



# Integrated Strategy for High-Risk Management

Strengthening DHS Information Technology and Financial Management Functions  
A Biannual Update to the Government Accountability Office

*September 2024*



**Homeland  
Security**



# Homeland Security

September 27, 2024

The Honorable Gene L. Dodaro  
Comptroller General of the United States  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, D.C. 20548-0001

Dear Comptroller General Dodaro:

On behalf of the Department of Homeland Security (DHS or the Department), I am pleased to submit the enclosed update to the DHS *Integrated Strategy for High-Risk Management (Integrated Strategy)*.<sup>1</sup> This is our second semi-annual update to the Department's Integrated Strategy for fiscal year (FY) 2024 and provides our current status and future plans to fully address our remaining agreed upon outcomes in the *Strengthening DHS IT (Information Technology) and Financial Management Functions High-Risk area*.

In financial management, DHS has continued to make progress to modernize its outdated financial systems. Early in FY 2023, DHS awarded contract task orders to obtain modern financial software for the Federal Emergency Management Agency (FEMA), U.S. Immigration and Customs Enforcement (ICE), and certain other DHS organizations that use ICE's legacy system. While the ICE modernization was delayed due to a contractual protest, FEMA made significant progress in FY 2024. Early in FY 2024, the program onboarded system integrator contractors and stood up a demonstration system. The demonstration system was used to facilitate the initial phase of the project (called "Discovery"). This phase included workshops with FEMA functional experts to assess the degree to which standard application functionality supports FEMA business processes and the types of configurations needed to fully implement requirements. Discovery was completed in late FY 2024, and we will begin the Implementation phase in FY 2025.

The Department continues to apply lessons learned from our system modernization and stabilization efforts at U.S. Coast Guard (USCG) to ensure successful transition for FEMA. During FY 2024, DHS initiated an effort to complete USCG software development and address critical functionality gaps (known as the Pain Point Index). This effort was roughly two thirds complete by the end of FY 2024 and is scheduled for completion in FY 2025.

FEMA and USCG represent more than half of the Department's gross costs. Future completion of these efforts will help the Department earn an unmodified audit opinion on its internal control over financial reporting, a long-standing goal for the Department to comply with a statutory requirement that is unique to DHS among federal agencies.

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<sup>1</sup> *Integrated Strategy*, published every six months since 2011, outlines the Department's framework for addressing the management functions on the GAO High-Risk List.

Within the DHS Management Directorate, we are committed to strong internal control and responsible stewardship of our resources. The financial management and IT initiatives described in this Strategy are key building blocks in that regard. At the same time, we are committed to sustaining progress in acquisition and human capital – two functions which were previously removed as high-risk areas.

We appreciate the collaborative working relationship and partnership we enjoy with GAO and look forward to further engagement with your teams on these initiatives during the months and years ahead.

Please contact me should you wish to discuss our updated Integrated Strategy report.

Thank you.

Sincerely,

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H D ALLES** Digitally signed by  
RANDOLPH D ALLES  
Date: 2024.09.27  
15:58:55 -04'00'

R.D. Alles  
Deputy Under Secretary for Management

Enclosure



## Progress on the Government Accountability Office High-Risk Outcomes

In 2010, the Government Accountability Office (GAO) identified 30 outcomes and the Department of Homeland Security (DHS) agreed that achieving these goals were critical to addressing challenges within the Department’s management areas. Those outcomes covered the following functional areas: financial management, human capital, information technology, acquisition, and management integration. The Department first issued the *Integrated Strategy* in 2011 and has maintained a practice of updating GAO on its progress twice a year.<sup>2</sup> In general, the *Integrated Strategy for High-Risk Management (Integrated Strategy)* report provides updated action plans for the outcomes that have not yet achieved a Fully Addressed rating from GAO.

Since that time, the Department has made significant progress and addressed many of the identified outcomes. As such, in 2023, GAO narrowed the scope of this High-Risk area to *Strengthening DHS Information Technology and Financial Management* and focus only on the remaining nine outcomes in the related functional areas. Please see *Table 1* for a summary of the remaining outcomes.

In the GAO Report to Congressional Committees dated April 2023,<sup>3</sup> GAO concluded that the Department has fully addressed its Human Capital Management and Acquisition Management outcomes. The Department is committed to addressing its remaining unresolved outcomes while sustaining progress in the Acquisition Management and Human Capital Management areas.

GAO rates the Department’s outcomes progress using the following scale:

- **Fully Addressed:** Outcome is fully addressed.
- **Mostly Addressed:** Progress is significant, and a small amount of work remains.
- **Partially Addressed:** Progress is measurable, but significant work remains.
- **Initiated:** Activities have been initiated to address the outcome, but it is too early to report progress.

*Table 1. Summary of DHS’s GAO Outcome Ratings by Functional Area (2024)*

Functional Area	Total GAO Outcomes	Fully Addressed	Mostly Addressed	Partially Addressed	Initiated
Financial Management	8	2	0	3	3
Information Technology Management	6	5	0	1	0
<b>Total as of September 2024</b>	<b>14</b>	<b>7</b>	<b>0</b>	<b>4</b>	<b>3</b>

In the July 30, 2024, GAO issued the report,<sup>4</sup> *Financial Management Systems: DHS Should Improve Plans*

<sup>2</sup> Congress codified this practice by requiring DHS to report to GAO every six months. National Defense Authorization Act for Fiscal Year 2017, Public Law 114-328 § 1903(b) ((codified at 6 U.S.C. § 341(a)(11)), page 674.

<sup>3</sup> GAO, Report to Congressional Committees: High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas (GAO-23-106203, April 2023).

<sup>4</sup> GAO, Financial Management Systems: DHS Should Improve Plans for Addressing Its High-Risk Area and Guidance for Independent Reviews (GAO-24-106895, July 2024).



*for Addressing Its High-Risk Area and Guidance for Independent Reviews*, GAO acknowledged that the activities (1) incorporated in DHS’s key financial system modernization (FSM) Departmental and operational strategies, and (2) related to DHS’s efforts to obtain a clean Internal Control over Financial Reporting (ICOFR) opinion, both fully met nine and partially met four of GAO’s 13 leading practices for performance management. In addition, DHS’s cost and schedule estimation guidance was determined to be generally consistent with GAO’s leading practices. DHS concurred with GAO’s recommendations in the July 2024 report and is working toward full implementation of GAO’s leading practices.



Progress on GAO  
High-Risk Outcomes



**Financial Management (FM) Outcomes #2 and #4**

**Outcome Lead:** Alyssa Smiley

**Outcome Executive:** Stacy Marcott

**GAO Outcomes:** (FM 2) - Obtain an unmodified opinion on internal control over financial reporting (ICOFR) to demonstrate effective internal controls; and (FM 4) - Sustain unmodified opinions for at least two consecutive years on ICOFR.

**DHS Successes:** DHS has proven its capacity and capability for strong financial reporting and management, as noted by eleven consecutive unmodified (“clean”) financial statement opinions and the reduction of material weaknesses from ten in 2006 down to two by 2021. Specifically, in FY 2020 DHS was able to fully remediate a long-standing significant deficiency over Property, Plant, and Equipment. Furthermore, the Department remediated the portion of the Financial Reporting material weakness associated with actuarial retirement liabilities – these liabilities totaled \$67.3 billion at the end of FY 2020 – roughly half of total DHS liabilities. In FY 2021, DHS downgraded the Journal Voucher and Beginning Balance deficiency from being a contributor to the Financial Reporting material weakness.

The DHS Integrated Financial Statement audit highlighted additional challenge areas encountered in FY 2022 and FY 2023 that have resulted in five areas of material weakness being identified as of FY 2023. DHS remains committed to resolving these deficiencies. Given its demonstrated record of success, DHS does not believe that the current modified opinion on ICOFR poses a substantial, unmitigated risk to successful financial management at DHS.

**GAO 2023 Outcome Rating: FM 2**



**GAO 2023 Outcome Rating: FM 4**



**CURRENT STATUS**

To advance to Fully Addressed for FM 2, DHS must obtain an unmodified opinion on ICOFR and demonstrate an effective system of internal controls. To achieve an unmodified opinion, DHS must reduce one of the outstanding areas of material weakness to a significant deficiency. Once the unmodified opinion is obtained, DHS plans to use the same risk-based approach used for FM 2 to sustain the unmodified opinion and advance FM 4.

DHS continues to make significant progress and achieved its eleventh unmodified audit opinion on the 2023 DHS financial statements and related footnotes. In addition, the sustainment of a “clean” financial statement opinion for over ten years provides continued evidence that DHS has implemented the internal control over financial reporting sufficient to ensure that year-end financial reporting is not materially misstated. Given this demonstrated record of success, DHS does not believe that the current modified opinion on ICOFR poses a substantial, unmitigated risk to successful financial management at DHS.

In FY 2021, management reported two areas of material weaknesses: 1) Financial Reporting and 2) Information Technology (IT) Controls and System Functionality. In FY 2022, DHS





## CURRENT STATUS

continued the ongoing remediation over these known areas of material weaknesses and worked to resolve financial reporting deficiencies through targeted remediation.

In FY 2022, the United States Coast Guard (USCG) underwent a major financial systems modernization effort that included transitioning to a new financial management system, the Financial Systems Modernization Solution (FSMS), in December 2021 (see FM Outcome #6). Transition to a modernized financial system will have benefits for USCG financial operations and reporting going forward.

However, challenges with the initial USCG transition to FSMS from the legacy application has had substantial impacts to many of the Component's business processes. As a result, internal control over financial reporting deficiencies were identified and reported in FY 2022. In addition, the late fiscal year landfall of Hurricane Ian resulted in a large-scale Federal Emergency Management Agency (FEMA) response to assist the impacted region. Despite timing challenges, FEMA maintained focus on Hurricane Ian response and continued to support these efforts financially through grants, disaster loans, and flood insurance payments. While DHS continued remediation efforts in these areas, in FY 2023, an additional area of material weakness related to Seized and Forfeited Property was reported by the independent auditor.

While DHS does not fully agree with the characterization of the new area of material weakness, the agency does recognize that internal controls over that process needs to be further strengthened. As a result, in FY 2023, DHS received a modified opinion on internal control over financial reporting that cited five areas of material weaknesses: 1) Information Technology Controls and Information Systems, 2) Financial Reporting, 3) Insurance Liabilities, 4) Receipt of Goods and Services, and 5) Seized and Forfeited Property Other than Monetary Instruments.

The Department's Chief Financial Officer (CFO) is executing a multi-year plan to achieve an unmodified "clean" ICOFR opinion. The Department recognizes remediation of the remaining areas of material weakness related to Financial Reporting and IT Controls and Information Systems will be the most challenging phase of the strategy to achieve a "clean" ICOFR opinion, due to the complexity resulting from DHS's many CFO-designated systems (with a combination of legacy systems as well as some in various stages of modernization), the need to rely on manual compensating controls in the interim, and the abundance of information and data utilized in DHS business process activities. The Department anticipates making substantial annual progress and continues to build upon its successful internal control enterprise approach, demonstrating incremental and sustainable progress each year, and remains collectively focused on obtaining an unmodified "clean" ICOFR opinion while also realizing additional time will be necessary. As such, DHS has adjusted the target date for an unmodified ICOFR opinion to FY 2028, dependent on the schedule for the FEMA financial system modernization effort.

As was identified by GAO in July 2024,<sup>5</sup> although the Department has multiple individual strategy and guidance documents for managing efforts at a departmental or an operational level for obtaining a clean ICOFR opinion, collectively the documents only partially address the

<sup>5</sup> GAO, Financial Management Systems: DHS Should Improve Plans for Addressing Its High-Risk Area and Guidance for Independent Reviews (GAO-24-106895, July 2024).





**CURRENT STATUS**

GAO leading practices associated with 1) Identify strategies and resources, 2) Involve stakeholders, 3) Promote accountability, and 4) Build and maintain capacity. DHS fully acknowledges that a comprehensive strategy related to obtaining and sustaining a clean ICOFR opinion that fully incorporates GAO’s leading practices for performance management activities would assist in effectively managing these efforts. As such, additional actions have been added into the outcome plan for FM 2 and FM 4 to resolve these partially addressed GAO leading practices for performance management and enhance DHS’s comprehensive strategy for obtaining and sustaining a clean ICOFR opinion.

Legend for the Following Outcome Action Plan:

- Targeting a Fully Addressed Rating (Green)
- Targeting a Mostly Addressed or Partially Addressed (Yellow)
- Rating In Progress / Planned (White)
- Completed (Gray)

**OUTCOME ACTION PLAN<sup>6</sup>**

Actions	Projected Date	Reason for Change / Notes
(FM 4) Sustain an unmodified (i.e., clean) opinion on internal control over financial reporting for two consecutive years (i.e., FY 2027 and FY 2028).	November 2029	<b>Targeting a Fully Addressed rating.</b> The independent auditor will issue its report for FY 2029 in November 2029.
(FM 4) Components re-evaluate risks to sustaining a clean audit opinion and reducing weaknesses in internal control and business processes.	March, June, and August 2029	Components identify risks that could prevent sustainment of progress and develop appropriate risk response.
(FM 4) DHS CFO to oversee and review A-123 results.	March, June, and August 2029	DHS CFO incrementally reviews Component A-123 assessment results and sustains progress.
(FM 4) Update DHS’s ICOFR strategy and guidance documentation, as needed.	December 2028	DHS CFO to annually review the strategy and guidance documentation related to obtaining and sustaining an ICOFR opinion and update as needed.

<sup>6</sup> Only the most recent and significant updates have been included in this report. For a history of the Department’s progress in this area, please refer to past updates to the Integrated Strategy (<https://www.dhs.gov/publication/dhs-integrated-strategy>).

OUTCOME ACTION PLAN<sup>6</sup>

Actions	Projected Date	Reason for Change / Notes
(FM 4) Demonstrate measurable progress by continuing to reduce weaknesses in internal control and business processes.	November 2028	<p><b>Targeting a Mostly Addressed Rating</b></p> <p>The independent auditor will issue its report for FY 2028 in November 2028. This should be noted as “Mostly Addressed” when DHS FM 2 is noted as “Fully Addressed”. DHS proposes this Outcome be considered Mostly Addressed when all areas of material weakness have been reduced to a significant deficiency.</p>
(FM 2) Obtain an unmodified (i.e., clean) opinion on internal control over financial reporting for FY 2027.	November 2028	<p><b>Targeting a Fully Addressed rating.</b></p> <p>The independent auditor will issue its report for FY 2028 in November 2028.</p> <p>Adjusted date because of system modernization efforts planned as well as select, complex deficiencies taking longer to fix than originally anticipated. DHS proposes this outcome be considered Fully Addressed when no material weaknesses exist, and minimal significant deficiencies remain.</p>
Components re-evaluate risks to sustaining a clean audit opinion and reducing weaknesses in internal control and business processes.	March, June, and August 2028	Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
Review and validate Component completed remediation steps.	March, June, and August 2028	DHS CFO incrementally reviews and validates remediation steps completed by Components.
Work with Components to assess FY 2026 audit risks and develop corrective actions.	January and February 2028	DHS CFO works with Components to establish corrective actions based on risks identified.
Update DHS’s ICOFR strategy and guidance documentation, as needed.	December 2027	DHS CFO to annually review the strategy and guidance documentation related to obtaining and sustaining an ICOFR opinion and update as needed.
(FM 4) Demonstrate measurable progress by continuing to reduce weaknesses in internal control and business processes.	November 2027	<p><b>Targeting a Partially Addressed Rating.</b></p> <p>DHS proposes this Outcome be considered Partially Addressed when the Financial Reporting or IT material weakness area is reduced to a significant deficiency. This should be noted as “Partially Addressed” when DHS Financial Management Outcome #2 is noted as “Mostly Addressed”.</p> <p>DHS has designed a repeatable process to address the audit conditions. Enhanced audit scope and deficiencies highlighted related to Information Produced by the Entity that will take additional time to remediate.</p>
Components re-evaluate risks to sustaining a clean audit opinion and reducing weaknesses in internal control and business processes.	March, June, and August 2027	Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.

OUTCOME ACTION PLAN<sup>6</sup>

Actions	Projected Date	Reason for Change / Notes
Components re-evaluate risks to sustaining a clean audit opinion and reducing weaknesses in internal control and business processes.	March, June, and August 2027	Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
Review and validate Component completed remediation steps.	March, June, and August 2027	DHS CFO incrementally reviews and validates remediation steps completed by Components.
Work with Components to assess FY 2026 audit risks and develop corrective actions.	January and February 2027	DHS CFO works with Components to establish corrective actions based on risks identified.
Update DHS's ICOFR strategy and guidance documentation, as needed.	December 2026	DHS CFO to annually review the strategy and guidance documentation related to obtaining and sustaining an ICOFR opinion and update as needed.
Components re-evaluate risks to sustaining a clean audit opinion and reducing weaknesses in internal control and business processes.	March, June, and August 2026	Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
Review and validate Component completed remediation steps.	March, June, and August 2026	DHS CFO incrementally reviews and validates remediation steps completed by Components.
Work with Components to request resourcing in the FY 2027 budget request, as applicable, to address resourcing gaps for obtaining and sustaining an ICOFR opinion identified through the resourcing review.	February 2026	DHS CFO works with Components to develop the FY 2027 DHS budget request.
Work with Components to assess FY 2025 audit risks and develop corrective actions.	January and February 2026	DHS CFO works with Components to establish corrective actions based on risks identified.
Update DHS's ICOFR strategy and guidance documentation to ensure adequate inclusion of current stakeholder involvement, accountability, and capacity based on current resourcing levels.	December 2025	DHS CFO to annually review the strategy and guidance documentation related to obtaining and sustaining an ICOFR opinion and update as needed.
Components re-evaluate risks to sustaining a clean audit opinion and reducing weaknesses in internal control and business processes.	March, June, and August 2025	Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
Review and validate Component completed remediation steps.	March, June, and August 2025	DHS CFO incrementally reviews and validates remediation steps completed by Components.

OUTCOME ACTION PLAN<sup>6</sup>

Actions	Projected Date	Reason for Change / Notes
Conduct a resourcing review to accurately identify current resourcing levels and capabilities and crosswalk that information to the high-risk areas related to DHS's ability to obtain and sustain an unmodified ICOFR opinion.	June 2025	DHS CFO to execute a resourcing review to drive internal and external resourcing decisions to obtain an ICOFR opinion.
Work with Components to assess FY 2024 audit risks and develop corrective actions.	January and February 2025	DHS CFO works with Components to establish corrective actions based on risks identified.
Components re-evaluate risks to sustaining a clean audit opinion and reducing weaknesses in internal control and business processes.	March, June, and August 2024	In progress. Completed for March and June 2024. Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
Review and validate Component completed remediation steps.	March, June, and August 2024	In progress. Completed for March and June 2024. DHS CFO incrementally reviews and validates remediation steps completed by Components.
Work with Components to assess FY 2023 audit risks and develop corrective actions.	January and February 2024	<b>Completed.</b> DHS CFO works with Components to establish corrective actions based on risks identified.
Components re-evaluate risks to sustaining a clean audit opinion and reducing weaknesses in internal control and business processes.	March, June, and August 2023	<b>Completed.</b> Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
Review and validate Component completed remediation steps.	March, June, and August 2023	<b>Completed.</b> DHS CFO incrementally reviews and validates remediation steps completed by Components.
DHS CFO will work with Components to assess FY 2022 audit risks and develop corrective actions.	January and February 2023	<b>Completed.</b> DHS CFO works with Components to establish corrective actions based on risks identified.
Components re-evaluate risks to sustaining a clean audit opinion and reducing weaknesses in internal control and business processes.	March, June, and August 2022	<b>Completed.</b> Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
Review and validate Component completed remediation steps.	March, June, and August 2022	<b>Completed.</b> DHS CFO incrementally reviews and validates remediation steps completed by Components.
Work with Components to assess audit risks and develop corrective actions.	December 2021, January and February 2022	<b>Completed.</b> DHS CFO works with Components to establish corrective actions based on risks identified.



### Financial Management Outcome #5

**Outcome Lead:** Alyssa Smiley

**Outcome Executive:** Stacy Marcott

**GAO Outcome:** Achieve substantial compliance with the *Federal Financial Management Improvement Act* of 1996 (FFMIA) as reported annually by its independent auditors in accordance with the Act.<sup>7</sup>

**DHS Successes:** DHS has proven its capacity and capability for strong financial reporting and management, as noted by eleven consecutive unmodified (“clean”) financial statement opinions and the reduction of material weaknesses from ten in 2006 down to two by 2021. While additional challenge areas were noted in FY 2022 and FY 2023 that resulted in five areas of material weakness being identified, DHS remains committed to resolving these deficiencies. In coordination with modernizing the financial accounting system utilized by the USCG, additional challenges regarding FFMIA compliance were encountered. The FY 2023 independent auditor report noted areas of FFMIA noncompliance, but DHS was able to maintain its unmodified “clean” financial statement opinion for the eleventh consecutive year. Given this demonstrated record of success and dedicated commitment for additional remediation and control enhancements, DHS does not believe that the current modified opinion on ICOFR and remaining challenges with FFMIA pose a substantial, unmitigated risk to successful financial management at DHS.

#### GAO 2023 Outcome Rating

Initiated	<b>Partially Addressed</b>	Mostly Addressed	Fully Addressed
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#### CURRENT STATUS

FFMIA Section 803(a) requires that agency Federal financial management systems comply with (1) applicable Federal accounting standards; (2) Federal financial management system requirements; and (3) the USSGL at the transaction level. DHS monitors and assesses Component financial systems for compliance with FFMIA Section 803(a) requirements for its core financial management systems. In addressing compliance, DHS follows the Office of Management and Budget (OMB) Compliance Framework.<sup>8</sup> The DHS CFO ensures procedures are in place to provide guidance that summary adjustments posted in the financial system(s) are traceable to the transaction source, and ensures Components accurately report instances of non-conformance to generally accepted accounting principles.

To further strengthen management, DHS, through a CFO/Chief Information Officer integrated approach and strategy, is conducting the following activities:

- Requiring Components to document necessary actions to remediate information technology (IT) security control weaknesses in their corrective action plans. The Department’s independent auditor reviews Component compliance with FFMIA annually.
- Continuing remediation efforts to downgrade the Financial Reporting and the IT weakness areas by FY 2028 to meet OMB Circular A-123 Appendix D requirement

<sup>7</sup> *Federal Financial Management Improvement Act (FFMIA)*, Congress Public Law No. 104-208, 104th, September 30, 1996.

<sup>8</sup> Office of Management and Budget, *Management’s Responsibility for Internal Control, OMB Circular A-123* (Washington, D.C.: September 20, 2013), *Appendix D, Compliance with the Federal Financial Management Improvement Act of 1996*.



**CURRENT STATUS**

for complying with FFMIA.

- Assessing the Department's FFMIA compliance utilizing the compliance framework as outlined in OMB Circular A-123. DHS plans to be FFMIA-compliant by FY 2028, as the Department expects to remediate the IT and Financial Reporting areas of material weakness by then, as well as achieve compliance with the Federal Information Security Modernization Act of 2014 (FISMA).

For FY 2024, Components have submitted commitment letters to the DHS leadership highlighting each Component’s plan and timeline to perform / submit assessment and remediation deliverables in support of the ICOFR business processes as well as the CFO Designated Systems. Remediation and assessment efforts are ongoing in support of the Department’s find, fix, test, and assert strategy.

Based on the most current DHS Office of Inspector General (OIG) assessment and report regarding the FISMA requirements, [Evaluation of DHS’ Information Security Program for Fiscal Year 2023](#), DHS’s information security program was rated as “effective” to protect the information and information systems that support DHS’s operations and assets for FY 2023.

Legend for the Following Outcome Action Plan:

- Targeting a Fully Addressed Rating (Green)
- Targeting a Mostly Addressed or Partially Addressed (Yellow)
- Rating In Progress / Planned (White)
- Completed (Gray)

**OUTCOME ACTION PLAN<sup>6</sup>**

Actions	Projected Date	Reason for Change / Notes
Substantially comply with the requirements of FFMIA as reported by the independent auditor.	November 2028	<p><b>Targeting a Fully Addressed rating.</b></p> <p>The independent auditor will issue its report for FY 2028 in November 2028.</p> <p>The Department proposes this outcome be considered Fully Addressed when DHS downgrades the material weaknesses in Financial Reporting and in IT, to satisfy the FFMIA requirement regarding Federal financial management system requirements, based on OMB’s updates to Circular A-123.</p>
Components re-evaluate risks to sustain a clean audit opinion and reduce weaknesses in internal control and business processes.	March, June, and August 2028	Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
Conduct quarterly risk assessments and incorporate results into Component risk management plans through recurring quarterly meetings.	December 2026; April and July 2028	Risk assessment meetings track progress being made on areas needing most improvement, or areas that would significantly impact ability to reduce weaknesses in internal control and business processes.





OUTCOME ACTION PLAN <sup>6</sup>		
Actions	Projected Date	Reason for Change / Notes
DHS CFO to engage with Component CFOs to review the status of addressing audit findings, risks, and mitigation strategies.	December 2026 through August 2028	Monthly action conducted each year.
The Independent Auditor's Report notes further improvement in Component FFMIA compliance and indicates a reduction in the number of Components contributing to the IT and Financial Reporting conditions.	November 2027	<p><b>Targeting a Mostly Addressed Rating.</b></p> <p>The independent auditor will issue its report for FY 2027 in November 2027.</p> <p>DHS proposes this Outcome be considered Mostly Addressed when the Financial Reporting or IT material weakness area is reduced to a significant deficiency.</p> <p>Based on the DHS strategy and Component plans to resolve existing deficiencies, DHS is targeting to reduce the Financial Reporting area of material weakness in FY 2027.</p>
Components re-evaluate risks to sustain a clean audit opinion and reduce weaknesses in internal control and business processes.	March, June, and August 2027	Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
Conduct quarterly risk assessments and incorporate results into Component risk management plans through recurring quarterly meetings.	December 2025; April and July 2027	Risk assessment meetings track progress being made on areas needing most improvement, or areas that would significantly impact ability to reduce weaknesses in internal control and business processes.
DHS CFO to engage with Component CFOs to review the status of addressing audit findings, risks, and mitigation strategies.	December 2025 through August 2027	Monthly action conducted each year.
Components re-evaluate risks to sustain a clean audit opinion and reduce weaknesses in internal control and business processes.	March, June, and August 2026	Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
Conduct quarterly risk assessments and incorporate results into Component risk management plans through recurring quarterly meetings.	December 2025; April and July 2026	Risk assessment meetings track progress being made on areas needing most improvement, or areas that would significantly impact ability to reduce weaknesses in internal control and business processes.
DHS CFO to engage with Component CFOs to review the status of addressing audit findings, risks, and mitigation strategies.	December 2025 through August 2026	Monthly action conducted each year.
Components re-evaluate risks to sustain a clean audit opinion and reduce weaknesses in internal control and business processes.	March, June, and August 2025	Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.





OUTCOME ACTION PLAN <sup>6</sup>		
Actions	Projected Date	Reason for Change / Notes
Conduct quarterly risk assessments and incorporate results into Component risk management plans through recurring quarterly meetings.	December 2024; April and July 2025	Risk assessment meetings track progress being made on areas needing most improvement, or areas that would significantly impact ability to reduce weaknesses in internal control and business processes.
DHS CFO to engage with Component CFOs to review the status of addressing audit findings, risks, and mitigation strategies.	December 2024 through August 2025	Monthly action conducted each year.
Components re-evaluate risks to sustain a clean audit opinion and reduce weaknesses in internal control and business processes.	March, June, and August 2024	<b>Completed.</b> Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
DHS CFO to engage with Component CFOs to review the status of addressing audit findings, risks, and mitigation strategies.	December 2023 through August 2024	<b>Completed.</b> Monthly action conducted each year.
Conduct quarterly risk assessments and incorporate results into Component risk management plans through recurring quarterly meetings.	December 2023; April and July 2024	<b>Completed.</b> Risk assessment meetings track progress being made on areas needing most improvement, or areas that would significantly impact ability to reduce weaknesses in internal control and business processes.
Components re-evaluate risks to sustain a clean audit opinion and reduce weaknesses in internal control and business processes.	March, June, and August 2023	<b>Completed.</b> Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring.
Conduct quarterly risk assessments and incorporate results into Component risk management plans through recurring quarterly meetings.	December 2022; April and July 2023	<b>Completed.</b> Risk assessment meetings track progress being made on areas needing most improvement, or areas that would significantly impact ability to reduce weaknesses in internal control and business processes.
DHS CFO to engage with Component CFOs to review the status of addressing audit findings, risks, and mitigation strategies.	December 2022 through August 2023	<b>Completed.</b> Monthly action conducted each year

OUTCOME ACTION PLAN<sup>6</sup>

Actions	Projected Date	Reason for Change / Notes
Components re-evaluate risks to sustain a clean audit opinion and reduce weaknesses in internal control and business processes.	March, June, and August 2022	<b>Completed.</b> Components review the results of testing for the second and third quarters to continue to assess their progress as part of routine monitoring (conducted each year).
Conduct quarterly risk assessments and incorporate results into Component risk management plans through recurring quarterly meetings.	December 2021; April and July 2022	<b>Completed (conducted each year).</b>
The Independent Auditor's Report notes further improvement in Component FFMIA compliance and indicates a reduction in the number of Components contributing to the IT and Financial Reporting conditions.	November 2016	<b>Completed November 2020.</b> While DHS had planned to clear the Financial Reporting material weakness in the FY 2020 audit report, both the Financial Reporting and Information Technology material weaknesses remain. However, DHS was able to clear the Property, Plant, and Equipment significant deficiency and removed a Component from contributing to the IT area of material weakness.



**Financial Management Outcomes #6–8**

**Outcome Lead:** Jeffrey Bobich

**Outcome Executive:** Stacy Marcott

**GAO Outcomes:** Effectively manage the implementation of a financial management system solution or modernization of existing systems for the U.S. Coast Guard (USCG) and its customers; FEMA; and U.S. Immigration and Customs Enforcement (ICE) and its customers by:

- Applying rigorous and disciplined IT acquisition management processes throughout the program/project lifecycle that is consistent with software engineering best practices. These steps will help to ensure that the systems meet expected capabilities/requirements and associated mission benefits.
- Implementing oversight mechanisms to monitor contractors or service providers selected to implement the solution or modernize the existing systems. These steps will help to ensure that actual cost, schedule, and performance are within established threshold baselines, and variances are identified, tracked, and addressed.

**DHS Successes:** DHS successfully completed modernization for the first “Trio” of Components – Countering Weapons of Mass Destruction Office (CWMD), Transportation Security Administration (TSA), and USCG – using a rigorous and disciplined acquisition management process with strong oversight and monitoring of contractors. DHS has sustained an unmodified financial statement audit opinion for eleven consecutive years – including the years of the CWMD, TSA, and USCG modernizations. Given this demonstrated record of success, DHS will continue to be successful with FEMA and ICE modernization. While challenging, these programs are not a risk to successful financial management at DHS – FEMA and ICE have been able to produce accurate, auditable financial data and perform their missions despite their outdated systems.

**GAO 2023 Outcome Rating: FM 6 (USCG)**



**GAO 2023 Outcome Rating: FM 7 (FEMA) and 8 (ICE and ICE Customers)**



CURRENT STATUS
<p>DHS consolidated action plans for financial systems modernization (FSM) efforts into a single plan that reflects the Department’s consolidated strategy and program management approach.</p> <p>In GAO’s report, <i>Financial Management Systems: DHS Should Improve Plans for Addressing Its High-Risk Area and Guidance for Independent Reviews</i>,<sup>9</sup> GAO noted that multiple documents containing strategies and guidance related to the Department’s FSM efforts at both</p>

<sup>9</sup> GAO, *Financial Management Systems: DHS Should Improve Plans for Addressing Its High-Risk Area and Guidance for Independent Reviews* (GAO-24-106895, July 2024).

**CURRENT STATUS**

the departmental and operational level “partially met” the following GAO leading practices: 1) Identify strategies and resources, 2) Assess the extent to which existing evidence addresses key questions, 3) Identify and prioritize new evidence needs, and 4) Apply learning to decision-making. DHS acknowledges that comprehensive strategies and guidance that fully incorporate GAO’s 13 leading practices for performance managements are key tenets in managing FSM efforts to address the Department’s high-risk financial management areas and ensure the successful implementation of these initiatives.

DHS is expanding coverage of evidence gathering and prioritization efforts for those key questions and associated goals currently assessed elsewhere at the detailed, operational level which significantly inform the financial modernization path and fully addressing the criteria through the following:

1. To identify strategies and resources, DHS has defined milestones where Life Cycle Cost Estimates are developed which define the financial resources required for program implementation; Affordability memoranda are signed at Acquisition Decision Events, where the Senior Financial Officials declare that the program is affordable and resources will be available to meet requirements; and Acquisition Program Baselines, where the strategy for fulfilling the overarching cost, schedule, and performance parameters for the program is defined.
2. To assess the extent to which existing evidence addresses key questions, DHS has added in the Systems Engineering Life Cycle (SELC) Technical Reviews that assess the SELC Artifacts (evidence) against the SELC Technical Review Criteria (evidence needs) at key decisions in the program lifecycle.
3. To Identify and Prioritize new evidence needs, the Systems Engineering Life Cycle Tailoring Plan (SECL-TP) is clearly defined. The SELC-TP defines the SELC Technical Reviews that will be utilized for the program, the entrance and exit criteria that will help assess the program risk, and the SELC artifacts that will be required as evidence for program progress and plans.
4. Learning is applied to decision-making through lessons learned sessions, tailoring and strategy decisions from one program to the next, and are defined in the SELC-TP and other key artifacts that more fully define the program plans.

**USCG (FM6):**

In December 2021, DHS provided GAO notice of USCG’s completed transition to the new financial system and requested GAO update the status of FM 6 to “Fully Addressed.” In July 2022, GAO stated that they are waiting on the FY 2022 USCG audit report and results from the full operating capability assessment before deciding to change the status of this outcome.

At the end of FY 2022, DHS (including USCG) achieved an unmodified (clean) financial statement audit opinion. However, due to functionality gaps the FSM Trio Program was unable to declare that it had reached Full Operational Capability (FOC). A deliberate process to identify and resolve system and functionality weaknesses is in progress. The financial systems modernization program management office has contracted an independent study and based on the report, DHS is taking remediation steps to address the identified issues.



**CURRENT STATUS**

DHS has targeted to complete Follow-on Test & Evaluation (FOT&E) and declare FOC by October 2025. Outcome 6 will be fully addressed when DHS achieves FOC.

**FEMA (FM 7):**

After DHS awarded the system integrator task order in September 2023 for the FSM FEMA program and acquired cloud hosting services, the program onboarded system integrator contractors and stood up a demonstration system. The demonstration system supported the initial “Discovery” workshops with FEMA functional experts used to assess the degree to which standard application functionality support FEMA business processes and the types of configurations needed to fully implement requirements. These workshops were completed in June 2024. DHS completed the Planning phase of the DHS Systems Engineering Lifecycle and is seeking approval of the Acquisition Lifecycle Obtain phase (ADE-2A acquisition review) in September 2024. The Preliminary Acquisition Baseline will be established for the Initial Operational Capability, and the Baseline will be formalized for Full Operational Capability for ADE-2B in 2025.

**ICE and ICE Customers (FM 8):**

The procurement process to select the integration service provider for ICE is currently in progress. DHS awarded software task orders in November 2022. Subsequent to award, a protest was filed but resolved favorably in January 2023. DHS awarded the integration task order in September 2023, with a subsequent protest received and sustained. DHS is currently in the process of executing corrective action. DHS plans to conduct a discovery process in FY 2025. Implementation plans, with key milestone dates, will be an output from that process.

Legend for the Following Outcome Action Plan:

- Targeting a Fully Addressed Rating (Green)
- Targeting a Mostly Addressed or Partially Addressed Rating (Yellow)
- In Progress / Planned (White)
- Completed (Gray)

OUTCOME ACTION PLAN		
Actions	Projected Date	Reason for change/notes
<b>FM 6 (USCG)</b>		
FOC Declaration and Conduct Acquisition Decision Event-3 (ADE-3)	October 2025	<b>Targeting a Fully Addressed rating.</b> Confirmation by the Acquisition Decision Authority that FOC/Acquisition Decision Event-3 (ADE-3) has been achieved. At this point, Outcome 6 will be Fully Addressed.
Receive System Evaluation Report and Letter of Assessment (LOA)	August 2025	The LOA includes an assessment of the adequacy of the FOT&E and independent evaluation of operational effectiveness, suitability, and resilience.
Conduct Operational Test and Evaluation (OT&E)	May 2025	Assesses operational effectiveness and suitability.
Conduct Adversarial Assessment	May 2025	Determines cyber resilience.



OUTCOME ACTION PLAN		
Actions	Projected Date	Reason for change/notes
Conduct Operational Test Readiness Review (OTRR)	March 2025	Conducted prior to the commencement of Operational Test and Evaluation (OT&E) to determine whether the system and required operational test participants are ready to enter OT&E.
Conduct Operational Assessment	March 2025	Helps determine operational effectiveness and suitability supporting the Operational Test Readiness Review and a decision to go to Follow-on Test & Evaluation.
Conduct Cooperative Vulnerability and Penetration Assessment	February 2025	Helps determine cyber resilience.
Conduct Cyber Tabletop Exercise	January 2025	Helps determine cyber resilience through discussion of likely cyber-attack scenarios and JPMO's response in each case. No actual system penetration testing.
Complete Performance Upgrades	December 2024	Incorporates recommendations from the Homeland Security Systems Engineering and Development Institute report including: (1) Obtain consensus among stakeholders for FOC definition and criteria, and (2) resolve the cyber resilience issues.
Complete Software Development to address Critical Functionality Gaps	December 2024	Addresses specific functionality issues identified by Trio stakeholders.
Update Test and Evaluation Master Plan	August 2024	<b>Completed August 2024.</b> To adjust future testing methodology supporting system updates and incorporate lessons learned.
Complete Linux Update	May 2024	<b>Completed June 2024.</b> For system compliance and performance upgrades to address cyber resilience issues.
Update Acquisition Program Baseline	May 2024	<b>Completed May 2024.</b> Re-baseline the program to the new schedule and cost indexes.
Update Life Cycle Cost Estimate	April 2024	<b>Completed April 2024.</b> Update Life Cycle Cost Estimate to capture actual costs and savings, add additional testing cost for a second round of operational testing and new testing based on Letter of Assessment recommendations as well as adjusting cost sharing model.
Update the Test and Evaluation Strategy	April 2024	<b>Completed April 2024.</b> To adjust future testing methodology supporting system updates and incorporate lessons learned.



OUTCOME ACTION PLAN		
Actions	Projected Date	Reason for change/notes
USCG completes migration of their financial management systems.	October 2021	<b>Completed December 2021.</b> USCG migration is complete, and financial management activities are now being performed on a modern system.
<b>FM 7 (FEMA)</b>		
Declare Full Operational Capability and conduct Acquisition Decision Event-3 (ADE-3)	TBD	<b>Targeting a Fully Addressed rating for GAO Outcome FM 7.</b> FEMA schedule will be a baselined at ADE-2B by the final Acquisition Program Baseline.
Receive System Evaluation Report and Letter of Assessment. (LOA)	TBD	The LOA includes an assessment of the adequacy of the OT&E and independent evaluation of operational effectiveness, suitability, and resilience.
Conduct Operational Test and Evaluation (OT&E)	TBD	Assesses Operational Effectiveness and Suitability of the system.
Conduct Operational Test Readiness Review (OTRR)	TBD	Conducted prior to the commencement of Operational Test and Evaluation (OT&E) to determine whether the system and required operational test participants are ready to enter OT&E.
Declare Initial Operational Capability (IOC)	March 2027	Attests that system meets all IOC criteria as defined in FEMA FSM Operational Requirements Document.
FEMA go live.	December 2026	The To-Be system for FEMA will become operational.
Conduct Production Readiness Review (PRR) and Acquisition Decision Event-2C (ADE-2C).	October through December 2026	Component will present documentation to support that the solution is ready for deployment and support.
FEMAData conversion and migration.	December 2025 through August 2026	Data will be incorporated from old to new system.
FEMA Training.	August through December 2026	End users will receive new system and business process training.
FEMA User Acceptance Test and acceptance.	September through December 2026	End users will test and accept system software based on their requirements and approved test plans.
Integration Readiness Review and System Integration Test Readiness Review	February 2026	Conducted prior to the commencement of formal integration testing to determine whether adequate developmental test and evaluation planning and adequate test





OUTCOME ACTION PLAN		
Actions	Projected Date	Reason for change/notes
		resources are available to support System Integration Testing.
Complete IO configuration and interfaces for FEMA.	February 2026	System integrator will configure system software to meet requirements for Initial Operational Capability.
Perform Integrated Baseline Review	December 2024	DHS and system integrator mutually understand program scope, schedule, and risks, and confirm that the baseline's budget and schedule are adequate for performing implementation.
Complete acquisition program baseline planning; conduct gate reviews for Obtain phase.	September 2024	Complete planning artifacts to support Program Planning, Enterprise Architecture, and Acquisition Reviews for ADE- 2A.
Develop Systems Engineering Life Cycle Tailoring Plan (SELC-TP)	September 2024	This plan tailors the phases, products and reviews in the SELC to meet the specific needs of the program and projects.
Develop Test and Evaluation Strategy	July 2024	<b>Completed July 2024.</b> Develop testing methodology supporting system implementation.
Complete discovery workshops.	June 2024	<b>Completed June 2024.</b> System integrator engages FEMA customer subject matter experts in agreeing on system design requirements.  Conducted over 200 workshops involving 125+ FEMA subject matter experts and boundary system owners (800+ hours) to evaluate over 3,000 requirements.
Stand up and configure demonstration system.	November 2023	<b>Completed January 2024.</b> Security approvals delayed installation and configuration of demo system.
Select the system integrator.	January 2023	<b>Completed September 2023.</b> Changes to procurement schedules to maximize alignment between the FEMA and ICE modernization projects. FEMA program selected the System Integrator.
Select the software.	October 2022	<b>Completed January 2023.</b> A task order was awarded in November 2022. A protest was resolved in January 2023.
Strategic Sourcing Software Licensing vehicle.	February 2022	<b>Completed February 2022.</b> Enterprise Financial Management Software (EFIMS) was awarded in September 2021. A protest was resolved in February 2022.



OUTCOME ACTION PLAN		
Actions	Projected Date	Reason for change/notes
Strategic Sourcing System Integration (SI) vehicle.	Q2 FY 2020	<b>Completed March 2021.</b> Enterprise Financial Systems Integrator (EFSI) vehicle was awarded November 2020, and protest resolved favorably in March 2021.
<b>FM 8 (ICE)</b>		
ICE and other ICE Customers (i.e., CISA, S&T, and DHS HQ) Declare Full Operational Capability and conduct Acquisition Decision Event-3 (ADE-3)	TBD	<b>Targeting a Fully Addressed rating for GAO Outcome FM 8.</b> FSM Cube schedule will be a baselined at ADE-2B by the final Acquisition Program Baseline.
Receive System Evaluation Report and Letter of Assessment. (LOA)	TBD	The LOA includes an assessment of the adequacy of the OT&E and independent evaluation of operational effectiveness, suitability, and resilience.
Conduct Operational Test and Evaluation (OT&E)	TBD	Assesses Operational Effectiveness and Suitability of the system.
Conduct Operational Test Readiness Review (OTRR)	TBD	Conducted prior to the commencement of Operational Test and Evaluation (OT&E) to determine whether the system and required operational test participants are ready to enter OT&E.
Declare Initial Operational Capability (IOC) for remaining ICE Customers (i.e., CISA, S&T, and DMO)	TBD	Attests that the system meets all IOC criteria as defined in Cube FSM Operational Requirements Document.
Remaining ICE Customers (i.e., CISA, S&T, and DMO) go live.	TBD	The To Be system for remaining ICE Customers will become operational.
Remaining ICE Customers (i.e., CISA, S&T, and DMO) Conduct Production Readiness Review (PRR) and Acquisition Decision Event-2C (ADE-2C).	TBD	Component will present documentation to support that the solution is ready for deployment and support.
Remaining ICE Customers (i.e., CISA, S&T, and DMO) Data conversion and migration	TBD	Data will be incorporated from old to new system.
Remaining ICE Customers (i.e., CISA, S&T, and DMO) Training	TBD	End users will receive new system and business process training.
Remaining ICE customers (i.e., CISA, S&T, and DMO) User Acceptance Test and acceptance.	TBD	End users will test and accept system software based on their requirements and approved test plans.



OUTCOME ACTION PLAN		
Actions	Projected Date	Reason for change/notes
DHS completes configuration and interfaces for remaining ICE Customers (i.e., CISA, S&T, and DMO).	TBD	System provider will configure system software to meet requirements.
Declare Initial Operational Capability (IOC) for ICE	TBD	Attests that system meets all IOC criteria as defined in Cube FSM Operational Requirements Document.
ICE go live.	TBD	The To Be system for ICE will become operational.
ICE Conduct Production Readiness Review (PRR) and Acquisition Decision Event-2C (ADE-2C).	TBD	Components will present documentation to support that the solution is ready for deployment and support.
ICE Data conversion and migration.	TBD	Data will be incorporated from old to new system.
ICE Training.	TBD	End users will receive new system and business process training.
ICE User Acceptance Test and acceptance.	TBD	End users will test and accept system software based on their requirements and approved test plans.
DHS completes configuration and interfaces for ICE .	TBD	System provider will configure system software to meet requirements.
USCIS complete migration of their financial management systems.	TBD	<b>Targeting a Partially Addressed rating for GAO Outcome FM 8.</b> USCIS will be the first ICE Customer to pilot the financial management system. The Fully Addressed rating for GAO Outcome FM 8 will occur once ICE and other ICE Customers (i.e., CISA, S&T, and DMO) migrate to the new financial management system.
Declare Initial Operational Capability (IOC) for USCIS	TBD	Attests that system meets all IOC criteria as defined in Cube FSM Operational Requirements Document.
USCIS go live.	TBD	The To Be system for Component will become operational.
USCIS Conduct Production Readiness Review (PRR) and Acquisition Decision Event-2C (ADE-2C).	TBD	Component will present documentation to support that the solution is ready for deployment and support.



OUTCOME ACTION PLAN		
Actions	Projected Date	Reason for change/notes
USCIS Data conversion and migration.	TBD	Data will be incorporated from old to new system.
USCIS Training.	TBD	End users will receive new system and business process training.
USCIS User Acceptance Test and acceptance.	TBD	End users will test and accept system software based on their requirements and approved test plans.
Integration Readiness Review and System Integration Test Readiness Review	TBD	Conducted prior to the commencement of formal integration testing to determine whether adequate developmental test and evaluation planning and adequate test resources are available to support System Integration Testing.
DHS completes configuration and interfaces for USCIS.	TBD	System provider will configure system software to meet requirements.
Conduct Acquisition Decision Event-2B (ADE-2B) and Software Preliminary Design Review (SPDR).	TBD	Review completion of system design and finalized program planning artifacts supporting final acquisition program baseline prior to implementation. Conducted to ensure program is resourced to execute the program plans, that the program has established a preliminary design, and that the program/project is affordable at the time of the decision. Ensures that the program has a performance management baseline to enable monitoring and control throughout the implementation.
Complete initial system design activities.	TBD	System integrator completes initial set of system architecture and design documentation.
Perform Integrated Baseline Review	TBD	DHS and system integrator mutually understand program scope, schedule, and risks, and confirm that the baseline's budget and schedule are adequate for performing implementation.
Conduct Acquisition Decision Event-2A (ADE-2A) and Program Planning Review (PPR)	TBD	Review completion of planning artifacts to support Program Planning, Enterprise Architecture, and Acquisition Reviews for ADE-2A.
Develop Test and Evaluation Master Plan (TEMP)	TBD	Developed testing methodology supporting system implementation. The TEMP describes the program's T&E strategy in terms of the Developmental and Operational testing needed to determine system technical



OUTCOME ACTION PLAN		
Actions	Projected Date	Reason for change/notes
		performance, and the strategy for evaluating the system's operational effectiveness, suitability and resilience through an integrated assessment of that developmental and operational testing. The TEMP also specifies the anticipated resources required to support all elements of the strategy.
Develop Preliminary Acquisition Program Baseline	TBD	Set the program to the preliminary schedule and cost indexes.
Develop Life Cycle Cost Estimate	TBD	Life Cycle Cost Estimate to capture actual costs and estimated implementation and sustainment costs, based on defined cost sharing model.
Develop Preliminary Integrated Logistics Support Plan	TBD	Plan for supportability of FSM Cube system.
Develop Test and Evaluation Strategy	TBD	Develop testing methodology supporting system implementation.
Develop Systems Engineering Life Cycle Tailoring Plan (SELC-TP)	TBD	This plan tailors the phases, products and reviews in the SELC to meet the specific needs of the program and projects.
Complete discovery workshops.	TBD	System integrator engages Cube Component customer subject matter experts in agreeing on system design requirements.
Stand up and configure demonstration system.	TBD	Assess the degree to which standard application functionality support business processes and the types of configurations needed to fully implement requirements.
Select the system integrator.	January 2023	<b>Completed September 2023.</b> Changes to procurement schedules to maximize alignment between the FEMA and ICE modernization projects.  Award protest sustained, pending corrective action.
Select the software.	October 2022	<b>Completed January 2023.</b> A task order was awarded in November 2022. A protest was resolved in January 2023.
Strategic Sourcing Software Licensing vehicle.	TBD	<b>Completed February 2022.</b> Enterprise Financial Management Software (EFIMS) was awarded in September 2021. A protest was resolved in February 2022.



OUTCOME ACTION PLAN		
Actions	Projected Date	Reason for change/notes
Strategic Sourcing System Integration (SI) vehicle.	Q2 FY 2020	<b>Completed March 2021.</b> Enterprise Financial Systems Integrator (EFSI) vehicle was awarded November 2020, and protest resolved favorably in March 2021.



### IT Management Outcome #6

**Outcome Lead:** Hemant Baidwan

**Outcome Executive:** Eric Hysen

**GAO Outcome:** Enhance IT Security – Establish enhanced security of the Department’s internal IT systems and networks as evidenced by:

- Demonstrating measurable progress in achieving effective information system controls by downgrading the Department’s material weakness in financial systems security to a significant deficiency for two consecutive years; and reducing deficiencies that contribute to the significant deficiency, as reported by the independent auditors of the Department's financial statements.
- Implementing the federal desktop core configuration on applicable devices and instances across Components, as determined by an independent assessment.
- Promptly developing remedial action plans and demonstrating sustained progress mitigating known vulnerabilities based on risk, as determined by an independent assessment.
- Implementing key security controls and activities, as independently assessed by the Office of Inspector General (OIG) or external auditor based on Federal Information Security Modernization Act (FISMA) reporting requirements.

**DHS Successes:** The DHS Office of the Chief Information Officer (OCIO) has fully addressed five of the six outcomes for information technology (IT) and has made progress toward resolution of the outcome. At the same time, OCIO has rapidly deployed a series of technical solutions to meet emerging priorities across the Department, as well as steadily introducing key programs to integrate functions across the Enterprise. For example, DHS has implemented a Unified Cybersecurity Maturity Model (UCMM) framework to align cybersecurity spending and new cybersecurity capability requests to critical cybersecurity domains and current initiatives, further improving alignment between DHS and National Security Strategies (NSS). The UCMM framework has been key in guiding the resource prioritization and implementation of critical cybersecurity capabilities for the Department.

More recently, UCMM has been enhanced to provide a prioritized view of the risks posed by control implementation failures for all systems in the Department. This automated risk prioritization allows for system teams and Information System Security Officers to collaborate to optimize time spent in remediating system deficiencies to provide the best achievable system maturity with the least time and expenditure. This added UCMM capability has had a direct and substantial impact on overall Department maturity, and DHS expects that trend to continue.

Based on the significant progress made by the Department in maturing its cybersecurity practices, the DHS OIG has given the Department an “effective” rating for two consecutive years for the first time (FY22 and FY23)<sup>10</sup>. DHS is expected to sustain that rating in FY24.

In collaboration with the Office of the Chief Human Capital Officer, OCIO assisted in the development of the Cyber Talent Management System (CTMS). CTMS is a new mission-driven, person-focused, market-sensitive approach to hiring, compensating, and developing cybersecurity talent throughout the DHS Cybersecurity Service.

<sup>10</sup>Office of Inspector General (OIG) Report: “(U) Evaluation of DHS’ Compliance with Federal Information Security Modernization Act for Fiscal Year 2022- OIG 22-040. "Evaluation of DHS’ Information Security Program for Fiscal Year 2023" OIG-23-024





With the launch of CTMS, DHS has begun to hire, compensate, and develop DHS Cybersecurity Service employees to work across the Department in a range of cybersecurity specializations. CTMS has opened new options and strategies for staffing critical cybersecurity work, providing DHS Components with processes focusing on talent quality, and maintaining cybersecurity mission readiness.

**GAO 2023 Outcome Rating**

Initiated	Partially Addressed	Mostly Addressed	Fully Addressed
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**CURRENT STATUS**

As previously agreed with GAO, to reach Fully Addressed, DHS must achieve and sustain a downgrade of its material weakness in financial systems security to a significant deficiency for two consecutive years. The Department has implemented continuous monitoring of progress against the remediation work plan, identifying critical milestones, addressing audit risks, and reviewing mitigation strategies.

Additionally, DHS must also maintain a rating of ‘Effective’ for its information security program for two consecutive years. This requirement has been met as DHS has been rated ‘Effective’ by the DHS Office of Inspector General’ annual Federal Information Security Modernization assessment for two consecutive years.

Legend for the Following Outcome Action Plan:

- Targeting a Fully Addressed Rating
- Targeting a Mostly Addressed or Partially Addressed Rating
- In Progress / Planned
- Completed

**OUTCOME ACTION PLAN**

Actions	Projected Date	Reason for Change/Notes
Achieve and sustain “significant deficiency” status or less for two consecutive years (i.e., FY 2028 and 2029).	November 2029	Targeting a Fully Addressed Rating. The independent auditor will issue its report for FY 2029 in November 2029. OCIO has fully addressed five out of six outcomes. UCMM is expected to help address the sixth.
Complete actions to address five (5) recommendations contained in the OIG FY 2019 FISMA report (OIG-20-77).	October 2024	OIG closed recommendations 1 and 3 on March 14, 2024. OCIO has submitted request to close recommendation 2 to the OIG. Required actions to address the remaining two recommendations will be complete in October 2024.



**GAO High-Risk  
Ratings Summary**



**Summary of DHS Ratings on GAO High-Risk Outcomes and Criteria**

Functional Area	GAO Outcome	2021 GAO Ratings <sup>11</sup>	2023 GAO Ratings <sup>11</sup>
FM 1	Clean opinion on all financial statements	Fully Addressed	Fully Addressed
FM 2	Clean opinion on internal controls	Partially Addressed	Partially Addressed
FM 3	Clean opinions for two years	Fully Addressed	Fully Addressed
FM 4	Clean opinions for two years on internal controls	Initiated	Initiated
FM 5	Compliance with FFMIA	Partially Addressed	Partially Addressed
FM 6	USCG Financial Systems Modernization	Partially Addressed	Partially Addressed
FM 7	FEMA Financial Systems Modernization	Initiated	Initiated
FM 8	ICE Financial Systems Modernization	Initiated	Initiated
ITM 1	Achieve Enterprise Architecture Management Maturity Framework Stage 4.	Fully Addressed	Fully Addressed
ITM 2	Achieve Information Technology Investment Management Framework Stage 3.	Fully Addressed	Fully Addressed
ITM 3	Achieve Capability Maturity Model Integration Level 2.	Fully Addressed	Fully Addressed
ITM 4	Implement IT Human Capital.	Fully Addressed	Fully Addressed
ITM 5	Adhere to IT Program Baselines.	Fully Addressed	Fully Addressed
ITM 6	Enhance IT Security	Mostly Addressed	Partially Addressed

GAO Criteria	Definition	2023 GAO Ratings <sup>12</sup>
Leadership Commitment	Demonstrated strong commitment and top leadership support.	Met
Capacity	Agency has the capacity (i.e., people and resources) to resolve the risk(s).	Partially Met
Action Plan	A corrective action plan exists that defines the root cause, solutions, and provides for substantially completing corrective measures, including steps necessary to implement solutions [GAO] recommended.	Met
Monitoring	A program has been instituted to monitor and independently validate the effectiveness and sustainability of corrective measures.	Met
Demonstrated Progress	Ability to demonstrate progress in implementing corrective measures and in resolving the high-risk area.	Partially Met

**Fully Addressed or Met**      **Mostly Addressed or Partially Met**

<sup>11</sup> GAO rates DHS’s progress using the following scale: **Fully Addressed** – Outcome is fully addressed; **Mostly Addressed** – Progress is significant, and a small amount of work remains; **Partially Addressed** – Progress is measurable, but significant work remains; **Initiated** – Activities have been initiated to address the outcome, but it is too early to report progress. (Sources: GAO-21-119SP and GAO-23-106203).

<sup>12</sup> Rating definitions are as follows: **Met** – Actions have been taken that meet the criterion. There are no significant actions that need to be taken to further address this criterion; **Partially Met** – Some, but not all, actions necessary to meet the criterion have been taken; **Not Met** – Few, if any, actions towards meeting the criterion have been taken. (Source: GAO-23-106203).