

**PROBING DHS'S BOTCHED MANAGEMENT OF THE  
HUMAN RESOURCES INFORMATION TECH-  
NOLOGY PROGRAM**

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**HEARING**

BEFORE THE

**SUBCOMMITTEE ON  
OVERSIGHT AND  
MANAGEMENT EFFICIENCY**

OF THE

**COMMITTEE ON HOMELAND SECURITY  
HOUSE OF REPRESENTATIVES**

ONE HUNDRED FOURTEENTH CONGRESS

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## **PROBING DHS'S BOTCHED MANAGEMENT OF THE HUMAN RESOURCES INFORMATION TECHNOLOGY PROGRAM**

**Thursday, February 25, 2016**

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

The subcommittee met, pursuant to call, at 10:08 a.m., in Room 311, Cannon House Office Building, Hon. Scott Perry [Chairman of the subcommittee] presiding.

Present: Representatives Perry, Carter, 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 examine mismanagement of DHS's Human Resources Information Technology program. The Chair recognizes himself for an opening statement.

The Department of Homeland Security, or DHS, was created in 2002 to unify our Government's efforts to secure America and improve coordination, management, and information sharing across numerous Federal agencies. DHS has become the third-largest Federal department with over 240,000 employees.

Twelve years ago, DHS began a program to consolidate and update fragmented human capital systems and processes known as the Human Resources Information Technology program, or HRIT. While ostensibly well-intended, this inevitably became a disjointed approach and compromised DHS's ability to effectively perform its mission.

For example, the lack of an efficient hiring process jeopardized DHS's ability to hire the skilled personnel necessary to provide disaster response.

In 2010, DHS's Office of Inspector General reported that HRIT had failed to achieve any meaningful progress. In fact, in 2011, DHS identified over 400 human capital systems and applications still in use simultaneously for 22 agencies—400 human capital systems in use simultaneously. It is breathtaking. I just had to emphasize it.

In a report being released today, the Government Accountability Office, the GAO, found that after 12 years and at least \$180 million appropriated by the United States Congress, DHS is no closer to

improving its human capital management; 95 percent—95 percent—of the key HRIT strategic projects have not been completed, many were to be done 4 years ago. Yet today, DHS has absolutely no idea when or if these projects will be finished.

HRIT is a poster child for inept management, in my opinion. Senior leaders on the Executive Steering Committee responsible for overseeing the work met only once—only once—in almost 2 years.

Listen, folks, I don't call that commitment. I don't know if you do, but I don't call that commitment.

DHS didn't maintain a schedule to know when projects would be done. Officials failed to estimate the total costs of HRIT and failed to track how much has been spent to date. So no suspense, no deadline, and we have no idea where the taxpayers' money went.

I mean, pause to think about that. DHS has no idea how \$180 million appropriated by the people's representatives in Congress has been spent. It is reprehensible, it is unbelievable, it is unacceptable. If businesses managed their budgets this way, they would be out of business. If households, if anybody, if individuals, nobody does this and gets away with it.

As a result of this botched management, DHS's systems remain outdated, inefficient, and at high risk to future waste. Of particular concern is DHS's inadequate progress in managing how employees separate or off-board from the agency, which leaves the Department at high risk of security infractions.

Given the recent hack of DHS employee data, a poor off-boarding process makes DHS vulnerable to cyber threats, as well as physical breaches at DHS facilities, which threatens employees, threatens Americans, threatens sensitive information.

Despite these failures, DHS says it has made progress in consolidating its performance management and learning system, or PALMS, to track training for employees and maintain performance information on its workforce.

The Department praised its efforts to consolidate these systems as a success story in a report required by legislation passed by this subcommittee that was signed into law last year.

Far from it, GAO found that implementation of PALMS remains a jumble with some components implementing PALMS, some not and others only implementing part of the system.

DHS was again reckless with taxpayer money by not fully estimating the costs, tracking total costs, developing a sufficient schedule, or monitoring risks to the project.

DHS will have to continue to use cumbersome, time-consuming and, in 2016, paper-based processes to manage the performance and training of its workforce. Without a more robust process for documenting employee performance, managers face significant hurdles in removing poor performers, if that ever happens at all.

I appreciate the hard work of our watchdogs at GAO to bring these issues to light.

Mr. Fulghum and Ms. Bailey, personally, you know this, right, I am outraged on behalf of the citizens that I represent, on behalf of all the American taxpayers, by the ineptitude laid out in this report. DHS violates the trust of the taxpayers when it doesn't know how hundreds of millions of tax dollars are spent and have virtually nothing to show for it.

Undoubtedly, we will hear your plans to fix the mess and implement GAO's 14—14, not 3 or 2—14 recommendations. But I also want to know and everybody wants to know, who has been and who will be held accountable for this failure? I mean, we wonder, who is in charge? If somebody is in charge, how can somebody not be held accountable?

The American people expect better, we demand and require better from DHS 14 years after its creation. We understand it is not easy. We understand. I have watched businesses go through the transition process to SAP. Has anybody ever heard of PeopleSoft? Not to just, you know, name some names. It is difficult, but they get through it and they don't take decades to do it, and they move on. It is not perfect, but they have something to show for it.

[The statement of Mr. Perry follows:]

STATEMENT OF CHAIRMAN SCOTT PERRY

FEBRUARY 25, 2016

The Department of Homeland Security (DHS) was created in 2002 to unify our Government's efforts to secure America and improve coordination, management, and information sharing across a multitude of Federal agencies. DHS has become the third largest Federal department with over 240,000 employees. Twelve years ago, DHS began a program to consolidate and update fragmented human capital systems and processes known as the Human Resources Information Technology program (HRIT). This disjointed approach compromised DHS's ability to effectively perform its mission. For example, the lack of an efficient hiring process jeopardized DHS's ability to hire the skilled personnel necessary to provide disaster response. In 2010, DHS's Office of Inspector General reported that HRIT had failed to achieve any meaningful progress; in fact, in 2011, DHS identified over 400 human capital systems and applications still in use.

In a report being released today, the Government Accountability Office (GAO) found that after 12 years and at least \$180 million appropriated by Congress, DHS is no closer to improving its human capital management; 95 percent of the key HRIT strategic projects have not been completed—many were to be done 4 years ago. Yet today, DHS has no idea when or if these projects will be finished. HRIT is a poster child for inept management:

- Senior leaders on the Executive Steering Committee responsible for overseeing the work met only once in almost 2 years;
- DHS didn't maintain a schedule to know when projects would be done; and
- Officials failed to estimate the total costs of HRIT and failed to track how much has been spent to date.

Let's pause to think about this; DHS has no idea how \$180 million appropriated by the people's representatives in Congress have been spent, which is reprehensible and unacceptable. If businesses managed their budgets this way, they would be out of business. As a result of this botched management, DHS's systems remain outdated, inefficient, and at high risk to future waste. Of particular concern is DHS's inadequate progress in managing how employees separate, or "off-board," from the agency, which leaves the Department at high risk of security infractions. Given the recent hack of DHS employee data, a poor off-boarding process makes DHS vulnerable to cyber threats, as well as physical breaches at DHS facilities, which threatens employees and sensitive information.

Despite these failures, DHS says it has made progress in consolidating its performance management and learning system—PALMS—to track training for employees and maintain performance information on its workforce. The Department praised its efforts to consolidate these systems as a "success story" in a report required by legislation passed by this subcommittee that was signed into law last year. Far from it, GAO found that implementation of PALMS remains a jumble with some components implementing PALMS, some not, and others only implementing part of the system. DHS was again reckless with taxpayer money by not fully estimating the costs, tracking total costs, developing a sufficient schedule, or monitoring risks to the project. DHS will have to continue to use cumbersome, time-consuming, and paper-based processes to manage the performance and training of its workforce. Without a more robust process for documenting employee performance, managers face significant hurdles in removing poor performers.

I appreciate the hard work of our watchdogs at GAO to bring these issues to light. Mr. Fulghum and Ms. Bailey, I'm outraged by the ineptitude laid out in this report. DHS violates the trust of the taxpayer when it doesn't know how hundreds of millions of taxpayer dollars are spent. Undoubtedly, we'll hear your plans to fix this mess and implement GAO's 14 recommendations; but I also want to know who has been and will be held accountable for this failure. The American people expect better from DHS 14 years after its creation.

Mr. PERRY. With that, the Chair now recognizes the Ranking Minority Member of the subcommittee, the gentlelady from New Jersey, Mrs. Watson Coleman, for her statement.

Mrs. WATSON COLEMAN. Thank you, Mr Perry. Thank you for holding this committee meeting today.

Thank you all for being here.

The report on HRIT released today by the Government Accountability Office makes clear that after more than a decade of sustained investment in HRIT, the program has provided virtually none of the capabilities that DHS leaders initially hoped the program would yield.

The absence of the management tools expected from HRIT has created real gaps in human resource management at DHS.

GAO's new report on HRIT and previous reviews of DHS's management have found that a combination of fragmented, duplicative and paper-based personnel information systems have resulted in high administrative costs, shortfalls in employee skills or numbers, great difficulty in strategic management of human capital across DHS and potential violations of DHS's security policies.

A recent report prepared by DHS for Congress, required under a law reported from the committee last year, echoes these same concerns. It leads me to wonder how many times DHS has had to improvise to fill gaps that are left by HRIT's failures to date.

Two reports issued last month by the Department's own inspector general underscore the toll taken by HRIT shortcomings. One of these reports notes that the Department will not complete implementation of a Performance and Learning Management System, PALMS, developed as part of HRIT, until 2017. The IG finds that without PALMS operating at full capacity, DHS lacks an effective governance structure for training and oversight.

Information I have read indicates that some of the components are resistant to even using PALMS, so I need to understand how you are addressing that issue, if that is true.

In another January 2016 report, the DHS IG raises several concerns with regard to the \$1.2 billion HR access contract awarded by the TSA in 2008 to support the recruitment and hiring of the workforce responsible for the security of the traveling public in the United States. The IG notes that TSA will award a similar contract with performance starting next year.

Ms. Bailey, I realize that DHS Chief Information Officer Luke McCormack has taken charge of the HRIT investment. But as a representative of DHS human capital managers left empty-handed by HRIT, I very much hope that you will make clear how the Department plans to recover from HRIT's performance to date and to reinvigorate human resource management at DHS.

Having said that, gaps in management capability and risks associated with these gaps don't just happen by accident.

Mr. Fulghum, we respect your distinguished service to your country for almost 3 decades in uniform and as a leader in the Department's management directorate since October 2012. Nevertheless, I feel compelled to tell you that the Department's HRIT experience must impress upon you and other DHS leaders that acquisition management has to improve demonstrably for programs at all phases of the acquisition life cycle and it must do so now.

The Department's responsibility to steward public resources, even as DHS protects the American people, demands no less.

Mr. Fulghum, I cannot understand how the Department will continue a complex, multi-million-dollar acquisition for more than a decade without a current schedule, a validated estimate of life-cycle costs, a complete accounting of costs incurred, or the assurance that the planning document for HRIT reflects the Department's current priorities and goals.

Mr. Chairman, on this past Tuesday, the House passed the DHS Acquisition Documentation Integrity Act of 2016 which I introduced earlier this month. The bill's language codifies best practices already embodied in DHS's acquisition policy and builds upon an acquisition decision memorandum issued in April 2015 to ensure a regular, transparent reporting of acquisition programs' performance to DHS leadership and to Congress.

Mr. Chairman, as we have seen in the case of HRIT, anything less than an up-to-date acquisition documentation increases the odds of cost and schedule overruns, risks delayed delivery of critical capabilities and depletes resources needed to address future requirements.

Congress and the Department simply cannot allow GAO's latest report on HRIT or this hearing to fade into a background already overpopulated with other reports and hearings on poor management at DHS. On so many levels, the American people cannot afford that.

With that, Mr. Chairman, I yield back my time.

[The statement of Ranking Member Watson Coleman follows:]

STATEMENT OF RANKING MEMBER BONNIE WATSON COLEMAN

FEBRUARY 25, 2016

Today, the subcommittee meets to respond to a serious management challenge facing the Department of Homeland Security—specifically, how does DHS build and maintain the large, complex workforce needed to keep Americans safe? When the Department began its operations in the wake of September 11, it was the largest reorganization of the U.S. Government since the end of World War II.

Aware that the Department's critical work would require something on the scale of today's DHS—with 240,000 employees working in 16 operating and support components—leaders within and across these functions knew they would need tools for the full range of activities involved in managing people in an organization of the Department's scale and scope.

To put management of the new Department's workforce on a solid footing, DHS initiated the Human Resource Information Technology or "HRIT" investment in 2003. The report on HRIT released today by the Government Accountability Office makes clear that after more than a decade of sustained investment in HRIT, the program has provided virtually none of the capabilities that DHS leaders initially hoped the program would yield.

The absence of the management tools expected from HRIT has created real gaps in human resource management at DHS. GAO's new report on HRIT and previous reviews of DHS management have found that a combination of fragmented, duplicative, and paper-based personnel information systems have resulted in high administrative costs, shortfalls in employee skills or numbers, great difficulty in strategic

management of human capital across DHS, and potential violations of DHS security policies. A recent report prepared by DHS for Congress—required under a law reported from this committee last year—echoes these same concerns.

It leaves me to wonder how many times DHS has had to improvise to fill gaps left by HRIT's failures to date. Two reports issued last month by the Department's own Inspector General underscore the toll taken by HRIT's shortcomings:

One of these reports notes that the Department will not complete implementation of a Performance and Learning Management System (PALMS) developed as part of HRIT until 2017. The IG finds that without PALMS operating at full capacity, DHS lacks an effective governance structure for training oversight.

In another January 2016 report, the DHS IG raises several concerns with regard to the \$1.2 billion "HR Access" contract, awarded by the Transportation Security Administration in 2008, to support the recruitment and hiring of the workforce responsible for the security of the traveling public in the United States. The IG notes that TSA will award a similar contract, with performance starting next year.

Ms. Bailey, I realize that DHS Chief Information Officer Luke McCormack has taken charge of the HRIT investment. But as the representative of DHS human capital managers left empty-handed by HRIT, I very much hope that you will make clear how the Department plans to recover from HRIT's performance to date, and to reinvigorate human resource management at DHS.

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Mr. Fulghum, I cannot understand how the Department would continue a complex, multimillion-dollar acquisition for more than a decade without a current schedule, a validated estimate of life-cycle costs, a complete accounting of costs incurred, or the assurance that the planning document for HRIT reflects the Department's current priorities and goals.

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Congress and the Department simply cannot allow GAO's latest report on HRIT or this hearing to fade into a background already overpopulated with other reports and hearings on poor management at DHS. On so many levels, the American people cannot afford that.

Mr. PERRY. The Chair thanks the gentlelady.

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

It is not shocking that the subject of today's hearing is another acquisition failure at the Department. The Government Accountability Office has found that DHS has made little progress in implementing its Human Resources Information Technology Investment (HRIT). HRIT was created to consolidate, integrate, and modernize the Department's information technology infrastructure that supports human resources.

It is no secret that DHS has been plagued with acquisition failures. This committee, in a bipartisan fashion, has exercised vigorous oversight over DHS acquisitions. The committee has also produced bipartisan legislation on DHS acquisitions. Just this week, the House passed more common-sense legislation to reform DHS acquisitions. H.R. 4398, authored by the Ranking Member of this subcommittee, requires regular reporting on the progress of DHS acquisitions to Congress. What I

do find appalling is that the Department official ultimately responsible for both acquisition and human resource management at DHS is not appearing today.

Under Secretary Deyo, the under secretary for management, has not appeared before the committee since assuming his duties at DHS. Even though the Government Accountability Office has noted that management challenges at DHS are among the most serious programmatic risks facing the U.S. Government, the under secretary is not here to address GAO's findings or receive questions from Members.

Today's hearing involves significant concerns with respect to the management of DHS personnel, information technology, and acquisition actions all of which fall squarely within the under secretary's responsibilities. The Department's poor performance on the Office of Personnel Management's Federal Employee View Point Survey underscores DHS's human capital management challenges. Additionally, GAO introduced a new high-risk area for DHS in its high-risk update focused on "Improving the Management of IT Acquisitions and Operations".

Unfortunately, the Department's HRIT investment provides a glaring case-in-point: GAO's report on HRIT provides the following box score for the program—after more than 12 years of sustained investment, no validated program baselines; uncertainty about the validity of requirements; virtually no capabilities fully delivered; and no complete accounting of program costs to date.

Finally, GAO's report finds that an executive steering committee for HRIT—composed of senior DHS officials—met only once between September 2013 and June 2015. This committee has seen too many cases of poor program discipline at DHS translating into acquisition programs beset by cost overruns and schedule delays. Mr. Chairman, I hope that today's hearing offers a full record of the lapses that have left HRIT in its current predicament. I also hope that our witnesses will also explain the Department's plan to recover value from the HRIT investment, and to reform DHS acquisition management.

Mr. PERRY. We are pleased to have a distinguished panel of witnesses before us today. The witnesses' entire written statements will appear in the record.

The Chair will introduce all of the witnesses first and then recognize each of you for your testimony.

Ms. Carol Cha is director of the information technology acquisition management issues at the Government Accountability Office, the GAO. In this position, Ms. Cha oversees GAO's evaluation of information technology programs across the Federal Government. Ms. Cha is a member of the Senior Executive Service and joined GAO in 2002.

Welcome.

The honorable Chip Fulghum is the deputy under secretary for management and chief financial officer for the Department of Homeland Security. Mr. Fulghum joined DHS in October 2012 as its budget director. Prior to joining the Department, Mr. Fulghum served for 28 years in the United States Air Force, retiring with the rank of colonel.

Thank you for your service, sir.

Ms. Angela Bailey is the chief human capital officer for the Department of Homeland Security. Prior to joining DHS in January 2016, Ms. Bailey was the chief operating officer at the Office of Personnel Management. Ms. Bailey has almost 35 years of public service with more than 25 years in human resources.

Thank you for your service, Ms. Bailey.

Thank you all for being here today. The Chair recognizes Ms. Cha for her opening statement.

**STATEMENT OF CAROL R. CHA, DIRECTOR, INFORMATION  
TECHNOLOGY ACQUISITION MANAGEMENT ISSUES, U.S.  
GOVERNMENT ACCOUNTABILITY OFFICE**

Ms. CHA. Thank you, Mr. Chairman. Mr. Chairman, Ranking Member Watson Coleman and Members of the subcommittee, thank you for inviting us to testify today on DHS's human resources IT investment.

As requested, I will briefly summarize the findings from our report, completed at your request on this very important IT acquisition.

DHS's human resources environment includes at least 422 fragmented systems and applications as well as duplicative and paper-based processes. HRIT was initiated in 2003 to consolidate, integrate, and modernize this infrastructure across the Department and its components.

The objective of this investment is to enable complete visibility of all employees in order to strategically manage the workforce and best deploy people in support of homeland security missions.

The enterprise-wide business capabilities expected to be delivered under HRIT includes end-to-end hiring, payroll action processing, training and performance management, among many others. Unfortunately, this investment has largely been neglected and the Department has not come close to fulfilling this objective.

This morning I would like to highlight 3 key points from our report.

First, the lack of progress made to implement HRIT. While DHS initiated HRIT in 2003, the Department redefined its scope and implementation time frames in 2011. In particular, DHS identified 15 business capabilities to be improved and planned for the vast majority of them to be implemented by June 2015.

As of November 2015, only 1 has been fully implemented, 5 are partially complete and work has yet to begin on the remaining 9. Furthermore, the current expected completion dates for these 14 open ones are unknown.

Additionally, HRIT has made limited progress in achieving key performance targets outlined in its strategic plan for fiscal year 2012 through 2016. HRIT is expected to reduce component-specific services by 46 percent. It is also expected to increase Department-wide services by 38 percent. However, since 2012, HRIT has achieved improvements in each of these target areas by only 8 percent.

Second, DHS's lack of executive oversight. The HRIT Executive Steering Committee, which is the investment's core oversight body, was minimally involved for nearly 2 years, meeting only once from 2013 through 2015 during a time when significant issues were occurring.

For example, HRIT's only on-going acquisition called the Performance and Learning Management System experienced years-long schedule delays and had 5 different program managers during this time.

The lack of meetings resulted in key governance activities not being completed, such as the approval of the investment's expenditure plan for fiscal year 2014 through 2019.

Additionally, the Steering Committee did not ensure HRIT had key management controls to effectively monitor performance and inform decisions. In particular, HRIT lacked a current integrated master schedule, a life-cycle cost estimate and an ability to track total actual costs incurred to date.

More recently, the HRIT Executive Steering Committee met in June and October 2015 and DHS officials have indicated that the committee will meet quarterly moving forward. However, this will likely not be frequent enough to ensure effective delivery of the remaining 14 capabilities.

Given its state, we identified HRIT as one of a handful of major IT acquisitions across the Federal Government, in need of the most attention on GAO's high-risk list. As such, the Department should rethink its decision and consider meeting on a monthly basis, an action consistent with its own policies for overseeing IT investments designated as high-risk.

Third, HRIT's acquisition strategy, also known as the blueprint, may not reflect the Department's current priorities and goals. The blueprint was issued over 4 years ago and has not been updated since. As such, the Department does not know whether the remaining 14 business capabilities are still valid and appropriately prioritized based on current mission needs.

According to the Department, it is still committed to implementing the blueprint, but agree that it should be reevaluated. DHS expects to complete this and update the blueprint by the end of April 2016.

In light of these issues, we made a total of 14 recommendations to address HRIT's poor progress and ineffective management. Moving forward, it will be critical for DHS to effectively implement them in order to improve HRIT outcomes and provide the Department with complete employee information necessary to more effectively carry out its mission.

That concludes my statement and I look forward to addressing your questions.

[The prepared statement of Ms. Cha follows:]

PREPARED STATEMENT OF CAROL R. CHA

FEBRUARY 25, 2016

GAO HIGHLIGHTS

Highlights of GAO-16-407T, a testimony before the Subcommittee on Oversight and Management Efficiency, Committee on Homeland Security, House of Representatives.

*Why GAO Did This Study*

DHS's human resources information technology environment includes fragmented systems, duplicative and paper-based processes, and little uniformity of data management practices, which according to DHS, are compromising the Department's ability to effectively carry out its mission. DHS initiated HRIT in 2003 to consolidate, integrate, and modernize DHS's human resources information technology infrastructure. In 2011, DHS redefined HRIT's scope and implementation time frames.

This statement summarizes GAO's report that is being released at today's hearing (GAO-16-253) on, among other objectives, the progress DHS has made in implementing the HRIT investment and how effectively it managed the investment.

*What GAO Recommends*

In its report that is being released today, GAO made 14 recommendations to DHS to, among other things, address HRIT's poor progress and ineffective management.

For example, GAO recommended that the HRIT executive steering committee be consistently involved in overseeing and advising the investment, and that DHS establish time frames for re-evaluating HRIT and develop a complete life-cycle cost estimate for the investment. DHS concurred with the 14 recommendations and provided estimated completion dates for implementing each of them.

HOMELAND SECURITY.—WEAK OVERSIGHT OF HUMAN RESOURCES INFORMATION TECHNOLOGY INVESTMENT NEEDS CONSIDERABLE IMPROVEMENT

*What GAO Found*

The Department of Homeland Security (DHS) has made very little progress in implementing its Human Resources Information Technology (HRIT) investment over the last several years. This investment includes 15 improvement areas; as of November 2015, DHS had fully implemented only 1.

Status and Planned Completion Dates for Implementing the 15 Strategic Improvement Areas, as of November 2015			
Strategic improvement area	Status	Original planned completion <sup>a</sup>	Current expected completion date
1. Data management and sharing	◐	September 2014	Unknown
2. Performance measures tracking and reporting	○	December 2012	Unknown
3. Personnel action processing	◐	September 2013	Unknown
4. Human resources document management	◐	September 2014	Unknown
5. End-to-end hiring	○	December 2016	Unknown
6. Performance management	◐	December 2012	Unknown
7. Off-boarding process	○	December 2012	Unknown
8. Policy issuances and clarification	○	June 2015	Unknown
9. Payroll action processing	◐	June 2014	Unknown
10. HRIT deployment process	○	September 2012	Unknown
11. Knowledge management	○	December 2014	Unknown
12. Training	○	June 2015	Unknown
13. Communication and collaboration among components	○	December 2012	Unknown
14. On-boarding process	○	December 2012	Unknown
15. HRIT intake process	●	December 2011	Implemented October 2011

Key: ●Fully Implemented ◐Partially Implemented ○Not yet started  
 Source: GAO analysis of data provided by DHS officials. | GAO-16-407T

HRIT’s limited progress was due in part to the lack of involvement of its executive steering committee—the investment’s core oversight and advisory body. Specifically, this committee was minimally involved with HRIT, such as meeting only once during a nearly 2-year period when major problems were occurring, including schedule delays and the lack of a life-cycle cost estimate. As a result, key governance activities, such as approval of HRIT’s operational plan, were not completed. Officials acknowledge that HRIT should be re-evaluated. They have met to discuss it; however, specific actions and time frames have not yet been determined. Until DHS takes key actions to manage this neglected investment, it is unknown when its human capital management weaknesses will be addressed.

Chairman Perry, Ranking Member Watson Coleman, and Members of the subcommittee: I am pleased to be here today to discuss the Department of Homeland Security’s (DHS) efforts to implement the Human Resources Information Technology (HRIT) investment. Since DHS was created in 2002 and merged 22 agencies into 1 department with 8 components, its human resources environment has included

fragmented systems, duplicative and paper-based processes, and little uniformity of data management practices. According to DHS, these limitations in its human resources environment are compromising the Department's ability to effectively and efficiently carry out its mission.<sup>1</sup> To address these issues, DHS initiated HRIT in 2003 to consolidate, integrate, and modernize the Department's information technology (IT) infrastructure that supports human resources.

The information in my testimony is based on our report being released at today's hearing on the results of our review of DHS's implementation of HRIT.<sup>2</sup> Specifically, my remarks today summarize key findings from that study, which: (1) Evaluated the progress DHS has made in implementing the HRIT investment and how effectively DHS managed the investment, (2) determined whether the Performance and Learning Management System (PALMS)—HRIT's only on-going program—is being implemented enterprise-wide, and (3) evaluated the extent to which PALMS is implementing selected IT acquisition best practices.

For our report, we, among other things, compared HRIT's goals, scope, and implementation time frames to the investment's actual accomplishments. Additionally, we analyzed HRIT and PALMS documentation, such as program management briefings, the PALMS acquisition plan, and cost and schedule estimates, and compared them against relevant IT acquisition best practices identified by GAO, the Software Engineering Institute at Carnegie Mellon University, and the Project Management Institute, Inc.<sup>3</sup> More details on the objectives, scope, and methodology are provided in the report. The work on which this statement is based was conducted in accordance with generally accepted Government auditing standards.

#### BACKGROUND

According to DHS, the limitations in its human resources environment, which includes fragmented systems and duplicative and paper-based processes, were compromising the Department's ability to effectively and efficiently carry out its mission.<sup>4</sup> For example, according to DHS, the Department does not have information on all of its employees, which reduces its abilities to strategically manage its workforce and best deploy people in support of homeland security missions. Additionally, according to DHS, reporting and analyzing enterprise human capital data are currently time-consuming, labor-intensive, and challenging because the Department's data management largely consists of disconnected, stand-alone systems, with multiple data sources for the same content.

To address these issues, in 2003, DHS initiated the HRIT investment, which is intended to consolidate, integrate, and modernize the Department's and its components' human resources IT infrastructure. These components include U.S. Customs and Border Protection, the Federal Emergency Management Agency, the Federal Law Enforcement Training Center, U.S. Immigration and Customs Enforcement, the Transportation Security Administration, U.S. Citizenship and Immigration Services, the U.S. Coast Guard, and the U.S. Secret Service.

HRIT is managed by DHS's Human Capital Business Systems unit, which is within the Office of the Chief Human Capital Officer and has overall responsibility for HRIT. Additionally, the Office of the Chief Information Officer plays a key supporting role in the implementation of HRIT by reviewing headquarters' and components' human resources investments, identifying redundancies and efficiencies, and delivering and maintaining enterprise IT systems.

From 2003 to 2010, DHS made limited progress on the HRIT investment, as reported by DHS's inspector general.<sup>5</sup> This was due to, among other things, limited coordination with and commitment from DHS's components. To address this problem, in 2010 the DHS deputy secretary issued a memorandum emphasizing that DHS's wide variety of human resources processes and IT systems inhibited the ability to unify DHS and negatively impacted operating costs. Accordingly, the deputy

<sup>1</sup> DHS, *Human Capital Segment Architecture Blueprint, Version 1.0* (Aug. 9, 2011).

<sup>2</sup> GAO, *Homeland Security: Oversight of Neglected Human Resources Information Technology Investment Is Needed*, GAO-16-253 (Washington, DC: Feb. 11, 2016).

<sup>3</sup> GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-09-3SP (Washington, DC: March 2009); *GAO Schedule Assessment Guide: Best Practices for Project Schedules*, GAO-16-89G (Washington, DC: Dec. 22, 2015); Software Engineering Institute, *Capability Maturity Model® Integration for Acquisition (CMMI-ACQ)*, Version 1.3 (Pittsburgh, PA: November 2010); and Project Management Institute, Inc., *A Guide to the Project Management Body of Knowledge (PMBOK® Guide)*, Fifth Edition, (Newton Square, PA: 2013). "PMBOK" is a trademark of the Project Management Institute, Inc.

<sup>4</sup> DHS, *Human Capital Segment Architecture Blueprint, Version 1.0* (Aug. 9, 2011).

<sup>5</sup> DHS Office of Inspector General, *Management Oversight and Component Participation Are Necessary to Complete DHS' Human Resource Systems Consolidation Effort*, OIG-10-99 (Washington, DC: July 1, 2010).

secretary memorandum prohibited component spending on enhancements to existing human resources systems or acquisitions of new solutions, unless those expenditures were approved by the offices of the chief human capital officer or chief information officer. The memorandum also directed these offices to develop a Department-wide human resources architecture.

In 2011, in response to the deputy secretary's direction, the Department developed a strategic planning document referred to as the Human Capital Segment Architecture blueprint, which redefined the HRIT investment's scope and implementation time frames. As part of this effort, DHS conducted a system inventory and determined that it had 422 human resources systems and applications, many of which were single-use solutions developed to respond to a small need or links to enable disparate systems to work together. DHS reported that these numerous, antiquated, and fragmented systems inhibited its ability to perform basic workforce management functions necessary to support mission critical programs.

To address this issue, the blueprint articulated that HRIT would be comprised of 15 strategic improvement opportunity areas (e.g., enabling seamless, efficient, and transparent end-to-end hiring) and outlined 77 associated projects (e.g., deploying a Department-wide hiring system) to implement these 15 opportunities.

HRIT's only on-going program is called PALMS and is intended to fully address the Performance Management strategic improvement opportunity area and its 3 associated projects. PALMS is attempting to implement a commercial off-the-shelf software product that is to be provided as a service<sup>6</sup> in order to enable, among other things, comprehensive enterprise-wide tracking, reporting, and analysis of employee learning and performance for DHS headquarters and its 8 components. Specifically, PALMS is expected to deliver the following capabilities:

- *Learning management.*—The learning management capabilities are intended to manage the life cycle of learning activities for all DHS employees and contractors. It is intended to, among other things, act as a gateway for accessing training at DHS and record training information when a user has completed a course. Additionally, it is expected to replace 9 disparate learning management systems with 1 unified system.
- *Performance management.*—The performance management capabilities are intended to move DHS's existing primarily paper-based performance management processes into an electronic environment and capture performance-related information throughout the performance cycle (e.g., recording performance expectations discussed at the beginning of the rating period and performance ratings at the end of it).

Each component is responsible for its own PALMS implementation project, and is expected to issue a task order using a blanket purchase agreement that was established in May 2013 with an estimated value of \$95 million.<sup>7</sup> The headquarters PALMS program management office is responsible for overseeing the implementation projects across the Department. Additionally, the office of the chief information officer is the component acquisition executive responsible for overseeing PALMS.<sup>8</sup>

In addition, according to DHS officials, as of September 2014, PALMS was expected to address part of our High-Risk Series on strengthening DHS's management functions.<sup>9</sup> Specifically, PALMS is intended to address challenges in integrating employee training management across all the components, including centralizing training and consolidating training data into 1 system.

<sup>6</sup>For software provided as a service, a consumer uses a provider's applications that are accessible from various client devices through an interface such as a web browser (e.g., web-based e-mail). The consumer does not manage or control the underlying infrastructure or the individual application capabilities.

<sup>7</sup>A blanket purchase agreement is a method of filling anticipated repetitive needs for supplies or services by establishing "charge accounts" with qualified sources of supply. These agreements between agencies and vendors have terms in place for future use and agencies issue individual orders to fulfill requirements for goods and services as they arise; funds are obligated when orders are placed.

<sup>8</sup>DHS classifies its acquisition programs into 3 levels to determine the extent and scope of required project and program management, the level of reporting requirements, and the acquisition decision authority. Component acquisition executives are the senior acquisition officials within the components, responsible for, among other things, acting as the acquisition decision authority for Level 3 programs (including PALMS) and establishing component-level acquisition policy and processes.

<sup>9</sup>GAO, *High-Risk Series: An Update*, GAO-03-119 (Washington, DC: Jan. 1, 2003).

DHS HAS MADE VERY LITTLE PROGRESS IN IMPLEMENTING HRIT; INVESTMENT LACKED EFFECTIVE MANAGEMENT

DHS has made very limited progress in addressing the 15 strategic improvement opportunities and the 77 associated projects included in HRIT. According to the Human Capital Segment Architecture Blueprint, DHS planned to implement 14 of the 15 strategic improvement opportunities and 68 of the 77 associated projects by June 2015; and the remaining improvement opportunity and 9 associated projects by December 2016. However, as of November 2015, DHS had fully implemented only 1 of the strategic improvement opportunities, which included 2 associated projects. Table 1 summarizes the implementation status and planned completion dates of the strategic improvement opportunities—listed in the order of DHS’s assigned priority—as of November 2015.

**Table 1: Status and Planned Completion Dates for Implementing the 15 Strategic Improvement Opportunities, as of November 2015**

Strategic improvement opportunity name (number of associated projects)	Status	Original planned completion date in Human Capital Segment Architecture Blueprint <sup>a</sup>	Current expected completion date
1. Data management and sharing (5)	◐	September 2014	Unknown
2. Performance measures tracking and reporting (3)	○	December 2012	Unknown
3. Personnel action processing (10)	◐	September 2013	Unknown
4. Human resources document management (8)	◐	September 2014	Unknown
5. End-to-end hiring (9)	○	December 2016	Unknown
6. Performance management (3)	◐	December 2012	Unknown
7. Off-boarding process (1)	○	December 2012	Unknown
8. Policy issuances and clarification (4)	○	June 2015	Unknown
9. Payroll action processing (6)	◐	June 2014	Unknown
10. Human Resources Information Technology deployment process (4)	○	September 2012	Unknown
11. Knowledge management (7)	○	December 2014	Unknown
12. Training (4)	○	June 2015	Unknown
13. Communication and collaboration among components (5)	○	December 2012	Unknown
14. On-boarding process (6)	○	December 2012	Unknown
15. Human Resources Information Technology intake process (2)	●	December 2011	Implemented in October 2011

**Key:**

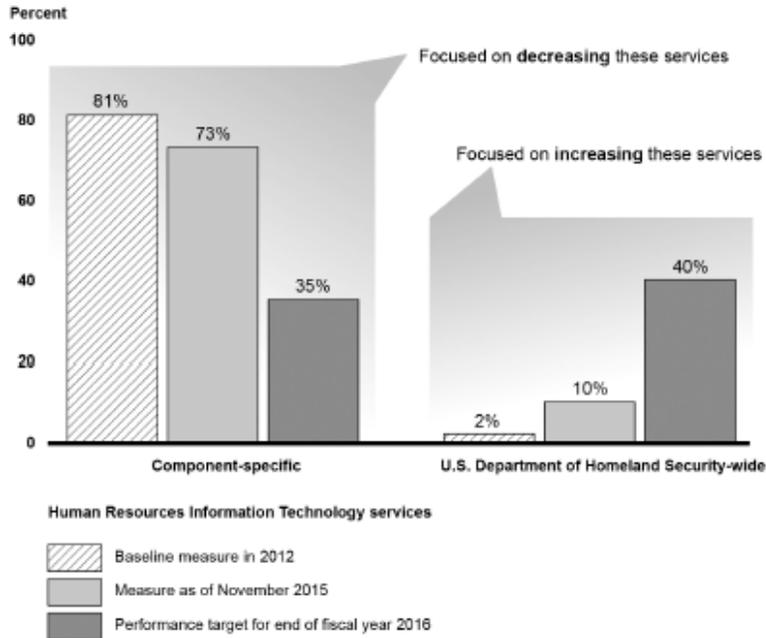
- Fully implemented, meaning that the objective of the opportunity area was met.
  - ◐ Partially implemented, meaning that officials identified at least one project that was underway or completed related to the opportunity area, but did not report that the opportunity area was fully implemented.
  - Not yet started, meaning that officials did not identify any projects that were underway or completed related to the opportunity area.
- Source: GAO analysis of data provided by DHS officials. | GAO-16-407T.  
<sup>a</sup>These dates reflect the last month of the quarter in which the strategic improvement opportunities were planned to be complete, as identified in the Human Capital Segment Architecture Blueprint.

DHS has partially implemented 5 of the other strategic improvement opportunities, but it is unknown when they will be fully addressed. Further, HRIT officials stated that DHS has not yet started to work on the remaining 9 improvement opportunities, and the officials did not know when they would be addressed.

Additionally, DHS developed an HRIT strategic plan for fiscal years 2012 through 2016 that outlined the investment’s key goals and objectives, including reducing duplication and improving efficiencies in the Department’s human resources processes and systems. The strategic plan identified, among other things, 2 performance metrics that were focused on reductions in the number of component-specific human resources IT services provided and increases in the number of Department-wide HRIT services provided by the end of fiscal year 2016.

However, DHS has also made limited progress in achieving these 2 performance targets. Figure 1 provides a summary of HRIT’s progress towards achieving its service delivery performance targets.

**Figure 1: Human Resources Information Technology's Progress towards Achieving Its Performance Targets, as of November 2015**



Source: GAO analysis of data provided by U.S. Department of Homeland Security officials. | OAO-16-407T

Key causes for DHS's lack of progress in implementing HRIT and its associated strategic improvement opportunities include unplanned resource changes and the lack of involvement of the HRIT executive steering committee. These causes are discussed in detail below:

- Unplanned resource changes.**—DHS elected to dedicate the vast majority of HRIT's resources to implementing PALMS and addressing its problems, rather than initiating additional HRIT strategic improvement opportunities. Specifically, PALMS—which began in July 2012—experienced programmatic and technical challenges that led to years-long schedule delays.<sup>10</sup> For example, while the PALMS system for headquarters was originally planned to be delivered by a vendor in December 2013, as of November 2015, the expected delivery date was delayed until the end of February 2016—an over 2-year delay. HRIT officials explained the decision to focus primarily on PALMS was due, in part, to the investment's declining funding. However, in doing so, attention was concentrated on the immediate issues affecting PALMS and diverted from the longer-term HRIT mission.
- Lack of involvement of the HRIT executive steering committee.**—The HRIT executive steering committee—which is chaired by the Department's under secretary for management and co-chaired by the chief information officer and chief human capital officer—is intended to be the core oversight and advisory body for all DHS-wide matters related to human capital IT investments, expendi-

<sup>10</sup> PALMS program management office officials attributed these slippages to multiple causes, including, among other things, the vendor's commercial off-the-shelf system not meeting certain requirements that it was expected to meet, thereby requiring the vendor to customize the system to meet those requirements. As of November 2015, according to PALMS headquarters officials, DHS had 483 baseline requirements, 32 of which needed customizations, and 5 of these 32 requirements still needed to be fully addressed by the vendor. DHS expected these requirements to be met by the end of February 2016.

tures, projects, and initiatives. In addition, according to the committee's charter, the committee is to approve and provide guidance on the Department's mission, vision, and strategies for the HRIT program.

However, the executive steering committee only met once from September 2013 through June 2015—in July 2014—and was minimally involved with HRIT for that almost 2-year period. It is important to note that DHS replaced its chief information officer (the executive steering committee's co-chair) in December 2013—during this gap in oversight. Also during this time period HRIT's only on-going program—PALMS—was experiencing significant problems, including schedule slippages and frequent turnover in its program manager position (i.e., PALMS had 5 different program managers during the time that the HRIT executive steering committee was minimally involved). As a result of the executive steering committee not meeting, key governance activities were not completed on HRIT. For example, the committee did not approve HRIT's notional operational plan for fiscal years 2014 through 2019.<sup>11</sup> Officials from the offices of the chief human capital officer and chief information officer attributed the lack of HRIT executive steering committee meetings and committee involvement in HRIT to the investment's focus being only on the PALMS program to address its issues, as discussed earlier. However, by not regularly meeting and providing oversight during a time when a new co-chair for the executive steering committee assumed responsibility and PALMS was experiencing such problems, the committee's guidance to the troubled program was limited.

More recently, the HRIT executive steering committee met in June and October 2015, and officials from the offices of the chief human capital officer and chief information officer stated that the committee planned to meet quarterly going forward. However, while the committee's charter specified that it meet on at least a monthly basis for the first year, the charter does not specify the frequency of meetings following that year. Furthermore, the committee's charter has not been updated to reflect the increased frequency of these meetings.

As a result of the limited progress in implementing HRIT, DHS is unaware of when critical weaknesses in the Department's human capital environment will be addressed, which is, among other things, impacting DHS's ability to carry out its mission. For example, the end-to-end hiring strategic improvement opportunity (which has an unknown implementation date) was intended to streamline numerous systems and multiple hand-offs in order to more efficiently and effectively hire appropriately skilled personnel, thus enabling a quicker response to emergencies, catastrophic events, and threats.

We recommended in our report that DHS's Under Secretary for Management update the HRIT executive steering committee charter to establish the frequency with which the committee meetings are to be held, and ensure that the committee is consistently involved in overseeing and advising HRIT. DHS agreed with both of these recommendations and stated that the executive steering committee charter would be updated accordingly by the end of February 2016; and that by April 30, 2016, the under secretary plans to ensure that the committee is consistently involved in overseeing and advising HRIT.

#### *HRIT Lacked a Current Schedule, Life-Cycle Cost Estimate, and Cost Tracking*

According to the *GAO Schedule Assessment Guide*, a key activity in effectively managing a program and ensuring progress is establishing and maintaining a schedule estimate. Specifically, a well-maintained schedule enables programs to gauge progress, identify and resolve potential problems, and forecast dates for program activities and completion of the program.<sup>12</sup>

In August 2011, DHS established initiation and completion dates for each of the 15 strategic improvement opportunities within the Human Capital Segment Architecture Blueprint. Additionally, HRIT developed a slightly more detailed schedule for fiscal years 2014 through 2021 that updated planned completion dates for aspects of some strategic improvement opportunities, but not all.

However, DHS did not update and maintain either schedule after they were developed. Specifically, neither schedule was updated to reflect that DHS did not implement 13 of the 15 improvement opportunities by their planned completion dates—several of which should have been implemented over 3 years ago. HRIT officials attributed the lack of schedule updates to the investment's focus shifting to the PALMS program when it started experiencing significant schedule delays. Without

<sup>11</sup> HRIT's notional operational plan for fiscal years 2014 through 2019 identified the high-level projects and activities that HRIT planned to fund each year and the planned phase of each project (e.g., planning, acquisition, operations and maintenance).

<sup>12</sup> GAO-16-89G.

developing and maintaining a current schedule showing when DHS plans to implement the strategic improvement opportunities, DHS and Congress will be limited in their ability to oversee and ensure DHS's progress in implementing HRIT.

We recommended that the Department update and maintain a schedule estimate for when DHS plans to implement each of the strategic improvement opportunities. In response, DHS concurred with our recommendation and stated that, by April 30, 2016, the DHS chief information officer will update and maintain a schedule estimate for each of the strategic improvement opportunities.

*HRIT Did Not Have a Life-Cycle Cost Estimate*

The Office of Management and Budget (OMB) requires that agencies prepare total estimated life-cycle costs for IT investments.<sup>13</sup> Program management best practices also stress that key activities in planning and managing a program include establishing a life-cycle cost estimate and tracking costs expended.<sup>14</sup> A life-cycle cost estimate supports budgetary decisions and key decision points, and should include all costs for planning, procurement, and operations and maintenance of a program.<sup>15</sup>

Officials from the Office of the Chief Human Capital Officer stated that a draft life-cycle cost estimate for HRIT was developed, but that it was not completed or finalized because detailed projects plans for the associated projects had not been developed or approved. According to the Human Capital Segment Architecture blueprint, the Office of the Chief Human Capital Officer roughly estimated that implementing all of the projects could cost up to \$120 million. However, the blueprint specified that this figure did not represent the life-cycle cost estimate; rather it was intended to be a preliminary estimate to initiate projects. Without a life-cycle cost estimate, DHS has limited information about how much it will cost to implement HRIT, which hinders the Department's ability to, among other things, make budgetary decisions and informed milestone review decisions.

Accordingly, we recommended that DHS develop a complete life-cycle cost estimate for the implementation of the HRIT investment. DHS agreed with our recommendation and stated that, by June 30, 2016, the DHS chief information officer will direct development of a complete life-cycle cost estimate for the implementation of HRIT's strategic improvement opportunities.

*DHS Did Not Track All Costs Incurred on HRIT*

According to CMMI-ACQ and the PMBOK® Guide, programs should track program costs in order to effectively manage the program and make resource adjustments accordingly. In particular, tracking and monitoring costs enables a program to recognize variances from the plan in order to take corrective action and minimize risk.<sup>16</sup>

However, DHS has not tracked the total actual costs incurred on implementing HRIT across the enterprise to date. Specifically, while the investment received line item appropriations for fiscal years 2005 through 2015 which totaled at least \$180 million,<sup>17</sup> DHS was unable to provide all cost information on HRIT activities since it began in 2003, including all Government-related activities and component costs that were financed through the working capital fund, which, according to DHS officials from multiple offices, were provided separately from the at least \$180 million appropriated specifically to HRIT.<sup>18</sup> Officials from the Office of the Chief Human Capital Officer attributed the lack of cost tracking to, among other things, the investment's early reliance on contractors to track costs, and said that the costs were not well-maintained nor centrally-tracked, and included incomplete component-provided cost information. The components were also unable to provide us with complete information.

Consequently, we recommended that the Department document and track all costs, including components' costs, associated with HRIT. DHS concurred and stated that, by October 31, 2016, the DHS chief information officer will direct the HRIT investment to document and track all costs associated with HRIT.

<sup>13</sup> OMB, *Fiscal Year 2016, Capital Planning Guidance* (Washington, DC: May 2014).

<sup>14</sup> CMMI-ACQ, *Project Planning and Project Monitoring and Control Process Areas*; PMBOK® Guide, *Project Cost Management*; and GAO-09-3SP.

<sup>15</sup> GAO-09-3SP.

<sup>16</sup> CMMI-ACQ, *Project Monitoring and Control Process Area*; PMBOK® Guide, *Project Cost Management*.

<sup>17</sup> Appropriations acts passed for fiscal years 2003 through 2004 did not include a line item appropriating specific funds to HRIT and DHS officials were unaware of how much had been appropriated for those years.

<sup>18</sup> The working capital fund is available to DHS for expenses and equipment necessary for maintenance and operations of administrative services that the Secretary of Homeland Security determines will be performed more advantageously as central services. Pub. L. No. 108-90, 117 Stat. 1137, 1153, § 506 (2003).

HRIT'S 2011 BLUEPRINT MAY NOT BE VALID AND REFLECTIVE OF DHS'S CURRENT  
PRIORITIES AND GOALS

According to the HRIT executive steering committee's charter, the under secretary for management (as the chair of the committee) is to ensure that the Department's human resources IT business needs are met, as outlined in the blueprint. Additionally, according to the GPRA (Government Performance and Results Act) Modernization Act of 2010, agency strategic plans should be updated at least every 4 years. While this is a legal requirement for agency strategic plans (the Human Capital Segment Architecture blueprint does not fall under the category of an "agency strategic plan"), it is considered a best practice for other strategic planning documents, such as the blueprint.

However, the Department issued the blueprint in August 2011 (approximately 4.5 years ago) and has not updated it since. As a result, the Department does not know whether the remaining 14 strategic improvement opportunities and associated projects that it has not fully implemented are still valid and reflective of DHS's current priorities, and are appropriately prioritized based on current mission and business needs. Additionally, DHS does not know whether new or emerging opportunities or business needs need to be addressed.

Officials stated that the Department is still committed to implementing the blueprint, but agreed that it should be re-evaluated. To this end, following a meeting we had with DHS's under secretary for management in October 2015, in which we expressed concern about HRIT's lack of progress, officials from the Offices of the Chief Human Capital Officer and Chief Information Officer stated that HRIT was asked by the deputy under secretary for management in late October 2015 to re-evaluate the blueprint's strategic improvement opportunities and to determine the way forward for those improvement opportunities and the HRIT investment. However, officials did not know when this re-evaluation and a determination for how to move forward with HRIT would occur, or be completed.

Further, according to officials from the Office of the Chief Information Officer, DHS has not updated its complete systems inventory since it was originally developed as part of the blueprint effort, in response to a 2010 Office of Inspector General report that stated that DHS had not identified all human resource systems at the components. This report also emphasized that without an accurate inventory of human resource systems, DHS cannot determine whether components are using redundant systems.<sup>19</sup> Moreover, the officials from the Office of the Chief Information Officer were unable to identify whether and how its inventory of human resources systems had changed.

Until DHS establishes time frames for re-evaluating the blueprint to reflect DHS's HRIT current priorities and updates its human resources system inventory, the Department will be limited in addressing the inefficient human resources environment that has plagued the Department since it was first created. As a result, we recommended that DHS establish time frames for re-evaluating the strategic improvement opportunities and associated projects in the blueprint and determining how to move forward with HRIT; evaluate the opportunities and projects to determine whether the goals of the blueprint are still valid and update the blueprint accordingly; and update and maintain the system inventory. DHS agreed with these recommendations and expects to address them by February 2016, April 2016, and October 2016, respectively.

SELECTED PALMS CAPABILITIES HAVE BEEN DEPLOYED TO HEADQUARTERS AND TWO  
COMPONENTS; BUT FULL IMPLEMENTATION AT FOUR COMPONENTS IS NOT CURRENTLY  
PLANNED

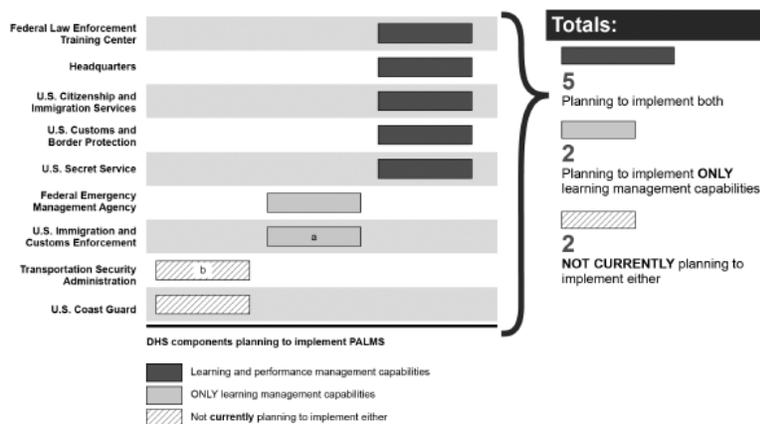
As previously mentioned, PALMS is intended to provide an enterprise-wide system that offers performance management capabilities, as well as learning management capabilities to headquarters and each of its components. As such, DHS's headquarters PALMS program management office and the components estimate that, if fully implemented across DHS, PALMS's learning management capabilities would be used by approximately 309,360 users, and its performance management capabilities would be used by at least 217,758 users.<sup>20</sup>

<sup>19</sup>DHS Office of Inspector General, *Management Oversight and Component Participation Are Necessary to Complete DHS' Human Resource Systems Consolidation Effort*, OIG-10-99 (July 2010).

<sup>20</sup>According to Federal Emergency Management Agency officials, the number of PALMS performance management users would be substantially higher if the system is able to accommodate

However, there is uncertainty about whether the PALMS system will be used enterprise-wide to accomplish these goals. Specifically, as of November 2015, of the 8 components and headquarters, 5 are planning to implement both PALMS's learning and performance management capabilities (3 of which have already implemented the learning management capabilities—discussed later), 2 are planning to implement only the learning management capabilities, and 2 components are not currently planning to implement either of these PALMS capabilities, as illustrated in figure 2.

Figure 2: Components Planning to Implement the Performance and Learning Management System (PALMS), as of November 2015



Source: GAO analysis of data provided by U.S. Department of Homeland Security (DHS). | GAO-16-407T

<sup>a</sup>U.S. Immigration and Customs Enforcement officials stated that, before they will decide whether to implement PALMS's performance management capabilities, they are waiting for the vendor to demonstrate that all requirements have been met—which is expected to occur by the end of February 2016.

<sup>b</sup>According to Transportation Security Administration officials, as of January 2016, the administration was in the process of conducting its fit-gap analysis to determine whether it will implement PALMS's learning and/or performance management capabilities. Officials expected the fit-gap assessment to be completed by the end of March 2016.

Officials from the Federal Emergency Management Agency, U.S. Immigration and Customs Enforcement, the Transportation Security Administration, and the U.S. Coast Guard cited various reasons for why their components were not currently planning to fully implement PALMS, which include:

- Federal Emergency Management Agency and U.S. Immigration and Customs Enforcement officials stated that they were not currently planning to implement the performance management capabilities because the program had experienced critical deficiencies in meeting the performance management-related requirements. Federal Emergency Management Agency officials stated that they do not plan to make a decision on whether they will or will not implement these performance management capabilities until the vendor can demonstrate that the system meets the agency's needs; as such, these officials were unable to specify a date for when they plan to make that decision. U.S. Immigration and Customs Enforcement officials also stated that they do not plan to implement the performance management capabilities of PALMS until the vendor can demonstrate that all requirements have been met. PALMS headquarters officials expected all requirements to be met by the vendor by the end of February 2016.
- Transportation Security Administration officials stated that they were waiting on the results of their fit-gap assessment<sup>21</sup> of PALMS before determining whether, from a cost and technical perspective, the administration could commit to implementing the learning and performance management capabilities of

the agency's performance management requirements for Reservists, which are a type of incident management responder, hired as temporary, intermittent employees.

<sup>21</sup>Before implementing PALMS, each component is completing a fit-gap assessment to, among other things, identify any requirements and critical processes that cannot be met by the preconfigured, commercial off-the-shelf system. If such component-specific requirements are identified, the component must then decide whether to have the vendor customize the system.

PALMS. Administration officials expected the fit-gap assessment to be completed by the end of March 2016.

- U.S. Coast Guard officials stated that, based on the PALMS schedule delays experienced to date, they have little confidence that the PALMS vendor could meet the component's unique business requirements prior to the 2018 expiration of the vendor's blanket purchase agreement. Additionally, these officials stated that the system would not meet all of the Coast Guard's learning management requirements, and likely would not fully meet the performance management requirements for all of its military components. Due to the component's uncertainty, the officials were unable to specify when they plan to ultimately decide on whether they will implement one or both aspects of PALMS.

As a result, it is unlikely that the Department will meet its goal of being an enterprise-wide system. Specifically, as of November 2015, the components estimate 179,360 users will use the learning management capabilities of PALMS (not the 309,360 expected, if fully implemented), and 123,200 users will use the performance management capabilities of PALMS (not the 217,758 expected, if fully implemented).

Of the 7 components and headquarters that are currently planning to implement the learning and/or performance management aspects of PALMS, as of December 2015, 3 have completed their implementation efforts of the learning management capabilities and deployed these capabilities to users (deployed to U.S. Customs and Border Protection in July 2015, headquarters in October 2015, and the Federal Law Enforcement Training Center in December 2015); 2 have initiated their implementation efforts on one or both aspects, but not completed them; and 2 have not yet initiated any implementation efforts.

As a result, PALMS's current trajectory is putting the Department at risk of not meeting its goals to perform efficient, accurate, and comprehensive tracking and reporting of training and performance management data across the enterprise; and consolidating its 9 learning management systems down to 1. Accordingly, until the Federal Emergency Management Agency decides whether it will implement the performance management capabilities of PALMS and the Coast Guard decides whether it will implement the learning and/or performance management capabilities of PALMS, the Department is at risk of implementing a solution that does not fully address its problems. Moreover, until DHS determines an alternative approach if one or both aspects of PALMS is deemed not feasible for U.S. Immigration and Customs Enforcement, the Transportation Security Administration, the Federal Emergency Management Agency, or the Coast Guard, the Department is at risk of not meeting its goal to enable enterprise-wide tracking and reporting of employee learning and performance management.

We recommended that the Department establish a time frame for deciding whether PALMS will be fully deployed at the Federal Emergency Management Agency and the Coast Guard, and determine an alternative approach if the learning and/or performance management capabilities of PALMS are deemed not feasible for the Federal Emergency Management Agency, U.S. Immigration and Customs Enforcement, the Transportation Security Administration, or the Coast Guard. DHS concurred with our recommendation and stated that the PALMS program office will establish a time frame for a deployment decision of PALMS for these components.

#### PALMS PROGRAM HAD MADE MIXED PROGRESS IN IMPLEMENTING KEY IT ACQUISITION BEST PRACTICES

According to GAO's *Cost Estimating and Assessment Guide*, having a complete life-cycle cost estimate is a critical element in the budgeting process that helps decision makers to evaluate resource requirements at milestones and other important decision points.<sup>22</sup> Additionally, a comprehensive cost estimate should include both Government and contractor costs of the program over its full life cycle, from inception of the program through design, development, deployment, and operation and maintenance to retirement of the program.

However, according to PALMS program management office officials, they did not develop a life-cycle cost estimate for PALMS. In 2012, DHS developed an independent Government cost estimate to determine the contractor-related costs to implement the PALMS system across the Department (estimated to be approximately \$95 million); however, this estimate was not comprehensive because it did not include Government-related costs. PALMS program office officials stated that PALMS did not develop a life-cycle cost estimate because the program is a Level 3 acquisition program and DHS does not require such an estimate for a Level 3 program.

<sup>22</sup> GAO-09-3SP.

However, while DHS acquisition policy does not require a life-cycle cost estimate for a program of this size, we maintain that such an estimate should be prepared because of the program's risk and troubled history. Without developing a comprehensive life-cycle cost estimate, DHS is limited in making future budget decisions related to PALMS.

Accordingly, we recommended that the Department develop a comprehensive life-cycle cost estimate, including all Government and contractor costs, for the PALMS program. DHS concurred with our recommendation and stated that, by May 30, 2016, the PALMS program office will update the program's cost estimate to include all Government and contractor costs.

*PALMS's Schedule Was Incomplete and Inaccurate*

As described in GAO's Schedule Assessment Guide, a program's integrated master schedule is a comprehensive plan of all Government and contractor work that must be performed to successfully complete the program. Additionally, such a schedule helps manage program schedule dependencies.<sup>23</sup> Best practices for developing and maintaining this schedule include, among other things, capturing all activities needed to do the work and reviewing the schedule after each update to ensure the schedule is complete and accurate.

While DHS had developed an integrated master schedule with the PALMS vendor, it did not appropriately maintain this schedule. Specifically, the program's schedule was incomplete and inaccurate. For example, while DHS's original August 2012 schedule planned to fully deploy both the learning and performance management capabilities in one release at each component by March 2015, the program's September 2015 schedule did not reflect the significant change in PALMS's deployment strategy and time frames. Specifically, the program now plans to deploy the learning management capabilities first and the performance management capabilities separately and incrementally to headquarters and the components. However, the September 2015 schedule reflected the deployment-related milestones (per component) for only the learning management capabilities and did not include the deployment-related milestones for the performance management capabilities.

In September 2015, PALMS officials stated that the deployments related to performance management were not reflected in the program's schedule because the components had not yet determined when they would deploy these capabilities. Since then 2 components have determined their planned dates for deploying these capabilities, but 7 (including headquarters) remain unknown. As a result, the program does not know when PALMS will be fully implemented at all components with all capabilities.

Moreover, the schedule did not include all Government-specific activities, including tasks for employee union activities (such as notifying employee unions and bargaining with them, where necessary) related to the proposed implementation of the performance management capabilities.<sup>24</sup>

Without developing and maintaining a single comprehensive schedule that fully integrates all Government and contractor activities, and includes all planned deployment milestones related to performance management, DHS is limited in monitoring and overseeing the implementation of PALMS, and managing the dependencies between program tasks and milestones to ensure that it delivers capabilities when expected. Consequently, we recommended that DHS develop and maintain a single comprehensive schedule. DHS agreed and stated that, by May 30, 2016, the PALMS program office will develop and maintain a single, comprehensive schedule that includes all Government and contractor activities, and all planned milestones related to deploying the PALMS system's performance management capabilities.

*The PALMS Program Management Office Did Not Monitor Total Costs*

According to CMMI-ACQ and the PMBOK® Guide, a key activity for tracking a program's performance is monitoring the project's costs by comparing actual costs to the cost estimate.<sup>25</sup> The PALMS program management office—which is responsible for overseeing the PALMS implementation projects across DHS, including all of its components—monitored task order expenditures on a monthly basis. As of De-

<sup>23</sup> GAO-16-89G.

<sup>24</sup> In accordance with Title 5, Chapter 71 of the United States Code, implementing regulations and relevant Executive Order, Federal agencies are to notify their unions and offer them the opportunity to negotiate on policies and practices that would affect working conditions. As such, each DHS component must determine whether implementing PALMS would affect working conditions and, if so, notify their unions.

<sup>25</sup> CMMI-ACQ, *Project Monitoring and Control Process Area*, and the PMBOK® Guide, *Project Cost Management*.

ember 2015, DHS officials reported that they had issued approximately \$18 million in task orders to the vendor.

However, the program management office officials stated that they were not monitoring the Government-related costs associated with each of the PALMS implementations. The officials stated that they were not tracking Government-related implementation costs at headquarters because many of the headquarters program officials concurrently work on other acquisition projects and these officials are not required to track the amount of time spent working specifically on PALMS. The officials also said that they were not monitoring the Government-related costs for each of the component PALMS implementation projects because it would be difficult to obtain and verify the cost data provided by the components. We acknowledge the Department's difficulties associated with obtaining and verifying component cost data; however, monitoring the program's costs is essential to keeping costs on track and alerting management of potential cost overruns. As such, we recommended that DHS track and monitor all costs associated with the PALMS program. DHS concurred with our recommendation and stated that it plans to have the PALMS program office track and monitor all costs associated with the PALMS program by March 30, 2016.

In summary, although the HRIT investment was initiated about 12 years ago with the intent to consolidate, integrate, and modernize the Department's human resources IT infrastructure, DHS has made very limited progress in achieving these goals. HRIT's minimally involved executive steering committee during a time when significant problems were occurring was a key factor in the lack of progress. Moreover, DHS's lack of use of program management best practices for HRIT and PALMS also contributed to the neglect this investment has experienced.

Implementing our recommendations is critical to the Department addressing its fragmented and duplicative human resources environment that is hindering the Department's ability to efficiently and effectively perform its mission.

Chairman Perry, Ranking Member Watson Coleman, and Members of the subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions that you may have.

Mr. PERRY. Thank you, Ms. Cha.

The Chair now recognizes Mr. Fulghum for his opening statement.

**STATEMENT OF CHIP FULGHUM, DEPUTY UNDER SECRETARY FOR MANAGEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. FULGHUM. Chairman Perry, Ranking Member Watson Coleman, distinguished Members of the committee, thank you for the opportunity to be here today.

I had a written statement that I was ready to read to you, but I have dispelled with that and we will just get right down to what I believe the 4 basic issues are here.

First and foremost, I agree with GAO. We agreed with every recommendation and we appreciate the work that they have done on this program to continue to help make the Department stronger.

We have already implemented many of the recommendations as the audit was on-going. I and the under secretary for management are accountable for seeing them through.

Second, clearly there is missed opportunity here. There is no doubt about it, she has documented that, we agree with that. It was an aggressive schedule, not fully baked-out requirements as well as some poor documentation. But we did, and I want to underscore this, we did deliver capability.

Since 2009, we have spent \$90 million on this program. Here is what we got for that \$90 million: We got an access business intelligence tool that is critical to better analysis and decision making in the Department. We have spent \$18 million on PALMS to get

it up and running. We have a medical case management system for Workmans Compensation to help process cases faster.

We have spent \$10 million on a balanced workforce tool that will allow us to make better decisions when looking to whether to insource or outsource a particular function. All the while while we were continuing to sustain programs that we had previously invested in with the money that we have received.

Two years ago, we made an evaluation of the overall HRIT program and we decided to stop the overall program to focus on PALMS. But let me be clear, we did not document that well and we did not particularly as it relates to the ESC.

However, we had regular engagements with key members of the ESC, to include the CPO of the Department, the chief information officer, the chief financial officer, as well as the chief human capital officer, to focus on making sure we delivered PALMS successfully. That program is now being implemented across the Department. By the end of fiscal year 2016 we will either have it implemented or a decision made on the remaining components.

Fourth, moving forward, an Acquisition Review Board was held in December and directed the following actions. First of all, we have moved the program from the chief human capital officer to the chief information officer, with a new chief acquisition executive as well as new program management.

We have reinvigorated the ESC; I attended the first one myself and gave the ESC clear direction on what our expectations are moving forward. We have already had a second one. I believe that body met yesterday.

We plan to re-baseline and reevaluate the road map and the strategy that was outlined by GAO. We will then work through the ESC to the Joint Requirements Council to make sure we are solving the right problems and making sure that we are solving them in a way that best meets the mission of the Department. We will also have quarterly Acquisition Review Board reviews of this program.

Finally, I am confident that we have the right leadership in place, in particular with the lady sitting beside me, to get this program on the right track to solve her needs and the Department's needs.

We will do that by building on what we have done, leverage technology and best practices throughout the Department, better business intelligence, consistent data management and smart, integrated consolidation where it makes good business sense.

Thank you, and I stand ready to answer your questions.

[The joint prepared statement of Mr. Fulghum and Ms. Bailey follows:]

JOINT PREPARED STATEMENT OF CHIP FULGHUM AND ANGELA BAILEY

FEBRUARY 25, 2016

Chairman Perry, Ranking Member Watson Coleman, and other distinguished Members of the subcommittee, thank you for the opportunity to appear today to discuss the Human Resource Information Technology (HRIT) program at DHS. My comments will focus on our progress in addressing GAO's recommendations on HRIT.

We wish to express appreciation to our colleagues from the Government Accountability Office (GAO) for their long-standing and dedicated work in support of

strengthening management functions at DHS. Over the past several years, we have forged an excellent working relationship with GAO and have reached common ground on many issues.

In April 2015, I testified before this committee, noting that the Department has worked diligently to improve its acquisition processes. These efforts have produced more effective governance and significant improvements to the future and health of current acquisitions. I also noted that the Acquisition Review Board (ARB) has increased its oversight reach and has taken action to cancel or pause several poor-performing or higher-risk programs that were not achieving the pre-established cost, schedule, and performance goals.

We have continued our progress since April 2015, holding 27 action-oriented acquisition review boards for major acquisition programs. As of December 31, 2015 all major acquisition program documentation was approved, fully addressing GAO High Risk Outcome No. 1. Moreover, the Acquisition Management Directive, revision 03 of MD 102-01, was signed by the Under Secretary for Management on July 28, 2015. This revision was updated to include critical touch points to the Secretary's Joint Requirements Council.

It is now almost 1 year later and our work to increase oversight continues to yield key decisions based on the performance of programs. This includes our decision to pause the HRIT Executive Steering Committee's management and oversight of the HRIT investment in order to address challenges associated with the Department's effort to deploy a centralized Performance and Learning Management System (PALMS). As noted by GAO, DHS agrees that very little progress has been made in implementing the HRIT investment in the last several years beyond the focus on the PALMS implementation.

On January 15, 2010, DHS established an executive steering committee that included all DHS components, led by the OCIO and OCHCO, to rationalize legacy human resource processes and systems into a common, Department-wide architecture. At that time, DHS prohibited spending to enhance existing human resource systems or to purchase new human resource solutions unless approved by the OCIO and the OCHCO. The newly formed Executive Steering Committee (ESC) approved the long-term strategic plan for HRIT through a Human Capital Segment Architecture (HCSA) study, completed in 2011. The HRIT program, under the guidance of the ESC, delivered a user-friendly interface with the National Finance Center's (NFC) payroll/personnel system for processing personnel actions, such as promotions and awards with "EmpowHR", a time and attendance system with "webTA", payroll services with the deployment of "National Finance Center Corporate", and an electronic official personnel file system called "eOPF". Additional solutions delivered under the ESC guidance includes a Balanced Workforce Assessment Tool, the Medical Case Management System, the data management Human Capital Analytics Intelligence system (AXIS) and an enterprise learning management system called Performance and Learning Management System (PALMS).

PALMS was established to consolidate 9 component-based learning management systems and to integrate employee performance management requirements into a single Department-wide solution. During the deployment of PALMS in the fourth quarter of 2014, DHS Chief Information Officer Luke McCormack asked to slow down implementation in order to address unexpected challenges with the contract to buy this capability as a service. I concurred with the OCIO's decision to remediate the PALMS implementation issues, in order to lower the risk and associated costs of an implementation that was not on track to meet the Department's needs. During this slow down, the HRIT program management office addressed concerns with the initial operating capability meeting the requirements of the program and worked with the Office of the Chief Procurement Officer to ensure timely and effective delivery. DHS withheld payment from the vendor until requirements were achieved, and DHS executed no-cost extensions until contract requirements were met, providing several cure notices to the vendor due to non-performance.

Since addressing the challenges that caused the slowdown, the training portion of the PALMS system has been successfully deployed: At Customs and Border Protection in July 2015; for DHS Headquarters components in October 2015; and most recently at the Federal Law Enforcement Training Center (FLETC) in December 2015. In total there are over 350,000 learning management system course completions. U.S. Citizenship and Immigration Services and Immigration and Customs Enforcement are scheduled for deployment in the third quarter of fiscal year 2016 and the U.S. Secret Service is scheduled for deployment in the fourth quarter of fiscal year 2016. The Transportation Security Administration, Federal Emergency Management Agency, and the U.S. Coast Guard are performing their analysis and are on schedule for an implementation decision by April 30, 2016.

DHS has moved forward with implementing the performance management capabilities in PALMS, conducting an initial pilot within DHS OCIO. Barring any unforeseen challenges in meeting the requirements, this portion of the project remains on track for implementation.

DHS agrees with GAO's 14 recommendations to strengthen and improve HRIT and had already begun to take corrective actions to address the program's management, oversight, and progress. In their report, GAO noted that during the 2014 and 2015 period, the oversight and management of the overall HRIT portfolio of programs and strategic improvement opportunities became a secondary focus and suffered. During this period, opportunities for further consolidation and efficiency were not addressed. DHS agrees more could have been done to provide oversight of the HRIT program during the 2014 and 2015 period. Between 2010 and 2016, the annual appropriated funding to continue work on strategic improvement declined. This decline was due in part due to a poor budget justification leaving only \$7.778 million in fiscal year 2016 which is only sufficient to cover the implementation of PALMS as currently defined.

Recognizing the challenges in the investment/program, I convened an Acquisition Review Board on December 22, 2015, to begin to provide an enhanced focus on HRIT. On January 21, 2016, the under secretary for management issued an Acquisition Decision Memorandum (ADM) that initiated several actions, the first of which was to move the oversight of the HRIT investment from the OCHCO to the OCIO which occurred on January 29, 2016. The second major action was to reestablish the Executive Steering Committee (ESC), which met on February 4, 2016.

OCIO is working closely with OCHCO, through the ESC and under the guidance of the DHS Acquisition Review Board, to ensure the investment continues to address the remaining ADM actions and to deliver the fundamental goals of the HRIT program.

The HRIT ESC will work to ensure the original intent of the 2011 Human Capital Segment Architecture (HCSA) study is: (1) Still valid/supported through the Joint Requirements Council; and (2) implemented to optimize HRIT capabilities to support efficient human resources processes across DHS. In this regard the focus is on: Improving the transparency, accountability, and efficiency of HRIT services; strengthening and unifying our ability to collect and share actionable enterprise HR information in support of DHS's mission; and enhancing operational support for enterprise human resources systems and service delivery across DHS.

Continuing the HRIT investment is critical to reducing redundancies and increasing the efficient and effective functionality of human resources systems across the Enterprise. We appreciate GAO's insight into this investment and are working to strengthen oversight for HRIT.

Mr. PERRY. Thank you, Mr. Fulghum.

The Chair now recognizes Ms. Bailey for her opening statement.

**STATEMENT OF ANGELA BAILEY, CHIEF HUMAN CAPITAL OFFICER, U.S. DEPARTMENT OF HOMELAND SECURITY**

Ms. BAILEY. Good morning, Chairman Perry, Ranking Member Watson Coleman, and distinguished Members of the subcommittee, thank you for the opportunity to appear today to discuss human resources information technology at the Department.

To underscore what the deputy under secretary said, the under secretary, deputy under secretary, chief information officer and I are committed to undertaking concrete steps to address the Human Resource Information Technology Program management oversight and progress.

As I stated in my recent response to Congressman Thompson and Ranking Member Watson Coleman, my office is working very closely with the Office of the Chief Information Officer. Effective January 29, the under secretary for management directed the realignment of resources and placement of operational control and program oversight of HRIT management functions under the CIO, to include detailing HRIT personnel to them.

This realignment was essential for the Department to address 12 of the GAO's 14 recommendations concerning management of the HRIT investment schedule, budget, cost, risk, and strategic investment opportunities.

In addition, the direction of the under secretary for management, the chief information officer and I co-chair the quarterly meetings of the HRIT Executive Steering Committee which last met on February 4 and just yesterday.

I want to stress that while we have a requirement to meet quarterly, the CIO and I are committed to meeting as often as necessary. Right now, we believe that is pretty much every other week.

At these meetings, the group, the very first meeting we had, we discussed the GAO's recommendations, a time line to revise the ESC's charter, initiated a review of the current and the future strategic investment opportunities, discussed the challenges and next steps in the on-going roll-out of the Department's leading HRIT investment, which is PALMS, and working through the HRIT ESC and under the guidance of the DHS Acquisition Review Board and the DHS Joint Requirements Council. We will continue to address the remaining actions in the GAO report to ensure DHS meets the fundamental goals of the HRIT investment.

We clearly have work to do and we are leaning forward to implement 2 of our top priorities, which is data management and business intelligence strategies that we believe actually will make a difference. We are going to do so by solving the right problems of today, and that means a re-validation of our original blueprint and architecture, going back and making sure that it actually is solving what problems we are facing today, as well as having an eye towards the integration of systems and leveraging what already exists.

I thank you for your leadership and your continued support of the Department of Homeland Security and its management's programs. I look forward to working together and shaping the future and success of DHS.

I am happy to answer any questions you may have.

Mr. PERRY. Thank you, Ms. Bailey.

The Chair now recognizes himself for 5 minutes of questioning.

Ms. Cha, is HRIT one of the most mismanaged, highest-risk IT programs in the Federal Government? If so, how long has it been designated as such?

Ms. CHA. Mr. Chairman, we have identified HRIT as one of the top 10 major IT programs across the Federal Government in need of most attention. We did this and we designated this as such as part of our latest GAO High-risk Update, which was issued February of last year.

Mr. PERRY. February of last year?

Ms. CHA. That is correct. That was based on the findings that we were identifying through the current audit that we were doing for you.

Mr. PERRY. Okay.

Mr. Fulghum, DHS has transferred responsibility for HRIT back and forth between Office of the Chief Information Officer and Office of the Chief Human Capital Officer multiple times. I know Ms.

Bailey just went through it. Specifically in 2003, OCHCO was assigned responsibility, we call that the OCHCO, it was transferred to the OCIO in 2004, it was shifted back to the OCHCO in 2009, and as of this month that responsibility is back with the OCIO.

What the hell is going on over there? I mean, is this like, you know, hot potato, nobody wants to deal with this thing? Why is it going to be any different now than it has been these other times?

Mr. FULGHUM. So here is what I will say. First of all, we have got what I believe is the right leadership in CIO in terms of the information technology expertise that they have.

They have demonstrated the ability to turn around programs like this in the past, while at the same time her job is to make sure that they are doing the right thing from a requirements perspective to, as she said, solve the right problems.

Mr. PERRY. So did we not have the right leadership before or the capability? She is 2 weeks on the job, right?

Mr. FULGHUM. Right.

Mr. PERRY. Okay. So what was—

Mr. FULGHUM. But she has got 35 years of experience.

Mr. PERRY. I understand. But what was happening before she showed up? Because Ms. Cha said this has been identified for over a year now.

Mr. FULGHUM. So what I would tell you, for the past 2 years what we have been focused on and focused on solely is delivering PALMS. We stopped the investment, any new investment in the rest of that portfolio to focus on PALMS.

As I think she noted, we have had program management turnover, which has not helped the problem, but we have got the right program management in there now. If we can sustain them by keeping them there, we will make progress. I am confident of that.

Mr. PERRY. All right. Let me carry on here a little bit. In 2010, the DHS Office of Inspector General, the OIG, reported that DHS made limited progress on the Human Resource Information Technology, HRIT, investment because of, among other things, a lack of commitment from DHS's components.

Now GAO is reporting that HRIT has failed because of a lack of commitment by DHS oversight officials after almost 13 years. This has been a long time.

You served at the command level, you are an O-6, you are in the business of issuing orders and executing and accountability. A lack of commitment.

So you have got 22 directorates that are working underneath you, right, and you say this is our program. We have just asked the United States Congress, the taxpayers to pay \$180 million to roll this thing out, bring everybody in, and somebody says we are not going to do it, right, that is a lack of commitment, or they just kind of slow roll it.

You have been there for, what, 3 years and about 5 months or something, about 3½ years, is that right, in this position?

Mr. FULGHUM. I have been in this position for a little less than a year.

Mr. PERRY. Little less than a year, but prior to that you have been—

Mr. FULGHUM. I was a part of the Department.

Mr. PERRY. You have been part of even the budget process and so on and so forth, right?

Mr. FULGHUM. Yes, sir.

Mr. PERRY. There is no lack of commitment, you issue orders. If you don't want to commit to it, go get another job, right? This is taxpayers' money. We don't just send \$180 million to 22 different directorates and say, hey, knock yourself out, I hope you come back with something.

I looked at the schedule from the GAO here. Page 1, essentially the first page past the opening, 1 through 14, completion expected, current expected completion date, 1 through 14 out of 1 through 15, 1 through 14 unknown.

Sir, you have issued suspenses, time on target. I don't need to go through this with you. But you know what is expected. Why is there a lack of commitment? How does that happen? Who says no and gets away with it? Tell me, I really want to know.

Mr. FULGHUM. So what I will tell you is that at the ESC that we just had, there was very clear direction given and I expect that that will be carried out.

Mr. PERRY. Well, for the love of God, Mr. Fulghum, this is like 10 years on, \$180 million pissed away. Really?

Mr. FULGHUM. I would again go back to what I said in my opening statement about the \$90 million we have spent. It was not pissed away.

Mr. PERRY. I have got 14 out of 15 no known time when it is going to be complete.

Mr. FULGHUM. What I would say to that is, No. 1, we poorly documented the work we have done. If you go look at the blueprint and you go look at the SIOs and the recommendations, many of those are about process, policy, and training, much of which we have done, we just didn't document it.

Mr. PERRY. Well, we will see what GAO says throughout the course of this, but I suspect they might differ.

But with all due respect, we will move on. I am past my time, so the Chair now recognizes Ms. Watson Coleman from New Jersey.

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

I want to talk about the Steering Committee, or the ESO?

Mr. FULGHUM. ESC.

Mrs. WATSON COLEMAN. ESC, because Ms. Cha's recommendation is that that committee convenes on a monthly basis.

Ms. Bailey, you indicated that the proposal is to meet every 3 months.

It seems to me that part of the issue with the failure to implement and document is that whatever entity was overseeing this was not holding anybody else accountable to whatever the time frame should have been.

It would seem to me that since things are so critical right now, you would want that entity to be much more aggressive, much more interactive, much more meeting more regularly and then having a discussion down the line as to who is not doing what and when they can expect to have it. Because it seems to me that there has been tremendous lack of, Chairman said, commitment, I am saying minimal accountability.

So why are you proposing 3 months when GAO is proposing a monthly meeting and oversight?

Ms. BAILEY. I am actually—I want to correct something if I misspoke earlier. I am not trying to propose a quarterly meeting. It is just that was the minimum requirement that was actually identified I think in the acquisition decision memorandum.

However, the CIO and I have absolutely agreed that we need to meet far more often. In fact, we have already met twice. The CIO and I talk almost daily. In fact, yesterday after the ESC meeting we had a follow-on meeting with regard to the status and implementation of PALMS specifically.

So you have my commitment that we are——

Mrs. WATSON COLEMAN. You two are the co-chairs of the committee, right? Of the——

Ms. BAILEY. Myself and the CIO.

Mrs. WATSON COLEMAN. Yes.

Ms. BAILEY. Yes.

Mrs. WATSON COLEMAN. Then who else is on that, how many other people?

Ms. BAILEY. We have all of the components.

Mrs. WATSON COLEMAN. Meaning?

Ms. BAILEY. CHCOs, CIOs, and the chief learning officers, because sometimes they are not necessarily within the CHCO office. So we have full representation of both the CIO community and the CHCO community.

Mrs. WATSON COLEMAN. So after your discussions, your meetings, what is it that happens as a result of that, that something gets translated down, some accountability is shared through the system?

Ms. BAILEY. Yes, absolutely. One of the first things that we do is we take minutes of everything that we have discussed. We have a complete action plan. We go through it and we make sure that every milestone, on a weekly basis, we go through and identify which particular milestones that are due that week, what is due the following week, what challenges and barriers do we have, what do we need from a resource commitment, where do we need to go from an acquisition strategy and what is the smartest way to go about this from an IT standpoint?

So between the two offices we have, it is clearly identified that we are both—I want to make sure that everybody understands this. This is not a hand-off of the CHCO community just over to the CIO and we wash our hands of it. We still within the H.R. community have a fundamental responsibility to make sure that whatever it is that we are doing, that we are asking the IT, the CIO to deliver, actually delivers and solves the right problem on behalf of the H.R. community. We are not relinquishing that responsibility whatsoever.

Mrs. WATSON COLEMAN. I wasn't suggesting that you were relinquishing anything. My concern is whether or not there is follow-up and accountability.

Ms. BAILEY. Absolutely.

Mrs. WATSON COLEMAN. Because it seems to me that for a number of years you all have been doing—I am not suggesting that this is not a very busy department with very serious mandates, but it

just seems to me that this is so vitally important to ensuring that there is consistency and that you have what you need and you need what you have and you know what you have to go after. You have not sort-of met that mandate.

I want to speak to this whole issue of the Performance and Learning Management Systems.

Because, Mr. Fulghum, you suggested in your remarks that this was implemented across the Department. In some of my briefing materials, there was an indication that there were certain components which were resistant to using this.

So my question is: Is this something that should be uniformly applied across the Department because it ensures consistency and certain standards? And (B), what is it that we plan to do or you plan to do to ensure that it is followed through on at the component level?

Mr. FULGHUM. Okay, a couple of things. I may have misspoke, I want to be clear about what I said about PALMS. PALMS is not implemented across the Department, so I want to be clear about that.

We have a schedule for several components to come on-board by the end of the fiscal year. There are, I think, 3 components left that need to make a decision whether PALMS makes sense for them, from both an operational perspective as well as from a business perspective. We plan to have that done by 30 April.

Mrs. WATSON COLEMAN. So if they decide that it doesn't work for them, do they get to do something entirely different?

Mr. FULGHUM. It is not them deciding, it is the Department looking at what their unique operational needs are as well as their business needs and then the Department making a determination as to whether or not they use the system or not.

Mrs. WATSON COLEMAN. What is the goal of PALMS? What is it that why would you want this Performance and Learning Management Systems? What does it tell you or provide you?

Mr. FULGHUM. So it provides a platform to provide education and training courses throughout the Department. The performance management piece is really about automating that process of documenting performance appraisals, the whole performance management.

Mrs. WATSON COLEMAN. So my time is expired, but it just seems to me that I don't understand how a Department could determine that something that raises these issues and answers these questions wouldn't be applicable to their needs.

Thank you, Mr. Chairman.

Mr. PERRY. The Chair thanks the gentlelady.

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

Mr. LOUDERMILK. Thank you, Mr. Chairman.

I will tell you, I am very concerned here from coming from several backgrounds. I was Air Force as well, worked in the intelligence community, had an SEI security clearance when I was a young man.

But I also spent 30 years in the IT sector. There are several aspects of this report that are gravely concerning to me. I have so many questions, I really don't even know where to start.

But based off Ms. Watson Coleman's question, I would like to kind of continue that thought on PALMS.

You said that PALMS is an education and training system, is that correct?

Mr. FULGHUM. It provides education and training courses.

Mr. LOUDERMILK. Is that the extent of it?

Mr. FULGHUM. That is a piece of it, yes. It also tracks the training that has been completed, things of that nature, yes.

Mr. LOUDERMILK. Why did you prioritize PALMS as the project to focus on? When you read the report, of all the other issues, several of which, from looking at it from this report, PALMS would probably, in my estimation, be the least critical of those systems, why did you prioritize PALMS?

Mr. FULGHUM. We believed it was important to the Department to get a consistent approach to how we delivered education and training.

Mr. LOUDERMILK. So you felt that was more important than actually knowing who is an employee of the Department of Homeland Security?

As I read the report here, it says that really the dysfunction of what you have is that your fragmented and outdated human resource systems, you can't even actually track who is—you don't have accurate information on who is employed, who is working for the Department of Homeland Security.

You saw that PALMS, though, was more important than addressing those issues.

Mr. FULGHUM. So I would say a couple of things. No. 1, that is why we are re-validating the framework and the strategy going forward, and we are going to do that very rapidly.

No. 2, I still believe PALMS was important, yes.

Mr. LOUDERMILK. Okay, but it is more important than actually knowing details of who is current in Department of Homeland Security?

Mr. FULGHUM. So I think that is more about access than it is about knowing who is in the Department. We know who is in the Department. I am not quite following you.

Mr. LOUDERMILK. Okay, well, let me shift a little. Let me read what the report says. For example, the Department of Homeland Security reported that it did not have information on all its employees, which reduced its ability to manage its personnel, and this is the part that concerns me the most, or deploy the right people to meet a particular mission.

Now, that tells me you don't have all the information that you need about someone.

Mr. FULGHUM. So I think what we are talking about is access to that information. One of the things that HRIT did deliver was business intelligence, so that regardless of the system that you have out and the components, you have the ability to pull that information out.

It is not fully developed yet, but it does provide us capability. We have got to continue to build out that business intelligence capability to pull out the information we need.

One of the things I would like to say, as far as systems go and consolidation of systems, we have done that in the Department be-

fore where we have tried to go build what I call big-bang systems. We did it in financials, we tried it twice with financial systems. It didn't work.

What we have determined is that we need to consolidate where we can consolidate and then put business intelligence on top of it to give us the information we need, which is one of the things that HRIT did deliver in terms of the access tool that we built.

Mr. LOUDERMILK. Okay. So what you are indicating is PALMS is providing the information that you need to adequately deploy the right people to the right mission.

Mr. FULGHUM. That is not what I said. What I said was what you are talking about is about access to information.

Mr. LOUDERMILK. Right.

Mr. FULGHUM. What we need to do is build business intelligence to get to that information, which is one of the things that HRIT did deliver. That is what I was trying to say.

Mr. LOUDERMILK. Okay. I am still not sure why PALMS was the priority that you focused everything on.

One other thing. Mr. Chairman, are we going to have another round of questioning? Is that possible? Okay, I will save a couple.

But to Ms. Cha, I am also on the Science, Space, and Technology Committee, a chair of the Oversight Subcommittee, the sister committee to this. We had a hearing right after the OPM data breach, a devastating incident to our country. I asked your counterpart, if he was to rate the cybersecurity risk or just rate what the Federal Government's current security status is on an elementary school grading level, what would you give the Federal Government, and his response was D minus.

One of the reasons was because of fragmented systems, multiple management and no one being in control. What would you, just from what you know, rate the current status from a security standpoint of the Department of Homeland Security's IT systems?

Ms. CHA. Unfortunately, sir, I am not the best expert to provide you with that response. The scope of the review that we evaluated for HRIT was focused on the management of the program. We did not look at the security protocols or the state of security for the Department's H.R. environment or the state of DHS's IT systems in general.

Mr. LOUDERMILK. Well, let me ask you this, if I may, Mr. Chairman.

Because of the issues with the system, does DHS, because I assume that the majority of people in DHS have some level of security clearance, which gives them access to Classified information, is there a risk that someone who should not have access will have access because maybe their security has been pulled, maybe they are on disciplinary action, but because the system is nonfunctional at this point, are we at risk there?

Ms. CHA. Yes, I do believe that a risk does exist. The reason why I say that is because at this time, as I mentioned earlier, at the time that DHS identified 422 fragmented systems and applications within their H.R. environment, that study was done in 2011. Currently, DHS does not know the state of that 422-system inventory.

So until the Department updates that inventory, it could be more, it could be less. But until they get a full handle of the total number of systems in that inventory, a risk exists.

Mr. LOUDERMILK. Thank you, Mr. Chairman. I yield back.

Mr. PERRY. The Chair thanks the gentleman.

The Chair now recognizes the gentleman from Louisiana, Mr. Richmond.

Mr. RICHMOND. Let me just comment that it appears that we just have an inability to get it done. I guess in my effort to figure out how we just get to progress or competency, have you all even explored the possibility of using shared services, like the National Finance Center?

Mr. FULGHUM. So we do use the National Finance Center for payroll.

Mr. RICHMOND. Well, why don't you use them for H.R.?

Mr. FULGHUM. So as a part of reevaluating the road map and strategy, that is absolutely a part of what we are going to look at, shared services where it makes sense, just like we have done in financial management.

Mr. RICHMOND. Well, how is your payroll going? Are you satisfied with the National Finance Center, how they do payroll?

Mr. FULGHUM. They do a good job.

Mr. RICHMOND. Well, they are interested in doing your H.R. I don't know if they have contacted you, but they met with me to say we don't understand why DHS won't let us do their H.R. because we think we can do it better than them, we think we can do it for a lower cost than they do it.

Now, let me—full disclosure, the National Finance Center is located in my district. They employ a bunch of people. But they do payroll for over 650,000 people in the Federal Government and now they do H.R. Everybody is happy with them.

So it would just seem to me that, look, we can try to get it right, but if we have people who do it and they are part of the Federal Government, then we might want to really look at seeing if we can't get together and figure out a way that they can help you all, because at the end of the day we just want it to work.

Whether it is the National Finance Center or someone else doesn't matter as much as the fact that it has to get done.

I would just encourage you to at least entertain the director of the National Finance Center and see if you all can't find some understanding if they can help or if they can't help. But at least what they advocate to me is that they think they can solve your problems. If they can solve your problems, then let us use them.

But I would love to hear your thoughts on it.

Mr. FULGHUM. I absolutely support the use of shared services. As I said before, that is exactly what we are doing with our financial systems modernization is leveraging the work and the systems that are in place at places like DOI. So we are absolutely open to doing that.

Mr. RICHMOND. Thank you, and I will yield back.

Mr. PERRY. The Chair thanks the gentleman.

The Chair now recognizes the gentleman from Georgia, Mr. Carter.

Mr. CARTER. Thank you, Mr. Chairman.

Ladies and gentlemen, I hope you understand why this is so concerning to us. I mean, this is very, very disturbing.

The General Accounting Office said, "The Department does not have information on all its employees, which reduces its ability to strategically manage its workforce and best deploy people in support of homeland security missions." That is from the GAO.

You can imagine how concerning that is to us, especially when we talk about internal threats. We are talking about the Department of Homeland Security. We are talking about the people that we put our faith in, that we are depending on.

Mr. Fulghum, how can the Department of Homeland Security vet effectively and identify individuals that may have links to terrorism when you don't have all the information on your employees? How can you do that?

Mr. FULGHUM. Again, I believe we are talking about access to certain information at the Department level. We have very good, solid procedures in place to vet employees.

Mr. CARTER. But do you have all the information?

Ms. Cha, what information does the Department not have on employees or not have access to? You want to talk about we have got it, but we don't have access. I don't care. I just want to know why we are not getting the job done.

Ms. CHA. Mr. Carter, the statement that you cite in our report, that particular one actually comes from DHS's own business justification for HRIT. So that is not even a GAO conclusion, that is a conclusion of the Department itself.

Mr. CARTER. So that makes it even worse.

Mr. FULGHUM. But again, that is why we built the business intelligence to get that information.

As far as the security vetting goes that goes on throughout the Department, we are confident in the procedures that we have in place and the vetting procedures that we use, which includes the security clearance process.

Mr. CARTER. All right. Well, tell me what information you are lacking on employees. Are you lacking any information or do you not have access to any information? I want to leave today assured that you can tell me that we don't have any internal threats from any of our employees. Are you going to be able to do that?

Mr. FULGHUM. So the specifics of what information we are lacking that was cited back in that report, I am not familiar with. That said, what I will say is the following, again, that I believe we have very solid, secure procedures and processes in place to vet employees.

Mr. CARTER. So you are assuring me that we will not have any internal threats as a result of us not having information on employees.

Mr. FULGHUM. Sir, what I am assuring you of is that we have the best procedures we can in place. That is what I am assuring you of.

Mr. CARTER. But that is not what we are getting in this report here. What we are getting is that you have got fragmented systems and that you are not utilizing everything you could be utilizing. Am I wrong? Am I reading this wrong?

Mr. FULGHUM. What you are reading is is that we have got more work to do in terms of making smart business—

Mr. CARTER. You know what the problem is with that? We haven't got time. We need it and we need it now.

Mr. FULGHUM. We agree with you.

Mr. CARTER. Okay, all right. Let me shift real quick. Let me ask you, when you were developing the HRIT, at any point, did any senior management get any kind of bonuses?

Mr. FULGHUM. Sir, I don't have that information.

Mr. CARTER. Any of you all know? Do you all know if anybody got bonuses as a result of this? Anybody know? I am looking for volunteers.

Mr. FULGHUM. Bonus information of senior executives is publicly available. We can certainly get that.

Mr. CARTER. Well, can you get that for me? Because I would sure like to know.

Mr. FULGHUM. Yes, sir.

Mr. CARTER. Well, if you can, I sure would appreciate it.

You know, look, guys, this is serious, this is really serious. I hope you all understand how serious it is. We are depending on you. People are depending on us and we are depending on you.

Mr. Chairman, I yield.

Mr. PERRY. The Chair thanks the gentleman.

The Chair now recognizes himself. I have just got a few more to wrap up and then we can if Mr. Loudermilk and Mrs. Watson Coleman have some more.

The DHS initially estimated that HRIT would cost \$120 million according to what I have got here. Congress has appropriated at least \$180 million, which is another issue in and of itself, right? They asked for \$120 million, you get \$180 million. I am not here to defend that.

But how much at this point does DHS estimate the cost to be, do you know?

Mr. FULGHUM. So that is exactly why we are doing a life-cycle cost estimate to make sure we get it right.

Mr. PERRY. So we don't know right now, but I suspect at some point somebody is going to be asking for more money for this, right? How many years on are we?

Mr. FULGHUM. So that is what, again, that is what we are going through right now to make sure we do it smartly and as quickly as we can. But a key piece of that will be the life-cycle cost estimate that we are going to do.

Mr. PERRY. When will that be done?

Mr. FULGHUM. By the end of this year.

Mr. PERRY. The end of the fiscal year or the calendar?

Mr. FULGHUM. End of the fiscal year.

Mr. PERRY. So by the end of September, you are going to know what the actual cost is.

Mr. FULGHUM. We are going to know what the estimated cost is to move forward, yes, sir.

Mr. PERRY. You know that our National debt is \$19 trillion right now, right? You know this?

Mr. FULGHUM. I am aware of that.

Mr. PERRY. We have got about somewhere, some people estimate \$200 trillion in unfunded liability. Now, I am privileged to serve on this committee. You know, I hear the Secretary saying that his legacy is going to be of improved management.

But from this hearing to the last one to the one before, we don't know how many vehicles we have got, we have got too many vehicles, we can't track their mileage without asking them through programs and so on and so forth.

Now, quite honestly, I just don't see it. But you can make the claim, I suppose, but I don't see things that have improved. There has been a long time getting here.

I will tell you this, sir, I do appreciate your service. You know, you folks are operating at the Senior Executive Service level or the Executive schedule. We demand your leadership if you are going to be paid for it. Leadership requires making hard decisions, hard choices, and making people accountable.

We don't, I certainly don't deign to understand the intricacies of what you have got to do. I kind-of get that vibe from Ms. Bailey, like you are asking questions you don't understand how hard this is.

I hate to put it this way. We don't care how hard it is, right? You wanted the job, you got the job. Congress has appropriated the money and we demand the results, right? The taxpayers, the poor folks are out there working everyday trying to put their kids through college and pay a mortgage and we don't have \$180 million to throw down the tank and having nothing really appreciable to show for it.

When I say I don't deign to know your business, I don't. But the GAO does and they have given us these recommendations in this report and they countervail most of what you tell us except for what you have been working on recently, because they have been babysitting.

We don't hire people in the Senior Executive Schedule to be babysat. You are the leaders, you are the heavies. We hire the heavies to get things done, not to come in here and—you don't want to be here and I don't want to be here, but I have got a feeling that if I am in Congress in a couple of years and you are in your position for a couple more years, we are going to be right back here with the same problem. That is the feeling I have got and I don't want to have that feeling.

With all due respect, you haven't given me any confidence in your testimony today that anything is really going to change. Right? I hope I am wrong.

I would say this. At a time of great need and reduced budgets because there is reduced income, we have got a 2 percent economy, when you come back and ask for more money and people vote against your budget, you think about this hearing and think about what we did here today and the answers you gave us and ask yourself, if you were in my position to take money out of the pockets of the people that you live around and give it to you and this organization that has done this with it, what would you vote?

I want you to think about that. Then, you know, look, I am not here to scold you, sir, you are a grown man, right? But this is our job and we have got to beseech you about the importance of this,

the gravity of this, the security concerns that we have, the financial concerns we have.

This isn't just going to work today and, well, you know, I am going to take it as far as I can and the next poor slob will get the job and hopefully he can take it to the next level. You have a commitment that you have made. If you can't get the job done, we have got to find somebody that will.

With that, I yield to Mrs. Watson Coleman.

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

I really do get the sense that there is a wake-up call here and that we recognize how important it is to standardize, document, and move forward with this.

I think that the ESC is vitally important in this. I am wondering what role it plays in establishing those in answer to those unknowns that we have for those 14 or 15 items that have been identified by GAO as outstanding.

So I have a two-pronged question. Is it the ESC where that information would come? And (B), when do you think you would have that information for us? Which is simply, you know, when you think these various things would be fully implemented, partially implemented or whatever.

Mr. FULGHUM. So what I would say, first of all, is yes, it is the ESC's job, but the ESC is going to take it to the Joint Requirements Council, which is one of the things or one of the bodies that Secretary Johnson initiated and you guys have passed legislation on, codifying that Joint Requirements Council, which we greatly appreciate, in the House.

So to answer your second question, we expect to take that through the ESC to the JRC by the 30th of April.

Mrs. WATSON COLEMAN. When do you think that you would have feedback back so that you could fill in those boxes in terms of—

Mr. FULGHUM. So I believe in early May we will be able to share with you and your staff exactly what the plan is moving forward.

Mrs. WATSON COLEMAN. So I really think that we are helpful to you in raising these issues and asking you to come here, because it kind-of keeps the stuff in the forefront of what you are doing. So I would be interested in the Chairman even asking Mister—is it Deyo?

Mr. FULGHUM. Deyo.

Mrs. WATSON COLEMAN. Deyo, Mr. Deyo and Mr. McCormack to come and sort-of give us progress reports at some point.

But I would also be interested in you all supplying us information as to how you are moving through these expectations and how the ESC is working with you on hopefully more than the minimum of every 3 months, so we can really understand that there is progress that is being made.

We know that you all do really important work and that this is an important Department, but we also know that there are places like TSA that have internal concerns and threats right now as it relates to employees, credentialing, recovering credentials and all. So there are very, very serious problems that exist and concerns that exist in this Department that we depend upon to keep us safe.

So I for one would be very interested in ensuring that we had more contact, more feedback, just so that we help you in your need

to make sure that the Department is accountable, being accountable on a more routine basis.

Thank you.

Mr. FULGHUM. If I could, sir?

Mr. PERRY. Yes, sir.

Mr. FULGHUM. You have our commitment that you will get it.

If I could, one more thing, sir?

Last year I sat in front of this committee and I said various things about acquisition, improving acquisition in the Department, to include making sure that every major program had documentation, that we got our system where we track investment costs for major acquisitions current and certified, and a variety of other things. I sat right here and told you we would do it.

I think that you are going to see in April that when GAO issues its report that we did a lot of those things.

When you asked me about my leadership as a can-do, get-it-done guy, I pride myself on that. When I sat here last year and said we would get life-cycle cost estimates for every one of those programs, we got them.

So when I am sitting here today telling you we are going to make progress on this, you have my word we are going to make progress on this.

Mr. PERRY. I understand. On behalf of the American taxpayer, I hope you are right, sir. I appreciate your input.

The Chair now recognizes Mr. Loudermilk.

Mr. LOUDERMILK. Thank you, Mr. Chairman.

Again, I appreciate you guys being here. I know this isn't easy, but we are in such a time in this Nation. Through history, I don't know that I have ever even read about such a time that the people of our Nation so depended on the Government for its National security, but so distrusted the Government because of things like this.

This is where we are today with a \$19 trillion debt, with \$90 million that we can't really positively go back to our constituents and say, you know, all that tax money that you paid and you couldn't buy Johnny a new pair of cleats for baseball practice, well, at least here is what happened. I can't do that.

So this is part of the concern. Representative Carter who represents the Port of Savannah which is very dependent upon homeland security adequately doing its job with the very best people there to do it, and this is our concern. It is nothing against anyone here personally. I know you have got a tremendous job to do. I appreciate your commitment to make progress.

But I could argue that this is progress because out of 15 we have completed 1. I mean, that is more progress than completing none.

When I was in the Air Force it was during the Cold War. If we needed to get an aircraft on time to support the Army, that aircraft had to be there at that time no matter what, or lives could be cost. So we did whatever it took to get an aircraft into the battlefield, in position to provide the support for our brothers and sisters who were on the ground.

The same things happened when my children were growing up. I could tell them to clean their room, but unless I gave them a deadline the room never got cleaned.

Where are our deadlines? We keep shifting, shifting, shifting. I see all these unknowns. What the American people want to see is not progress, they want to see action, they want to see these things done. What does it take?

When we get together this time next year, what are we going to be looking at?

I know, Colonel, you said that you agreed and appreciated the report by the GAO. I think in a management position of yours, that is the right approach. Yes, we need to know the things that we are doing wrong. Lord knows we have constituents that call us continually expressing their thoughts about us and Government.

But where will we be this time next year? At least give me dates, deadline dates of when these are going to be accomplished. Because when I look at some of these, such as off-boarding process, to me that is as critical as an on-boarding process.

Here is why. We had a bill that I actually passed out of this committee. It has passed the House, it is in the Senate. It was addressing a problem that we have in the Department of Homeland Security to the tune of \$380 million—\$380 million. That is how much homeland security has been spending to pay its employees to stay at home and not come to work.

Why, you have so many people that are on administrative leave, some of them for as much as 2 years. What the Department of Homeland Security said part of the problem was we don't have a good IT system. There is your money, \$380 million paying homeland security people to be at home because we have not concluded their off-boarding process. Most of them are for disciplinary action.

So if there is some frustration here, it is because we are the funnel from the American people, as I said, who rely on you, but don't trust you. That is a very bad position to be in.

So if you would like to comment I would really love to know when we are going to have some deadlines—deadlines—to get these things done.

Mr. FULGHUM. So as Angie said, that is what the ESC is doing right now. Once we get through the Joint Requirements Council on the 30th of April, in early May you will have more of that integrated schedule that you are looking for, which are deadlines, when we say we are going to deliver things by. We are going to share that with this committee.

Then, again, I will tell you this, that we are laser-focused on this effort. You have got my assurance that we are going to hold ourselves accountable and do something, take action and do something to deliver what we need to help her do her job better.

Mr. LOUDERMILK. Well, thank you.

Again, Mr. Chairman, thank you for this hearing.

I am glad to hear that, but I am not ready to trust it yet. I think that is what the American people are looking for. We need to continue this oversight.

We need to be laser-focused as they are laser-focused, Mr. Chairman.

Thank you.

Mr. PERRY. The Chair thanks the gentleman.

The Chair also thanks the witnesses for their valuable testimony, and the Members for their questions.

Members may have some additional questions for the witnesses and we will ask you to respond to these in writing.

Pursuant to committee rule 7(e), the hearing record will remain open for 10 days. Without objection, the subcommittee stands adjourned.

[Whereupon, at 11:16 a.m., the subcommittee was adjourned.]



## APPENDIX

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### QUESTIONS FROM CHAIRMAN SCOTT PERRY FOR CAROL R. CHA

*Question 1.* Mr. Fulghum’s testimony indicated that DHS made the deliberate decision to halt other HRIT strategic improvement opportunities in order to pursue PALMS. However, GAO’s report indicates that this was not the case. Please explain the discrepancy.

Answer. We agree with the Department that officials elected to dedicate a vast majority of the Human Resources Information Technology (HRIT) investment resources to the Performance and Learning Management System (PALMS) in order to address significant schedule delays and technical challenges, rather than initiating additional HRIT strategic improvement opportunities. This is consistent with our February 2016 report.<sup>1</sup> We also reported that HRIT officials explained the decision to focus primarily on PALMS was due, in part, to the investment’s declining funding stream.

We do not agree with Mr. Fulghum’s written statement that DHS made a “decision to pause the HRIT executive steering committee’s management and oversight,” in order to deploy PALMS. During the course of our review, DHS officials did not provide documentation that indicated the Department deliberately paused the HRIT executive steering committee management. On the contrary, the HRIT executive steering committee charter specifies that it is intended to be the core oversight and advisory body for all DHS-wide matters related to human capital IT investments, expenditures, and projects, which includes HRIT’s PALMS program. However, as we reported, the committee did not perform its oversight responsibilities. Specifically, the committee only met once over a 2-year period when HRIT’s only on-going program—PALMS—was experiencing significant problems (including frequent turnover in its program manager position).

*Question 2.* GAO reported that DHS made limited progress in achieving its 2 performance metrics and associated targets for the HRIT program. These included reducing the number of component-specific human resource IT systems by 46 percent and increasing the number of Department-wide HRIT services by 38 percent by the end of fiscal year 2016. However, DHS has barely made progress in meeting these goals. How realistic are these goals? What type of performance metrics or goals would better reflect DHS’s intended performance for HRIT?

Answer. To determine whether the HRIT performance metrics and associated targets are realistic or need to be updated, the Department should first implement our recommendation to re-evaluate HRIT’s strategic improvement opportunities to decide whether they are still valid and reflective of DHS’s current needs. Once this is complete, the Department should implement our recommendation to re-prioritize the improvement opportunities to determine the highest-priority areas, and determine how to move forward with HRIT, including deciding if the performance metrics are appropriate and whether updating them is necessary.

*Question 3.* GAO reported that DHS anticipates that, of the total number of users, less than half would actually use either the learning or performance management capabilities. As a result, would implementing PALMS ultimately address the problems that it is intended to address when about 200,000 users will not use either system?

Answer. According to DHS, the PALMS program was to enable enterprise-wide tracking and reporting of employee learning and performance management data across DHS headquarters and its 8 components in order to, among other things, automate paper-based performance management processes, consolidate duplicative learning management systems, and ensure consistency across the Department.

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<sup>1</sup> GAO, *Homeland Security: Oversight of Neglected Human Resources Information Technology Investment Is Needed*, GAO-16-253 (Washington, DC: Feb. 11, 2016).

However, as of November 2015, the Federal Emergency Management Agency and U.S. Immigration and Customs Enforcement were not yet committed to implementing the PALMS performance management capabilities, and the Transportation Security Administration and the U.S. Coast Guard were not yet committed to implementing either of the PALMS learning and performance management capabilities. As we reported in February, until these components implement our recommendation to determine whether they will adopt the learning and/or performance management capabilities of PALMS, the Department is at risk of implementing a solution that does not fully address its problems. Moreover, until DHS decides on an alternative viable solution for any component that deems PALMS as not feasible, the Department is at risk of not meeting its goal to enable enterprise-wide tracking and reporting of employee learning and performance management.

*Question 4.* DHS's effort to field PALMS includes implementing a commercial off-the-shelf software product that is to be provided as a service. If the system is a commercial off-the-shelf system, why is has it been so challenging to implement? To what extent did the Department properly determine the requirements for the system prior to selecting a vendor to deliver the capability?

Answer. Although PALMS was intended to provide an enterprise-wide commercial off-the-shelf system, the program experienced implementation challenges because it did not follow several key IT acquisition best practices. Specifically, DHS did not maintain a complete and accurate program schedule, or implement key risk management practices, including regularly tracking the status of its risks and mitigation efforts, and prioritizing its risks. To help DHS monitor and oversee the implementation of PALMS, and ensure that the program's attention and resources for risk mitigation are used in the most effective manner, the Department should promptly address our 5 recommendations that we made on each of these areas in our February report.<sup>2</sup>

We have not conducted the necessary work to answer the question regarding the extent to which DHS properly determined the requirements for the system prior to selecting a vendor. However, we reported that, as of November 2015, according to PALMS officials, the vendor's commercial off-the-shelf system did not meet requirements that it was expected to meet, which required the vendor to customize the system to meet those requirements. According to PALMS officials, DHS had 483 baseline requirements, 32 of which needed customizations, and 5 of these 32 requirements still needed to be fully addressed by the vendor, as of November 2015. DHS expected these requirements to be met by the end of February 2016.

#### QUESTIONS FROM RANKING MEMBER BONNIE WATSON COLEMAN FOR CAROL R. CHA

*Question 1.* Based on GAO's analysis, only 1 out of 15 improvement opportunities were fully implemented by DHS as of November 2015, specifically the HRIT intake process. Of the 14 remaining, was it reasonable for DHS to have fully implemented any the improvement opportunities by November 2015? If so, which ones? What do you believe is a reasonable time line for full implementation of the remaining 14 improvement areas?

Answer. Through DHS's extensive effort to develop the Human Capital Segment Architecture, which began in 2010 and was completed in August 2011, DHS considered it reasonable to fully implement 14 of the 15 HRIT strategic improvement opportunities within an approximately 4-year period (i.e., by June 2015). The only improvement opportunity that DHS determined would take longer than that was the End-to-End Hiring improvement opportunity, which DHS had planned to implement by December 2016 (5½ years following the completion of the architecture).

Moving forward, we believe a reasonable time line for full implementation of the 14 remaining improvement opportunities cannot be determined until the Department implements our recommendation to evaluate the strategic improvement opportunities and projects within the blueprint. Specifically, we recommended that DHS complete this evaluation to determine whether the opportunities, projects, and the goals of the blueprint are still valid and reflective of DHS's current priorities.<sup>3</sup> Once this is complete, DHS should implement an additional recommendation we made to update and maintain a schedule estimate on when it plans to implement each of the strategic improvement opportunities.

*Question 2.* GAO briefly discusses the Performance and Learning Management System or PALMS implementation at the Department. Please describe the Depart-

<sup>2</sup>GAO-16-253.

<sup>3</sup>GAO, *Homeland Security: Oversight of Neglected Human Resources Information Technology Investment Is Needed*, GAO-16-253 (Washington, DC: Feb. 11, 2016).

ment's progress in implementing the PALMS software. Are there any components in particular that are behind in its implementation plan?

Answer. PALMS is intended to provide an enterprise-wide commercial off-the-shelf system that offers performance management capabilities, as well as learning management capabilities to headquarters and each of its 8 components. As of January 2016, of the 8 components and headquarters, 5 (U.S. Customs and Border Protection, the Federal Law Enforcement Training Center, headquarters, U.S. Citizenship and Immigration Services, and the U.S. Secret Service) were planning to implement both PALMS's learning and performance management capabilities, 2 (the Federal Emergency Management Agency and U.S. Immigration and Customs Enforcement) were planning to implement only the learning management capabilities, and 2 components (the Transportation Security Administration and the U.S. Coast Guard) were not currently planning to implement either of these PALMS capabilities.

As of February 2016, the learning management capabilities had been deployed to DHS headquarters and 2 components (the Federal Law Enforcement Training Center and U.S. Customs and Border Protection). If the system was deployed to all of its expected users for these 3 organizations, approximately 110,860 should be currently using the learning management capabilities (approximately 36 percent of the total number of expected users for these capabilities).

Regarding PALMS's performance management capabilities, as we reported in February, these capabilities have not been fully deployed to any of the components or headquarters, and it was unknown when they would be fully deployed at most of the components.<sup>4</sup>

When compared to the program's original August 2012 delivery schedule (which included deploying both the learning and performance management capabilities in one release), headquarters and all of the components have experienced significant schedule slippages. For example, DHS headquarters was originally planning to implement both the learning and performance management capabilities by June 2013; however, it did not deploy the learning management capabilities until over 2 years later—in October 2015. Moreover, as of January 2016, DHS did not have a date for when it planned to fully deploy the performance management capabilities to headquarters. PALMS program management office officials attributed these slippages to multiple causes, including the vendor's commercial off-the-shelf system not meeting requirements, thereby requiring the vendor to customize the system in order to satisfy them.

As a result, PALMS's current trajectory is putting the Department at risk of not meeting its goals to perform efficient, accurate, and comprehensive tracking and reporting of training and performance management data across the enterprise; and consolidating its 9 learning management systems into 1. Accordingly, it is important for DHS to implement our recommendations to:

- establish a time frame for deciding whether PALMS will be fully deployed at the Federal Emergency Management Agency and the U.S. Coast Guard; and
- determine an alternative approach if the learning and/or performance management capabilities of PALMS are deemed not feasible for U.S. Immigration and Customs Enforcement, the Federal Emergency Management Agency, the Transportation Security Administration, or the U.S. Coast Guard.

*Question 3.* Please describe how HRIT implementation, particularly the PALMS program, fell short on IT acquisition best practices. What areas should the Department focus on to get the program back on track in the most cost-effective and efficient manner?

Answer. The Department did not fully implement several key IT acquisition practices on HRIT and PALMS. Specifically, regarding the overall HRIT investment, the Department did not:

- update and maintain a schedule estimate for implementing HRIT's strategic improvement opportunities; or
- develop a life-cycle cost estimate for the investment; or
- track all costs incurred on the investment.

Additionally, for the PALMS program, DHS did not:

- develop a complete life-cycle cost estimate for the program;
- maintain a complete and accurate program schedule;
- monitor total program costs; or
- implement key risk management practices, such as regularly tracking the status of its risks and mitigation efforts.

To get HRIT and PALMS back on track in the most cost-effective and efficient manner, DHS should promptly address our 14 recommendations that we made on

<sup>4</sup>GAO-16-253.

each of these areas in our February report.<sup>5</sup> To begin with, DHS should focus in particular on re-evaluating its HRIT strategic planning document (the Human Capital Segment Architecture Blueprint) to determine whether the improvement opportunities and goals of the plan are still valid and reflective of DHS's current priorities. DHS should also re-prioritize the strategic improvement opportunities to ensure that it is investing in and implementing the highest-priority items first. Full implementation of our recommendations will help to ensure that the overall investment receives necessary oversight and attention, and will help address the ineffective management that HRIT and PALMS have experienced to date.

*Question 4.* One area GAO attributes to the limited progress of HRIT implementation is the lack of involvement from the Executive Steering Committee. Please state for this committee how you feel the Executive Steering Committee can assist in HRIT implementation, for example, how frequently should they be meeting, how frequently should they receive status reports on the implementation, etc.?

Answer. As the HRIT investment's core oversight and advisory body, the Executive Steering Committee can assist HRIT implementation by ensuring the implementation of our 14 recommendations, such as being consistently involved in overseeing and advising HRIT and approving key program management documents, including HRIT's operational plan, schedule, and planned cost estimate.

Regarding frequency of committee meetings and status reports, consistent with DHS's guidance on oversight of high-risk investments, the committee should be meeting and receiving status reports on the HRIT investment at least on a monthly basis. DHS's Capital Planning and Investment Control Guidance specifies that high-risk investments are to be reviewed monthly. In our February 2015 High-Risk Report,<sup>6</sup> we highlighted the HRIT investment as a high-risk initiative with significant issues requiring attention.

*Question 5.* GAO lists 1 of out 15 improvement opportunities that DHS fully implemented by November 2015, the HRIT intake process. Is the Department close to full implementation on any of the remaining 14 opportunities? Of the remaining 14, which areas should DHS place primary focus?

Answer. Of the 14 improvement opportunity areas that DHS has not yet fully implemented, it has partially implemented 5 and has not yet started to work on the other 9. Officials did not know when any of these 14 improvement opportunity areas would be fully addressed. As we reported in February, DHS has been primarily focused on implementing PALMS—which aims to address the performance management improvement opportunity area—rather than initiating additional HRIT strategic improvement opportunities. Nevertheless, DHS is still far from fully implementing this improvement area, as DHS has not determined when the performance management capabilities of PALMS will be fully implemented at headquarters and at most of the components.

To determine which improvement areas DHS should focus on going forward, the Department needs to first implement our recommendation to re-evaluate HRIT's strategic improvement opportunities to determine whether they are still valid and reflective of DHS's current needs. Once the Department has completed this evaluation, it should implement our recommendation to re-prioritize the improvement opportunities to determine the highest priority areas.

*Question 6.* The Department initiated the HRIT investment in 2003. From 2003 to 2010, DHS made limited progress on the HRIT investment, as reported by DHS's inspector general. In the IG's report, 11 recommendations were made to the chief human capital officer. We are now in 2016 and still discussing shortcomings in HRIT implementation. What is the Department doing wrong? Should its focus be shifted in another area?

Answer. The Department's neglect of the HRIT investment and lack of implementation of key IT acquisition practices, including developing and maintaining a life-cycle cost and schedule estimate, have resulted in DHS making very limited progress on the investment. In particular, a key cause for the Department's minimal progress in implementing HRIT was the lack of involvement of the HRIT executive steering committee—the investment's core oversight and advisory body.

<sup>5</sup> GAO-16-253.

<sup>6</sup> Every 2 years at the start of a new Congress, GAO calls attention to agencies and program areas that are high risk due to their vulnerabilities to fraud, waste, abuse, and mismanagement, or are most in need of transformation. As part of a new entry into the February 2015 update to our High-Risk Series focused on improving the management of IT acquisitions and operations, HRIT was identified as an IT investment—among others across the Federal Government—in need of the most attention. See GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, DC: Feb. 11, 2015).

As DHS described in its business justification for the HRIT investment, limitations in the Department's human resources environment, including fragmented systems and duplicative and paper-based processes, are compromising the Department's ability to effectively and efficiently carry out its mission. As such, it is critical for the Department to maintain focus on this area and address these issues. In particular, the Department needs to make the implementation of our 14 recommendations a high priority to help the investment address the long-standing issues in DHS's human resources environment.

*Question 7.* GAO cites "unplanned resource changes" as one of the reasons for the lack of progress made in the implementation of HRIT. Please describe for the committee examples of the resources changes you are referring to. What can the Department do better to fully implement the remaining 14 improvement area opportunities in the appropriate rate of time?

*Answer.* As we reported in February 2016, DHS elected to dedicate the vast majority of HRIT's resources to implementing PALMS and addressing its problems, rather than initiating additional HRIT strategic improvement opportunities. Specifically, PALMS—which began in July 2012—experienced programmatic and technical challenges that led to years-long schedule delays. For example, while the PALMS system for headquarters was originally planned to be delivered by a vendor in December 2013, as of November 2015, the expected delivery date was delayed until the end of February 2016—an over 2-year delay. HRIT officials explained the decision to focus primarily on PALMS was due, in part, to the investment's declining funding stream. However, in doing so, attention was concentrated on the immediate issues affecting PALMS and diverted from the other goals of HRIT.

To effectively implement the remaining 14 improvement opportunity areas, DHS needs to fully implement our recommendations by taking several key actions, including:

- ensuring that the HRIT Executive Steering Committee is consistently involved in overseeing and advising HRIT,
- re-evaluating HRIT's strategic improvement opportunities to determine whether they are still valid and reflective of DHS's current needs,
- re-prioritizing the improvement opportunities as needed to determine on which ones to focus first,
- developing a complete life-cycle cost estimate, and
- updating and maintaining a schedule estimate for implementation of the improvement opportunities.

*Question 8.* Of the 8 components, 2 components are not currently planning to implement PALMS and another 2 components are only implementing one of PALMS learning capabilities. Based on your review of PALMS, is it necessary for every component to implement the program in order to achieve maximum success? What impacts, if any, will the Department see due to its lack of full participation from all the components?

*Answer.* According to DHS, the Department initiated the PALMS program to implement an enterprise-wide employee performance management and appraisal solution that is to automate the Department's primarily paper-based performance management processes. In addition, PALMS was to provide a system to consolidate 9 existing learning management systems into 1 system and enable comprehensive training reporting and analysis across the Department. Such an approach can save resources and ensure consistency across the Department.

However, as of November 2015, the Federal Emergency Management Agency and U.S. Immigration and Customs Enforcement were not yet committed to implementing the PALMS performance management capabilities, while the Transportation Security Administration and the U.S. Coast Guard were not yet committed to implementing either of the PALMS learning and performance management capabilities. As we reported, until these components determine whether they will implement the learning and/or performance management capabilities of PALMS, the Department is at risk of implementing a solution that does not fully address its problems. Moreover, until DHS determines an alternative approach if one or both aspects of PALMS is deemed not feasible for all components, the Department is at risk of not meeting its goal to enable enterprise-wide tracking and reporting of employee learning and performance management.

*Question 9.* Given the nature of the HRIT investment, explain to the committee the effect this investment's non-performance has on the capabilities and mission of the Department of Homeland Security as a whole.

*Answer.* The HRIT investment is intended to address the fragmented systems, duplicative and paper-based processes, and little uniformity of data management practices that have plagued the Department since it was first created in 2002. According to DHS, these issues with its human resources environment are compromising the

Department's ability to effectively and efficiently carry out its mission. For example, according to DHS, reporting and analyzing enterprise human capital data are currently time-consuming, labor-intensive, and challenging because the Department's data management largely consists of disconnected, stand-alone systems, with multiple data sources for the same content. Additionally, according to DHS, the Department does not have information on all of its employees, which reduces its abilities to strategically manage its workforce and best deploy people in support of Homeland Security missions.

Further, the Department's strategic planning document noted that, based on its current human resources environment, DHS, among other things,

- is unable to support enterprise reporting and has data quality issues;
- does not have enterprise-level performance information available and lacks standardized performance measures across the components;
- incurs significant costs associated with maintaining 7 different systems for personnel action requests, and loses efficiency due to duplicative data entry into multiple systems; and
- does not have a standardized approach to off-boarding at DHS and there are time lags before selected systems recognize that an employee has left DHS, which poses a risk of security infractions.

Without successfully implementing HRIT or a similar Department-wide solution, DHS will be limited in its ability to address the issues described above.

#### QUESTIONS FROM CHAIRMAN SCOTT PERRY FOR CHIP FULGHUM

*Question 1.* Mr. Fulghum's testimony indicated that DHS made the deliberate decision to halt other HRIT strategic improvement opportunities in order to pursue PALMS. However, GAO's report indicates that this was not the case. Please explain the discrepancy.

Answer. The GAO Report cites, "DHS elected to dedicate the vast majority of HRIT's resources to implementing PALMS and addressing its problems, rather than initiating additional HRIT strategic improvement opportunities" (pg. 18). Additionally the report cites, "HRIT officials attributed the lack of schedule updates to the investment's focus shifting to the PALMS program when it started experiencing significant schedule delays (pg. 21)." These statements/assertions agree with the testimony of the DUSM. PALMS implementation was the No. 1 priority of the HRIT program since it began in 2012.

*Question 2.* In May 2013, DHS established a blanket purchase agreement that obligates funds when orders are placed for each component to use when implementing PALMS. This agreement was valued at \$95 million. However, GAO reported that only a handful of components expected to implement any part of PALMS services. As a result of the delayed implementation, has the estimated value increased in the last 3 years since the blanket purchase agreement was established?

Answer. At the time of the ETMS award, based on the schedule included in the acquisition and procurement documentation, it was always expected that all components would implement all of the ETMS/PALMS services. Currently, 3 years after contract award, PALMS value has limitations that prevent the entire systems' implementation. PALMS is comprised of 2 modules; Learning Management and Performance Management. PALMS deployed in; CBP, HQ, and FLETC in 2015 with ICE, CIS, and USSS implementations scheduled for 2016 and includes; only the LMS module. The performance management module currently is in pilot and scheduled for full performance evaluation life cycle completion by September 2016. Once the system is complete with both modules, then a value assessment of PALMS services can be achieved.

*Question 3.* Did any senior officials receive performance compensation/bonuses for their management of HRIT at any point? If so, who approved such awards?

Answer. Yes, senior officials who were responsible for HRIT received performance-related compensation based not just on HRIT responsibilities, but on all of the core competencies and performance objectives for which they were responsible. Awards were recommended by chief human capital officers who are no longer employed at DHS. Performance awards for all senior executives must also receive the concurrence of a Performance Review Board (PRB).

*Question 4.* DHS reported that HRIT was necessary to address security risks that employees separating from the Department pose. Specifically, DHS reported that there are no automated triggers that notify when an employee separated from the Department and that it relies largely on the initiative of the departing employee to make such notification. DHS concluded that this could allow employees access to sensitive systems after they have separated from the agency.

How often do these instances occur?

What is DHS's current "off-boarding" process for employees?

What steps has the Department taken to mitigate this type of security risk?

How does the use of multi-factor authentication mitigate this significant problem?

Answer. DHS is not aware of any specific instances where a departed employee has accessed sensitive systems.

The Department's progress in multi-factor authentication requires the use of not only a DHS-issued badge, but an accompanying pin or other unique identifier. By ensuring the badge is turned in as a part of the exit procedures, this eliminates one critical element of the multi-factor authentication.

Each component takes this risk seriously, and monitors internally. As an initiative under the cyber work within OCIO, the Department is currently conducting a pilot to deactivate all departing employees and contractors upon separation.

DHS components have the flexibility to tailor their individual off-boarding processes. These processes typically include a current employee receiving and certifying the employee has turned in their equipment, badges, and other DHS-issued equipment. The components submit the Standard Form 52 to human resources to process their separation action in all human resources systems and the badges are turned in, and access to DHS offices and systems are inactivated.

*Question 5.* GAO reported that DHS made limited progress in achieving its 2 performance metrics and associated targets for the HRIT program. These included reducing the number of component-specific human resource IT systems by 46% and increasing the number of Department-wide HRIT services by 38% by the end of fiscal year 2016. However, DHS has barely made progress in meeting these goals. How realistic are these goals? What specific steps does DHS plan to take to meet these targets?

Answer. We agree that the original performance goals are unrealistic. The Strategic Improvement Opportunities (SIOs) are currently under review and are in the process of being re-baselined and evaluated by the Executive Steering Committee. DHS expects revised performance metrics to be available at the end of June 2016.

*Question 6.* Because PALMS encompasses 2 separate projects and delivers 2 distinct capabilities, it is easy for progress in one area to appear to count as progress in the other area. However, when viewed separately, it is clear that the implementation of learning management capabilities has just begun, while performance management capabilities have not yet been implemented at all. When does DHS expect to fully implement the learning management capabilities of PALMS as well as the performance management capabilities?

Answer. PALMS full functionality is expected to be completed by fiscal year 2017. Since addressing the challenges that caused the slowdown, the learning management capabilities of the PALMS system were deployed at Customs and Border Protection (CBP) in July 2015; at DHS Headquarters (HQ) in October 2015; and most recently at the Federal Law Enforcement Training Center (FLETC) in December 2015. As such, the PALMS learning management capabilities are fully implemented at CBP, HQ, and FLETC. In total, the usage of the PALMS learning management module at CBP, HQ, and FLETC has resulted in more than 350,000 course completions. Immigration and Customs Enforcement (ICE) is scheduled for deployment in the third quarter of fiscal year 2016. U.S. Citizenship and Immigration Services (USCIS) and U.S. Secret Service (USSS) are scheduled for deployment in the first quarter of fiscal year 2017. The Transportation Security Administration (TSA), Federal Emergency Management Agency (FEMA), and the U.S. Coast Guard (USCG) are performing their analyses and are on schedule for an implementation decision by May 30, 2016. DHS has moved forward with the implementation of the performance management capabilities in PALMS, with an initial pilot being conducted within the Headquarters. This Pilot includes a full year performance evaluation period (October through September) Performance Plan development, mid-year reviews, and final evaluation. Barring any unforeseen challenges in meeting the requirements, this portion of the project remains on track for the delivery of the full operating capability per the current schedule of September 2016.

*Question 7.* DHS's effort to field PALMS includes implementing a commercial off-the-shelf software product that is to be provided as a service. If the system is a commercial off-the-shelf system, why is has it been so challenging to implement? To what extent did the Department determine the requirements for the system, prior to selecting a vendor to deliver the capability?

Answer. We agree that implementing PALMS has been a challenge to the Department. Invoking a Commercial Off-the-shelf Software (COTS) or Software as a Service (SaaS)—commercially-available software for customers delivered over the web means that all component business processes would be standardized since all components would be using the same application. Unfortunately, the business processes

for the LMS and Performance Management are performed differently at the component level which caused the delay in implementation.

*Question 8.* The HRIT investment is currently rated as being a “medium-risk” investment on the Office of Management and Budget’s IT Dashboard; however, this rating is representative of only HRIT’s Performance and Learning Management System (PALMS) and not the entirety of the HRIT investment. Why is this rating not representative of the entire HRIT investment, including reflecting the lack of progress made to date in implementing HRIT and the lack of a plan to date for how to proceed with the investment?

According to DHS’s guidance, investments that are designated by DHS as being “high-risk” are to be evaluated by OCIO on a monthly basis, and “medium-risk” investments are to be evaluated on a quarterly basis. Based on the issues reported by GAO on HRIT and PALMS, it does not appear as though “medium-risk” is an accurate designation. Why is this investment not designated a “high-risk” investment?

Answer. We agree that the HRIT investment, including but not limited to the PALMS project, should be designated a high risk and will make the appropriate changes.

*Question 9.* In January 2015, DHS shifted its IT strategy from acquiring assets to acquiring services. According to DHS, this shift will require a significant change in DHS’s IT workforce’s skillsets. GAO concluded that this shift will need to be closely managed in order to succeed. Why did DHS shift its strategy? What, if any, are the impacts on costs? What steps will DHS take to oversee this shift in strategy? Who within DHS will own this process?

Answer. OCIO shifted its strategy to better leverage the open market place for the delivery of enterprise systems and services, based in part by the increase in FedRamp approved commercial cloud services and offerings, and based on best practices learned working with the U.S. Digital Services.

Based on pilots and early implementations using commercial cloud offerings, OCIO anticipates that this shift in strategy will result in lower overall total cost and reduce the time for higher-quality services.

Progress on this shift in strategy will be overseen and managed by the OCIO along with its governing body, the DHS CIO Council. Progress on reduction in costs or decrease in time to delivery services will be measured and reported using the PortfolioStat process and our Performance Measures Implementation.

#### QUESTIONS FROM RANKING MEMBER BONNIE WATSON COLEMAN FOR ANGELA BAILEY

*Question 1.* The Department has identified a wide range of human capital needs, particularly the size of the workforce, its deployment across the Department and components, and the knowledge, skills, abilities, and diversity needed within the workforce. However, as of September 2015, DHS had yet to fully implement a workforce-planning model to properly plan for current and future organizational and workforce needs. Please describe for the committee the current time line for completing a comprehensive workforce plan. What areas do you anticipate being primary areas of focus, whether it be hiring needs, employee morale improvement, and/or diversity?

Answer. Response was not received at the time of publication.

*Question 2.* In 2011, the Department established a human capital strategic plan and has made some progress in its implementation. However, the Department has considerable work ahead to improve employee morale, which has decreased each year since the plan was implemented in 2011. Please describe to the committee what you’ve done to address employee morale since your appointment and how you plan on addressing it further in the future?

Answer. Response was not received at the time of publication.

*Question 3.* PALMS intended to provide an enterprise-wide system that offers performance management capabilities as well as learning management capabilities to headquarters and each of its components. However, there is uncertainty about whether the PALMS system will be used Department-wide to accomplish these goals. Of the 8 components, 2 components are not currently planning to implement PALMS and another 2 components are only implementing one of PALMS learning capabilities. Can PALMS be beneficial to the Department if every component does not implement the software? If the goal is to provide across-the-board performance management, is that even possible without each component’s involvement?

Answer. Response was not received at the time of publication.

*Question 4.* One particular area in the 15 strategic improvement opportunities addresses end-to-end hiring, a seamless, efficient, and transparent hiring process. According to GAO, this area has not even been partially implemented by the Depart-

ment, which may have resulted in delayed hiring. Please provide the committee with an update on this improvement area and your plan to ensure its full implementation as quickly as possible.

Answer. Response was not received at the time of publication.

*Question 5.* In 2015, the Department shifted its IT paradigm from acquiring assets to acquiring services. This shift will require a major transition in the skill sets of DHS's IT workforce. The Department will need to effectively hire, train, and manage those new skill sets. Please provide your strategy in addressing the Department's new focus on services, discussing in particular recruitment and retention efforts.

Answer. Response was not received at the time of publication.

*Question 6.* According to GAO, the PALMS PMO, which is responsible for overseeing the PALMS implementation projects across DHS, conducted reviews to monitor the program's performance, but did not consistently document the results of the program's progress and milestone reviews. Please update the committee on the status of PALMS, particularly its performance in milestone and progress reviews. Do you still believe PALMS will be beneficial for the Department's tracking of personnel performance?

Answer. Response was not received at the time of publication.

*Question 7.* According to the GAO report, DHS's off-boarding process poses an unacceptably high risk of security infractions, including former employees continuing to log on to the network, use email accounts, and access information that is considered off-limits to the general public, due to its paper-based and manual process. Please tell the committee what steps have been implemented to improve the off-boarding process. What is the length of time former employees maintain system credentials?

Answer. Response was not received at the time of publication.

*Question 8.* The Office of Personnel Management's Federal Employee Viewpoint Survey data continues to show that DHS's scores steadily decrease in all four dimensions of the survey's index for human capital accountability and assessment. Do you believe the PALMS program will assist in employee morale and accountability? What other areas do you feel can help improve morale at the Department?

Answer. Response was not received at the time of publication.

*Question 9.* This committee has asked DHS components and the Inspector General questions about personnel data. Some of these questions could not be answered mainly because DHS did not have the data. What are you doing in your capacity as chief human capital officer to ensure that the components with which you are working are now keeping the adequate records to track personnel data?

Answer. Response was not received at the time of publication.

*Question 10.* This committee understands that a bulk of reforming the HRIT investment has been delegated to the chief information officer, who was not present for the hearing. Since you have been named chief human capital officer, have you been able to give your input into reforming the HRIT investment? What type of input have you given and when do you expect the committee to see improvements?

Answer. Response was not received at the time of publication.