Information Technology Acquisition Advisory Council

DHS FMS AT HIGH RISK
Report to Department of Homeland Security and Congressional Oversight Committees

November 2019

The DHS Enterprise Financial Management Systems (EFiMS) & Enterprise Financial Systems Integrator (EFSI) Procurements fails to adopt legislative IT Reform mandates while ignoring Commercial IT Acquisition and Management Standards of Practices (TBM, Agile, RMF).

The Department's most recent (at least 5th) attempt at consolidating DHS Financial Management Systems desperately needs Congressional intervention due to leadership turnover and lack of experienced IT leaders and effective oversight.

IT-Acquisition Advisory Council

Highlights

Why IT-AAC Did This Study

The Information Technology Acquisition Advisory Council (ITAAC) is a public/private partnership of concerned citizens, public interest groups, private sector sponsors and government partners working together to serve as a catalyst for positive change and evolution in the Information Technology Acquisition System to meet the demands of the 21st century. Our mission is to provide Congress, White House, and Executive Branch IT Leadership with a trusted collaborative structure and Transformation Roadmaps for Streamlining the IT Acquisition Process, assuring critical mission elements that are highly dependent on IT (Info Sharing, Cyber-Security, E-Health, E-Gov, E-Biz, and Green IT). The IT-Acquisition Advisory Council is a 501(C)6 Standards Consortium with the participation of transformation minded senior leaders from government, academia, industry and public interests.

This DHS Report

IT-AAC developed this report following numerous concerns raised by industry, congress, GAO and the DHS OIG. This Report identifies critical failure patterns and risk that if not addressed, will waste billions while undermining the DHS's ability to achieve financial transformation and an integrated view across the enterprise.

Executive Summary

DHS' EFiMS and EFSI plans to expend billions to rip and replace existing high performing financial and business systems and ignore legislative IT Reform Mandates:

- DHS CFO has not conducted a robust assessment of the existing FMS investments in terms of capability, productivity, business value, customer satisfaction or lifecycle costs.
- DHS' acquisition strategy makes many assumptions not supported by market research evidence or facts, leading to a "big bang" approach.
- DHS Acting USM, during spring Subcommittee hearing, made inaccurate & misleading statements regarding coordination with existing FMS suppliers, giving Congress a false sense of openness.
- EFiMS and EFSI set to lockin DHS for up to 20 years with a small number of vendors, ignoring the fast rate of evolution and innovation in the technology sector.
- DHS CFO program management team lacks the necessary training, expertise and experience needed to guide such a high risk, high cost program, suggesting greater OCIO role in management.
- The FMS procurement is based on DOD's industrial age acquisition models that congress has already called out as flawed (FITARA, NDAA)
- DHS CFO effort to seek a signed integrated suite of disparate COTS offerings will increase complexity, risk and cost. Focusing on data integration using moderns tools is a best practice.

To address these shortcomings and protect the interests of the DHS mission owners, Congress should direct DHS to rescind and revise both EFiMS and EFSI RFPs to ensure consistency with legislative mandates and commercial IT management practices (TBM, Agile Acquisition, SCRM, Service Level Management) . At this point, with two FMS RFPs already released and competition under way, DHS is committed to assessing solutions against criteria that does not align with legislative mandates nor commercial best practices. Without this adjustment, DHS will embark on a $4 billion, ten-year commitment (20 yrs for s/w, 10 yrs for services) that will not meet DHS mission needs, while also repeating past failure patterns and creating significant and avoidable implementation risks not being recognized by the CFO program office.

DHS FMS MODERNIZATION CHALLENGES

Issues, Concerns, & Recommendations Regarding The DHS Enterprise Financial Management Systems (EFiMS) & Enterprise Financial Systems Integrator (EFSI) Procurements

The United States Department of Homeland Security has struggled with implementation of an enterprise financial management systems program since 2004. Over the past 15 years, there have been at least four significant project failures at a waste of hundreds of millions of taxpayer-provided dollars. A significant reason for the repeated failures is an ongoing departure from accepted IT management best practices, as well as a failure to adhere to provisions around Technology Business Management (TBM), FITARA, and more.

Accordingly, and prior to wasting additional taxpayer-provided resources, an examination of the current process and advancing recommendations for an immediate course correction is necessary to improve an opportunity to achieve desired results, reduce risk, leverage innovation, and be a good steward of taxpayer-provided resources. Some previous examples of GAO reports that identify gaps and deficiencies in previous efforts are included in Appendix I. The Department OIG has also previously reviewed these matters over the years. The current timeline affirms the urgency of the need for an intervention and course correction.

The current solicitation includes requirements for Enterprise Financial Management Software (EFiMS) that will support integrated financial management, procurement, and asset management operations. The period of performance for this software is 20 years. DHS already has existing contractual engagements with industry-leading best-of-breed providers of such capabilities and has invested in perpetual licenses for the technology.

- There are current providers fully compliant with their contractual obligation that continue to meet business requirements and deliver value to the end user. There has been no justification provided for removing the current providers and replacing them with another provider.
- Accordingly, abandoning or disposing of such significant technology investment unnecessarily and without justification constitutes waste, fraud, and abuse of taxpayer-provided resources and is in violation of federal law, regulation, and executive branch guidance intended to prevent such circumstances.
- Conducting a comprehensive data-driven gap analysis that evaluates existing capabilities and opportunities to leverage those investments through a technology integration approach will permit an enterprise solution to be delivered across the Department in reduced time and reduced cost.

While applauding efforts to advance modernization of information and communication technology systems, networks, and capabilities in support of Department mission requirements, modernization by definition does not necessary mean to simply " rip " existing providers and " replace " them with another provider. In fact, a number of the existing providers at DHS targeted for replacement are considered "best of breed" across the marketplace, and have continually and consistently leveraged technology innovation to update and "modernize" their own products and services in support of the Department and its business processes.

Page 14 of the Statement of Work for the (EFiMS) states:

3 OBJECTIVES

The objective of this procurement is to obtain mature and proven integrated financial, procurement, and asset management software that meets DHS requirements. The software shall provide functionality for federal financial management, procurement, and asset management, and must have the capability to interface with Component specific systems (these will be identified when task orders are competed under the vehicle), commercial systems (e.g., eTravel, Purchase Card), and federal system initiatives (e.g., Grants and Payroll).

The failure to leverage those existing providers already delivering mission and business value, thereby qualifying as "mature and proven" in accordance with the stated objective, in order to engage with a different provider without analysis and justification may constitute waste of taxpayer-provided resources in violation of federal law, regulation, and executive branch guidance.

- The Joint Program Management Office (JPMO) nor the Office of the Chief Financial Officer (OCFO) or the Office of the Chief Procurement Officer (OCPO) have conducted a date-driven gap analysis to determine opportunities to leverage existing investments through an integration model with providers that are compatible and interoperable with those providers currently meeting mission requirements and delivering business value.

- At the Industry Day meeting on July 31st, DHS represented to industry attendees an intention to utilize the DHS Procurement Innovation Lab (PIL) as an instrument of the acquisition (https://www.dhs.gov/pil)

That process simply requires minimal information, including vendor self-certification, a checklist, and a 30-minute oral presentation. This experimental process may be appropriate for some type of commodity purchase, but not for a complicated, high-risk, high-cost procurement. In addition, the process of the PIL may completely circumvent full and open competition in federal procurement and therefore be in violation of federal law, regulation, and executive branch guidance. The final solicitation removed any specific reference to the PIL, but instead establishes an expedited, high risk process that merely includes a 3-hour demo at the discretion of the government.

With a potential contract value up to $4 billion dollars, the evaluation process for determining offerors who meet all technology and business requirements would ordinarily include substantially greater rigor. IT management best practices would yield details of an evaluation process that would more likely meet mission requirements, reduce risk, and deliver business value.

- The current construct of the solicitation would appear to favor large business responders and therefore discriminate against small business, which would be in violation of federal law, regulation, and executive branch guidance.

CONCLUSION: CONGRESS MUST INTERVENE IN DHS' FMS MODERNIZATION PLAN NOW

DHS stands at a critical juncture in its effort to consolidate and modernize it financial management systems in order to achieve an enterprise capability and "One-DHS" view of the associated business processes. The current direction is destined to repeat the failure patterns of the past, and lacking a data-driven gap analysis, it restricts any ability to make informed decisions about the most efficient, effective, and best value approach to achieving the desired outcome.

Leveraging existing industry-leading, best-of-breed providers with whom the Department has already invested in perpetual licenses, and considering a data and technology integration strategy, will provide an opportunity to save time, save money, and achieve measurable results on behalf of the Department mission, end-user requirements across the various Department components, and best value considerations for the American taxpayer. After 15 years of failure and hundreds of millions of wasted taxpayer-provided funds to pursue financial management systems modernization, the current effort with a potential cost of up to $4 billion dollars, demands an informed, innovative approach that relies on IT management best practices and a data-driven analysis of the current status to inform an appropriate course of action to achieve a successful result.

ABOUT IT-AAC

The Information Technology Acquisition Advisory Council (ITAAC) is a public/private partnership of concerned citizens, public interest groups, private sector sponsors and government partners working together to serve as a catalyst for positive change and evolution in the Information Technology Acquisition System to meet the demands of the 21st century.

Our mission is to provide Congress, White House, and Executive Branch IT Leadership with a trusted collaborative structure and Transformation Roadmaps for Streamlining the IT Acquisition Process, assuring critical mission elements that are highly dependent on IT (Info Sharing, Cyber-Security, E-Health, E-Gov, E-Biz, and Green IT). The IT-Acquisition Advisory Council is a 501(C)6 Standards Consortium with the participation of transformation minded senior leaders from government, academia, industry and public interests.

RELATED DHS FMS ASSESSMENTS

GAO and IT-AAC concerns continue to be ignored, and point to the reoccurring problems with the CFO approach.

- 2017- https://www.gao.gov/assets/690/687359.pdf
- 2017- https://www.oig.dhs.gov/sites/default/files/assets/2017/OIG-17-85-Jun17_0.pdf
- 2013- https://www.gao.gov/assets/660/658356.pdf
- 2009- https://www.govinfo.gov/content/pkg/CHRG-111hhrg57850/html/CHRG-111hhrg57850.htm
- 2007- https://www.gao.gov/assets/270/262922.pdf
- https://www.govinfo.gov/content/pkg/GAOREPORTS-GAO-07-1041T/html/GAOREPORTS-GAO-07-1041T.htm
- 2006- https://www.gao.gov/assets/250/249279.pdf

OTHER IT-AAC PUBLICATIONS:

- 2009 Roadmap for Sustainable IT Reform Vol1; http://www.it-aac.org/images/ITAACRoadmapCongSumv1.pdf

- 2011 Roadmap Vol 2: http://www.it-aac.org/images/Dec2010Roadmap_Summary.pdf

- 2014 HASC/SASC Response leading to FITARA adoption: http://www.it-aac.org/images/IT-AAC_Defense_IT-Reform_Roadmapv2.0_SignedFinal9-24.pdf

- 2015 FITARA Implementation Roadmap; http://www.it-aac.org/images/IT-AAC_FITARA_Cyber_Roadmap_OMB_SUM.pdf

- 2019 DOD Cloud Strategy in Conflict with JEDI Contract; https://it-aac.org/wp-content/uploads/2019/07/IT-AAC-Report-DOD-Cloud-Adoption.pdf