Department of Homeland Security
Office of Inspector General

**DHS Needs to Address Challenges to Its
Financial Systems Consolidation
Initiative**

Homeland
Security

July 8, 2010

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the Homeland Security Act of 2002 (*Public Law 107-296*) by amendment to the Inspector General Act of 1978. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report addresses the strengths and weaknesses of the Office of the Chief Financial Officer's efforts to implement DHS' consolidated financial systems under the Transformation and Systems Consolidation Project. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. We trust this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

Richard L. Skinner
Inspector General

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Appendices

Abbreviations

AD	Acquisition Directive
APB	Acquisition Program Baseline
APMD	Acquisition Program Management Division
CAD	Cost Accounting Division
CONOPS	Concept of Operations
CFO	Chief Financial Officer
CIO	Chief Information Officer
DHS	Department of Homeland Security
Exhibit 300	Capital Asset Plan and Business Case Summary
IT	information technology
IV&V	independent verification and validation

LCCE	Life Cycle Cost Estimate
MD	Management Directive
MNS	Mission Needs Statement
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
PM	Program Manager
PMO	Program Management Office
PMP	Project Management Plan
RFP	Request for Proposal
RMTO	Resource Management Transformation Office
TASC	Transformation and Systems Consolidation
USM	Under Secretary for Management

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Executive Summary

We reviewed the Department of Homeland Security's (DHS) efforts to consolidate its component financial systems. Our objectives were to determine the progress DHS is making towards consolidating its systems and identify any challenges it faces to achieve its consolidation objectives.

DHS is taking steps toward developing and implementing its systems consolidation program. In May 2008, the DHS Chief Financial Officer (CFO) revised the Transformation and Systems Consolidation (TASC) initiative to acquire an integrated financial, acquisition, and asset management solution for DHS. In January 2009, the TASC program issued a Request for Proposal (RFP) for a vendor to develop and implement an integrated acquisition and asset management solution for DHS.

Still, DHS faces numerous challenges in implementing the TASC initiative. Specifically, DHS does not have the necessary planning documents in place and approved for this effort; total life cycle cost estimates are not inclusive of all project costs; and, staffing projections have not been finalized. Additionally, DHS' Office of the Chief Information Officer (OCIO) has had limited involvement with the overall initiative, which increases the risk that the DHS Enterprise Architecture and security requirements may not be incorporated into the new system.

We are making five recommendations to improve the TASC program. The Deputy CFO agrees with these recommendations and is taking steps to address them. We are closing one recommendation and the remaining recommendations are considered resolved and will remain open until DHS provides documentation to support that all planned corrective actions are completed.

Background

In an effort to reduce redundancy, weaknesses, and vulnerabilities in its financial systems, DHS initiated the creation of a consolidated financial management system. The program office, Resource Management Transformation Office (RMTO), was chosen to consolidate financial management operations and to ensure that management control systems were comprehensively designed to achieve the mission and execute the strategy of the department. Within the RMTO organization, the TASC program office is tasked with the day-to-day management of DHS's financial systems consolidation effort.

DHS has made several attempts to consolidate its financial systems within the last seven years. The first attempt, known as the Electronically Managing Enterprise Resources for Government Effectiveness and Efficiency project, was canceled in December 2005, due to technical challenges in the integration efforts. The second attempt, a task order issued in August 2007, for a solution architect to develop and implement a new system under the Enterprise Acquisition Gateway for Leading Edge Solutions contract ended when no bids were received. The third attempt, called TASC Baseline, focused on moving DHS components to one of two financial systems platforms: SAP or Oracle. On March 17, 2008, the TASC baseline approach ended when a federal court ruled against DHS in the court case of *Savantage Financial Services, Inc. vs. United States*. The court ruled that DHS' decision to use Oracle and SAP financial software systems via "Brand Name Justification" was an improper sole source procurement in violation of the *Competition in Contracting Act*.

In May 2008, the TASC initiative was revised to acquire an integrated financial, acquisition, and asset management solution for DHS. This approach is a larger effort than DHS had attempted in previous efforts because it attempts to not only consolidate component financial systems but also to implement DHS-wide asset management and procurement systems. TASC is a department-wide effort co-sponsored by the DHS Under Secretary of Management and the CFO. RMTO serves as the TASC Program Management Office (PMO), providing day-to-day program management and communications with DHS stakeholders.

Results of Audit

DHS Is Taking Steps Toward Developing and Implementing TASC

DHS is taking steps toward developing and implementing its financial systems consolidation initiative. RMTO, the program office, has developed draft planning documents outlining the project's objectives and processes for implementing the TASC initiative. In January 2009, the TASC program issued a RFP for a vendor to integrate, test, deploy, manage, operate, and maintain the transformed business processes and services of an integrated financial acquisition and asset management solution for DHS. The selected vendor will develop an integrated financial solution and transition DHS components from their current financial systems to the new integrated solution and business processes. The program office has received several proposals for this initiative and is currently performing source selection activities.

The TASC initiative will have a 5-year base period with five 1-year options, at an anticipated contract ceiling of $450 million. Contract award is scheduled for the second quarter of fiscal year 2010.

Challenges to TASC Initiative Implementation

Although DHS has made progress toward implementing the TASC initiative, DHS still faces numerous challenges in the successful implementation of TASC. Specifically:

- Key planning documents have not been completed and approved.
- The Life Cycle Cost Estimate (LCCE) does not include all potential project costs.
- The TASC initiative has not developed staffing plans.
- The independent verification and validation (IV&V) contractor is not independent.
- More DHS OCIO involvement is needed in the TASC initiative

Taken together, these challenges, if not addressed, increase the risk that the TASC initiative may not meet its stated objectives.

Key Planning Documents Need to Be Completed

DHS has started but has not finalized several key planning documents for the TASC initiative. Specifically, prior to the issuance of the RFP, many of the solution engineering and planning documents required by DHS policy were not created, approved, and/or finalized. As of October 2009, 10 out of 13 key documents had not been completed.[1]

For example, DHS has not prepared a Project Tailoring Plan that defines what stages, activities, and artifacts will be completed for the TASC project. Per DHS Acquisition Instruction/Guidebook 102-01-001, Appendix B, Section 1.1, this plan should reflect the unique characteristics of the project, provide the best opportunity to deliver the system effectively, and be created and finalized in the initial planning phase of the life cycle. The TASC program office informed us that the Project Tailoring Plan will be developed prior to TASC contract award.

Additionally, DHS has not prepared an Acquisition Program Baseline (APB) to formally document the program's critical costs, schedule, and performance parameters, expressed in measurable, quantitative terms that must be met in order to accomplish the TASC program's goals. Per DHS Acquisition Instruction/Guidebook 102-01-001, Appendix K, Section B, the program manager is responsible for developing and maintaining the APB and for executing the program to achieve this baseline. Without the tracking and measuring of actual program performance against this formal baseline, the program's management may not be alerted to potential problems, such as cost growth or requirements creep.

DHS has also started but has not finalized the Concept of Operations (CONOPS) document for its financial systems consolidation initiative. Per DHS Acquisition Instruction/Guidebook 102-01-001, Appendix B, Section 3.2, a CONOPS should be created and finalized during the solution engineering planning stage of a project. In addition, DHS Acquisition Instruction/Guidebook 102-01-001, Section II, indicates that the CONOPS should describe *from a user's perspective* the current way of operating to execute the assigned mission and contrast this with future methods of operating under future conditions, using potential capability solutions. The

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[1] Appendix C, Table of Key Planning Documents Required by DHS Acquisition Instruction/Guidebook 102-01-001, Appendix B, Section 3.2 provides guidance and status on required planning documents.

CONOPS should document current deficiencies and how different solutions could meet future challenges and correct current shortfalls. The TASC RFP is requiring that the selected contractor complete and submit a final CONOPS after the contract has been awarded.

Also, the TASC Project Management Plan (PMP) does not provide specific details on the TASC initiative. The TASC PMP provides very general information on how a program should be planned. Per the TASC PMP, a formal, documented, and approved PMP should be developed to define how systems migration projects are initiated, executed, monitored, and controlled for the program.

Finally, TASC has not completed a procurement request for its pending contract. A procurement request is an internal contract document that describes the goods or services to be obtained and is the basis on which a procurement action is initiated. According to TASC officials, the procurement request will be prepared before the project is awarded in early 2010.

The development and approval of key planning documents is essential to the success of a project of this size and complexity. Management should ensure that all planning documents are finalized and approved by Office of Chief Financial Officer (OCFO), OCIO, and DHS component representatives before continuing to contract award to ensure that the department's needs are properly documented for the selected vendor.

Life Cycle Cost Estimate

DHS has not completed a TASC Life Cycle Cost Estimate (LCCE) of all potential project costs for the TASC initiative. Per DHS Acquisition Instruction/Guidebook 102-01-001 projects are required to have an LCCE. An LCCE (1) provides a structured accounting of all resources and associated costs, (2) includes all past (or sunk), present, and future costs for every aspect of the program, regardless of funding source, (3) should be prepared in current year constant dollars, and (4) enhances decision making, especially in early planning and concept formulation of acquisitions.

Instead of an approved LCCE, for the TASC initiative the project is currently using an outdated 2007 Independent Government Estimate to support projected funding figures for this project.

The TASC initiative has provided an outline of anticipated project costs in the program's Office of Management and Budget (OMB)

Capital Asset Plan and Business Case Summary (Exhibit 300). This document estimates that the TASC initiative costs will be approximately $450 million. However, this estimate appears to be low, in that the Exhibit 300 does not identify any cost estimates for the project's hardware, software, and sunk costs. In testimony at a congressional hearing in October 2009, the DHS Acting CFO confirmed that the project's cost estimates do not include all project costs.

Per the Government Accountability Office's *Cost Assessment Guide, Best Practices for Developing and Managing Program Costs*, the ability to generate reliable cost estimates is a critical function, necessary to support the OMB capital programming process. Without this ability, agencies are at risk of experiencing cost overruns, missed deadlines, and performance shortfalls, all recurring problems that OMB program assessments too often reveal. Furthermore, cost increases often mean that the government cannot fund as many programs as intended or deliver them when promised.

Staffing Plan

The TASC initiative has not developed a project staffing plan. A staffing plan should detail the TASC project's process to plan, obtain, orient, assign, and release staff over the life of the project. Specifically, a staffing plan provides the various job classifications needed to perform project tasks, skill levels of each job classification, and the number of days or period of time (start and end dates) a person with that skill set is needed on the project. Without a detailed staffing plan, the program cannot determine the project's staffing projections to insure that adequate staff would be in place to manage this project.

In addition, per Exhibit 300, dated October 26, 2009, the TASC Program Manager is not Project Manager Certified and is not expected to be certified until September 30, 2010. Per Chief Information Officer (CIO) Council guidance, an Information Technology (IT) Project Manager should have a high proficiency in both program management and applicable IT program management competency skills. Also, the project manager should have 2 to 4 years of successful program management experience. Certification qualification for the Program Manager/Project Manager is also required by DHS Acquisition Directive 102-01 guidance, Section VII, E.4.

Independent Verification and Validation Contractor

The TASC project's IV&V contractor is not independent of the TASC program management office. In large, complex projects like TASC, the project manager can become intimately involved in the day-to-day project details and may not be able to identify project issues in a timely manner. An IV&V is an independent entity that evaluates the work generated by the project team and can recognize warning signs and potential issues that a project may encounter in time for the issues to be addressed. The IV&V team monitors and evaluates every aspect of the project, from inception to completion. The IV&V team should have experience and expertise in areas including IT process and procedures audits, project management, and systems analysis and design in order to review all aspects of the project.

The TASC program has an IV&V team in place; however, the TASC project's IV&V function falls short of meeting the independence standard, for a number of reasons. Specifically, the TASC project director is the Contracting Officer's Technical Representative for the IV&V, and thus by definition is not independent. In addition, under TASC program organization structure, the IV&V team reports to the TASC project director and thus cannot be deemed independent. Finally, the TASC program is financially responsible for paying the IV&V team invoices and thus is in a position to potentially exert influence on the program.

According to DHS guidance, IV&V should be performed by an individual or organization that is technically, managerially, and financially independent of the project in order to provide insight over the particular project without conflict of interest. The TASC program's IV&V should be transferred out of RMTO to ensure that the function is independent from the program office.

OCIO Involvement in the TASC Initiative

OCIO participation in TASC was limited to an oversight role until July 2009. The TASC program office restricted OCIO reviews of the TASC program due to concerns regarding ongoing litigation against the TASC program. Specifically, the TASC program has faced several court protests that have not yet been resolved. However, despite the restrictions placed on the OCIO by the

program office, the OCIO has reviewed the TASC initiative's Exhibit 300 for Fiscal Year 2010. The TASC initiative scored 26 out of a possible 50 points using an OCIO scoring methodology for IT projects. The OCIO considers a score of 25 or less out of 50 failing. This score reflects vulnerabilities for the TASC initiative in the areas of security, enterprise architecture, analysis of alternatives, and risk management.

Per DHS MD 0007.1, *Information Technology Integration and Management*, the DHS CIO is responsible for coordinating and implementing an acquisition strategy for delivering and maintaining enterprise IT solutions and services. The CIO reviews all IT projects and coordinates the development and review of the DHS IT portfolio. The CIO also reviews and approves any IT acquisition in excess of $2.5 million. As part of this process, the CIO should partner with the CFO to ensure that IT infrastructure, systems and design, enterprise architecture, and security are properly included in the TASC initiative. The CIO's involvement throughout a project can help reduce duplicate systems and platforms and enable the department to more effectively allocate resources to provide the greatest benefit to the enterprise.

Recommendations

We recommend that the Deputy Chief Financial Officer:

1. Finalize all planning documents for the TASC initiative in accordance with DHS Acquisition Directive 102-01 and Acquisition Instruction / Guidebook 102-01-001.

2. Develop an LCCE that includes all project costs.

3. Develop a staffing plan for the TASC initiative that includes certifications, qualifications, and work experience levels of all program staff required to manage a project of this size and complexity.

4. Establish an IV&V function that is independent of the TASC program office.

5. Ensure that the OCIO has sufficient involvement in the TASC initiative to fulfill its oversight role under DHS MD 0007.1.

Management Comments and OIG Analysis

We obtained written comments on a draft of this report from the Office of the CFO. The Deputy CFO agreed with our recommendations and provided additional information on how they addressed them. We evaluated the written comments received from the Deputy CFO and have made changes to the report where deemed appropriate. A copy of the response is included as Appendix B.

Recommendation #1: DHS concurs with this recommendation. In her response the Deputy CFO states that the TASC Project Tailoring Plan is being finalized and the project team is seeking approval for all TASC planning documents in accordance with DHS SELC guidance, AD 102-01 and the Acquisition Instruction/Guidebook 102-01-001. The TASC project team is working with the DHS CIO and the OCPO's Acquisition Program Management Division (APMD) to finalize several of these key documents. These documents will be finalized and signed after they are reviewed by the Acquisition Review Board. Additionally, the TASC project Acquisition Program Baseline, Tailoring Plan and CONOPS documents have been finalized since the end of our field work.

We agree that the steps DHS is taking, and plans to take, begin to satisfy this recommendation. We consider this recommendation resolved and it will remain open until DHS provides documentation to support that all planned corrective actions are completed.

Recommendation #2: DHS concurs with this recommendation. In her response the Deputy CFO states that the TASC PMO developed the TASC LCCE in October 2009 and included all project costs per the Acquisition Instruction/Guidebook 102-01-001. This LCCE incorporated the hardware, software, operations and staffing costs for managing the program. Since October 2009, the TASC PMO has worked with the DHS OCPO's Cost Accounting Division (CAD) to refine the LCCE methodology and add cost such as legacy system disposition costs. In accordance with AD 102-01 and the OCPO's CAD, the LCCE is a living document that is updated by the PMO and then reviewed by the CAD at each stage of the DHS SELC. The TASC project team will update the LCCE upon contract award and then will review the LCCE and update it with each Task Order award.

We agree that the steps DHS is taking, and plans to take, begin to satisfy this recommendation. Since DHS made updates to this documentation after the end of our fieldwork, we consider this recommendation resolved and it will remain open until DHS provides documentation to support that all planned corrective actions are completed.

Recommendation #3: DHS partially concurs with this recommendation. In her response, the DHS Deputy CFO states that the TASC PMO continues to develop program management planning documents, processes, and plans in accordance with AD 102-01. She also indicates that the TASC PMO is currently refining its staffing plan to address future requirements for the system solution. Additionally, the TASC project team includes staff who have experience as project management, Certified Contracting Technical Representatives, Certified Public Accountants, and DHS Level I and II Program Managers.

We agree that the steps DHS is taking, and plans to take, begin to satisfy this recommendation. We consider this recommendation resolved and it will remain open until DHS provides documentation to support that all planned corrective actions are completed.

Recommendation #4: DHS concurs with this recommendation. DHS moved the Independent Verification and Validation team to the OCIO in October 2009.

We agree with the steps DHS has taken to satisfy this recommendation. We consider this recommendation resolved and closed.

Recommendation #5: DHS concurs with this recommendation. In her response the Deputy CFO agrees that partnering with the OCIO can help reduce risk associated with enterprise architecture and system security issues. She states that the OCFO and OCIO have worked together on the TASC enterprise architecture, system security, hosting at the DHS data center, the TASC Integrated Project Team and vendor meetings during the TASC Request for Information process. Additionally, OCIO subject matter experts have fully participated in the review of the TASC Request for Proposal and its supporting documents prior to its release. Finally, the TASC PM held a TASC Information Technology Program Review with the CIO in October 2009 and a follow-up in December 2009.

We agree that the steps DHS is taking, and plans to take, begin to satisfy this recommendation. We consider this recommendation resolved and it will remain open until DHS provides documentation to support that all planned corrective actions are completed.

The objective of this audit was to determine whether DHS is making progress in developing and implementing its financial systems consolidation initiative.

We reviewed DHS policies, procedures, and documentation, and prior audit reports. We interviewed key government and contractor personnel, and reviewed government-wide rules and regulations that were relevant to this audit. We performed fieldwork at DHS facilities in the Washington, DC, area.

We conducted this review between April and October 2009. We provided OCFO, Office of Procurement Operations, and OCIO with briefings concerning the results of fieldwork and the information summarized in this report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We appreciate the efforts by DHS management and staff to provide the information and access necessary to accomplish this review.

U.S. Department of Homeland Security
Washington, DC 20528

Homeland
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APR 1 2010

Mr. Frank Deffer
Assistant Inspector General
Information Technology Audits
Office of the Inspector General
Department of Homeland Security
Washington, DC 20528

Thank you for the opportunity to review and comment on the February 2010 draft Department of Homeland Security (DHS) Office of the Inspector (OIG) report "DHS Needs to Address Challenges to Its Financial Systems Consolidation Initiative." DHS appreciates the guidance and oversight that the OIG has provided to strengthen the Transformation and Systems Consolidation (TASC) program and looks forward to working collaboratively to successfully consolidate, modernize, and integrate the Department's financial, asset, and acquisition management systems.

The Department concurs with the OIG recommendations and continues to make significant progress. The Department recognized the need for the independence of the Verification and Validation (IV&V) function and in October 2009, changed both the IV&V reporting chain and contractual oversight to the Chief Information Officer (CIO). CIO's involvement is necessary to limit program risks. To help ensure the success of the TASC program, the Department has created a cross-functional Integrated Management Team (IMT) consisting of the Chief Financial Officer, Chief Procurement Office and CIO staff to provide program planning and execution guidance.

Attached is a summary of the actions DHS has taken and plans to take to continue to address the OIG recommendations. I appreciate the continued support the OIG has shown the Department and look forward to working with you to make the TASC program a success. If you have any questions, please feel free to contact me at (202) 447-5751.

Sincerely,

Peggy Sherry
Deputy Chief Financial Officer

Attachment

www.dhs.gov

DHS provides the following technical corrections to the OIG report and explains the Systems Engineering Lifecycle (SELC) guidance and the acquisition review process.

Since its inception in 2003, the Department has sought to unify and create efficiencies across its management systems. All financial management systems consolidation efforts have comprised consolidation and integration of financial, asset and acquisition management systems. The Department's first effort, eMerge^2, was much larger than the subsequent efforts. eMerge^2 involved a much grander scope, significant customization of Commercial-Off-The-Shelf (COTS) products to meet DHS needs, and had all components going live at once.

The TASC program was established in May 2007, and the current strategy adopted in May 2008. The purpose of the TASC program is to provide a Department-wide integrated financial, acquisition and asset management system solution with standardized business processes using a common accounting structure that is Common Government-wide Accounting Classification (CGAC) compliant. DHS is acquiring a system solution that is currently operational in the federal space and complies with the Financial Systems Integration Office (FSIO) standard business processes. The Department is on target for a Q3FY10 contract award. The contract ceiling amount is $450 million, not the $456M cited in the report.

As the Program Management Office (PMO) for TASC, the Resource Management Transformation (RMT) Division continues to build program management and systems engineering capabilities in order to ensure necessary contractor oversight mechanisms are in place. The Integrated Management Team (IMT), consisting of the Offices of the Chief Financial Officer (OCFO), the Chief Procurement Officer (OCPO) and the Chief Information Officer (OCIO) is performing a thorough review of the TASC initiative. DHS continues to develop program management planning documents, processes, and plans in accordance with DHS Acquisition Directive 102-01 (AD 102-01) and insights gained from the IMT. The Department is also taking steps to ensure adequate staffing that includes continuing to build a robust team of full-time federal employees with expertise in project management, systems accounting, change management, acquisition management, business intelligence, accounting services and systems to successfully manage TASC.

Recommendation 1: Finalize all planning documents for the TASC initiative in accordance with DHS Acquisition Directive 102-01 and Acquisition Instruction/Guidebook 102-01-001.

Response: DHS agrees that the development and approval of planning documents is essential to the success of the TASC initiative. The OIG noted 13 planning documents, but did not note when in the SELC they are required. For example, the Project Tailoring Plan called out in the report as "not prepared" would, in accordance with AD-102, be expected at Acquisition Decision Event (ADE) 2B as indicated in the last page of this docuement. As of March 31, 2010, the program was at ADE 1 and the Project Tailoring Plan would not have been required. The PMO is finalizing and seeking approval for all planning documents for TASC in accordance with the DHS SELC guidance, AD 102-01 and Acquisition Instruction/Guidebook 102-01-001. The PMO is in the process of finalizing several documents working in conjunction with the OCIO and

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OCPO's Acquisition Program Management Division (APMD); however, the documents will not be finalized or signed until after the Acquisition Review Board (ARB) meeting chaired by the DHS Deputy Secretary.

The TASC Capability Development Plan was approved by the DHS Deputy Secretary in December 2008. The Acquisition Program Baseline and Tailoring Plan documents were developed in November 2009, have been reviewed by APMD and are being finalized in accordance with the SELC timeline. The Concept of Operations (CONOPS) has been finalized and describes the characteristics of the system from the viewpoint of the user and establishes the overarching framework for the proposed solution and allows for inclusion of further system-specific information once a solution is selected. The CONOPS was developed using the Institute of Electrical and Electronics Engineers (IEEE) standard. Although not required by AD 102-01 at this stage in TASC's lifecycle, the PMO has developed a draft Risk Management Plan. Additionally, the DHS Office of Procurement Operation's Head of Contracting Activity (HCA) will create a funded procurement request before the project is awarded.

Recommendation 2: Develop an LCCE that includes all project costs.

Response: The Government Accountability Office (GAO) best practices define the Independent Government Cost Estimate (IGCE) as an estimate of the projected resources a contractor will incur in the performance of a contract. GAO further describes Lifecycle Cost Estimate (LCCE) best practices as the cost to the government to acquire and own a system over its full life to include personnel costs, development, procurement, operations, support and disposal.

The $450 million cost estimate represents the Department's IGCE for the TASC contract award. The IGCE establishes the contract ceiling estimate to include contractor costs for implementation, component assessments, system configuration, integration, migration costs and operations and maintenance. The IGCE for the TASC contract is $450M over the 10-year contract life, assuming all option years are exercised.

The TASC PMO developed the TASC LCCE in October 2009, including all project costs per the Acquisition Instruction/Guidebook 102-01-001. This LCCE incorporates hardware, software, and operation costs along with staffing costs for managing the program. Since October 2009, the PMO has worked with a DHS OCPO's Cost Accounting Division (CAD) to refine the LCCE methodology and add costs such as legacy system disposition costs. The TASC Capital Asset Plan and Business Case Summary (Exhibit 300) for Fiscal Year 2010 document contains the TASC program's IGCE of $450 million.

According to the AD 102-01 and OCPO's CAD, the LCCE is a living document that is updated by the PMO and then reviewed by CAD at each stage of the DHS SELC. For example, the LCCE will be updated upon contract award. It will also be updated with each Task Order award. The TASC PMO is following DHS guidance and final review of the LCCE for this stage will occur prior to the TASC Acquisition Review Board (ARB) meeting.

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Recommendation 3: Develop a staffing plan for the TASC initiative that includes certifications, qualifications, and work experience levels of all program staff required to manage a project of this size and complexity.

Response: The TASC PMO continues to develop program management planning documents, processes, and plans in accordance with AD 102-01. The TASC Program Manager is a certified DHS Level III Program Manager with certification awarded in August of 2009. A copy of the certificate was provided to the OIG. The Project Manager has more than 20 years of experience as a program manager with specific experience managing system migration programs at DHS.

The program office management structure was developed using the recommendations of an independent third-party assessment. The PMO is currently refining its staffing plan to address future requirements for the system solution. In addition to the TASC Program Manager, the staff includes the following: sixteen Project Management Professionals, fifteen Certified Contracting Officer's Technical Representatives, three Certified Public Accountants, six DHS Level II Program Managers, and five DHS Level I Program Managers.

Recommendation 4: Establish an IV&V function that is independent from the TASC program office.

Response: As explained to the OIG, the Independent Verification and Validation (IV&V) team was moved to OCIO oversight in October 2009. The contract has been modified so that the Contracting Officer's Technical Representative (COTR) is in the OCIO.

Recommendation 5: Ensure the OCIO has sufficient involvement in the TASC initiative to fulfill its oversight role under DHS Management Directive MD 0007.1.

Response: DHS agrees that partnering with the OCIO can help reduce risk associated with enterprise architecture and system security issues. Examples of the OCFO and OCIO partnerships are: collaboration through the TASC IMT, working with TASC PMO on the TASC enterprise architecture, system security, hosting at the DHS data center, and Section 508 support strategies; participation on the TASC Integrated Project Team; and participation in vendor meetings during the TASC Request for Information process. OCIO subject matter experts have fully participated in the review of the TASC Request for Proposal (RFP) and its supporting documents prior to its release and continue to participate in source selection activities. The TASC PM held a TASC Information Technology Program Review with the CIO in October 2009 and a follow-up in December 2009. The TASC PMO is collaborating with the OCPO and OCIO to address issues and incorporate insights as the program review progresses. All CXOs are a part of the Source Selection Review Board and have meaningful insight and voice into the activities of the TASC program.

The TASC PMO did not include certain information in the TASC initiative's OMB Exhibit 300 for Fiscal Year 2010 due to the ongoing acquisition litigation, not because of any restrictions

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placed on the OCIO. TASC's OMB Exhibit 300 for Fiscal Year 2010 score is expected to change.

Systems Engineering Life Cycle Chart
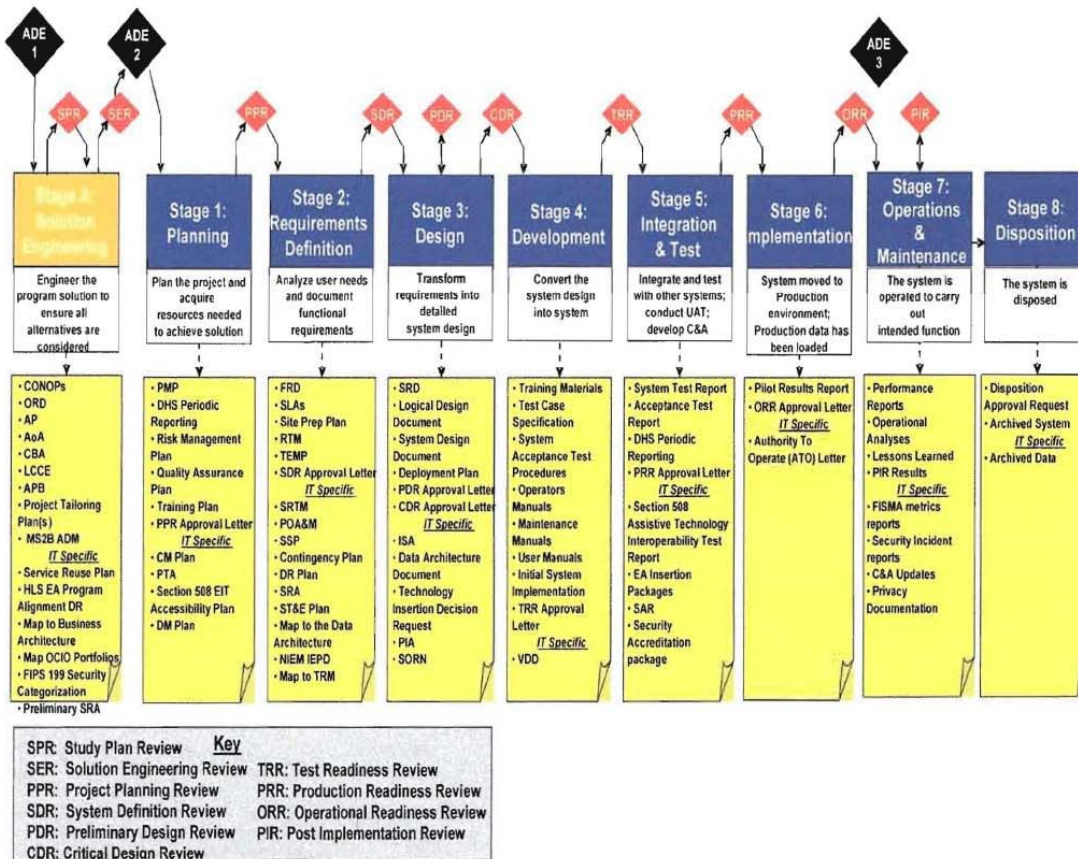
Source: DHS Acquisition Instruction/Guidebook 102-01-001: Appendix B v1.8, Figure 2-1: Summary Snapshot

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Appendix C
Key Planning Documents Required by DHS Instruction/Guidebook 102-01-001

Life Cycle Required Document	Purpose of the Document	TASC Project Status	Date of Document
Acquisition Program Baseline	Formally documents the program's critical costs, schedule, and performance parameters.	Document Not Provided	N/A
Concept of Operations	Bridges the gap between the Mission Need Statement (MNS) and the Operational Requirements Document by identifying the capabilities needed to perform the missions and fill the gaps expressed in the MNS.	Draft, No Signatures	10/13/09
Operational Requirement Document	Identifies and provides a number of performance parameters that need to be met by a program to provide useful capability to the user.	Draft, No Signatures	10/2009
Acquisition Plan	Defines how all government human resources, contractor support services, support services, facilities, hardware, software, telecommunications, and others are acquired during the life of the program and project(s).	Final, With Signatures	9/22/08
Alternatives of Analysis	An analytical comparison of the operational effectiveness and other benefits, suitability, and risk of alternatives that satisfy established capability needs.	Draft, No Signatures	10/2009
Life Cycle Cost Estimate	Estimates total cost of a system from initiation through disposal.	Draft, No Signature	10/2009
Project Tailoring Plan	Defines what stages, activities, and artifacts will be completed for the project.	Document Not Provided	N/A
MS2A Acquisition Decision Memo	Determines approval of the threshold.	Final, With Signatures	12/2008
Project Management Plan	Provides the framework to define the activities/task, responsibilities, and the timing of events, and is the project manager's blueprint for program management.	Draft, No Signatures	10/9/09
Capability Development Plan	Serves as the agreement between the Component Head, the Program/Project Manager, and the Acquisition Decision Authority on the activities, cost, schedule, and performance boundaries of the work to be performed in the Analyze/Select phase leading up to Acquisition Decision Event 2A.	Draft, No Signatures	10/9/09
Risk Management Plan	Sets the requirements and establishes policies and procedures for the conduct of risk management planning and the preparation, review, and approval of a Risk Management Plan.	Final, With Signatures	9/2008
Quality Assurance Plan	Ensures that delivered products satisfy contractual agreements, meet or exceed quality standards, and comply with approved system development life cycle processes.	Draft, No Signatures	N/A
Training Plan	Outlines the objectives, needs, strategy, and curriculum to be addressed when training users on the new or enhanced information system.	Document Not Provided	N/A

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