not all actions necessary to generally meet the criterion have been taken.

*** *"Not met"*.—Few, if any, actions toward meeting the criterion have been taken.

Leadership commitment (met).—In our 2015 report, we found that the Secretary and deputy secretary of Homeland Security, the under secretary for management at DHS, and other senior officials have continued to demonstrate commitment and top leadership support for addressing the Department's management challenges. We also found that they have taken actions to institutionalize this commitment to help ensure the long-term success of the Department's efforts. For example, in April 2014, the Secretary of Homeland Security issued a memorandum entitled *Strengthening Departmental Unity of Effort*, committing to, among other things, improving DHS's planning, programming, budgeting, and execution processes through strengthened Departmental structures and increased capability.[7] Senior DHS officials, including the deputy secretary and under secretary for management, have also routinely met with us over the past 6 years to discuss the Department's plans and progress in addressing this high-risk area. During this time, we provided specific feedback on the Department's efforts. We concluded that it will be important for DHS to maintain its current level of top leadership support and commitment to ensure continued progress in successfully executing its corrective actions through completion.

Corrective action plan (met).—We found that DHS has established a plan for addressing this high-risk area. Specifically, in a September 2010 letter to DHS, we identified and DHS agreed to achieve 31 actions and outcomes that are critical to addressing the challenges within the Department's management areas and in integrating those functions across the Department. In March 2014, we updated the actions and outcomes in collaboration with DHS to reduce overlap and ensure their continued relevance and appropriateness. These updates resulted in a reduction from 31 to 30 total actions and outcomes. Toward achieving the actions and outcomes, DHS issued its initial *Integrated Strategy for High-Risk Management* in January 2011 and has since provided updates to its strategy in seven later versions, most recently in October 2014. The integrated strategy includes key management

[7] DHS, *Secretary of Homeland Security, Strengthening Departmental Unity of Effort*, Memorandum for DHS Leadership (Washington, DC: Apr. 22, 2014).

initiatives and related corrective actions plans for addressing DHS's management challenges and the actions and outcomes we identified. For example, the October 2014 strategy update includes an initiative focused on financial systems improvement and modernization and an initiative focused on IT human capital management. These initiatives support various actions and outcomes, such as modernizing the U.S. Coast Guard's financial management system and implementing an IT human capital strategic plan, respectively. We concluded in our 2015 report that DHS's strategy and approach to continuously refining actionable steps to implementing the outcomes, if implemented effectively and sustained, should provide a path for DHS to be removed from our high-risk list.

Capacity (partially met).—In October 2014, DHS identified that it had resources needed to implement 7 of the 11 initiatives the Department had under way to achieve the actions and outcomes, but did not identify sufficient resources for the 4 remaining initiatives. In addition, our prior work has identified specific capacity gaps that could undermine achievement of management outcomes. For example, in April 2014, we reported that DHS needed to increase its cost-estimating capacity and that the Department had not approved baselines for 21 of 46 major acquisition programs.[8] These baselines—which establish cost, schedule, and capability parameters—are necessary to accurately assess program performance. Thus, in our 2015 report, we concluded that DHS needs to continue to identify resources for the remaining initiatives; work to mitigate shortfalls and prioritize initiatives, as needed; and communicate to senior leadership critical resource gaps.

Framework to monitor progress (partially met).—In our 2015 report we found that DHS established a framework for monitoring its progress in implementing the integrated strategy it identified for addressing the 30 actions and outcomes. In the June 2012 update to the *Integrated Strategy for High-Risk Management*, DHS included, for the first time, performance measures to track its progress in implementing all of its key management initiatives. DHS continued to include performance measures in its October 2014 update. However, we also found that the Department can strengthen this framework for monitoring a certain area. In particular, according to DHS officials, as of November 2014, they were establishing a monitoring program that will include assessing whether financial management systems modernization projects for key components that DHS plans to complete in 2019 are following industry best practices and meet users' needs. Effective implementation of these modernization projects is important because, until they are complete, the Department's current systems will not effectively support financial management operations. As we concluded in our 2015 report, moving forward, DHS will need to closely track and independently validate the effectiveness and sustainability of its corrective actions and make mid-course adjustments, as needed.

Demonstrated, sustained progress (partially met).—We found in our 2015 report that DHS has made important progress in strengthening its management functions, but needs to demonstrate sustainable, measurable progress in addressing key challenges that remain within and across these functions. In particular, we found that DHS has implemented a number of actions demonstrating the Department's progress in strengthening its management functions. For example, DHS has strengthened its enterprise architecture program (or blueprint) to guide and constrain IT acquisitions and obtained a clean opinion on its financial statements for 2 consecutive years, fiscal years 2013 and 2014. However, we also found that DHS continues to face significant management challenges that hinder the Department's ability to accomplish its missions. For example, DHS does not have the acquisition management tools in place to consistently demonstrate whether its major acquisition programs are on track to achieve their cost, schedule, and capability goals. In addition, DHS does not have modernized financial management systems. This affects its ability to have ready access to reliable information for informed decision making. As we concluded in our 2015 report, addressing these and other management challenges will be a significant undertaking that will likely require several years, but will be critical for the Department to mitigate the risks that management weaknesses pose to mission accomplishment.

DHS Progress in Achieving Key High-Risk Actions and Outcomes

Key to addressing the Department's management challenges is DHS demonstrating the ability to achieve sustained progress across the 30 actions and outcomes we identified and DHS agreed were needed to address the high-risk area. In our 2015 report, we found that DHS has fully implemented 9 of these actions and

[8] GAO, *Homeland Security Acquisitions: DHS Could Better Manage Its Portfolio to Address Funding Gaps and Improve Communications with Congress*, GAO–14–332 (Washington, DC: Apr. 17, 2014).

outcomes, with additional work remaining to fully address the remaining 21. Achieving sustained progress across the actions and outcomes, in turn, requires leadership commitment, effective corrective action planning, adequate capacity (that is, the people and other resources), and monitoring the effectiveness and sustainability of supporting initiatives. The 30 key actions and outcomes include, among others, validating required acquisition documents in accordance with a Department-approved, knowledge-based acquisition process, and sustaining clean audit opinions for at least 2 consecutive years on Department-wide financial statements and internal controls.

We further found that DHS has made important progress across all of its management functions and significant progress in the area of management integration. In particular, DHS has made important progress in several areas to fully address 9 actions and outcomes, 5 of which it has sustained as fully implemented for at least 2 years. For instance, DHS fully met 1 outcome for the first time by obtaining a clean opinion on its financial statements for 2 consecutive years and fully met another outcome by establishing sufficient component-level acquisition capability. It also sustained full implementation of another outcome by continuing to use performance measures to assess progress made in achieving Department-wide management integration. DHS has also mostly addressed an additional 5 actions and outcomes, meaning that a small amount of work remains to fully address them.

We also found that considerable work remains, however, in several areas for DHS to fully achieve the remaining actions and outcomes and thereby strengthen its management functions. Specifically, DHS has partially addressed 12 and initiated 4 of the actions and outcomes. As previously mentioned, addressing some of these actions and outcomes, such as modernizing the Department's financial management systems and improving employee morale, are significant undertakings that will likely require multi-year efforts. Table 2 summarizes DHS's progress in addressing the 30 actions and outcomes and is followed by selected examples.

TABLE 2.—GAO ASSESSMENT OF DEPARTMENT OF HOMELAND SECURITY (DHS) PROGRESS IN ADDRESSING KEY ACTIONS AND OUTCOMES, AS OF FEBRUARY 2015

Key Outcome	Fully addressed *	Mostly addressed **	Partially addressed ***	Initiated ****	Total
Acquisition management	1	.....	3	1	5
Information technology management	2	3	1	.....	6
Financial management *****	2	.....	3	3	8
Human capital management	1	2	4	.....	7
Management integration	3	.....	1	.....	4
Total	9	5	12	4	30

Source.—GAO analysis of DHS documents, interviews, and prior GAO reports. GAO 15–388T

* *"Fully addressed"*.—Outcome is fully addressed.

** *"Mostly addressed"*.—Progress is significant and a small amount of work remains.

*** *"Partially addressed"*.—Progress is measurable, but significant work remains.

**** *"Initiated"*.—Activities have been initiated to address the outcome, but it is too early to report progress.

***** Although March 2014 updates to most functional areas were minor, there were more significant revisions to the financial management actions and outcomes, with some outcomes revised or dropped and others added. These revisions prevent the financial management actions and outcomes from being comparable on a one-for-one basis with those of prior years. Accordingly, our ratings of DHS's progress in addressing financial management actions and outcomes are not an indication of a downgrade to the Department's progress.

Acquisition management.—In our 2015 report, we found that DHS has fully addressed 1 of the 5 acquisition management outcomes, partially addressed 3 outcomes, and initiated actions to address the remaining outcome. For example, DHS has recently taken a number of actions to fully address establishing effective component-level acquisition capability. These actions include initiating: (1) Monthly Component Acquisition Executive staff forums in March 2014 to provide guidance and share best practices and (2) assessments of component policies and processes for managing acquisitions. DHS has also initiated efforts to validate required acquisition documents in accordance with a knowledge-based acquisition process, but this

remains a major challenge for the Department. A knowledge-based approach provides developers with information needed to make sound investment decisions, and it would help DHS address significant challenges we have identified across its acquisition programs.[9] DHS's acquisition policy largely reflects key acquisition management practices, but the Department has not implemented it consistently. For example, in March 2014, we found that U.S. Customs and Border Protection (CBP) had not fully followed DHS policy regarding testing for the integrated fixed towers being deployed on the Arizona border. As a result, DHS does not have complete information on how the towers will operate once they are fully deployed.[10]

In addition, in our 2015 report we found that DHS continues to assess and address whether appropriate numbers of trained acquisition personnel are in place at the Department and component levels, an outcome it has partially addressed. Further, while DHS has initiated efforts to demonstrate that major acquisition programs are on track to achieve their cost, schedule, and capability goals, DHS officials have acknowledged it will be years before this outcome has been fully addressed. Much of the necessary program information is not yet consistently available or up-to-date.

IT management.—In our 2015 report, we found that DHS has fully addressed 2 of the 6 IT management outcomes, mostly addressed another 3, and partially addressed the remaining 1. For example, DHS has finalized a directive to establish its tiered governance and portfolio management structure for overseeing and managing its IT investments, and annually reviews each of its portfolios and the associated investments to determine the most efficient allocation of resources within each of the portfolios. DHS has also implemented its IT Strategic Human Capital Plan at the enterprise level. This includes developing an IT specialist leadership competency gap workforce analysis and a DHS IT career path pilot. However, as DHS has not yet determined the extent to which the component chief information officers have implemented the enterprise human capital plan's objectives and goals, DHS's capacity to achieve this outcome is unclear. Additionally, we found that DHS continues to take steps to enhance its information security program. However, while the Department obtained a clean opinion on its financial statements, in November 2014, the Department's financial statement auditor reported that continued flaws in security controls such as those for access controls, configuration management, and segregation of duties were a material weakness for fiscal year 2014 financial reporting.[11] Thus, the Department needs to remediate the material weakness in information security controls reported by its financial statement auditor.

Financial management.—In our 2015 report, we found that DHS has fully addressed 2 financial management outcomes, partially addressed 3, and initiated 3.[12] Most notably, DHS received a clean audit opinion on its financial statements for 2 consecutive years, fiscal years 2013 and 2014, fully addressing 2 outcomes. As of November 2014, DHS was working toward addressing a third outcome—establishing effective internal control over financial reporting. We reported in September 2013 that DHS needs to eliminate all material weaknesses at the Department level, including weaknesses related to financial management systems, before its financial auditor can affirm that controls are effective.[13] However, as we reported in our 2015 report, DHS has yet to identify and commit the resources needed for remediating the remaining material weaknesses. As we reported in September 2013, according to DHS's auditors, the existence of these material weaknesses limits DHS's ability to process, store, and report financial data in a manner that ensures accuracy, con-

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[9] In our past work examining weapon acquisition issues and best practices for product development, we have found that leading commercial firms pursue an acquisition approach that is anchored in knowledge, whereby high levels of product knowledge are demonstrated by critical points in the acquisition process. See GAO, *Defense Acquisitions: Assessments of Selected Weapon Programs*, GAO–11–233SP (Washington, DC: March 29, 2011).

[10] GAO, *Arizona Border Surveillance Technology Plan: Additional Actions Needed to Strengthen Management and Assess Effectiveness*, GAO–14–368 (Washington, DC: Mar. 3, 2014).

[11] A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, but is important enough to merit attention by those charged with governance.

[12] As previously discussed, in March 2014, we updated the actions and outcomes in collaboration with DHS to reduce overlap and ensure their continued relevance and appropriateness. These updates resulted in a reduction from 9 to 8 total financial management actions and outcomes.

[13] GAO, *DHS Financial Management: Additional Efforts Needed to Resolve Deficiencies in Internal Controls and Financial Management Systems*, GAO–13–561 (Washington, DC: Sept. 30, 2013).

fidentiality, integrity, and availability of data without substantial manual intervention. This, in turn, increases the risk that human error may cause material misstatements in the financial statements.[14]

We also found in our 2015 report that DHS needs to modernize key components' financial management systems and comply with financial management system requirements. The components' financial management system modernization efforts are at various stages due, in part, to a bid protest and the need to resolve critical stability issues with a legacy financial system before moving forward with system modernization efforts. For fiscal year 2014, auditors reported that persistent and pervasive financial system functionality conditions exist at multiple components and that DHS continues to rely on compensating controls and complex manual workarounds due to serious legacy financial system issues.[15] We concluded that without sound controls and systems, DHS faces long-term challenges in obtaining and sustaining a clean audit opinion on internal control over financial reporting, and ensuring its financial management systems generate reliable, useful, and timely information for day-to-day decision making.

Human capital management.—In our 2015 report, we found that DHS has fully addressed 1 human capital management outcome, mostly addressed 2, and partially addressed the remaining 4. For example, the Secretary of Homeland Security signed a human capital strategic plan in 2011 that DHS has since made sustained progress in implementing, fully addressing this outcome. We also found that DHS has actions under way to identify current and future human capital needs. However, DHS has considerable work ahead to improve employee morale. For example, the Office of Personnel Management's 2014 Federal Employee Viewpoint Survey data showed that DHS's scores continued to decrease in all four dimensions of the survey's index for human capital accountability and assessment—job satisfaction, talent management, leadership and knowledge management, and results-oriented performance culture. DHS has taken steps to identify where it has the most significant employee satisfaction problems and developed plans to address those problems. In September 2012, we recommended, among other things, that DHS improve its root-cause analysis efforts related to these plans.[16] In December 2014, DHS reported actions under way to address our recommendations but had not fully implemented them. Given the sustained decrease in DHS employee morale indicated by Federal Employee Viewpoint Survey data, as we concluded in our 2015 report, it is particularly important that DHS implement these recommendations and thereby help identify appropriate actions to take to improve morale within its components and Department-wide.

We have also found that DHS has developed and implemented mechanisms to assess training programs but could take additional actions. For example, in September 2014, we found that DHS had implemented component-specific and Department-wide training programs.[17] We also found that the five DHS components in our review all had documented processes to evaluate their training programs. For example, we found that DHS had established a five-tier, Department-wide Leader Development Framework to build leadership skills across all staff levels and implemented programs in support of two of the tiers. Nonetheless, we found that various actions could better position the Department to maximize the impact of its training efforts. For instance, we found that while component officials generally identified the Leader Development Framework as beneficial, DHS management could benefit from improved information for identifying the need for and making program improvements. In support of the Leader Development Framework, we recommended, among other things, that DHS clearly identify Leader Development Program goals and ensure program performance measures reflect key attributes. DHS agreed and implemented this recommendation in December 2014. However, to fully achieve this outcome, DHS also needs to develop and make sustained progress in implementing a formal training strategy, as well as issue Department-wide policies on training and development, among other things.

Management integration.—In our 2015 report, we found that DHS has sustained its progress in fully addressing 3 of 4 outcomes we identified and agreed they are key to the Department's management integration efforts. For example, in January

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[14] GAO–13–561.

[15] Department of Homeland Security, Office of Inspector General, *Independent Auditors' Report on DHS' FY 2014 Financial Statements and Internal Control Over Financial Reporting,* OIG–15–10 (Washington, DC: Nov. 14, 2014).

[16] GAO, *Department of Homeland Security: Taking Further Action to Better Determine Causes of Morale Problems Would Assist in Targeting Action Plans*, GAO–12–940 (Washington, DC: Sept. 28, 2012).

[17] GAO, *DHS Training: Improved Documentation, Resource Tracking, and Performance Measurement Could Strengthen Efforts*, GAO–14–688 (Washington, DC: Sept. 10, 2014).

2011, DHS issued an initial action plan to guide its management integration efforts—the *Integrated Strategy for High-Risk Management*. Since then, DHS has generally made improvements to the strategy with each update based on feedback we provided. DHS has also shown important progress in addressing the last and most significant management integration outcome—to implement actions and outcomes in each management area to develop consistent or consolidated processes and systems within and across its management functional areas—but we found that considerable work remains. For example, the Secretary's April 2014 *Strengthening Departmental Unity of Effort* memorandum highlighted a number of initiatives designed to allow the Department to operate in a more integrated fashion, such as the Integrated Investment Life-Cycle Management initiative, to manage investments across the Department's components and management functions. DHS completed its pilot for a portion of this initiative in March 2014 and, according to DHS's Executive Director for Management Integration, has begun expanding its application to new portfolios, such as border security and information sharing, among others. However, given that these main management integration initiatives are in the early stages of implementation and contingent upon DHS following through with its plans, it is too early to assess their impact. To achieve this outcome, we concluded that DHS needs to continue to demonstrate sustainable progress integrating its management functions within and across the Department and its components.

In our 2015 report, we further concluded that in the coming years, DHS needs to continue implementing its *Integrated Strategy for High-Risk Management* and show measurable, sustainable progress in implementing its key management initiatives and corrective actions and achieving outcomes. In doing so, it will be important for DHS to:

- maintain its current level of top leadership support and sustained commitment to ensure continued progress in executing its corrective actions through completion;
- continue to implement its plan for addressing this high-risk area and periodically report its progress to us and Congress;
- identify and work to mitigate any resource gaps, and prioritize initiatives as needed to ensure it can implement and sustain its corrective actions;
- closely track and independently validate the effectiveness and sustainability of its corrective actions and make mid-course adjustments as needed; and
- make continued progress in achieving the 21 actions and outcomes it has not fully addressed and demonstrate that systems, personnel, and policies are in place to ensure that progress can be sustained over time.

We will continue to monitor DHS's efforts in this high-risk area to determine if the actions and outcomes are achieved and sustained over the long term.

KEY THEMES CONTINUE TO IMPACT DHS'S PROGRESS IN IMPLEMENTING ITS MISSION FUNCTIONS

In September 2011, we reported that our work had identified three key themes that had impacted DHS's progress in implementing its mission functions since it began operations: (1) Executing and integrating its management functions for results, (2) leading and coordinating the homeland security enterprise, and (3) strategically managing risks and assessing homeland security efforts.[18] As previously discussed, DHS has made important progress with respect to the first theme by strengthening and integrating its management functions, but considerable work remains. Our recent work indicates that DHS has similarly made progress related to the other two themes of leading and coordinating the Homeland Security Enterprise and strategically managing risk and assessing homeland security efforts, but that these two themes continue to impact the Department's progress in implementing its mission functions.

Leading and coordinating the homeland security enterprise.—As we reported in September 2011, 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.[19] 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 to secure the Nation, DHS must form effective and sustained partnerships among components and also with a range of other entities, including Federal agencies, State and local governments, the private and nonprofit sectors, and inter-

[18] GAO–11–881.
[19] GAO–11–881.

national partners.[20] DHS has made important strides in providing leadership and coordinating efforts. For example, in June 2014, we reported on DHS efforts to enhance border security by using collaborative mechanisms such as the Alliance to Combat Transnational Threats to coordinate border security efforts. Specifically, we reported that DHS and CBP had coordinated border security efforts in: (1) Information sharing, (2) resource targeting and prioritization, and (3) leveraging of assets. For example, through the Alliance to Combat Transnational Threats, interagency partners—including CBP, the Arizona Department of Public Safety, and the Bureau of Land Management, among others—worked jointly to target individuals and criminal organizations involved in illegal cross-border activity.[21]

However, our recent work has also identified opportunities for DHS to improve its partnerships. For example, with respect to DHS's efforts to enhance border security using collaborative mechanisms, in June 2014, we found that DHS had established performance measures and reporting processes for the mechanisms, but opportunities existed to strengthen the mechanisms. For instance, we found that establishing written agreements with its Federal, State, local, and Tribal partners could help DHS address coordination challenges, such as limited resource commitments and lack of common objectives, and recommended that DHS establish such agreements. DHS concurred and stated that it planned to develop memoranda of understanding to better facilitate its partnerships. Further, in November 2014, we reported on DHS's processing of Freedom of Information Act requests.[22] We found, among other things, that DHS lacked an important mechanism for effectively facilitating public interaction with the Department on the handling of Freedom of Information Act requests because the Department did not have an updated regulation reflecting changes in how it processes these requests.[23] We recommended that DHS finalize and issue an updated DHS Freedom of Information Act regulation. DHS concurred and reported planned actions to implement this recommendation by April 2015.

Strategically managing risks and assessing homeland security efforts.—As we reported in September 2011, 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.[24] Since DHS does not have unlimited resources and cannot protect the Nation from every conceivable threat, it must make risk-informed decisions regarding its homeland security approaches and strategies. As we have previously reported, DHS issued the National Infrastructure Protection Plan in 2006 to provide the overarching approach for integrating the Nation's critical infrastructure security and resilience activities into a single National effort. This plan, which DHS updated in 2009 and 2013, sets forth a risk management framework and outlines the roles and responsibilities of DHS with regard to critical infrastructure security and resilience.[25] Our recent work has further found that DHS offices and components have continued to engage in risk management activities. For example, in September 2014, we reported that during fiscal years 2011 to 2013, DHS offices and components conducted or required thousands of vulnerability assessments of critical infrastructure. These assessments can identify factors that render an asset or facility susceptible to threats and hazards. However, we also found that DHS is not well-positioned to integrate relevant assessments to, among other things, support Nation-wide comparative risk assessments, because the assessment tools and methods used vary in length, detail, and areas assessed.[26] In addition, our recent work has identified opportunities for components to better strategically manage risks in various programs. For example, in September 2014, we reported that CBP had a $1

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[20] GAO, *Department of Homeland Security: Progress Report on Implementation of Mission and Management Functions*, GAO–07–454 (Washington, DC: Aug. 17, 2007).

[21] GAO, *Border Security: Opportunities Exist to Strengthen Collaborative Mechanisms Along the Southwest Border*, GAO–14–494 (Washington, DC: June 27, 2014).

[22] GAO, *Freedom of Information Act: DHS Should Take Steps to Improve Cost Reporting and Eliminate Duplicate Processing*, GAO–15–82 (Washington, DC: Nov. 19, 2014). In general, the Freedom of Information Act requires Federal agencies to provide the public with access to Government information on the basis of the principles of openness and accountability in Government. 5 U.S.C. § 552.

[23] Pursuant to the Freedom of Information Act, DHS issued an interim final rule in January 2003 establishing its procedures for implementing the act. See generally 6 C.F.R. pt. 5. However, as we reported in November 2014, important changes have occurred in how DHS processes Freedom of Information Act requests since the Department issued its regulation in 2003, and the regulation has not been updated to reflect those changes.

[24] GAO–11–881.

[25] GAO, *Critical Infrastructure Protection: DHS Action Needed to Enhance Integration and Coordination of Vulnerability Assessment Efforts*, GAO–14–507 (Washington, DC: Sept. 15, 2014).

[26] GAO–14–507.

million budget for covert operations of various activities—including nuclear and radiological testing—covering fiscal years 2009 through 2013.[27] We found that DHS had established a policy that requires that components with limited resources make risk-informed decisions, but that CBP testing did not inform capabilities across all border locations, and CBP had not conducted a risk assessment that could inform and prioritize the locations, materials, and technologies to be tested through covert operations. We recommended that—to help ensure that resources for covert operations provide reasonable assurance that efforts to detect and interdict nuclear and radiological material smuggled across the border are working as intended and appropriately targeted—DHS conduct or use a risk assessment to inform the Department's priorities for covert operations. DHS concurred and reported that it plans to implement this recommendation in July 2015.

In September 2011, we reported that limited strategic and program planning, as well as assessment and evaluation to inform approaches and investment decisions, had contributed to DHS programs not meeting strategic needs or doing so effectively and efficiently.[28] Our recent work has indicated that strategic and program planning challenges continue to affect implementation of some DHS programs. For example, in September 2014, we reported on DHS headquarters consolidation efforts and their management by DHS and the General Services Administration (GSA).[29] We found that DHS and GSA's planning for the consolidation did not fully conform with leading capital decision-making practices intended to help agencies effectively plan and procure assets. DHS and GSA officials reported that they had taken some initial actions that may facilitate consolidation planning in a manner consistent with leading practices, but consolidation plans, which were finalized between 2006 and 2009, had not been updated to reflect these changes. According to DHS and GSA officials, the funding gap between what was requested and what was received from fiscal years 2009 through 2014 was over $1.6 billion. According to these officials, this gap had escalated estimated costs by over $1 billion—from $3.3 billion to $4.5 billion—and delayed scheduled completion by over 10 years, from an original completion date of 2015 to the current estimate of 2026. However, DHS and GSA had not conducted a comprehensive assessment of current needs, identified capability gaps, or evaluated and prioritized alternatives to help them adapt consolidation plans to changing conditions and address funding issues as reflected in leading practices. We recommended that DHS and GSA work jointly to assess these needs. DHS and GSA concurred, and DHS reported in February 2015 that the agencies had drafted an enhanced consolidation plan. We will assess this plan when it and any additional supporting analyses are made available to us.

We also recently found that DHS had taken preliminary steps to begin to understand the cyber risk to building and access controls systems in Federal facilities, but that significant work remained, such as developing a strategy to guide these efforts. In particular, in December 2014, we found that DHS lacked a strategy that: (1) Defines the problem, (2) identifies roles and responsibilities, (3) analyzes the resources needed, and (4) identifies a methodology for assessing cyber risk to building and access controls systems in Federal facilities.[30] We concluded that the absence of a strategy that clearly defines the roles and responsibilities of key components within DHS had contributed to a lack of action within the Department. For example, we found that no one within DHS was assessing or addressing cyber risk to building and access control systems particularly at the nearly 9,000 Federal facilities protected by the Federal Protective Service as of October 2014. We recommended that DHS, in consultation with GSA, develop and implement a strategy to address cyber risk to building and access control systems. DHS concurred and identified steps it plans to take to develop a strategy by May 2015.

Chairman Perry, Ranking Member Watson Coleman, and Members of the subcommittee, this completes my prepared statement. I would be happy to respond to any questions you may have at this time.

Mr. PERRY. Thank you, Ms. Gambler.

The Chairman now recognizes Dr. Gerstein for your testimony, sir.

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[27] GAO, *Combating Nuclear Smuggling: Risk-Informed Covert Assessments and Oversight of Corrective Actions Could Strengthen Capabilities at the Border*, GAO–14–826 (Washington, DC: Sept. 22, 2014).

[28] GAO–11–881.

[29] GAO, *Federal Real Property: DHS and GSA Need to Strengthen the Management of DHS Headquarters Consolidation*, GAO–14–648 (Washington, DC: Sept. 19, 2014).

[24] GAO, *Federal Facility Cybersecurity: DHS and GSA Should Address Cyber Risk to Building and Access Control Systems*, GAO–15–6 (Washington, DC: Dec. 12, 2014).

STATEMENT OF DANIEL M. GERSTEIN, SENIOR POLICY RESEARCHER, THE RAND CORPORATION

Mr. GERSTEIN. Thank you, Mr. Chairman, Ranking Member Watson Coleman, and distinguished Members of the subcommittee.

I thank you for the opportunity to testify today on the Department of Homeland Security, specifically on recommendations to improve the Department and the Homeland Security enterprise.

In the aftermath of terrorist attacks of 9/11, the Department of Homeland Security was formed. With the Homeland Security Act of 2002, the third-largest Cabinet-level Department, composed of 22 disparate agencies, was established. The legislation provided rationale for the Department but left many of the operational specifics for a later date. Some of the decisions made in haste did not translate well into implementation and should be reconsidered as part of a comprehensive reform effort.

In considering the case for change, it is worth noting that under the leadership of Secretary Johnson the Department has committed to building the capacities and institutions that will be required. To this end, the Department is undertaking a Unity of Effort campaign to address many of the deficiencies noted over the Department's short history. These efforts are vital and should be encouraged and enthusiastically supported.

Now, in my written testimony I make five recommendations across critical areas: Authorities and responsibilities; legislation and oversight; strategy formulation, planning, effectiveness operations, and resource allocation; personnel management, DHS identity, and culture; and, finally, management and administration.

I would like to highlight several of the recommendations this morning. So let me make three main points.

First, a comprehensive review of the Department is in order. I call it a roles, missions, and functions review that would result in an overarching framework for authorizing legislation for DHS. This is essential given that today many of the Department's authorities and responsibilities are overlapping, have gaps between them, or are unclear. This roles, missions, and functions analysis must also consider the Homeland Security Enterprise which is that umbrella term that encompasses the Department, its components, State, local, Tribal, territorial entities, first responders and law enforcement communities, and the private-sector bodies responsible for managing critical infrastructure.

Second, in moving forward with reform and building on the Unity of Effort initiative, some of the necessary changes can be made from within the Department of Homeland Security, but others will require external support and direction from Congress and the White House. Hard but necessary decisions will need to be made. The Congressional oversight process must be streamlined. Today, over 120 committees, subcommittees, caucuses, and commissions claim some degree of jurisdiction over DHS. Legislation in key areas such as privacy, immigration reform, and cybersecurity must be provided.

Additionally, authorizing legislation for the Department must be developed to institutionalize the change that is currently under way. Failure to do so risks losing the momentum for DHS reform with a change of administrations.

Finally, third: Several process reforms are also needed. Additional emphasis must be made to link strategy, planning, operations, and resources through the identification of key mission areas and development of comprehensive strategies to satisfy operational requirements. This requires developing a systems approach to these mission areas, identifying seams and gaps, and applying appropriate resources to close these gaps and build necessary capabilities.

Establishing clearer links between strategy and resources should also include the development and submission to Congress of what I call a Future Year Homeland Security Plan, or FYHSP, similar to the future year defense plan submitted by DOD. The use of a FYHSP would ensure greater stability in DHS budgets and programs. Acquisition reform will be important here as well. Research, development, and acquisition within the Department must be fully linked.

In making recommendations for comprehensive reform of DHS, I remain mindful that change will be difficult but very necessary to strengthen and mature the enterprise and allow the dedicated men and women who serve within the Department and within the Homeland Security Enterprise to reach their full potential.

I appreciate the opportunity to discuss recommendations to improve the Department, and thereby the homeland security of our Nation, and I look forward to your questions.

Thank you.

[The prepared statement of Mr. Gerstein follows:]

PREPARED STATEMENT OF DANIEL M. GERSTEIN[1][2]

FEBRUARY 2014

INTRODUCTION

Good morning, Chairman Perry, Ranking Member Coleman, and distinguished Members of the subcommittee. I thank you for the opportunity to testify today about the Department of Homeland Security (DHS), specifically about recommendations to improve the Department and the Homeland Security Enterprise (HSE).

In the aftermath of the terrorist attacks of 9/11, the Department of Homeland Security was formed. With the Homeland Security Act of 2002, the third-largest Cabinet-level Department, composed of 22 disparate agencies, was established. Given the rapidity with which the Department was formed, it should be no surprise that the result was a loose confederation of components—such as the Transportation Security Administration, Secret Service, Federal Emergency Management Agency (FEMA), and U.S. Coast Guard, to name a few—overseen by a relatively small number of underresourced Departmental staff. The Homeland Security Act of 2002 provided the rationale for the Department but left the many of the operational specifics for later. Some of the decisions made in haste did not translate well into implementation and should be reconsidered as part of a comprehensive reform effort. These include internal DHS and interagency conflicts with respect to several key homeland security issues.

While the Nation developed significant preparedness and response capabilities since the establishment of the Department, more can and must be done. The largely

[1] The opinions and conclusions expressed in this testimony are the author's alone and should not be interpreted as representing those of RAND or any of the sponsors of its research. This product is part of the RAND Corporation testimony series. RAND testimonies record testimony presented by RAND associates to Federal, State, or local legislative committees; Government-appointed commissions and panels; and private review and oversight bodies. The RAND Corporation is a non-profit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors.

[2] This testimony is available for free download at *http://www.rand.org/pubs/testimonies/CT424.html*.

smooth response to Superstorm Sandy in November 2012 stands in stark contrast to the earlier preparedness and response during Hurricane Katrina. The successful management of the surge in the flow of illegal aliens—especially unaccompanied minors—across the Southwestern Border in the summer of 2014 demonstrated an important ability to coordinate across the Government and internationally. Close collaboration between the private sector and the National Cybersecurity and Communications Integration Center (NCCIC) on emerging cybersecurity issues in several critical infrastructure areas—including in the financial and energy sectors—also demonstrates how far the Department has come.

Yet we continue to see evidence of both the complexity and the lack of National preparedness across key mission spaces. The response to the Ebola outbreak provides evidence of the lack of National preparedness with respect to biodefense, in terms of either naturally infectious disease or deliberate use of biological weapons. The fire in a Washington Metro station several weeks ago continues to highlight critical shortfalls in first responder and law enforcement communications and situational awareness during emergencies. The growing numbers of cybersecurity incidents demonstrate that the Department is playing catch-up in this mission space. The continued proliferation of technology is allowing State-like capabilities to fall into the hands of small groups and even individuals; we should expect these trends to continue.

In considering the case for change, it is worth noting that under the leadership of Secretary Johnson, the Department has committed to building the capacities and institutions that will be required. Under his direction, the Department is undertaking a "Unity of Effort" campaign to address many of the deficiencies noted over the Department's short history, including a greater emphasis on strategy and collaboration among operational components. These efforts are critical and must continue. Therefore, my testimony today is both to reinforce these efforts and to identify additional opportunities for reform.

In thinking of the potential for DHS reform, it is useful to consider another Governmental reform effort that is now almost 3 decades old. The 1986 Goldwater-Nichols Act made the broadest and most sweeping changes to the Pentagon since its establishment by the National Security Act of 1947. In the years since, it has stood as the embodiment of the best type of legislative oversight—implementing thoughtful, serious, and reasoned reforms to address specific bureaucratic failures and identifying inefficiencies and service rivalries within the Department of Defense (DoD). The act worked and, as a result, improved the functioning of the largest Department in the Federal Government. The same spirit should be applied to reforming DHS and the HSE.

The use of the Goldwater-Nichols analogy is not to imply that the DoD model can or should be directly applied to DHS. In fact, DHS reform is actually far more complex. Unlike DoD, which has a strict hierarchical command structure, DHS leads through guidance, use of standards, and developing coalitions between Federal, State, local, Tribal, and territorial entities, as well as industry, other non-Governmental organizations, and international actors. It cannot direct these elements, but must rely on them to collaboratively implement homeland security initiatives. As a result, DHS reform can apply many of the lessons learned in Goldwater-Nichols, but must develop a unique outlook toward reform.

RECOMMENDATIONS

My recommendations for DHS reform focus on five critical areas: (1) Authorities and responsibilities; (2) legislation and oversight; (3) strategy formulation, planning, effectiveness of operations, and resource allocation; (4) personnel management, DHS identity, and culture; and (5) management and administration. Some of these changes can be made from within DHS, but others will require external support and direction from Congress and the White House. Additionally, while some recommendations could be implemented directly, in other cases innovative alternatives must be developed and compared before a course of action is determined.

Authorities and responsibilities must be clarified.—This begins with a comprehensive analysis of the roles, missions, and functions of the Department and the HSE. Today, many of the authorities and responsibilities are overlapping, have gaps between them, or are unclear. Over the past decade, legislation has been appliquéd onto the original Homeland Security Act in an uncoordinated manner. This must be rectified through comprehensive authorizing legislation, something that the Department has not had since its inception in 2002. In addition, the role of the Department versus FEMA in a crisis is another issue that must be reconsidered. Having FEMA with a direct report to the President in times of crisis confuses lines of authority and affects all aspects of preparedness and response, from planning to oper-

ations on the ground. Authorities and responsibilities reform must also institutionalize the change that is on-going in the Department through the "Unity of Effort" initiative; this must be done through comprehensive legislation. Without such legislation, the "Unity of Effort" initiative will likely lose momentum, as other attempts at DHS reform have done during transitional periods.

Oversight challenges and legislation shortfalls require several important initiatives to be implemented.—The Congressional oversight process must be streamlined; today, more than 120 committees, subcommittees, caucuses, and commissions claim some degree of jurisdiction over DHS. This fractured oversight results in conflicting guidance, micromanagement on low-level issues, a lack of strategic direction, and overreporting. Legislation serves to guide the efforts of the Department. In areas such as cybersecurity, technology policy, and privacy, having a legal basis for developing policies, programs, and regulations is essential. In many of these emerging contentious issues, this legislation is lacking.

Legislation would also be useful for enhancing the relationship between the Department and State Governors. While the Stafford Act does provide a systemic means for providing Federal natural disaster assistance for State and local governments, other coordination activities between the Federal and State governments could also be formalized through legislation. Another useful addition to assist Congress in its oversight process would be the requirement for DHS to provide an annual submission (similar to the annual Secretary of Defense Report required under Goldwater-Nichols); such a requirement would institutionalize a strategy-to-resources discussion of ends, ways, and means on a more regular basis than the 4-year Quadrennial Homeland Security Review (QHSR).

In considering a strategy to resources framework, several important reforms should be considered.—The "Unity of Effort" initiative and the accompanying Joint Requirements Council (JRC) are important first steps. Additional emphasis must be made to link strategy, planning, operations, and resources through the identification of key mission areas and the development of comprehensive strategies to satisfy operational requirements. This requires developing a systems approach to these mission areas, identifying seams and gaps, and applying appropriate resources to close these gaps and build necessary capabilities. In such a systems approach, there must be a strong reliance on analysis to guide key decisions. Establishing clearer links between strategy and resources should also include the development and submission to Congress of a Future-Year Homeland Security Plan (FYHSP), similar to the Future-Year Defense Plan (FYDP) submitted by DoD. The use of a FYHSP would ensure greater stability in DHS budgets and programs.

Acquisition reform will be important as well. Research, development, and acquisition within the Department must be linked. Today, research and development is the purview of the Science and Technology Directorate, while the under secretary for management manages the acquisition system. This creates a natural gap between research and development (R&D) and acquisition, rather than having a natural linkage between the three areas. The result is a requirements-generation process that is largely disconnected from Departmental acquisition programs. Another important initiative would be developing a Department-wide approach to strategic resourcing in areas such as screening and vetting, cybersecurity, and aviation; this shortfall has been recognized within the Department, but additional support and resources for this effort will be important to prospects for long-term incorporation into DHS.

Improvements in personnel management and developing a DHS identity and culture are essential for enhancing the effectiveness and efficiency of the Department, as well as addressing employee morale and satisfaction.—Central to this effort would be the development of a Homeland Security Personnel System (HSPS) charged with the development of leaders in the Department and within the components, as well as assisting State, local, Tribal, and territorial (SLTT) entities with developing their professional homeland security workforce. Career maps should be developed that assist in the management of personnel, including guidance on training requirements, operational assignments, and educational opportunities. Promotions to Senior Executive Service (SES) and flag rank for components should be based on developing personal and professional competence through service in a variety of challenging and broadening assignments, including service on the DHS staff. For DHS staff personnel, promotion to SES and flag rank should likewise be tied to successful service on a component staff.

Concerning management and administration, reform is necessary to improve the effectiveness and efficiency of the Department.—The roles, missions, and functions analysis recommended earlier in my testimony would undoubtedly identify opportunities for streamlining activities, consolidating staffs and functions, and aligning

roles and missions. Examples of several reform initiatives are provided below; however, these should not be considered to be comprehensive, but rather illustrative.

- The JRC must be formalized with appropriate legislation, as should the Department Management Action Group (DMAG) and Senior Leader Group (SLG), which provide senior leader direction for the Department. These forums have already demonstrated utility in taking on weighty topics such as aviation security and the growing Islamic State of Iraq and Syria (ISIS) threat. Such legislation would ensure that these entities survive into the next administration.
- A combined staff should be developed that rotates in talented Homeland Security professionals from across the HSE to serve on 2-year assignments at DHS headquarters. This would have the benefit of infusing the DHS staff with operationally-oriented personnel who would also grow immeasurably through the opportunity.
- Organizational reform will also be required, such as elevating the assistant secretary for policy to an under secretary and combining the research, development, and acquisition functions into a single organization.
- Finally, the Department is plagued with span of control issues exacerbated by the distribution of headquarters throughout the Washington, DC, area and the number of direct reports to the Secretary and deputy secretary; a concerted effort to consolidate several headquarters would be a useful outcome.

Many of these management and administrative reforms will require appropriate support and resourcing to fully implement, but they will be essential to the achieving desired outcomes.

During my time serving in the Department, the failure to have stable budgets resulted in significant opportunity costs.—Uneven spending profiles throughout a budget cycle during 1 fiscal year resulted in 80 percent of a budget being spent in the last 3 months. The lost momentum associated with sequestration and the Federal workforce furlough hindered progress in the execution of key Departmental programs. The lost man-hours associated with preparing for and recovering from the furlough was also a significant distraction and squandering of resources. The effect on the workforce was palpable.

CONCLUSIONS

I have made a number of recommendations in this testimony. However, this is not to imply that the Department has not already been making progress in many of these areas. Rather, it is to highlight that these efforts must be well-reasoned, coordinated, and comprehensive; further, they will require both internal and external support. It is also useful to remember that other DHS reform efforts have been attempted in the past, and despite promising rhetoric, none has yet taken hold. A significant cause of the failures has been not codifying these changes through legislation.

The time for reexamining the Department and streamlining our Nation's homeland security efforts is now. The range of challenges facing the Department and the HSE will continue to evolve and, in many cases, grow. Ensuring that preparedness and response capabilities will keep pace necessitates a comprehensive review, followed by vigorous implementation.

In making recommendations for comprehensive reform of the Department of Homeland Security, I remain mindful that change will be difficult, but they are very necessary to strengthen and mature the enterprise, and to allow the dedicated men and women who serve in the Department and within the HSE to reach their full potential.

I appreciate the opportunity to discuss recommendations to improve the Department, and thereby the homeland security of our Nation, and look forward to your questions.

Mr. PERRY. Thank you, Dr. Gerstein.

The Chairman now recognizes himself for questions.

First set of questions will go to the inspector general, Mr. Roth. The Secure our Borders Act which was recently passed by the committee requires CBP to fly unmanned aircraft 16 hours each day every day of the year. However, the IG's report stated that the Office of Air and Marine only flew them about 22 percent of the anticipated number of hours.

Now, according to CBP, this occurred because of budget constraints and bad weather, both of which limited total flight time.

Now, last year there were several reports of CBP loaning out its unmanned aircraft to State and local agencies for assistance.

To what extent is this still occurring, if you can tell me? Has the loaning out of these aircraft to the State and local authorities limited CBP's ability to fly them more frequently? Does it create additional wear and tear that leads to otherwise unneeded maintenance?

Mr. ROTH. Thank you, Mr. Chairman.

When we looked at the CBP's use of drones, it was basically an audit exercise in which we took a look at how often they were used. We did not look at whether they were loaned out, what purpose that they were used. We simply used the records that they had, which, as you indicated, showed that it was about 20 percent of what it is that they thought they were going to use when they started the program. I believe other entities—in fact, I believe the GAO may have done some work in this area, but we have not.

Mr. PERRY. Ms. Gambler, can you comment?

Ms. GAMBLER. GAO has not specifically looked at the use of UAS for border security. We did issue a report last year in response to a mandate that asked us to review a report that the DHS privacy office did on use of UAS along the border, but our report and that report did not address use for border security. We do, and are happy to do some additional work in that area as well, and do have some plans to do so.

Mr. PERRY. All right. Although the CBP had previously reported that its unmanned aircraft operate over the entire Southwest Border, the IG reported that CBP data showed that the time spent flying over the border States varied significantly by State. In fact, the IG said unmanned aircraft appeared to only fly over some areas of the border because they were en route to other missions.

How does CBP explain the lack of flight hours, if you know, over certain portions of the Southwest Border, and what, if any, vulnerabilities might this expose according to your research?

Mr. ROTH. As you know, the Southwest Border is about 2,000 miles long. What our audit showed is that that vast majority of the flights were over a 170-mile sector in Texas and Arizona, and as a result, of course, that means that CBP is blind, does not have the ability to have the kinds of visibility that a drone would give in those other areas.

What CBP tells us is that when they say they fly across the entire Southwest Border means that they have permission from the FAA to fly across the entire Southwest Border, but in fact they only sort of isolate their flight times to this 170-mile corridor.

Mr. PERRY. Now, you said, I think in your testimony, that they used 22 percent of the allocation based on the cost. Was that correct?

Mr. ROTH. We took a look at what the cost was per flight hour, and we looked at the total cost of the program, which is what the guidance requires us to do, both there is OMB guidance as well as GSA guidance as to how it is that you account for costs of aircraft. What we found was that is was about $12,000 an hour to fly aircraft. Their calculation was considerably less than that, about $2,400 per hour. So we disagreed with each other by a factor of 6.

Mr. PERRY. Either way, it is significantly down. I mean, the usage is significantly down. I mean, we are going to hear testimony that says that, you know, any shutdown is going to be horrifically detrimental, and many of us agree that it will have a significant impact, but at the same time, you can see just by the usage of the UAS, money is being wasted where it could be reallocated even in times where there is potential shutdown.

In the remaining time that I have, understanding that neither GAO or IG has delved into the possible overreach associated with this program, I just want to bring this to light for your further review if it appears to be in concert with your duties.

An incident occurred in 2012 when a North Dakota district judge upheld the first-ever use of DHS unmanned aerial systems to assist in the arrest of an American citizen. A farmer was herding cattle, and local authorities thought he may be armed and dangerous, and asked the DHS to fly the UAS over this individual's home.

In the future, I would like to know if—again, if it is within the purview of either of your jurisdictions to find out if that, you know, results or indicates evidence of the program's potential abuse of its power and working outside its granted authority, and if there are in fact controls in place to manage that authority?

With that, I appreciate your testimony.

Now, I would like to recognize the Ranking Member, Ms. Watson Coleman, for questioning.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman.

You know, from all that I have been hearing in the various hearings about the Department of Homeland Security, it is a relatively new Department in the history of the United States of America. It was formulated in response to a crisis. It has done remarkable things, but it has so many more things to do in order to be able to achieve its mission, ensure our Homeland Security, and operate efficiently and effectively.

I also know that there are significant watchdogs, and the two of you, Inspector General, and GAO. In that realm, Mr. Gerstein, you, from your experience, have observations that I found very helpful.

I am wondering, Inspector General Roth, and, Ms. Gambler, in reviewing the materials today it seems that there has been some overlapping of issues. Do you in any way coordinate or sort-of interact to ensure that the work that is being done by both of you is not duplicative and that there is sort-of no gaps in what should be identified?

Mr. ROTH. We are coordinating our answer.

Yes. We coordinate continuously. In fact, before we ever start an audit, one of our first things that we do is that we call GAO to ensure, No. 1, to ask what sort of work they have done in the past, and, No. 2, to make sure that we are not stepping on something that they are already doing. So there is a lot of coordination that takes place on the sort of programmatic level.

Additionally, I speak with GAO all the time, my counterpart over there who is in charge of the homeland security and justice issues. We have a very good sort of working relationship, and I would note that the Inspector General Act requires me, in fact, to coordinate with GAO, and so we take that very seriously.

Mrs. WATSON COLEMAN. Have you all encountered any situations where there has been conflict in—a similarity in a finding and a conflict in a recommendation?

Mr. ROTH. I am not aware of such a thing. I mean sometimes we look at the same program. For example, we have both looked at the drone program, but we have looked at different aspects of it. So I think it is actually highly complementary, but I will let GAO speak for themselves.

Ms. GAMBLER. I would just add we have the same process, where at the start of each GAO review we contact the DHS, OIG staff to ensure that we are not doing duplicative or overlapping work. We also, I think, regularly exchange lists of on-going reviews between the two entities, and we also, as Inspector General Roth indicated, meet periodically to talk about the work that we are doing. In cases where there may be overlap or duplication of effort, we work and collaborate to ensure that maybe we look at different aspects of the program or something like that.

Mrs. WATSON COLEMAN. Thank you.

Mr. Roth, your audits save money, your audits programmatically should—probably ensure that they are achieving the mission that we are providing the safety to the homeland and the security. So your audit function is extremely important.

What happens if we fail—if Congress fails to send a Homeland Security Funding Initiative to your auditing function or your whole office or any part of your office?

Mr. ROTH. Sure. As you know, in a lapse of appropriation, we can only do two things. We can work to do things necessary to save life and property, and we can use money that may have been appropriated under a different source. In other words, not a current appropriation. Our law enforcement staff, these are the folks who are largely on the Southwest Border, but elsewhere, that are sort of the internal affairs component, they are the watchers of the CBP and ICE, they will continue to work because there has been the assessment that this is necessary to preserve life and safety.

We have an audit staff that works on the disaster relief fund, the FEMA work, basically, in which we have a small amount of money left over from last year. That appropriation never lapsed. So we are able to continue to have those folks work.

But our audit staff will obviously be furloughed. We have about 60 audits in process currently that will have to be stopped and then obviously picked back up when we receive funding.

Mrs. WATSON COLEMAN. Thank you.

Ms. Gambler, even though there has been this recognition that under the leadership of Secretary Johnson things have improved tremendously, is there any single most important action that the Department's leadership should take to ensure they remain on track to have these issues removed from the high-risk list? What role do the resources play in addressing these issues raised by the high-risk list?

Ms. GAMBLER. What is critical for DHS to address our high-risk designation going forward is that they continue to show measurable and sustainable progress across their management areas. What that means, to give you an example, is within acquisition management, we have found that they have a good knowledge-

based process and policy for managing acquisitions, and we have recognized that, and that is to the Department's credit. But what we need to see now is that the Department can consistently apply that process to its individual acquisition programs and demonstrate that those programs are on track to meet cost schedule and performance expectations.

In terms of resources, one of GAO's five criteria for removal from the high-risk list is that agencies have the capacity to resolve the risks, and when we say capacity, we mean that they have the people and other resources. DHS has identified resource needs and has identified their capacity for a number of initiatives they have under way to address our high-risk designation, but there are other initiatives for which they are continuing to work to identify what resources are needed.

Mrs. WATSON COLEMAN. I am going to yield my time back.

Thank you very much, but I hope we have a second round of questioning because I certainly have a lot of questions.

Mr. PERRY. Absolutely. The Chairman thanks the Ranking Member.

Just remind everybody that the House bill funded OIG at $142 million for fiscal year 2015, above the fiscal year 2014 requirement, which appears that the House did indeed do its job.

With that, the Chairman would now recognize the gentleman from Florida, Mr. Clawson.

Mr. CLAWSON. Thank you.

Thanks for coming you all. Thanks for your service to our country.

I am going to go back in time a little bit and ask you to put your thinking caps on for a minute, put yourself in my position, and help me think a little bit about how we should view, measure the Department.

Since I have come here starting last summer, the story that is told from other folks prior to you all coming here, and this is good for you all to be here because you are looking at accountability and measurables, and I want to lift that up a little bit and so that I know a little bit more about what you know.

We are told that things are better, that more and more folks are being stopped on the border, and that things are getting better throughout the Department, but that we also need more resources. We were asked for capital expenditure resources as well as operational resources. So far so good. Right?

But then after that most of the data that we get here is rather anecdotal. I can't tell you as a Member of this committee what the goals and metrics are by function, by region. I hear some data, but I couldn't really roll it up. So, therefore, for me to get a return on investment, if you will, for the taxpayer, I can't tell you what it is. I haven't seen any capex data since 2010, and yet I am asked to approve more capex data when I haven't seen anything on a macro level about how we are doing with our money, with the shareholder, or in this case the taxpayer money.

So I don't know what the current goals are by area on a macro basis, and I don't know what the current spending is for each one of those areas, and, therefore, it is hard for me to make any deci-

sions without a bigger picture on how we are doing with the resources that we currently have.

Now, you three tell me. You are auditors. Your business is to dig into the forest level, but it is also to lift above to 30,000 feet as well. Am I missing something here? Are there goals on a functional level so that we can see how the Department is doing? If there is goals, and if there is actual operational data, is there a way we can get it?

I don't have a negative opinion, but neither do I have a positive opinion. I don't have enough data to have an informed opinion, and you all are auditors. Am I missing something here? We seem to wrestle around with what this thing is doing, what that is doing, without any big picture view of what is really going on in terms of outputs versus inputs.

I don't know who to direct it to first, but I will let you start, Honorable Mr. Roth.

Mr. ROTH. I think you raise a very good and fundamental question. I mean, certainly when we look at some of the audits that we have done, for example, I think on the drone report, that is one in which we really pushed them and said: What does success look like? What are your metrics? How is it that you can justify a $360 million expense over the course of, you know, 5 years? How is it that you justify that? Is it the number of aliens that you caught? Is it the number of drugs you have seized? What is the metric? They do not have a metric. So it is a very frustrating aspect to me, and I can go through audit after audit after audit.

The TSA's SPOT Program, their Behavior Analysis Program. It is, like, what are your performance metrics and how do you know whether or not you meet those performance metrics? In other words, for a $200 million program a year, what is it about that that gives some comfort to us that that is money well spent? They couldn't answer that question. It is a very frustrating thing for us as auditors who attempt to try to get some precision in sort-of effectiveness in Government programs when they simply don't measure it. So I share your frustration.

Mr. CLAWSON. Do the other two guests share in that—it is a rather frightening observation, and I am not partisan on this, to spend this amount of money and not have goals and, therefore, not knowing whether we are wasting taxpayer money or not. How do the two of you feel about it?

Ms. GAMBLER. So your question gets at a key theme of our work as well, which is that DHS has performance measures for some programs but not all programs, and that, you know, sort of across the DHS spectrum that the Department and components could strengthen their use of metrics and their use of data for measuring progress and results.

I would also add that DHS has a Quadrennial Homeland Security Review and a strategic plan, and we have on-going work for the subcommittee right now looking at that higher-level strategy that DHS has to securing the homeland and will be reporting out to the subcommittee on that going forward.

Mr. GERSTEIN. So I would like to pick up on the theme and take it a little bit further and talk a little bit more from an analytical perspective.

I think it has been recognized across the Department that there was a lack of metrics, a lack of strategy, a lack of planning, a lack of operational ability to understand where certain issues were with respect to solving problems.

So in the Quadrennial Homeland Security Review, they did identify—the Department identified five basic mission areas, and for each of those there were, if you will, metrics. They are high-level metrics, but they are metrics.

Mr. CLAWSON. Can we see those metrics?

Mr. GERSTEIN. Absolutely. The Quadrennial Homeland Security Review is a public document.

The other thing I would add is that Secretary Johnson recognized this, and on top of the Homeland Security review has put in place the Unity of Effort which is designed to get at this very issue. In fact, what the Unity of Effort is trying to do is to pick areas so one area is cybersecurity, another is aviation commonality, which the IG spoke about in his remarks.

Another is dealing with common vetting and screening. So what they are trying to do in these particular areas is identify what are the requirements in these areas, what are the metrics that we are measuring against, where are the capability gaps, and then satisfy them through either business process reforms, through acquisitions, through a variety of measures.

So I think that it is certainly something that has been thought about and understood.

The Joint Requirements Council that was discussed in my written testimony is also at the lower level, and the adaptation of what went on with the Unity of Effort and the Quadrennial Homeland Security Review.

Mr. CLAWSON. I want to apologize to the——

Mr. PERRY. The Chairman thanks the gentleman.

Mr. CLAWSON [continuing]. Folks on the other side for taking——

Mr. PERRY. The Chairman now recognizes the gentlelady from California, Mrs. Torres.

Mrs. TORRES. Thank you, Mr. Chairman.

I have a question for each of you, starting with Ms. Gambler. Last September the GAO issued a report on Customs and Border Protection's covert assessments of their ability to detect nuclear materials at their ports of entry.

Given the proximity of the district I represent to the Port of LA and Long Beach, and its impact on the labor market of my district, this is an issue of great interest to me and my constituents. I noted in the report that the number of covert tests conducted at seaports has declined from eight in 2010 to just three in 2013.

Does CBP have the resources to conduct the number of covert tests needed to fully assess their ability to combat nuclear smuggling at seaports?

Ms. GAMBLER. Congresswoman, your question gets at a key finding that we had in that report, which is that CBP has not conducted a risk assessment for its covert testing operations. Such a risk assessment would help CBP better allocate the resources it has to conducting those covert operations.

What we pointed out in our report was that such a risk assessment could include looking at the locations for testing, the types of

material to be tested, and the types of technology to be tested. So we have recommended that CPB conduct that risk assessment to prioritize and make best use of the resources it has.

Mrs. TORRES. I would encourage you to continue that work. This is a critical issue for us. We are not talking about human beings crossing, but, you know, these are weapons that could be utilized and create mass chaos in our communities.

Inspector General Roth, in a recent report your office estimated that it costs approximately $12,255 per hour to operate CBP Air and Marine's unmanned aircraft system, UAS, program. However, the office of Air and Marine calculated a cost of $2,468 per flight hour because they did not include operating costs such as the cost of pilots, equipment, and overhead. The OIG made a recommendation which CPB concurred with, but only in principle.

Can you explain to us all of the factors that should be taken into account when determining the cost per hour for operating UAS, and are you confident that CBP will implement your recommendations at this point?

Mr. ROTH. Thank you. As you note, they did not include many of the costs that we believe ought to be included, including the cost of the pilots, the cost of the sort of satellite uplink, for example, the cost to—the overhead on the runways, the cost of the pilots, those kinds of things, the cost of depreciation. In other words, the wear and tear on the aircraft. Those are the kinds of things that the Office of Management and Budget and GSA require that a program count so we understand what the full cost of the operation are. I always like to use the analogy of my teenage son who wants to buy a car, and, you know, it is not just the cost of the car. You have to have your insurance, you have to have your gas, you have to figure out where you are going to park it. You have to put some money away for maintenance when you need that. That is what CBP has not done here, and that was the basis of one of our more significant objections.

We are in a 90-day period in which they are assessing our recommendations, and they are going to come back to us with what it is that they say that they are going to do. I can't predict what they are ultimately going to say about our fairly strong recommendation that all of the costs be accounted for, but we will certainly keep this committee apprised as we go.

Mrs. TORRES. Thank you.

Mr. Gerstein, in your prepared testimony you cite to some of the problems that arise from the distribution of the Department of Homeland Security's headquarter staff throughout the Washington, DC area. Having served in leadership positions with the Department of Homeland Security, what is your opinion of the benefits that would be derived from completing the consolidated headquarters project, and will doing so have benefits for both operations, and most importantly to me, workforce morale?

Mr. GERSTEIN. Thanks. Well, I am not going to take an exact position on St. Elizabeths, if you don't mind, but I would like to talk about building a culture and an identity within the Department of Homeland Security. What it feels like having worked there for a number of years, and served in leadership positions, building this identity, a common way of moving forward is really important. It

is based on personal relationships. It is based on having this common identity.

Right now the Department is spread out over 20 different sites within—20 large sites within the Washington area alone, and that makes it very difficult to bring people together. While modern technology helps, there still needs to be more in terms of bringing people into a common area.

On the St. Elizabeths, I know that, you know, it is a great facility. The Coast Guard is there now, but it is my understanding that it would not be large enough to house the entire Department staff in that single facility.

Mrs. TORRES. Thank you.

I would yield back my time to Mrs. Watson Coleman if she needs extra time.

Mr. PERRY. The Chairman thanks the gentlewoman, and now recognizes the gentleman from Georgia, Mr. Loudermilk.

Mr. LOUDERMILK. Thank you, Mr. Chairman.

I would like to go back to the cost of flying the unmanned aircraft. I believe the IG reported the cost of $12,255 per hour to operate the aircraft. As an aviator, I find that astounding that—especially an unmanned aircraft, you know, where the CBP estimated, you know, I think $2,468 per flight hour.

Why is there such a differential and why is the cost per man hour so high, especially for an unmanned aerial vehicle?

Mr. ROTH. There is a couple things. The differential is that we simply are bound by our auditing standards. We are outside auditors. We go in. We don't have a dog in the fight, as it were. It is not our program. We simply look at the program in an objective way. We use the standards that are already out there that are set by OMB and GSA, and this is the number we came up with, and we are fairly transparent as to how we got that number. It is on page 8 of our report, if you would like to see it.

Now, because they fly the aircraft so few hours, that means the cost per hour is high. Of course, if they fly it more, then the cost per hour will decrease. So that is one of our recommendations, of course, just like because if Southwest Airlines, you can guarantee when they buy an aircraft, they use it, and they use it to its full potential, and that is certainly one of our recommendations. If you use these to the full potential like you said you were going to do in your concept of operations when you purchased it, then the cost per hour is going to go down.

Mr. LOUDERMILK. So to follow up, you are basically—you are taking the full cost, including the salary, benefits of the pilot, the camera operator, or that is included in the cost per hour of operation?

Mr. ROTH. Correct. You know, there is a loaded cost for each personnel. So, for example, CBP did not have the cost of the pilots because in their sort of thinking, well, that is being paid for out of a separate pot. They didn't include, for example, what it costs the Coast Guard to, you know, assist in these missions, particularly the over water missions.

They didn't talk about their office of intelligence and law enforcement liaison because that is in a different budget sort-of line, which is all sort-of valid except it all comes out of the taxpayer's pocket anyway. So we need to count everything so when the Sec-

retary looks at the program he can understand what—or Congress looks at the program, you can understand truly what it costs and is this the right investment of money.

Mr. LOUDERMILK. How many flight hours does an average pilot have? I mean, are you talking about increasing the number of hours that we fly, which from my trip to the border we see the effectiveness of the UAVs.

Are our pilots—do they have subsequent down time that they are not flying that they could fly more hours without us hiring more unmanned pilots?

Mr. ROTH. I don't know the answer to that question. It is not reflected in our report. I can certainly get back to you and see if that is something that we looked at as far as whether or not it is scalable. In other words, to be able to fly five times as many hours, do we need X number more pilots?

I will say that according to our analysis, they spend about $11 million a year on pilot salaries for the UAV program.

Mr. LOUDERMILK. So with that—if we had to hire more pilots, then we wouldn't necessarily see a decline in the cost per hour because we are going to be incurring the cost of more pilots. That is what I am getting at. Somewhere there is a differential, I think, beyond just the cost of the pilots in there, and that is what I was trying to get to because if—it makes sense if we have the pilots are not flying their full allotted hours or their capability, whatever the regulation says you can fly this many hours in a week or time frame.

So that is kind-of where I was getting at. Is it an accounting difference, or are we spending a lot more on these unmanned vehicles? Is there some areas that we can save money without affecting the operation and our capabilities?

Mr. ROTH. I understand your question now. Is it linear, in other words——

Mr. LOUDERMILK. Right. Exactly.

Mr. ROTH [continuing]. Or not and certainly some of the issues—certainly fuel would be linear, cost of pilots would be linear. Some of the other would not be linear. The depreciation, for example. The overhead of the program management, which is about $5 million a year, that is going to be the case whether you are flying or not flying. The overhead on the facilities itself, the runways and the—that kind of facility would not be linear.

So there are no—I know there are fixed costs that could be distributed over greater flight hours, but I don't have the specific data.

Mr. LOUDERMILK. I appreciate that. Thank you.

I yield back.

Mr. PERRY. Chairman thanks the gentleman.

Now Chairman recognizes the gentleman from Louisiana, Mr. Richmond.

Mr. RICHMOND. Thank you, Mr. Chairman.

My first question would be directed to Mr. Roth, and our committee, and especially through our Ranking Member, we have been trying to get the Department of Homeland Security to give us information regarding its suspension and disbarment program in terms of contractors. We have asked them for a number of things, espe-

cially when one of their components recommends a disbarment or suspension and they don't do it.

So in that sense, has the Office of Inspector General recently conducted a review of the suspension and disbarment process at DHS?

Mr. ROTH. We have not published any audit reports on that. I think we are doing some preliminary work on that issue. I share with you the concern. My prior background is as a criminal prosecutor and we have done a number of cases on sort of acquisition fraud kinds of work, and I understand the strength that can occur as a result of a very vigorous suspension and debarment program.

Sometimes you can't make a criminal case or you can't even make a false claims case, and yet you could do something to ensure that those folks aren't in fact selling to the Government anymore. I think it has an enormous deterrent effect when used properly.

So I share your concerns with regard to our program, but we haven't any published reports on that.

Mr. RICHMOND. Off-hand would you know any rules, regulations, or statutes that would give them the ability to deny us access to the recommendations from their components or the list of people who were recommended for debarment or suspension and then their ultimate action?

Would you know of anything that would give them privilege or keep them from giving us that information in writing?

Mr. ROTH. You know, off the top of my head, I am not aware of it, but, candidly, I haven't done any analysis of that issue.

Mr. RICHMOND. Well, good that is my last question.

Mr. ROTH. Okay.

Mr. RICHMOND. Which is, would you be open to conducting such a review to ensure decisions are being arrived at upon—in a consistent and equitable manner?

Mr. ROTH. I would like to take that back to my auditors and see what it is that we could in that area. What I would like to do is perhaps have our staffs meet to get a better sense of what it is that you are looking at and see whether or not there can be work that could be done.

Mr. RICHMOND. Thank you.

The next question would be for Ms. Gambler. I know that last December you all issued a report on Federal facilities cybersecurity that stated that DHS and GSA should address cyber risks to building and access control systems. In the course of its audit, GAO found that DHS lacks a comprehensive strategy for addressing the issue. So given GAO's recent work in this area, could you please elaborate for the subcommittee on the actions DHS and GSA need to take to ensure that our Federal facilities are hardened against a cyber attack?

Ms. GAMBLER. Sure. Thank you for the question. As you noted, we recommended in that report that DHS work with GSA to come up with a strategy for assessing cyber risks to building and access control systems in Federal facilities. We specifically recommended that that strategy include a definition of what the problem is, assigns roles and responsibilities, identifies a methodology for assessing that risk, and some other things as well.

We also recommended through our report that the Interagency Security Committee, which is housed within DHS and among other

things, provide some guidelines and guidance for Federal facility security standards, that they should include some information in their documents and their guidance about what the threat is from cyber risk and that that information would help Federal agencies better assess what their risks are.

Mr. RICHMOND. Thank you.

I will try to squeeze in one last question. Back to Mr. Roth. Last Congress, as Ranking Member of the Subcommittee on Transportation Security, we worked on addressing TSA's acquisition policies. I noted in your testimony that your office will be working with DHS acquisitions in the near term. So is the problem with DHS's acquisition management derived from the Department not having clear policies and procedures in place for the components? Or is that the components all too often disregard the policies that are in place?

Mr. ROTH. Congressman, it is a little bit of both. Certainly for a long time there had not been the right kinds of procedures and policies in place. I think that Secretary Johnson has made a very strong effort in the time that he has been Secretary to put some rationality and some function behind sort-of a unified effort to do acquisition management. But we have also seen instances in which the components simply disregard what the Department has asked to do. There really hasn't been any consequences for that disobedience.

One of the things that I worry about is that notwithstanding Mr. Johnson's efforts, he will be at some point gone, and whether or not I will be here in 2 years asking whether or not the same kinds of issues are taking place. In other words, are there the right kinds of policies and procedures in place and is there someone there who is actually enforcing them? Certainly the kinds of legislation that we have seen come out of the House I think has been a very welcome development.

Last term I know that the House passed the Acquisition Accountability and Efficiency Act, which I thought was a good development. I look forward to those kinds of pieces of legislation in ensuring that the acquisition management function at DHS continues beyond this administration.

Mr. RICHMOND. Thank you.

Thank you, Mr. Chairman.

Mr. PERRY. The Chairmman thanks the gentleman.

The Chairman now recognizes himself for the beginning of the second round, or the beginning of the second round.

The first question will go to Ms. Gambler. The GAO recently reported that DHS had such a large backlog of Freedom of Information Act, or FOIA, requests that it set a goal of reducing them by 15 percent each year since 2011. However, although there was initial progress in fiscal year 2012, the number of backlog requests nearly doubled in fiscal year 2013 with over 23,000, 23,000 more unfulfilled FOIA requests in fiscal year 2013 than in the prior year. I mean, that is astounding this agency is that far behind in answering the hard-working taxpayers that are paying for it and their legitimate requests.

The question to you is: Has the DHS done enough to realistically believe that they would be able to tackle the backlog of requests from the taxpayers?

Ms. GAMBLER. There were a few key recommendations that we made in our report, Chairman, which we believe would help DHS improve its processing and handling of FOIA requests.

One is for them to update their Department-wide FOIA regulation, it hasn't been updated since 2003, to make sure that regulation takes account of everything that has changed in the FOIA environment since that time. We have also recommended that DHS and the components do a better of job of taking account of and tracking and fully tracking the costs that they spend responding to FOIA requests.

Finally, in doing our work, we found that there was the potential for some overlap in the processing of immigration-related FOIA requests, which is a large number of the requests that DHS gets. So we recommended, to help reduce that duplication and overlap and help to insert some efficiency, that DHS and the two components involved, ICE and USCIS, should look at coming to an agreement about how to process those more efficiently.

Mr. PERRY. I think you said that DHS's Privacy Office has not updated its FOIA regulations in more than 10 years despite updates to the policy. Do I have that correct?

Ms. GAMBLER. That is right. Their FOIA regulation has not been updated since 2003. There has been some changes Government-wide to FOIA requirements and policies since that time.

Mr. PERRY. Do you think that a lack of transparency in the Privacy Office has exacerbated that backlog?

Ms. GAMBLER. Chairman, that wasn't something that we specifically looked at in the report. But we did find and describe in the report that the FOIA processing is, you know, sort-of specific to the components. It is the components' responsibility to respond to FOIA requests. So our recommendations were geared to helping the Department provide some oversight for how FOIA requests are handled and processed.

Mr. PERRY. So each department would have its own separate staff to deal with the FOIA requests for that department, is that essentially correct?

Ms. GAMBLER. Each component, yes, sir.

Mr. PERRY. Each component. I imagine the size of that varies per component, the administrative size I mean, is that your understanding?

Ms. GAMBLER. I believe so, yes. The components I think get different numbers of FOIA requests.

Mr. PERRY. Dr. Gerstein, maybe you can shed—as you have looked at the organizational structure, do you have anything to add regarding the efficiency or trying to clear up this backlog, that what you studied might be germane?

Mr. GERSTEIN. I just know from the S&T perspective, Science and Technology Directorate, that we were working very hard to get at the backlogs. I will say there were a couple of FOIA requests that were very, very complex and required a great deal of work to be able to dig out literally thousands of emails to be able to provide

on a particular request. So it is not a trivial process to provide this information.

Mr. PERRY. Okay, thank you.

Then moving on to my final questioning for the round is to find out if there is anybody on the panel that is familiar with what is known as the single point of failure in the Amtrak corridor? This relates to cybersecurity and the construction of an alternate petabyte pathway, where Homeland Security was the initial impetus for demand of a diverse broadband pathway from the blast zones associated with the major thoroughfares of Philadelphia, New York, Baltimore, and the District of Columbia and where we stand on that. Can anybody speak to that? Or is that something that you are unfamiliar with?

Ms. GAMBLER. For GAO, I am not sure, but we would be happy—I would be happy to check and get back with you and your staff.

Mr. PERRY. All right. I would appreciate it if you would.

At this time, I yield time for the second round to the Ranking Member, Ms. Watson Coleman.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman.

Mr. Gerstein, I keep reading that morale is the big issue in this Department. I guess to some extent it does impact the Department's ability to accomplish its mission and do the things that GAO and the inspector general is concerned about. I also understand that there have been a number of contracts let to study, to survey the issues of morale.

So I am wondering with your experience and your knowledge, whatever happened to the recommendations, the findings and the recommendations and why are they still doing them? Have they ever implemented any of them?

Mr. GERSTEIN. So the impetus for a lot of the employee viewpoint studies is really the OPM, the Office of Personnel Management, study that comes out on an annual basis. It is administered in April to June. It comes out in November. Then, of course, you know, there is efforts by leadership to respond and be able to think through the issues.

So the question really before us is why then, if you are doing an annual survey, do you need other surveys to augment those? The answer is actually fairly straightforward. You know, when we got our results to the Science and Technology Directorate, the annual survey, it lacked the granularity to be able to understand at what level of leadership, for example, there were criticisms. So we asked for an internal study to be done, an internal survey that looked specifically and tried to identify specifically at what levels we might have shortfalls in the leadership.

There were some things that came out of the survey that made a great deal of sense. For example, one of the great criticisms within the piece that directly was related to the Science and Technology Directorate had to do with shortfalls in funding. So many people answered very negatively about science and technology resourcing. Of course, that is the year, in 2011 and 2012, in which the Department and Science and Technology Directorate in particular saw a 56 percent reduction in research and development. So no surprise that the workforce would be signaling in that way.

Now, on the other question of what are done with all the surveys, I guess I would say that I think there are a number of subordinate organizations, components, who do their own internal surveys much like the Science and Technology Directorate did. Then at the Department level, there is a lot of effort to try to understand what the survey results are actually yielding.

So that is the impetus for doing these surveys.

Mrs. WATSON COLEMAN. Is anyone contacting these external organizations who do these surveys to make the final recommendations? Then does the Department implement any of them?

Mr. GERSTEIN. Well, for example, in Science and Technology, we used an outside organization to help us. You know, we looked at the results and we are working to implement change.

So, yes, I do think that they are helpful in trying to identify areas and provide more granularity.

Mrs. WATSON COLEMAN. Thank you.

This is actually for both Mr. Roth and Ms. Gambler, because it has to do with the TSA. To the extent you can discuss findings which you have with regard to the management conclusion, findings which rely heavily on the behavior detection policies has fundamental flaws to introduce unnecessary security risks into the aviation environment.

If, in fact, we are talking about the sort of profiling that has no scientific basis, Ms. Gambler, has the Department implemented any of your recommendations with regard to having less reliance on that, as opposed to expanding its inclusion?

Thank you.

Mr. PERRY. Mr. Roth.

Mr. ROTH. Thank you.

As you know, the report that we issued with regard to the PreCheck program is classified both at the SSI and Secret level. So it is very difficult in this environment to give you an answer to that question. I would say that we have some very deep concerns as to some of the decisions that TSA has made with regard to the Managed Inclusion and PreCheck program.

Mrs. WATSON COLEMAN. So we can have a, then sort-of closed-door discussion on this at some point in the very near future?

Mr. ROTH. We welcome a briefing. We can describe exactly what our concerns are in a closed briefing.

Mrs. WATSON COLEMAN. Thank you, Mr. Roth.

GAO has also acknowledged that this is not a scientific-based approach. Has the Department implemented any of your—or TSA implemented any of your recommendations?

Ms. GAMBLER. So with regard to the most recent recommendation we made about the behavioral detection program, we had recommended that TSA should limit funding for the program until they were able to show scientifically-validated evidence that behaviors can be used to detect—or behavioral indicators can be used to detect threats.

TSA disagreed with our recommendation on that report. In doing our follow-up on our recommendations, we understand that TSA is reviewing the program. That is under way right now. So at this point, it is unclear the extent to which that will meet the intent of our recommendation.

Mrs. WATSON COLEMAN. Thank you, Mr. Chairman.

Thank you.

Mr. PERRY. The Chairman thanks the gentlewoman.

The Chairman recognizes the gentleman from Florida, Mr. Clawson.

Mr. CLAWSON. Okay. So let's go back to what we were speaking about earlier and maybe you all can help me a little bit.

A strategy always flows from current situation and tactics flow from strategy. I personally don't have enough data yet to have an overall view of what the current situation is. So if you all could do me a favor, maybe get together with my team and I, somebody, who would it be that I could get the very basic, top-level data about what is going on in the Department and so that I can see the top-data, operational metrics, let's say, border, cybersecurity, whatever the area it is, and so how we are doing, how that data relates to the goals.

Then, second, the capex, capital expenditures, my area, so that I can build just a cursory knowledge of taxpayer value here and how we are doing for the money that we are spending. You know, I don't know on the border if that means per dollar spent how many people we are stopping or not. I don't know what your metric is. I don't know how we ever stand up here and give opinions without metrics. It feels a little weird to me.

So we don't even have to do it publicly. But if I could get some metrics, after being up here 6 or 8 months, at a top level by area of the Department, that would be great. You all can come. Inspector, you probably know where, if it is not you, you probably know where we can get that. So that is my request first of all.

Would you like to respond to that or—because we looked at the Quadrennial Homeland Review. That is just more strategy to me. It is very few metrics by area of the Department. I want to know who is making their goals and who is not and why. Yes, sir.

Mr. ROTH. I think that is a fair request. We would welcome to work with you——

Mr. CLAWSON. Yeah, if you all would come and be one of those groups that when we ask something, you actually come back to us. We will be responsive.

I am not partisan about this. I am not trying to make the administration look bad or anybody else. I would just like to have an opinion on how the Department is doing. With no data, I just don't know how anybody ever has opinions. It is just rumors to me. We make mistakes when we make decisions based on assumptions, as opposed to separating what we assume from what we know.

Before I accuse anybody of anything, I would like to have more than just an assumption. Does it seem reasonable you all what I am asking?

Mr. ROTH. Yes——

Mr. CLAWSON. Then from there, hopefully I can be helpful and my team can be helpful even in a small way.

Second thing, if we have just another moment, it always felt to me in my career that morale was driven more by management's ability to manage up, as opposed to senior management's ability to manage down. Things always come from Washington or whatever and they don't understand the situation on the ground, right? So

we make rules and edicts based on what we think is going on. We never really know. That sends confusing messages to the folks that actually are trying to get the work done on the front lines. Sounds reasonable.

Clearly we have a confused situation in terms of the goals of this Department, in Washington, with the potential shutdown and everything that is going on. So in my mind, I wonder to myself, I say if I was in senior management in this Department, on the one hand, what I am hearing is the confused signal from Washington clearly would have an impact—negative impact on morale, right? On the other hand, you tell me that the Department is getting better and better, that things are getting clearer because of new management.

To me, that would override some of the concerns about morale. Because morale is usually more local than it is global. Tell me how you feel about the morale question then. Do you have an opinion? You are out there all the time. Any of the three.

Ms. GAMBLER. GAO issued a report on employee morale at DHS a couple of years ago. I think a key take-away from that report is getting at your question and your thoughts, sir, which is, you know, that looking at sort-of what is happening within the individual components is, you know, an important piece of this, and the extent to which the components are implementing, you know, actions to address some of the root causes that are contributing to employee morale. So that was a key finding and recommendation from the report that GAO did several years ago on morale at DHS.

Mr. CLAWSON. So that would say that the hiring process is the most important input on morale at a local basis?

Ms. GAMBLER. We didn't get into sort-of specifically tying, you know, morale problems to sort-of different functions or things like that. But we did look at the sort-of differences in morale at the individual components. That was a key part of the work that we did.

Mr. CLAWSON. Anybody else on the morale question?

Mr. ROTH. We haven't done any work on that. I mean, I will have to say I was in the Department of Justice for 25 years. Nineteen of those years were in the field and we didn't really care what was going on in Washington. What we cared about was did we have the tools to do our job, and did your immediate boss appreciate what it is that you are doing? I don't actually think it is very complicated. But that is just my personal opinion based on my experience.

Mr. CLAWSON. It feels to me that we overestimate our own importance in Washington in this decision. That it is exactly what you say.

Any input, Doctor?

Mr. GERSTEIN. Well, the one thing that I would like to just add and it has to do with the shutdown on the impact of morale. I was acting under secretary the last time we had a major furlough. It was about 3 weeks long. I can say that this affected the workforce in some fairly dramatic ways.

Mr. CLAWSON. I agree with that.

Mr. GERSTEIN. We spent a lot of time after that talking to the workforce and trying to reinforce the importance of the jobs they are doing and that people do care about them. You know, as you

say, a lot of what goes on in Washington just goes on in Washington. But, you know, you sort-of have—at the end of that rope are people who are depending on their paychecks. Some of them were working at-risk.

Mr. CLAWSON. Peace on that. I mean, you take people's paycheck and job away, even temporarily, then the local manager can't do much about that.

Mr. GERSTEIN. The other thing that is very interesting is that recovering from a furlough is a lot more time-intensive than just the amount of time of the furlough.

Mr. CLAWSON. Right. Thank you.

Mr. PERRY. The Chairman thanks the gentleman. The Chairman now recognizes the gentlewoman from California, Mrs. Torres.

Mrs. TORRES. Mr. Gerstein, in your written testimony, you state that the lost momentum associated with sequestration and our Federal workforce furlough in 2013 hindered programs in the execution of key Departmental programs. You also stated that the lost man-hours associated with preparing for and recovering from the furloughs were also a significant distraction and squandering of resources.

Now, let's go back to that statement, confused signals from the District of Columbia. Today, with one day left to fund the Department of Homeland Security, can you explain for the subcommittee what is going on behind the scenes at the Department of Homeland Security and the impact appropriations uncertainty is having on the workforce?

Mr. GERSTEIN. Yeah. So that is a great question. We started planning for and thinking about the impact of a potential furlough back when the original discussion occurred about the potential for DHS not getting funded. So for a number of months we have been talking about that. The planning will be more intensive as we get closer to the furlough.

I will use the last time as a template. But, you know, several weeks before, we were putting out email messages, we were notifying employees, we were trying to explain the impact to the employees. So as we lead up into it, there is a lot of activity. Obviously, when the furlough occurs, no work is supposed to occur. For the Department, that has a lot of the management functions, the under secretary for management, science, and technology, the policy office, intelligence and analysis, would be predominately, about 15 percent of the Department would be those that are most affected.

Then, of course, when the furlough is lifted and people come back to work, there is, if you will, a stutter-step in getting back into the business of running the Department.

One interesting area that I think is really important to consider as a microcosm of what actually happens is in the programs. So the impact on these programs is very significant. We don't know what the money is going to be. We don't know what the top line is going to be. So instead of planning your procurements, in our case it was the research and development, over the course of a year and try to front-load that in the early part of the year, we don't have the money, we don't know what our top line is going to be. So you don't actually spend that money. What that creates is a bow wave.

That means in the last, if you will, 3, 4 months of a fiscal year, you are spending 80 percent of your resources. Obviously, when you are trying to put that much through the system at all one time, it becomes very difficult. Imagine the impact, for example, on contracting. Imagine how it is on procurement as you are trying to move vast numbers of contracts through the system.

So there is a huge opportunity cost in waiting until the last half of the fiscal year to be able to do that. We are actually very quickly approaching the second part of the fiscal year for fiscal year 2015.

Mrs. TORRES. Thank you.

I want to get one more question for the record. In your recent op-ed, you say that the Department of Homeland Security is in a similar position that the Department of Defense was 30 years ago, when the Department underwent a major organizational restructuring. How would you compare the Department of Homeland Security's process to that of the Department of Defense? Is DHS far behind where DOD was? Or is DHS experiencing the normal growing pains in a relatively new, very massive organization?

Mr. GERSTEIN. So I do think there are a lot of normal growing pains associated with bringing together so many people, the third largest Cabinet-level department, so rapidly.

On the other hand, and I used the Goldwater-Nichols analogy not because I am trying to make the point of recreating a Department of Defense within the Department of Homeland Security, but rather the need for a very significant, comprehensive reform initiative. So there are a lot of differences between the Department of Defense and Department of Homeland Security, not the least of which are military missions versus law enforcement within the Department of Homeland Security.

When you think about just the resources, it is almost an order of magnitude difference between the Department of Defense and Department of Homeland Security, something like $550 billion versus about $60 billion for the Department of Homeland Security. When you look at the training time available for law enforcement versus people in military uniforms, that is also different. So there are some differences.

But on the other hand, we really saw a vast improvement in the Department of Defense when they came together and worked as a single entity and were able to pool the resources and think more corporately.

Mrs. TORRES. Thank you.

Mr. PERRY. The Chairman thanks the gentlewoman.

The Chairman now recognizes the gentleman from Georgia, Mr. Loudermilk.

Mr. LOUDERMILK. Thank you, Mr. Chairman.

Ms. Gambler, unfortunately DHS does have a history of acquisitions of technologies and programs that either turn out they don't meet the mission needs or they are inadequate and, in the case of SBInet, were inevitably pulled—which I believe was a Boeing contract and we spent about $1 billion for 53 miles of surveillance.

The other would be BioWatch, that working with the EPA to detect pathogens in the air and such things. What are some things that you recommend that we can do to better vet or run through a process technologies or programs before we go into an acquisi-

tion? It almost seems like sometimes we are actually going into the acquisition process to do the testing to see if it works, instead of putting the onus on the vendor to prove the viability of their program.

Do you have some recommendations of where we could do to save taxpayer moneys before we waste it on programs that inevitably we end up pulling just like SBInet?

Ms. GAMBLER. That question gets at a key point from our work on acquisition management at DHS, which is that many DHS acquisition programs don't have the basic fundamental documents and information in place to be able to, you know, successfully procure and manage those programs. Those things include having reliable schedules, having reliable life-cycle cost estimates, and having in place what are called program baselines that basically lay out what is the acquisition program going to do, at what cost is it going to be delivered, and when.

So what we have recommended and what we need to see as part of the high-risk update and our monitoring of DHS's designation of high-risk in the acquisition management area, is that the Department can better ensure that its individual programs are adhering to acquisition management practices and have those key documents in place so that they can be, you know, better managed and monitored to be on track for schedule, cost, and performance.

Mr. LOUDERMILK. Okay. Would any of the others like to comment?

Mr. GERSTEIN. I would say that I am very familiar with all the programs that you named. When you peel back the onion on those, there is a, if you will, a single point of failure. It has to do with insufficiency in the requirements-generation process. In other words, you don't necessarily know what you are trying to achieve or you change your requirement part-way through the acquisition without changing the metrics, the key performance parameters. So requirements, requirements, requirements are absolutely essential to be able to have good procurements and good acquisition.

Mr. LOUDERMILK. Mr. Roth.

Mr. ROTH. I would simply concur. I mean, certainly in audits that we have looked at, at this, it is—the technology is chasing the problem, as opposed to defining the problem and figuring out the solution for it.

Mr. LOUDERMILK. So in the case of, let's say, SBInet, we were throwing a potential solution at a problem that we haven't really defined how we want to resolve it, is that what you are getting at? As we get into it, we find out that it is not meeting the criteria, so we change the requirements? I guess what I am getting at is that result in the cost overruns because we are chasing something without fully defining what the mission is or what the accomplishment is? I mean is that pretty much what you are stating? That we have to do a better job at defining what it is we want? I mean, what is the solution?

Mr. GERSTEIN. I think when you do a requirements generation, you have to link your research, your development, and your acquisition so that they actually flow. They don't necessarily have to be completely linear. But you do have to do a certain amount of re-

search to understand the problem and to help identify what potential solutions are.

So not everything is an acquisition. You may have solutions that are doctrine solutions or organizational adaptations or training differences or acquisition. So all of that has to be factored in. How can I solve the operational problem that I am encountering? That is really the fundamental question. Then that would suggest then being able to lay out acquisition programs in a holistic manner so that you are not just identifying a technology, as the IG says, Mr. Roth said, you know, you are not just identifying a technology and saying this will work for our problem, but rather thinking, how it is going to fit into a comprehensive system?

Mr. LOUDERMILK. Okay. Thank you. I yield back.

Mr. PERRY. The Chairman thanks the gentleman.

At this time, the Chairman thanks the witnesses for their valuable testimony and the Members for their questions. The Members of the subcommittee may have some additional questions for the witnesses. We will ask you to respond to these questions in writing. Pursuant to committee rule 7E, the hearing record will be open for 10 days.

Without objection, the subcommittee stands adjourned.

[Whereupon, at 11:34 a.m., the subcommittee was adjourned.]

