

Results Agenda

Department of Homeland Security

August 2004



DHS RESULTS AGENDA

Department of Homeland Security

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The DHS Results Agenda

I. Introduction

The Department of Homeland Security (DHS) is focused on results. The mission that we carry out on a daily basis for our country and its citizens demands nothing less. Our daily activities speak volumes about the critical work and results that we, DHS employees, achieve in the name of national security.

Faced with the largest public sector merger in American history – the Department of Homeland Security was formed from 22 distinct agencies and 180,000 employees throughout the federal government. Without the benefit of any existing support structure or model to guide us, DHS has managed a full-scale government divestiture, merger, acquisition and startup of an international conglomerate all at once. The Department also sought to create a management system that supported both the mission of homeland security, the people charged with implementing it, and the private sector and state and local partners who are so critical to its success.

The Department of Homeland Security has a primary mission but uses many tools and areas of expertise to accomplish our goal of securing the homeland. On any given day, we perform a variety of different tasks and functions to make America safer and our citizens more secure (see Fig. 1.1). Although our responsibilities are varied, we are united in a common purpose - 24 hours-a-day, 7 days-a-week.

DHS was created from disparate organizations of the federal government that were not coordinated well in combating terrorism. Before the creation of DHS, many of these activities lacked coordination and strategic direction under a common and central mission dedicated to achieving results. Today, we operate and act as ONE Department and have demonstrated effectively a new level of coordination and organization in all that we do to protect this great country.

Just one of the demonstrations of this coordination of effort occurred in September of 2003 when Hurricane Isabel made landfall on the eastern seaboard of the continental United States. The preparations and response to this natural disaster included a massive mobilization and team approach as a united Department in the face of adversity. From the FEMA concentrated response teams working in tandem with the search and rescue capability of Coast Guard helicopters and vessels to the coordination of the array of federal departments represented at DHS headquarters dedicated to providing assistance and assessment in concert with one another, the new Department certainly proved more than capable of fulfilling its new roles and responsibilities. Together, we proved that we are stronger and more effective as a unified Department as opposed to working separately across organizational boundaries. This occurs across the country day-in and day-out. In short, our results-oriented actions every day speak volumes. DHS is not simply a sum of its parts; rather, we represent the truest integration of service to mission and support that focuses on protecting the country from risks both foreign and domestic.

Figure 1.1 A Day in the Life of Homeland Security

Today, US Customs and Border Protection agents will:

- Process over 1.1 million passengers arriving into our nation's airports and seaports;
- Inspect over 57,006 trucks and containers, 580 vessels, 2,459 aircraft and 323,622 vehicles coming into this country;
- Execute over 64 arrests;
- Seize 4,639 pounds of narcotics in 118 narcotics seizures;
- Seize an average of \$715,652 in currency in 11 seizures;
- Seize an average of \$23,083 in arms and ammunition and \$467,118 in merchandise;
- Deploy 1200 dog teams to aid inspections;
- Make 5,479 pre-departure seizures of prohibited agricultural items;
- Apprehend 2,617 people crossing illegally into the United States;
- Rescue 3 people illegally crossing the border in dangerous conditions;
- Deploy 35,000 vehicles, 108 aircraft, 118 horses on equestrian patrol and 480 all-terrain vehicles;
- Utilize 238 Remote Video Surveillance Systems, each system using 1-4 cameras to transmit images to a central location; and
- Maintain the integrity of 5,525 miles of border with Canada and 1,989 miles of border with Mexico.

Today, Transportation Security Administration employees will:

- Screen approximately 1.5 million passengers before they board commercial aircraft;

Today, the Federal Law Enforcement Training Center will:

- Provide law enforcement training for more than 3,500 federal officers and agents from 75 different federal agencies.

Today, the Office for Domestic Preparedness will:

- Disburse millions of dollars to states and cities across the country.

Today, United States Coast Guard units will:

- Save 10 lives and assist 192 people in distress;
- Protect \$2.8 million in property;
- Interdict 14 illegal migrants at sea;
- Conduct 109 search and rescue cases;
- Seize \$9.6 million of illegal drugs;
- Respond to 20 oil and hazardous chemical spills;
- Conduct 50 Port Security Patrols;
- Conduct 20 Homeland Security Air Patrols;
- Board 2 high interest vessels;
- Escort 8 vessels, i.e. cruise ships or high interest ships, in and out of port;
- Maintain over 90 security zones around key infrastructure in major ports or coastal areas; and
- Educate 502 people in Boating Safety Courses.

Today the United States Citizenship and Immigration Services will:

- Provide information and services to approximately 225,000 customers in one of its 250 field locations;
- Respond to 75,000 calls to its 1-800 customer service number that helps to assist our customers navigate the immigration process;
- Naturalize approximately 1,900 new citizens; and
- Process approximately 19,000 applications for a variety of immigration related benefits.

Today, US Immigration and Customs Enforcement agents will:

- Make 217 arrests on immigration-related violations;
- Make 41 arrests on customs violations;
- Remove 407 criminal aliens and other illegal aliens;
- Investigate 12 cases involving unauthorized employment threatening critical infrastructure;
- Participate in 24 drug seizures resulting in the seizure of 5,511 pounds of marijuana, 774 pounds of cocaine and 16 pounds of heroin;
- Make seven currency seizures, totaling \$478,927;
- Make grand jury appearances resulting in the indictment of a combination of 32 people and companies;
- Launch 20 vessels in support of marine operations protecting the territorial seas of Puerto Rico, South Florida, the Gulf of Mexico and Southern California;
- Fly 25 surveillance flights supporting criminal investigations in Puerto Rico and the Continental United States
- Disseminate 80 criminal investigative leads to field offices;
- Review 1,200 classified intelligence cables;
- Protect over 8,000 federal facilities;
- Screen over 1 million federal employees and visitors entering federal facilities;
- Make 6 arrests for criminal offenses on federal property;
- Intercept 18 weapons from entering federal facilities to include firearms, knives and box cutters; and
- Deploy federal air marshals to protect the skies.

Today, Department of Homeland Security Information Analysis and Infrastructure Protection employees will:

- Distribute 4 information bulletins or warning products to critical infrastructure about vulnerability assessments, risk reduction and protective measures.
- Receive and review 500 cyber security reports from Internet security firms, government organizations, private companies and foreign governments;
- Review more than a 1,000 pieces of intelligence from the intelligence community and law enforcement agencies.

Today, the United States Secret Service will:

- Protect high profile government officials including the President, the Vice President, visiting heads of state and former Presidents;
- Provide protection to traveling protectees in 17 different cities;
- Screen over 4,000 people entering protective sites;
- Examine 1,500 protective intelligence reports to assess potential threats to protectees;
- Complete 11 protective intelligence investigations to assess potential risk to protectees from individuals or groups;
- Open over 90 new cases involving financial and electronic crime, identity theft, counterfeiting, and personnel security investigations;
- Prevent over \$6 million in financial crime losses to the American public; and
- Seize (on average) \$172,000 in counterfeit currency.

Today, DHS Science and Technology employees will:

- Engage the best and brightest minds - along with the most advanced technologies - through three distinct Centers of Excellence which enlist academics, businesses, and scientists as partners with government to boost our efforts to develop an enduring national research capability in homeland protection;
- Develop and implement technical standards for chemical, biological, radiological and nuclear countermeasures;
- Deploy radiation sensors to detect the illicit transport of radioactive materials, and are experimenting with capabilities to similarly protect our cities;
- Receive approximately 27 new homeland security technology proposals from large and small businesses;
- Receive an average of 6 Homeland Security technology proposals submitted via the science.technology@dhs.gov email address.

Today, Federal Emergency Management Agency (FEMA) employees will:

- Improve the effectiveness of 220 fire service personnel through courses offered by FEMA's National Fire Academy;
- Help protect 1,000 students at risk for tornadoes by providing their school administrators with information about how to properly construct tornado shelters;
- Provide 4,000 people volunteer opportunities to help better prepare their communities through Citizen Corps at its website, www.citizencorps.gov. The site receives 36,000 hits per day;
- Help save \$2.7 million in damages from flooding across the country through the Department's flood plain management;
- Spend \$10.6 million to help communities respond and recover from disasters;
- Help protect an additional 104 homes from the devastating effects of flooding through flood insurance policies issued by the National Flood Insurance Program;
- Help 224 Americans recover from disasters by providing direct federal disaster relief assistance in the forms of low-interest loans, unemployment insurance, crisis counseling and temporary housing;
- Distribute \$45,243 to state and local governments through FEMA's Emergency Management Performance Grants to help develop, maintain and improve their emergency management capabilities;
- Distribute \$51,506 through FEMA's Community Emergency Response Team grants to help state emergency managers initiative, organize, train and maintain teams of citizens who are qualified to assist in responding to disasters;
- Provide an average of \$917,808 in grants to America's fire departments through the Assistance to Firefighters Grant program;
- Distribute (on average) \$221,917 through FEMA's Emergency Operations Center grants to state governments to help them develop and improve emergency management facilities; and
- Distribute (on average) \$218,493 through FEMA's Interoperable Communications Equipment grants to help develop and support communications interoperability among first responders and public safety emergency officials.

II. Focus on Results and DHS Employees

It is a well-known fact that high-performing organizations have a sustained focus on achieving results and outcomes and a results-oriented organizational culture is fostered to reinforce this focus. As we reflect on some of the results-oriented achievements that we, as the Department of Homeland Security, have been able to accomplish, it is clear that DHS exhibits the characteristics and capabilities of a high-performing organization. The results discussed in this report are evidence that:

- ⇒ DHS has a clear, well-articulated, and compelling mission that allows our employees to focus their efforts with laser-like precision on achieving real results in support of protecting the nation;
- ⇒ DHS has in place a well-defined Strategic Plan and Strategic Goals that are integrated and guide our activities as a Department; and
- ⇒ DHS has the foundation for effective and strategic management of people, our most important resource. The Department's emphasis on creating a strong performance management system in alignment with the Department's Strategic Plan and Strategic Goals demonstrates clearly that our employees **HAVE BEEN** and **WILL CONTINUE** to contribute significantly to overall organizational results.

This continued commitment to results is based on two very basic principles. First, we realize that we are here to serve and protect the citizens/taxpayers. If we are focused on results, then we are dedicated to the premise that we must achieve the maximum efficiency of the resources that the taxpayers have authorized us to use. An orientation towards achieving results demonstrates our established commitment to the highest levels of service while embracing our stewardship role in utilizing those resources wisely and not wastefully.

Secondly, our commitment to results is based on our requirement to attract and retain people of the highest quality who are well-trained, clearly directed and properly motivated to achieve our shared mission of protecting the country. The success of this Department and the security of our country's citizens depend on the caliber of its employees. The Department has clearly been able to make great strides in a short time and this was largely dependent on the employees on which this Department was created.

There are great opportunities that lie ahead for the Department to enhance performance of our workforce. The new human resources management system, MAX HR, is a tremendous opportunity for the Department to provide the necessary direction and tools in order to build on the impressive track record of results established thus far.

While it is a fact that change always involves some risk, we must be willing to take these risks in order to make big gains. Already, we can take pride in our service to America and our contributions to DHS in making vast improvements both operationally and organizationally. Looking ahead, we will be able to build on these contributions by having a clearer definition of what is expected and how performance is assessed. The President's Management Agenda

(PMA) is the tool that enables our Department and employees to have an even clearer understanding of why our work matters and will recognize that, now more than ever, we are involved in making this country a safer place for all of her citizens.

III. DHS Vision, Mission, and Strategic Goals

The Department's Vision, Mission, and Strategic Goals govern the development of strategies, programs and projects, and ultimately are reflected in the Department's budget. Together with the Department's Strategic Plan, these statements reflect the determination of our nation to prevail against terror, to protect our homeland, and to create a better world in the process. Describing who we are and what we do, they convey the beliefs and values that govern our conduct. As employees of this new Department, we come to work every day knowing that our most important job is to produce results that protect our fellow citizens.

VISION STATEMENT

Preserving our freedoms, protecting America... we secure our homeland.

MISSION STATEMENT

We will lead the unified national effort to secure America. We will prevent and deter terrorist attacks and protect against and respond to threats and hazards to the Nation. We will ensure safe and secure borders, welcome lawful immigrants and visitors, and promote the free-flow of commerce.

STRATEGIC GOALS

Awareness – Identify and understand threats, assess vulnerabilities, determine potential impacts, and disseminate timely information to our homeland security partners and the American public.

Prevention – Detect, deter, and mitigate threats to our homeland.

Protection – Safeguard our people and their freedoms, critical infrastructure, property, and the economy of our Nation from acts of terrorism, natural disasters, or other emergencies.

Response – Lead, manage, and coordinate the national response to acts of terrorism, natural disasters, or other emergencies.

Recovery – Lead national, state, local, and private sector efforts to restore services and rebuild communities after acts of terrorism, natural disasters, or other emergencies.

Service – Serve the public effectively by facilitating lawful trade, travel, and immigration.

Organizational Excellence – Value our most important resource, our people. Create a culture that promotes a common identity, innovation, mutual respect, accountability, and teamwork to achieve efficiency, effectiveness, and operational synergies.

IV. The Disciplines Needed to Focus on Results – the PMA

The Department of Homeland Security is committed to developing the processes and installing the disciplines that are needed to focus on results as a matter of course and on a regular day-to-day basis. DHS could have chosen not to focus on management improvement in this manner because of the importance of its mission, but the Department realized that strong management is essential to supporting and fulfilling the critical mission of protecting the nation. For example, Customs and Border Protection (CBP) officers would not be able to do their job of protecting the nation's borders effectively without adequate facilities, tools, and resources. Efficient and wise management of these resources is the best way to ensure that these resources will be available and will be utilized to the fullest extent in carrying out the Department's mission.

The President's Management Agenda (PMA) represents the discipline that DHS has used and will continue to utilize in ensuring that the focus for the Department remains on achieving results in each of five critical management areas: Human Capital, Competitive Sourcing, E-Government, Financial Management, and Budget and Performance Integration.

The following briefly explains the five management areas that are tracked under the PMA:

Human Capital – The Strategic Management of Human Capital initiative area emphasizes maximizing the value of our human resources.

Competitive Sourcing – The Competitive Sourcing initiative area focuses on the tools that help benchmark an organization against other possible service providers, in order to use competition to identify the most efficient way to perform commercial activities.

Financial Management – The Financial Management initiative area focuses on responsibly accounting for the people's money and using financial information to make strategic management decision.

E-Government – The Expanded Use of E-Government initiative area focuses on efforts designed to make better use of information technology (IT) investments to eliminate billions of dollars of wasteful federal spending, reduce government's paperwork burden on citizens and businesses, and improve government response time to citizens – from weeks down to minutes.

Budget & Performance Integration – The Budget and Performance Integration initiative area concentrates on agencies making significant budget and management decisions that are significantly influenced by how programs are performing.

V. Where DHS Stands as a Department TODAY

On March 1, 2003, the majority of 180,000 employees from 22 agencies were merged to create the 15th department in the federal government. At the end of its first year, the U.S. Department of Homeland Security has achieved many important operational and policy objectives and results, and is poised to significantly build upon that successful foundation in the next twelve months with new key homeland security initiatives and a renewed commitment to achieving results in each of the five PMA management areas.

Human Capital

The Department is committed to ensuring its workforce is diverse and high performing. As part of the Human Resource Management System design and *Human Capital Plan*, the Department will institute an aggressive recruitment campaign to attract a diverse pool of applicants for positions at all levels. The Department recognizes that identification and removal of barriers to free and open workplace competition are essential to meeting this goal.

First and foremost, DHS has officially unveiled, through the federal regulatory process, its newly-proposed, performance-based and mission-oriented human resources management system. In one year's time, DHS assembled a Human Resources System design team, composed of DHS managers and employees, HR experts from DHS and OPM, and representatives from the agency's three largest labor unions, that studied and prepared options for transforming the agency's human resources management system and finalized the policy for the new HR system in alignment with the unique mission of the Department. In addition, the DHS Design Team held a series of Town Hall meetings as well as 54 Focus Groups across the United States in order to ensure that participants included a diverse representation of DHS employees to obtain perspectives across DHS components in regards to the design of the new human resources management system.

The organizational excellence goal in the DHS Strategic Plan makes it a priority for the Department to value its people and create a culture that promotes innovation, accountability and teamwork. The proposed new human resources management system (MAX HR) and its policies regarding pay, performance, classification, labor relations, adverse actions, and appeals are designed to enable the Department to act swiftly and decisively in response to mission needs. The proposals are intended to recognize and reward performance, and to attract and maintain a highly skilled and motivated workforce. A key characteristic of the new system is to ensure due process and protect basic employee rights.

With the establishment of the Department of Homeland Security, there have been both opportunities and challenges for the human capital program to support the Agency's mission and goals. These were met through innovative human capital strategies that emphasized the importance of the Homeland Security employees as well as the establishment of integrated and efficient organizations.

Organizational Support – The creation of the department led to new structures that reinforce the mission of the organizations. Standing up the U.S. Citizenship and Immigration Services

resulted in a new organizational structure for approximately 9,000 employees. Within CBP, the Office of Field Operations aligned customs inspectors, immigration inspectors, and agriculture inspectors within its overall structure. This was particularly important in implementing the “One Face at the Border Initiative.” Likewise, there were major organizational changes in establishing the U.S. Immigration and Customs Enforcement. Assistance was also provided in ensuring that the right people were realigned to the new organizations and that they were paid correctly.

New Occupations – The establishment of the Department affected other occupations – some merely by changing relationships within their organizations and others by integrating the work of multiple positions. For example, human resources assisted with the establishment of the Criminal Investigator (Special Agent) in Immigration and Customs Enforcement. This position integrates the functions of the INS and Customs investigators and affects over 5700 agents.

The “*One Face at the Border Initiative*” has been integral to the Customs and Border Protection’s priority mission – detecting and preventing terrorists and terrorist weapons from entering the U.S., while facilitating the orderly and efficient flow of legitimate trade and people. The establishment of the Customs and Border Protection Officer unified and integrated the work of approximately 18,000 inspectors who came from Customs, INS, and USDA. This required extensive job analysis. Multi-disciplinary teams of human resource and operational staff analyzed each position to determine whether the work could be integrated. Cross training of inspectors is ongoing as well as the development and use of a comprehensive CBP Officer training program for new officers. In addition, the CBP Agriculture Inspector was established to play a critical role in inspecting agricultural and related goods entering the U.S. In July 2004 a single overtime and premium pay system, COPRA, will be implemented for these occupations which will permit full implementation of the new occupations with reassignments to the new position descriptions.

New Approaches to Delivering HR Service - Within the Department’s first year, 22 different human resource servicing offices were consolidated to 7. Two delivery models are being used – the traditional human resource office and a shared service approach—all with the goal of becoming a modern world-class human resource office.

Rather than create three different human resource offices, ICE, CIS, and CBP are using the *shared service approach* and receive service from CBP’s human resource office. Human resource employees from INS were realigned to CBP to provide services, which are defined in a service level agreement and reimbursable agreement. In addition, the Border Patrol human resource staff was realigned to CBP’s human resource office. The first step in establishing the shared service office was to consolidate resources through a single chain of command. This aligned employees in more than 50 locations to one office.

The use of different HR systems, email tools, policies, and general practices have added to the challenge of establishing shared services. Capitalizing on best practices, process improvements, and consolidation of systems will lead do more efficient and effective processes. Efficiencies underway include streamlined processes for within-grade certifications, career ladder promotions, the use of standard position descriptions and classification bypass.

Current Strategies Emphasize the Importance of DHS Employees - While DHS employees fight the war on terrorism, the human capital strategies focused on hiring the right people with the right skills when they were needed, ensuring that employees were paid timely and correctly, and providing employees with HR information so they could make informed decisions on their benefits and entitlements.

Under shared services, entry level hiring includes new hires for front line occupations within DHS. All hiring goals were reached and respective training classes were filled.

Succession management strategies are important in planning for the future. Standardized reports have been developed to provide information about attrition for various occupations, supervisory and non-supervisory, retirement eligibility, etc. These reports allow managers to make informed decisions on where skill gaps will occur. Supervisory assessment tools are under development to ensure that applicants have the appropriate skills and aptitude for supervisory positions. In addition, within the bureaus, specific initiatives to address management development programs are underway.

Improving Financial Performance

The Department is integrating financial systems to produce information that is timely, useful, complete and reliable in order to facilitate and improve decision-making. Integrating financial management at the Department of Homeland Security is particularly challenging. Most of the organizations brought together to form the Department have their own financial management systems, processes, and in some cases, deficiencies. Four of the five major agencies that transferred to the Department reported 18 material weaknesses in internal controls for fiscal year 2002, and all legacy agencies within the Department had financial management systems that were not in substantial compliance with the *Federal Financial Management Improvement Act*. We are developing a strong financial management infrastructure to address these and other financial management issues. We have identified success factors, best practices, and outcomes associated with world-class financial management; and are making financial management a Department-wide priority.

Specifically, in order to strengthen the accountability of the use of taxpayer money and to provide accurate and reliable financial information in support of management decisions, the Department has:

- Subjected its consolidated financial statements to the rigor of an independent audit only three months after its inception, even though the Department of Homeland Security Financial Management Act waived the requirement for the Department to have a financial statement audit in 2003. This was done to establish a baseline understanding of the financial management strengths and weaknesses throughout the Department. Submitted consolidated financial statements for the seven months ended September 30, 2003 and have undergone an audit of those statements;
- Undertaken a new resource transformation initiative called eMerge². This effort is a business-focused program that will deliver a consolidated enterprise solution and will

- implement a back-office operation that will consolidate and integrate budget, financial management, procurement and asset management capabilities. Once fully implemented, eMerge² will result in financial savings by eliminating the need to maintain costly, duplicative systems. It will also improve departmental oversight and accountability of component operations in the budget, financial management, procurement, and asset management areas as well as provide better and more accurate information for frontline mission decision-makers;
- Established a partnership with the Department of Treasury's Financial Management Service for the collection of all delinquent debts over 180 days old. Developed procedures to ensure that all discharged debt is reported to the IRS timely;
 - Paid 97% of 50,000 non-credit card invoices on time; paid \$129,000 in late interest expense on \$526 million total invoices paid; and completely reconciled \$44 billion in cash for the most recent month that statistics are available;
 - Provided for recovery audit services for CBP and ICE. These recovery audits will ensure that disbursed dollars are paid properly and that DHS standard operating procedures (SOPs) are producing accurate payment outcomes. A FY 2003 recovery audit of the US Coast Guard yielded an improper payment rate well below one tenth of one percent, a standard industry benchmark;
 - Outsourced payroll to a more cost-effective provider common to all organizations in the Department;
 - Implemented an electronic time and attendance system;
 - Transferred \$37 billion and about 180,000 positions from 22 agencies to the Department;
 - Reduced to eight, the number of 18 inherited material weaknesses that transferred from the legacy agencies. Eight weaknesses were corrected. Several of the remaining weaknesses were consolidated or no longer met the criteria as a material weakness. Corrective actions were effectively carried out, for example, at the Federal Emergency Management Agency, being closed by the auditors. Management has taken action to develop corrective action plans to remedy unresolved weaknesses reported in the fiscal year 2003 audit report;
 - Effective October 2003, the Chief Financial Officer ended the continuation of financial management services provided by the legacy agencies. Essentially, the accounting business lines previously provided by the Departments of Commerce, Defense, HHS, Justice, Agriculture and the GSA were consolidated and are now provided in-house by the legacy INS. This streamlining of financial management functions reduced the number of financial management centers from 19 to 10 which enables the Department to more readily access bureau financial data, conduct department-wide financial analyses, and make sound financial decisions. We continue to work towards further consolidation of financial management processes and systems; and
 - Established a program, approved by OMB, which ensures the Department will comply with the provisions of the *Improper Payments Information Act (P.L. 107-300)*.

E-Government

The vision of the Department is to deploy and manage information assets and services that ease the burden on citizens, businesses and other government organizations at the federal, state, local, and tribal levels that conduct business with the Department. One of our most important and difficult challenges is to eliminate redundant information systems and develop an enterprise architecture solution common to all agencies to enable information sharing. We plan to use information technology (IT) in support of creating new and more efficient solutions.

Information technology will provide the Department of Homeland Security a competitive edge as it transforms into a 21st century agency. There is no mission endeavor that will not benefit by exploiting information technology to prevent terrorism, or to facilitate the movement of goods and people. Whether it is sharing the latest geospatial data with our federal, state, local, and tribal partners, or processing immigration benefits, information technology will enable smarter, more customer friendly solutions for America. Further, modern back-office systems to provide a responsible accounting of the taxpayers' funds and to manage a highly motivated workforce must be deployed quickly and cost effectively to manage our 180,000 employee workforce.

In order to ensure better use of IT investments and to facilitate the manner in which our employees communicate and work, DHS has:

- Employed modern video teleconferencing technology to facilitate communications throughout the organization. In 2003, DHS deployed secure video teleconferencing equipment to 54 state EOCs, 25 Governors' offices and three other Federal locations and also deployed a secure 16-port video teleconferencing bridge. The development and management of a central bridge for multipoint calling and the provision of state-to-state (EOC) secure video teleconferencing have enabled easy and effective communications for DHS employees as they coalesce into a single organizational culture;
- Established one-stop, single web portal for Homeland Security grant and training programs;
- Implemented the Homeland Security Operations Center, the most comprehensive 24-7 warning system in the United States, by bringing 35 federal and local law enforcement agencies and Intelligence Community members into the same system;
- Introduced the Homeland Security Information Network. HSIN is a computer based counter terrorism communications network currently connected to all 50 states and 20 major urban areas, which will soon be deployed to five territories, Washington, D.C. and 30 other major urban areas. This program significantly strengthens the two-way flow of real time threat information at the Sensitive-but-Unclassified level through the classified SECRET levels to state, local, and private sector partners;
- Provided states with around-the-clock access to secure telephones, the ability to receive secure communications, and access to secure videoconferencing. These tools will also be available to all governors' offices;
- Identified technical specifications for a short-term, baseline interoperable communications system that will allow first responders to interact by voice with each other, regardless of frequency or mode. If adopted at the state and local level, these

specifications will enable most first responders to have some form of communication with each other during a crisis by December 2004;

- Issued new standards in 2004 for major pieces of first responder equipment, including among others personal air filtration protection, personal protective clothing for personnel working in contaminated areas, and basic protective clothing for law enforcement for incidents involving possible chemical, biological, or radiological incidents;
- Released a technical Statement of Requirements document for future communications interoperability which is already prompting private sector response, with over 5,000 copies downloaded from the web site and industry already proposing solutions compatible with those requirements;
- Completed initial assessments and inventory of Departmental IT systems;
- Published an IT modernization blueprint and developed proposals and plans to integrate existing systems;
- Implemented single email domain (dhs.gov) and white pages directory within 90 days of creation of Department;
- Developed and implemented “Day 1” Departmental IT launch connecting all major components;
- Planned and executed uninterrupted transition of IT services and support from the 22 agencies transferred to the new Department;
- Formulated the first Department of Homeland Security Enterprise Architecture which is a comprehensive description of the Department’s current and future business strategies and supporting technologies;
- Established a centralized Network Operations Center (NOC) that monitors, manages and administers the Department’s core network which provides connectivity to all Department of Homeland Security components; and
- Developed framework for integrated, Department-wide Information Security Program. Consolidated funding strategy, to include role-up of information security budgets for all Organizational Elements.

Competitive Sourcing

The Department is dedicated to delivering the best services for the best value to the American people. This requires managers and employees to be focused on their mission and committed to protecting our homeland by using all of our available resources in the most efficient manner. It means bringing to bear the many tools and the best mix of in-house, contract, and reimbursable expertise to find the most effective method for addressing ongoing and emerging requirements. Whether it is to inspect cargo, agriculture products, and travelers or to secure our transportation and other critical infrastructure systems, the Department is committed to becoming a modern-world class provider of customer services seeking the maximum value for each and every available tax dollar. DHS has and will continue to focus on those commercial activities that have never undergone the dynamics of competition, but also expects to provide increased opportunities for submitting public offers for contracted work.

The process to assure that the Department is providing the best value of available services begins with the *Federal Activities Inventory Reform (FAIR) Act* inventories of commercial and inherently governmental activities. Commercial activities that could be performed through a service contract or reimbursable agreement but have never before been subjected to the dynamics of a competition have been identified and, in some cases, scheduled for full and open competition under the provisions of the *OMB Circular A-76*. The OMB Circular A-76 establishes a rigorous analytic approach to the comparison of public and private sector alternatives, which include the development of a formal solicitation, performance quality measures, oversight inspection requirements and the evaluation of full cost to the taxpayer. This approach opens the possibility of performing commercial work to wider array of participants, including in-house Federal employees, other Federal, state or local agencies and small and large business, promotes innovation and accountability and serves to focus managers on core mission requirements to help ensure that taxpayers receive maximum value for the resources provided.

In its first year and in support of the Department's effort to assure and to test whether it is performing its mission and mission support activities cost effectively, the Department:

- Established a department-wide program of cross-functional Commodity Councils tasked with creating strategies for goods and services acquired by contract throughout the Department. We expect performance improvements, administrative savings, and savings from the consolidation of requirements. The Councils cover a wide range of requirements, from simple items to more sophisticated requirements, such as boats and IT infrastructure requirements. For example, accrued savings in excess of \$1M are expected from the consolidation of handgun testing requirements alone. Combining office supply needs is expected to result in savings of 55 percent off existing retail pricing arrangements.
- Established utilization of Department of Defense's Electronic Mall (EMALL) program which enables DHS to participate in one of the largest existing government-to-business exchanges. DHS customers can access 383 commercial catalogs containing more than 12 million items and a total of 5.5 million National Stock Numbers from Defense Supply Centers and the General Services Administration. The powerful EMALL portal significantly aids DHS' quest for an efficient means to strategically acquire the goods and services it needs to support mission capabilities.
- The Department has negotiated enterprise licenses with Microsoft, Oracle, and Autonomy that represent savings of about \$96 million over five years that can be redirected to the mission-critical operations of the Department. Several more licenses are being negotiated in 2004 with suppliers in Information Security, Business Intelligence, and Technical Systems Management.
- Completed the Department's first comprehensive Federal Activities Inventory Reform (FAIR) Act inventory of commercial and inherently governmental functions, listing the requirements of 22 agencies and identifying that work which could be submitted to full and open competition.
- Created a new FAIR Act inventory and tracking system that brought together legacy agency approaches to apply a more consistent view toward what work could be subject to competition and what work should be reserved to federal performance.

- Identified and began five standard A-76 competitions, involving the work of over 1,500 full-time equivalent employees (17 percent of the 2003 FAIR Act inventory available for competition), including the second largest competition ever attempted among civilian agencies. These studies are scheduled for completion this year, well within the 12 month completion timeframes required by the OMB Circular A-76 and are expected to yield significant performance improvements and savings of 16 to 18 million dollars annually.
- Identified preliminary planning requirements for competitions scheduled for completion in FY 05 involving over 1,000 additional FTE (an additional 11 percent of the 2003 FAIR Act inventory available for competition). This plan, which calls for a wider level of participation throughout the Department, is expected to yield an additional \$12 million in savings annually.
- Completed feasibility studies involving airport decisions to participate in the Federal air baggage screener Opt-Out program and the USCG's review of military positions involved in aids-to-navigation. The USCG NavAids review has identified over 3,000 military positions that may be considered for performance by the private sector.

Budget and Performance Integration

The Department is establishing a fully integrated budget planning and program performance system. Our first Strategic Plan is the cornerstone of the *Future Years Homeland Security Program*, and will be the roadmap for resource planning and program evaluations. We will link performance goals with resource allocation plans to form the foundation of the budget.

In order to facilitate a strong linkage among budget and management decisions, strategic planning, and program performance, DHS has:

- Instituted the Future Years Homeland Security Program (FYHSP).. This is a five year resource plan that will help ensure the Department is postured and appropriately invested to meet our strategic goals and objectives. By identifying our long-range strategies and resource requirements, the Department will be better able to ensure priority programs are able to be carried through and will make us better able to accommodate changing circumstances. DHS is one of only three Departments that have instituted the FYHSP, because of the magnitude of our mission and the breadth of our responsibilities.
- Linked the performance goals and measures in the Department's fiscal year 2005 budget request directly to the Department's new Strategic Plan. Both previous and future budget decisions are analyzed and based on data from these performance goals and measures which are first and foremost, consistent with the set of goals and objectives defined in the DHS Strategic Plan;
- Established the Department's Planning Programming Budgeting System to ensure program requirements are properly planned and identified; aligned with the Department's mission and goals; and have measurable performance outcomes that are key to the success of the organization; and

- Developed an understanding among program managers of performance budgeting in a five-year perspective by conducting training at organizational entities. This resulted in better long range thinking in resource requests and thinking ahead in the initial development of the fiscal year 2005 budget.

Specific highlights of the Department of Homeland Security's performance during fiscal year 2003 are provided below. These highlights have been taken from the measures of agencies transferred into the Department, and are reported based on 12-month actuals.

- The Department met its goal of obtaining a 94 percent data sufficiency rate in the Advanced Passenger Information System (APIS), the primary database that U.S. Customs and Border Protection uses to target suspect or high-risk passengers, while facilitating the flow of law-abiding travelers through the clearance process. APIS supports the Department's commitment to protecting our homeland from acts of terrorism and reducing its vulnerability to the threat of international terrorists. The Department's fiscal year 2005 goal is to obtain a data sufficiency level of 99.1 percent.
- In fiscal year 2003 the Department created a new goal to move legitimate cargo and people efficiently. The Department met its fiscal year 2003 target level of 99.8 percent of vehicles approaching the land ports-of-entry that comply with laws, rules, regulations, and agreements enforced by U.S. Customs and Border Protection. A target of 99.9 percent compliance is set for fiscal year 2005.
- In support of the Department's goal to move legitimate cargo and people efficiently, the Department met its target of ensuring that 93 percent of sea-containerized cargo was transported using Customs-Trade Partnership Against Terrorism (C-TPAT) carriers. The C-TPAT program improves oversight of trade security and provides a cadre of anti-smuggling experts dedicated to training, outreach, and security verification. This program protects the United States by working closely with industry and major importers who transport goods over land and sea borders. A target of 94 percent is set for fiscal year 2005.
- In the seven months since the Department's creation, the Department met its goal of contributing to a safer America by prohibiting the introduction of the illicit drugs cocaine and marijuana into the United States. In fiscal year 2003, 19,298 kilograms of cocaine, and 321,745 kilograms of marijuana were seized at ports of entry or in the maritime domain by, or with the participation of, U.S. Customs and Border Protection officers and/or the United States Coast Guard (USCG).
- The Department met its goal of removing 61 percent of aliens who have received an order of removal from an immigration judge. This target percentage estimates that 220,000 final orders were issued in fiscal year 2003, and is shown as the percentage of aliens removed as a result of final orders issued. A long-term target of 100 percent is set for fiscal year 2009.
- The Department met its goal of obtaining 57.2 percent enforcement consequences based on preliminary data on closed cases in the year. Enforcement consequences are defined as arrests, indictments, conviction, seizure, fine, or penalty for cases completed by the United States Immigration and Customs Enforcement Office of Investigations. This is a new performance measure that was developed to include the new investigative roles resulting from the merger of the Customs Service and the Immigration and Naturalization

Service Offices of Investigations and supports the Department's reasonability of protecting the American people, property, and infrastructure from foreign terrorists, criminals, and other people and organizations who threaten the United States. The Department goal is to increase the percentage of cases that have an enforcement consequence to 57.6 percent by fiscal year 2005. Within approximately six to nine months the means to provide final accurate reliability rates will be in place.

- The Department successfully met and exceeded its target number of 500 communities taking or increasing actions to reduce their risk from natural or man made disasters. In fiscal year 2003, the Department documented that 750 communities took actions to reduce their risk through conducting pre-disaster mitigation activities, joining or increasing their rating in the Community Rating System, joining the National Flood Insurance Program, participating in a Cooperative Technical Partnership, or implementing post-disaster mitigation projects. The Department's long-term fiscal year 2009 goal is to maintain a level of action consistent with its fiscal year 2003 target.
- The Department met its goal of achieving a 20 percent overall measurable reduction to the threats faced by federal facilities, accomplishing a 49.57 percent actual reduction for fiscal year 2003. To achieve this, the Department periodically conducted Building Security Assessment surveys on federal buildings within the Department's control. These surveys provided Department decision makers a means of identifying and evaluating threats to the federal workplace and of assessing program efficiency in reducing these threats. The Department will continue to use these surveys to develop threat indices, prioritize buildings based on vulnerability and make the necessary adjustments to mitigate potential threats. The Department's overall long-term goal is to achieve a 40 percent overall measurable reduction to the threats faced by federal facilities by fiscal year 2009.
- The USCG exceeded its goal of saving 85 percent of mariners in imminent danger despite the continuing challenges of untimely distress notification, incorrect reporting of the distress site location, severe weather conditions and distance to the scene. To overcome these obstacles, the Department is modernizing and improving its Maritime 911 emergency distress and response system (Rescue 21), increasing personnel and training for its Search and Rescue program, and identifying and replacing non-standard boats. The Department's long-term fiscal year 2009 goal is to save 88 percent of mariners in imminent danger. In addition, the USCG aggressively supported Homeland Security by maintaining more than 115 security zones; conducted 36,000 air patrols and 8,000 vessel boardings. The Coast Guard interdicted over 6,000 undocumented migrants attempting to enter the country illegally by sea. Recapitalizing the Coast Guard's aging assets and infrastructure via the Coast Guard's performance-based Deepwater acquisition project will be vital to our nation's maritime security, which includes over 95,000 miles of coast
- The Department met its goal of restricting counterfeit money being circulated to under \$74 per \$1 million of genuine United States currency, limiting the ratio of counterfeit notes passed on the public to only \$58.00 per \$1 million of genuine currency. The Department is committed to reducing losses to the public that are attributable to counterfeit currency which threatens the integrity of our currency and the reliability of financial payment systems worldwide. The Department's long-term fiscal year 2009 goal is to maintain this level of enforcement.

- The Department met its goal of preventing at least \$1.5 billion in loss attributable to financial crimes. This was achieved through conducting criminal investigations that resulted in the intervention or interruption of criminal ventures, which prevented \$2.5 billion in loss attributable to financial crimes. The Department is committed to reducing losses to the public that are attributable to financial crimes and identity theft. The Department's long-term fiscal year 2009 goal is to maintain this level of enforcement.
- The Department met its target of providing incident-free protection for the Nation's leaders, other protectees, and visiting world leaders. The Department evaluated protective-related intelligence on groups, subjects and activities that pose threats to protected individuals, facilities, or events. Utilizing this intelligence, the Department was able to maintain the efficiency of its protective operations without compromising the security of protectees, facilities, and events. As there is no acceptable error rate for this measure, the Department's long-term goal is to maintain a level of 100 percent protection.

VI. Where DHS is Going as a Department TOMORROW

Improving Financial Performance

DHS is committed to providing timely and complete input to support the accelerated November 15, 2004 deadline for audited financial statements. The Department has established action plans and corresponding milestones for preparing and auditing the Department's FY 2004 financial statements and has performed a hard close of financial balances on June 30, 2004.

DHS will furnish auditors with sufficient evidential materials to support an unqualified opinion on audited financial statements.

DHS is aggressively tracking corrective action plans for all auditor-identified and Integrity Act material weaknesses in internal controls and will have achieved at least a 50% reduction in auditor-identified and Integrity Act weaknesses.

DHS will strive to have no anti-deficiency act violations and will continue to exercise strong controls over payment systems to ensure that errors associated with improper payments remain at insignificant levels.

With the exception of the Federal Protective Service (FPS), United States Coast Guard (USCG) and Transportation Security Administration (TSA), all DHS components receive payroll services from the National Finance Center (NFC). FPS receives payroll services from the General Services Administration (GSA) and USCG and TSA receive payroll services from the Department of Transportation. In FY 2005, USCG, TSA, and FPS will migrate to the NFC, the government-wide payroll provider.

Human Capital

DHS will complete and validate the Department's Human Capital Strategic Plan in support of creating a human capital strategy that is aligned with mission, goals, and organizational objectives and is integrated into its strategic plans, performance plans, and budgets. Input obtained from Line Supervisors/Managers and the HR Council will provide the framework for accurate and aligned strategic objectives and action plans and will ensure validation of quantitative and qualitative performance measures.

DHS will create a workforce planning system that will be used in identifying and addressing gaps in mission-critical occupations and leadership ranks. Tools that will be used to close identified gaps include: a singular DHS Leadership Development Curriculum, DHS SES Candidate Development Program, Corporate Branding/Marketing, Presidential Management Fellows utilization, increased use of hiring flexibilities, and a Managerial Rotation Program. DHS will continue to be committed to the shared services philosophy and implementation of human capital integration which will focus on obtaining organizational realignment, consolidation of operations, and establishment of unified policies and business processes.

DHS will ensure that Department leaders and managers effectively manage people, ensure continuity of leadership, and sustain a learning environment that drives a continuous improvement in performance.

Competitive Sourcing

DHS is committed, first and foremost, to maximizing the use of its existing resources and capabilities to achieve mission and performance excellence. Competitive sourcing is one of the Department's critical tools in testing cost and performance quality assumptions, seeking alternative approaches, innovation, and in our effort to reinvent and redirect existing resources to meet critical needs.

In the short-term, DHS will continue to focus on improving and validating its FAIR Act inventory and to expand the infrastructure necessary to integrate competitive sourcing into the fabric of our strategic planning model. This means that managers and employees will be asked to take a hard look as to what work must be provided by Federal employees and what work could be performed under a competitive award and why. This approach has been designed to maintain managerial flexibilities, enhance performance oversight and assure the Department's ability to respond to ongoing and emerging requirements. We will focus on the coordination of attrition requirements, competitive sourcing opportunities, and the development of accurate hiring requirements. We will coordinate budget requirements with the opportunities to improve contracting, lessons learned, and the possibilities of consolidating requirements.

In the longer-term, DHS has begun to build a business operations model that will ensure maximum benefit to all Americans. With a strong commitment to a streamlined and effective competitive sourcing plan, we will create a market-based organization unafraid of competition, innovation, and choice.

E-Government

Information technology will provide the Department of Homeland Security a competitive edge as it transforms into a 21st century agency. There is no mission endeavor that will not benefit by exploiting information technology to prevent terrorism, or to facilitate the movement of goods and people. Whether it is sharing the latest geo-spatial data with our federal, state, local, and tribal partners, or processing immigration benefits, information technology will enable smarter, more customer friendly solutions for America. Further, modern back-office systems to provide a responsible accounting of the taxpayers' funds and to manage a highly motivated workforce must be deployed quickly and cost effectively to manage our 180,000 employee workforce.

Merging 22 agencies, also presents information technology challenges for our 21st century agency. Rationalizing disparate technologies with conflicting business rules, consolidating data centers and networks, getting the right information to border agents, preventing cyber attacks against our mission critical systems, or even having a common email system must be achieved to avoid future terrorist attacks.

The challenge facing the IT function of DHS is very complex. There are three major areas of focus. The first is to ensure that the men and women on the front lines of the Department have all the IT enabled solutions, tools, and training they need to safeguard the United States and to deliver the Department's safety and service related missions. We must deliver new mission solutions with quality and speed, in a secure and cost-effective manner, while maintaining already existing mission solutions that were inherited when the Department was formed.

The second area of challenge addresses the integration of existing IT enabled solutions. Guided by our Enterprise Architecture, the Department is identifying opportunities to consolidate and rationalize mission solutions. For example, in mission areas like threat identification and management, identity credentialing and collaboration, we have identified multiple solutions in use within the various organizational elements of the Department. The IT role is to facilitate the operators and subject matter experts in our agencies in determining the optimal number and nature of mission solutions needed.

Finally, the third area of challenge is to realize efficiencies and economies of scale that the President and Congress have set forth in creating DHS. Here, we must rapidly identify and eliminate overlap and redundancy within the IT infrastructure, as well as in key IT support programs including Information Security. However, we must ensure that we "do no harm" to mission solutions while we restructure, integrate, and consolidate our IT infrastructure.

In support of these priorities, DHS will:

- ⇒ Establish a single wide area network (DHS One Network) by December 2004 that will centrally connect all directorates and offices within the department with one communication tool.
- ⇒ Continue to consolidate and integrate Collaboration/Desktop Services, Network/Internet Access, IT Operations and Data Centers to provide for the optimal

work environment that allows DHS employees to work and communicate in the most effective manner possible.

- ⇒ Refine the Department's Enterprise Architecture which will enable DHS to highlight overlapping, duplicative initiatives, and identify financial inefficiencies, resulting in cost savings for US taxpayers.
- ⇒ Ensure that all major IT systems will be certified and accredited in order to properly secure the information and tools that the Department utilizes everyday to protect the American public.
- ⇒ DHS will continue to serve as the managing partner of Disaster Management and Project SAFECOM and is committed to advancing several e-Government initiatives that allow the general public to interface with their Federal government in more simpler and easier ways.

Budget & Performance Integration

DHS will assess, through objective measurement and systematic analysis, the manner and extent in which our programs achieve these goals. Through the Department's assessment and evaluation process we will compare our performance to the expectations established by the *President's Management Agenda*. Using the Program Assessment Rating Tool (PART)¹, we will evaluate the purpose, design, and execution of our focus areas and major efforts to determine their overall effectiveness. We will establish measures of effectiveness to assist in establishing future strategies and prioritizing resources, and, if needed, we will develop performance improvement and corrective action plans. Our annual Performance and Accountability Report to the Administration and Congress contains an evaluation of our progress towards achieving goals.

During fiscal year 2003, we established a Department-wide initiative to improve program performance goals and measures and develop new ones aligned with our Strategic Plan. In fiscal year 2004, the Department continued to evaluate these hold-over performance measures and make necessary adjustments to align performance goals, measures, and targets with the goals in our Strategic Plan. DHS published a revised set of performance goals and measures in the fiscal year 2005 *Performance Budget Overview* in the justification that supports the *President's Budget Request* to Congress.

DHS is implementing a Planning Programming and Budgeting System (PPBS) that will serve as the basis for developing the Department's annual *Future Years Homeland Security Program* (FYHSP) that is submitted to Congress in accordance with the provisions of the *Homeland Security Act of 2002*. The PPBS is a cyclic process that ensures requirements are properly identified, programs are aligned with the Department's mission and goals, and outcome-based performance measures are established to include factors that are key to the success of the Department. The Department's Strategic Plan, FYHSP, and PPBS together create a recurring cycle of program planning, budgeting, execution, measurement, and reporting. This continuous

¹ The PART was developed to assess and improve program performance so that the Federal government can achieve better results. A PART review helps identify a program's strengths and weaknesses to inform funding and management decisions aimed at making the program more effective. The PART therefore looks at all factors that affect and reflect program performance including program purpose and design; performance measurement, evaluations, and strategic planning; program management; and program results. Because the PART includes a consistent series of analytical questions, it allows programs to show improvements over time, and allows comparisons between similar programs.

cycle, along with our program assessment and evaluation process, ensures the Department performs at the optimal level necessary to defend the homeland and protect the American people.

In support of the Department's commitment to performance measurement and integration of performance information and data into budget and fiscal decisions, DHS will work to achieve the following:

- ⇒ All DHS programs will be "PARTed".
- ⇒ 100% of DHS programs will have at least one efficiency measure.
- ⇒ Performance goals included in the DHS FY06 budget request will be supported by strategies and performance measures to accurately reflect program progress and cost and to help identify cost deltas resulting from changes to performance goals.
- ⇒ All DHS programs will submit PART reviews for internal Department analysis in conjunction with their FY06 Departmental budget submit.
- ⇒ Provide agencies with examples of how PARTs can be cited in testimony and work to ensure that testimony and correspondence with Congress on FY05 Budget cite PART as appropriate.