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TESTIMONY  
OF  
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AND  
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CHIEF HUMAN CAPITAL OFFICER  
U.S. DEPARTMENT OF HOMELAND SECURITY  
REGARDING A HEARING ON  
*“20 Years After 9/11: Transforming DHS to Meet the Homeland Security Mission”*  
BEFORE THE  
UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON HOMELAND SECURITY  
SUBCOMMITTEE ON OVERSIGHT, MANAGEMENT AND ACCOUNTABILITY

September 30, 2021  
Washington, D.C.

Chairman Correa, Ranking Member Meijer, and distinguished Members of the subcommittee: It is a privilege to appear before you today to discuss the maturation of the Department of Homeland Security's (DHS) management functions, as well as some of our remaining challenges.

On a daily basis, the more than 240,000 men and women of DHS respond to our Nation's most serious threats. DHS employees rise to every challenge, and the challenges are many. DHS is aggressively pursuing the Administration's priorities and addressing some of the most critical and evolving threats to the United States. We are focused on easing the burdens of the COVID-19 pandemic, responding to natural disasters such as Hurricane Ida, promoting a safe, orderly, and humane immigration system, combatting Domestic Violent Extremism, and detecting, mitigating, recovering from, and responding to, malicious cyberattacks.

In his role as Deputy Under Secretary for Management, Mr. Alles currently leads the Management Directorate. The Directorate includes mission support functions designed to enable front-line operators to more effectively respond to these daily challenges. Having formerly served as Director of the U.S. Secret Service and in multiple operational leadership positions at U.S. Customs and Border Protection, Mr. Alles keenly appreciates how crucial effective and efficient management functions are to successful mission performance.

In her role as Chief Human Capital Officer, Ms. Bailey currently leads the Office of the Chief Human Capital Officer (OCHCO). She joined DHS in January 2016 as a career federal executive with more than 38 years of service, 32 of those in human resources.

### **GAO High-Risk List**

Passage of the Homeland Security Act of 2002 brought together numerous diverse organizations to form the new Department. These organizations had existing, unique, and sometimes longstanding management processes. Since 2003, the challenge for DHS leadership has been to integrate these disparate systems and processes, many of which were inefficient, costly, and did not meet basic standards of internal controls and security requirements. Developing these organizations into a cohesive team would be a challenge for a mature organization in calm times. For DHS, brought together in the immediate aftermath of the 9/11 attacks with an urgent need to maximize mission focus and protect the country, the task of integration has been herculean. We could not be prouder of how far the Department has come.

Because of these challenges, the Government Accountability Office (GAO) designated "Implementing and Transforming DHS" an area on its High-Risk List in 2003. After a decade of hard work, GAO acknowledged the Department's significant progress and in 2013 narrowed the high-risk area to focus on five key management functional areas: acquisition and program management, information technology (IT) management, financial management, human capital management, and integration of management functions across the Department.

We must emphasize what a valued partner GAO has been throughout the Department's maturation. The feedback provided by both GAO and the DHS Office of Inspector General (OIG), coupled with the sustained commitment by successive DHS leaders to implement this

feedback, has materially contributed to the significant progress we have made across all high-risk areas. We remain dedicated to implementing and resolving audit recommendations as we continue to improve DHS.

To help focus the organization on strengthening management functions, we developed the *DHS Integrated Strategy for High Risk Management* (Integrated Strategy). The Integrated Strategy is a detailed playbook that is updated biannually and defines a clear path to achieving GAO high-risk outcomes (GAO outcomes) – the goals DHS and GAO mutually agreed on as clear measures of maturation for DHS management functions. First issued by DHS in 2011, the Integrated Strategy is recognized as a best practice and is now required by statute.<sup>1</sup> This strategy serves as a rudder to guide our progress, which is substantial.

As assessed by GAO, DHS fully or mostly addressed roughly 73 percent of GAO's outcomes. This leaves only eight of 30 outcomes where GAO indicates a significant amount of work remains. In light of our demonstrated and sustained progress, we are working closely with GAO to narrow and re-scope the High-Risk designation for DHS's management functions. With years of progress behind us, and external indicators to confirm our success – such as eight consecutive clean financial audit opinions – management functions no longer represent a significant threat to the Department's mission execution. We have initiated discussions with GAO about removing the high-risk designation altogether and finding other avenues through which to focus GAO's continued oversight on areas that require sustained investment of effort and resources, particularly in information systems security and financial systems modernization.

The following examines our progress and remaining challenges within the *Strengthening DHS Management Functions* area on the GAO High-Risk List and highlights additional ongoing initiatives to strengthen Management's contributions to DHS mission execution.

### **Human Capital**

Supporting and strengthening the workforce has long been a top priority for DHS leadership. Across the Department, leadership continues to emphasize workforce engagement with the goal of improving agency-wide employee satisfaction. To attract, incentivize, and retain a diverse and talented workforce, DHS is implementing department-wide human capital solutions to build career paths and develop a continuous pipeline of leaders, inspire creativity and innovation, and maximize employee performance while encouraging work-life balance. Through dedicated workplace inclusion, DHS continues to build a workforce that reflects our Nation to accomplish our homeland security missions.

OCHCO is the lead organization for overseeing efforts to address GAO outcomes related to human capital, and every DHS organization—down to first-line supervisors—has a vital role to play in developing and maintaining a high performing and engaged workforce.

Seven of 30 GAO outcomes relate to human capital. Six of the seven are fully addressed: (1) Implement human capital plan, (2) Link workforce planning to other Department planning efforts, (3) Enhance recruiting to meet current and long-term needs, (4) Base human capital

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<sup>1</sup> 6 U.S.C. 341.

decisions on competencies and performance, (5) Seek employee input to strengthen human capital approaches, and (6) Improve Federal Employee Viewpoint Survey (FEVS) scores. GAO rates the seventh outcome in human capital as “mostly addressed” with only a small amount of work remaining: Assess and improve training, education, and development programs. These actions are all in advanced stages of maturity.

With respect to the Department’s FEVS scores, GAO notified DHS in advance of this hearing that they were upgrading this outcome from “mostly” to “fully addressed.” We would like to thank GAO for acknowledging the tremendous progress DHS has made in improving employee engagement and overall employee satisfaction, as evidenced by steady, year-over-year increases since 2015 in both the Employee Engagement Index (EEI) and the Global Satisfaction Index (GSI). From 2015 to 2020, the overall DHS EEI increased a total of thirteen percentage points, a sustained trend that brings the score to 66 percent, and the GSI increased fourteen percentage points to 61 percent.

As an agency with many frontline workers, COVID-19 poses special challenges for DHS. Working with OCHCO’s Workforce Health and Safety Division (WHS), which provides ongoing guidance and policy based on information from the Centers for Disease Control and Prevention, Department of Labor, and the Safer Federal Workforce Task Force, DHS leadership implemented public health protections across the Department. WHS immediately established communication procedures to continually update employees and their families regarding workplace protocols and available resources. WHS continues to provide assistance to employees working in an environment shaped by the pandemic.

### **Acquisition Management**

The Office of Program Accountability and Risk Management (PARM) is the DHS executive office for acquisition program management oversight. PARM partners across Components on governance, assessment, and support services for major acquisitions. With support from the Office of the Chief Procurement Officer (OCPO), PARM is the lead organization for addressing GAO high-risk recommendations and outcomes related to acquisition management.

Five of the GAO High-Risk outcomes relate to acquisition management. Two are fully addressed: (1) Timely validate required acquisition documents, and (2) Improve Component acquisition capabilities. The remaining three are mostly addressed: (1) Establish and effectively operate the Joint Requirements Council (JRC), (2) Assess acquisition program staffing, and (3) Establish oversight mechanisms to validate that acquisitions policies are achieving goals and comply with Department policies.

The JRC is effective at helping identify common gap areas across the DHS Components and making joint requirements and commonality recommendations. For example, the JRC fostered unprecedented cross-Component collaboration growth in areas including Countering Unmanned Aircraft Systems, Next Generation Vertical Lift, Combating Transnational Criminal Organizations, and Document and Media Exploitation. Today, the JRC operates as designed and is fully integrated with the Department’s research and development, acquisition, and resource

allocation processes. DHS has achieved the desired end-state – to effectively establish and operate the JRC.

Regarding the acquisition program staffing outcome, in September 2020, PARM undertook a comprehensive staffing analysis report providing recommendations to mitigate critical staffing gaps; 68 percent of Fiscal Year (FY) 2020 critical staffing gaps are now addressed. The 2021 review/analysis began in May 2021 and is nearing completion. In addition to analyzing and addressing staffing gaps, PARM focuses on staffing plan development and implementation along with training and certification of the workforce to bolster effective program management. As of September 2021, DHS program manager certification across all major programs (with a lifecycle cost estimate greater than \$300 million) stands at 94 percent.

Finally, with regard to the GAO outcome concerning acquisition program oversight, we have taken the following steps: (1) closely monitoring programs in breach of their acquisition program baseline; (2) requiring program documentation such as life cycle cost estimates, certifications of funds availability, and approval documents for each acquisition decision event in the program lifecycle; (3) closely monitoring program health through our monthly High Visibility Program briefings with the Acquisition Review Board, quarterly Acquisition Program Health Assessments, and targeted Acquisition Review Board Program Reviews; and (4) enhancing program data quality and availability, and providing data to the Unified View of Investments, which provides leadership with information to support decisions on major acquisitions.

### **Information Technology**

The Office of the Chief Information Officer (OCIO) provides infrastructure, governance, and oversight to deliver mission capabilities securely, efficiently, and effectively. OCIO serves as the lead office for GAO high-risk recommendations and outcomes related to IT.

Six of the GAO outcomes relate to IT. Five are fully addressed: (1) Achieve Enterprise Architecture Management Maturity Framework Stage 4, (2) Achieve Information Technology Investment Management Framework Stage 3, (3) Achieve Capability Maturity Model Integration Level 2, (4) Implement IT human capital, and (5) Adhere to IT program baselines.

The sixth outcome – Enhance IT Security – was previously considered mostly addressed. In January 2021, GAO informed the DHS OCIO of their intent to downgrade their rating to partially addressed. The basis for this determination was primarily the DHS OIG’s FY 2019 Federal Information Security Modernization Act (FISMA) assessment and the FY 2020 Independent Auditors’ Report on DHS Financial Statements and Internal Control. While DHS does not concur with GAO’s assessment, OCIO has made progress toward resolution of the issues raised in the FISMA assessment and the Independent Auditors’ Report.

The Chief Information Security Officer continues to coordinate with the OIG to ensure an effective and transparent FY 2021 FISMA assessment. In November 2020, the OIG issued its FY 2020 FISMA Cyberscope report that includes preliminary results for the FY 2020 FISMA assessment. In the Cyberscope report, OIG noted an improvement in DHS’s FISMA rating giving the Department an overall rating of “Effective.” This rating was earned as a result of

demonstrated improvement in the Department's information security program.

## **Financial Management**

The Office of the Chief Financial Officer (OCFO) is responsible for the Department's budget, financial reporting and policy, financial systems, financial assistance oversight, internal controls, cost analysis, program analysis and evaluation, and liaison with GAO and OIG auditors. OCFO serves as the lead office for GAO high-risk recommendations and outcomes related to financial management.

Eight of the GAO outcomes are in financial management, five of which are either fully or partially addressed: (1) Obtain a clean financial audit opinion, (2) Sustain a clean financial audit opinion, (3) Obtain a clean internal control audit opinion, (4) Comply with the Federal Financial Management Improvement Act, and (5) the United States Coast Guard (USCG) Financial Systems Modernization.

The Department is very proud of obtaining a clean financial audit opinion. DHS first earned this opinion at the end of FY 2013 and has sustained it since then. Based on progress to date, we are optimistic that we will earn a ninth consecutive clean opinion for FY 2021.

Progress towards the other three outcomes has been initiated: (1) Sustain a clean internal control audit opinion, (2) Federal Emergency Management Agency (FEMA) Financial Systems Modernization, and (3) U.S. Immigration and Customs Enforcement (ICE) Financial Systems Modernization.

DHS is the only federal department required by law to obtain an internal control audit opinion.<sup>2</sup> This is effectively a second annual audit opinion that is focused strictly on controls and processes. Thus, even if a clean financial statement opinion is earned, the existence of any control weaknesses can prevent a clean internal control opinion. Although we believe this requirement is no longer necessary to ensure accurate financial reporting, we continue working toward a clean internal control opinion with a target of FY 2024.

Many of our remaining financial management challenges are rooted in outdated financial systems; our Financial Systems Modernization (FSM) program helps remediate these conditions. The FSM program is intended to provide Components with modern, efficient, and compliant business systems, including financial, procurement, and asset management functions. Our first major modernization project was the USCG system. Two other DHS Components – the Transportation Security Administration (TSA) and the Countering Weapons of Mass Destruction Office (CWMD) – used USCG's legacy system and successfully transitioned to a new FSM solution in FY 2021 and FY 2016, respectively. USCG is on track to transition starting in October 2021 and should be in full production in the first quarter of FY 2022, after which time its legacy system will begin to sunset.

The remaining GAO outcomes focus on achieving modern integrated financial, procurement, and asset management systems in FEMA and ICE. DHS is moving forward with both systems, and

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<sup>2</sup> P.L. 108-330, Sec. 4.

we expect to report significant progress over the next three to five years. Our current notional schedule has FEMA, ICE, and smaller DHS Components (which use the current ICE system) moving to FSM solutions in a phased approach starting at the end of FY 2024 and continuing through the end of FY 2026.

### **Management Integration**

The Under Secretary for Management's office is responsible for driving progress across the Directorate and the Department with respect to management functions. DHS's rapid response to the COVID-19 pandemic demonstrated particularly well Management's capacity, ability, and readiness to integrate key functions across our lines of business and Components to support operations. To achieve a fully addressed outcome for management integration, we will continue to demonstrate sustainable progress integrating management functions within and across the Department.

The Human Capital efforts discussed above dovetailed with the award of Department-wide and Component contracts by OCPO, that included innovative solutions and provided critical pandemic-related supplies and services, all while supporting small businesses whenever possible. DHS is continuously focused on opportunities for small businesses that bring innovative solutions to bear in solving challenges, and in doing so, garnered DHS a letter grade of A or A+ from the Small Business Administration on its Small Business Procurement Scorecard for the past 12 years.

Even while dealing with the immediate threat of COVID-19, the Management Directorate has remained focused on long-term issues. We established processes and goals to reduce the effects of climate change, while increasing resiliency. Our Resilience Framework includes assessments for climate and man-made vulnerabilities in all our critical assets, including energy and water, facilities, information communication technology, and transportation. Smart buildings and electric vehicles are a requisite part of our strategy that we are actively planning.

We will also achieve significant environmental and financial benefits through the National Capital Region Real Property Strategy that includes consolidation of DHS organizations on the St. Elizabeths campus and within the National Capital Region (NCR), reducing the DHS footprint in the NCR by over 1.2 million square feet with a cost avoidance of \$1.3 billion over the next 30 years.

We continue to increase not just the security of our physical assets, but that of our human capital as well through increasingly comprehensive and continuous electronic vetting and monitoring of potentially threatening activities from within. The Department made substantial progress toward fully implementing the Federal Personnel Vetting Core Doctrine through the Federal Government's ongoing Trusted Workforce (TW) 2.0 efforts. On July 14, 2021, DHS finalized the TW 2.0 Implementation Plan for the Department. In August 2021, DHS self-certified for TW 1.25 compliance, and in the second quarter of FY 2022, DHS intends to request certification from the Office of the Director of National Intelligence for TW 1.5 compliance.

Recognizing that cybersecurity is a national security and economic security imperative – and

with the support of Congress through establishing new Title VI authorities – DHS will launch the Cybersecurity Talent Management System (CTMS) in November to establish an innovative means to hire and retain the very best cyber talent. Through the DHS Cybersecurity Service, we will provide a competitive public service career experience for cybersecurity professionals with the opportunity for tactical compensation, exciting career development, and the ability to shape the future of cybersecurity.

## **Conclusion**

Since being placed on the High-Risk List, DHS has made tremendous and sustained progress in addressing the central issues that resulted in GAO’s high-risk designation by integrating a myriad of disparate organizations and functions into a cohesive and effective Department, one that is greater than the sum of its parts. Without a doubt, the areas of human capital, acquisition management, information technology, and financial management were high risks for the Department in its early years. We have made significant and sustained progress since then. Some challenges remain in IT and financial management; however, we have demonstrated significant progress in those areas and expect further improvement in the years ahead.

As of March 2021, *Strengthening Department of Homeland Security Management Functions* is one of only two High-Risk areas remaining on the list that meet the majority of GAO’s criteria for removal.<sup>3</sup> We appreciate GAO’s strong partnership and willingness to continue our discussions about re-scoping and removal of the Strengthening DHS Management Functions high-risk area to more accurately reflect the state of management at DHS.

It is our honor to serve the Department and lead the remarkable public servants that fulfill the Management Directorate’s essential roles in our critical homeland security mission. Thank you again for the opportunity to appear before you to discuss the Department’s management functions and challenges. We welcome any questions you have.

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<sup>3</sup> GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, GAO-21-119SP (Washington, D.C.: March 3, 2021), page 19. In 2021, DOD Support Infrastructure Management met all five criteria and was removed from the list.