

**Testimony of Inspector General
John Roth**

**Before the Committee on
Homeland Security and
Governmental Affairs**

United States Senate

**“High Risk: Government
Operations Susceptible to
Waste, Fraud, and
Mismanagement”**





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Chairman Johnson, Ranking Member McCaskill, and Members of the Committee, thank you for inviting me here today to discuss our recommendations to improve the performance of the Department of Homeland Security (DHS).

Since its establishment, DHS has progressed in addressing challenges to accomplish its mission. However, to fulfill its vital mission of protecting and securing our Nation successfully, the Department must continue to overcome challenges that hinder its efforts. The recommendations discussed below demonstrate our efforts to assist the Department and its components in overcoming the persistent challenges. By addressing these recommendations, DHS can continue to improve effectiveness and efficiency of its operations and reduce waste, fraud, and abuse.

Major Management and Performance Challenges

Homeland Security faces long-standing challenges, and we at the Office of Inspector General (OIG) have focused our energy on the major management and performance challenges. We have listed six:

- Creating a unified Department;
- Employee morale and engagement;
- Acquisition management;
- Grants management;
- Cybersecurity; and
- Improving management fundamentals.¹

Today, I will focus on the challenges the Department faces in creating a unified Department; acquisition management, with a focus on border and immigration security; and grants management.

Addressing New Priorities

With a new Administration, the Department will face new responsibilities. We understand the significant investment the Department will be making to satisfy its obligations under the President's Executive Order, *Border Security and Immigration Enforcement Improvements*, and the importance of spending that

¹ [Major Management and Performance Challenges Facing the Department of Homeland Security, OIG-17-08](#) (November 2016).



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investment efficiently and effectively. The Department has historically performed very poorly in this area. As many recall, prior efforts to fortify the southwest border, known as SBInet, were cancelled in 2011 as being too expensive and ineffective. In a pilot program in Arizona, DHS spent about \$1 billion to build the system across 53 miles of the state's border before abandoning the initiative.²

Given the risks involved, we will be using a lifecycle approach to audit and monitor the Department's actions to strengthen the physical security of the Nation's southern border. A lifecycle audit approach means that we will be auditing the project throughout its life span, rather than waiting for the project to be completed or partially completed before looking at it. In this way, we have an opportunity to stop waste and mismanagement before the money is spent, rather than simply identifying it after the fact.

Our first report will address lessons learned from the Department's prior Secure Border Initiative and other relevant acquisitions related to securing our borders. We hope to have this report out in the next six weeks. Subsequently, we plan to review U.S. Customs and Border Protection's (CBP) comprehensive study of the security of the southern border that the Executive Order requires be completed within 180 days of the date of the Executive Order. Future audits will address the planning, designing, acquisitions, and construction phases of the southern border barrier.

Similarly, the Department will face a number of challenges in executing the President's Executive Orders directing the Department to hire an additional 5,000 Border Patrol Agents and 10,000 Immigration Officers. We recently completed an audit that highlighted numerous bottlenecks in effective hiring. We found that historically DHS components had insufficient staffing in the human resource area and had inadequate systems to track and process applicants. In fiscal year (FY) 2015, it took an average of 282 days (over 9 months) to hire a Border Patrol Agent, measured from the time the job announcement closed to the date the applicant was hired. Other positions likewise encountered significant delays.³

As with the acquisition area, I have initiated the first in a series of audits to further review the Department's human capital strategies and management

² See, e.g., [Risk Management Advisory for the SBInet Program Initiation, OIG 07-07 \(November 2006\)](#); [Controls Over SBInet Program Cost and Schedule Could Be Improved, OIG-10-96 \(June 2010\)](#); [U.S. Customs and Border Protection's Management of the Purchase and Storage of Steel in Support of the Secure Border Initiative, OIG-12-05 \(November 2011\)](#);

³ [DHS Is Slow to Hire Law Enforcement Personnel, OIG-17-05 \(October 2016\)](#).



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capabilities to ensure the Department can quickly and effectively hire a highly qualified and diverse workforce. Our first engagement will compile and review open source literature, other government reports, and prior work of our office to help the Department and its components avoid previously identified poor management practices and their negative impacts. Subsequent audits will address the collateral impact hiring 15,000 agents and officers will have not only on other Departmental components, but also on other Federal agencies.

Likewise, as we announced in the beginning of this month, we have begun a review of DHS' implementation of the recent Executive Order, *Protecting the Nation from Foreign Terrorist Entry into the United States*. The review is being initiated in response to congressional requests and whistleblower and hotline complaints. In addition to reviewing the implementation of the Executive Order, we will review DHS' adherence to court orders and allegations of individual misconduct on the part of DHS personnel. If circumstances warrant, we will consider including other issues that may arise during the course of the review. At the culmination of this review, we will provide a final report to Secretary Kelly, the Congress, and the public. We appreciate the cooperation we have received from the Department's components as we conduct this review.

Creating a Unified Department

DHS' primary challenge moving forward is transitioning from an organization of 22 semi-independent components, each conducting its affairs without regard to, and often without knowledge of, other DHS components' programs and operations, to a more cohesive entity focused on the central mission of protecting the homeland. A lack of coordination and unity occurs in all aspects of DHS' programs—planning, programing, budgeting, and execution—and leads to waste and inefficiency.

Our previous audit and inspection reports are replete with examples of the consequences of failing to act as a single entity:

- Our 2013 audit of DHS' H-60 helicopter programs showed that components did not cooperate with another to realize potential cost savings and other efficiencies. Specifically, CBP was unwilling to coordinate with the Coast Guard to upgrade its H-60 helicopters, even though both components were converting the same helicopters. We estimated potential savings of about \$126 million if the two components had successfully coordinated the conversion of CBP's H-60 helicopters at the Coast Guard's Aviation Logistics Center. A subsequent H-60 Business Case Analysis by DHS' Office of Chief Readiness Support



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Officer, the Aviation Governing Board, the Coast Guard, and CBP confirmed the cost savings of having the Coast Guard convert the helicopters, but it was too late.⁴

- DHS employs approximately 80,000 Federal law enforcement officers whose positions allow for the use of force as they perform their duties; however, DHS does not have an office responsible for managing and overseeing component use-of-force activities. We discovered that each component varies on its use-of-force activities and DHS has no centralized oversight of use-of-force allegations, trends, training, facilities, and resource challenges faced by field personnel. We recently recommended that DHS establish a department-level entity to actively oversee and assist with component use-of-force activities, update policies, and improve training.⁵
- Since its formation, DHS has faced challenges in integrating various component training facilities and programs, and does not have adequate oversight of its workforce training. Multiple prior audits have shown DHS does not have reliable training cost data and information to make informed management decisions. During our 2016 audit, we attempted to determine total DHS training costs for FYs 2014 and 2015. When we requested DHS training costs from the DHS Office of the Chief Financial Officer (OCFO), it could not readily provide the data. The OCFO did not have access to components' financial systems; rather, it relied on data calls to provide the training costs and could not validate the data. As a result, we found significant discrepancies between the total amounts reported by DHS. Although DHS has taken steps to improve the reliability of its training data, further action is needed—thus, we recommended that the Under Secretary for Management develop and implement a process to accurately capture and report training information across DHS.⁶
- In January 2016, we issued a report on human trafficking and the visa process. Our audit objectives were to determine how individuals charged with or convicted of human trafficking used legal means to bring victims to the United States, and to identify data quality and exchange issues that may hinder efforts to combat human trafficking. In this audit, we compared databases belonging to U.S. Immigration and Customs Enforcement (ICE) and to U.S. Citizenship and Immigration Services

⁴ [DHS' H-60 Helicopter Programs \(Revised\)](#), OIG-13-89 (May 2013).

⁵ [DHS Lacks Oversight of Component use of Force](#), OIG-17-22 (January 2017).

⁶ [DHS' Oversight of Its Workforce Training Needs Improvement](#), OIG-16-19 (January 2016).



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(USCIS) and found that ICE and USCIS could improve data quality to facilitate data matching and identification of possible instances of human trafficking. For example, when ICE employees identified a human trafficker, they did not always advise USCIS regarding the victims they identified. In turn, in selected instances where USCIS obtained traffickers' names from victims, USCIS did not have a process to routinely share this information with ICE. Without concerted DHS efforts to collect and share information, the risk exists that some human traffickers may remain unidentified and free to abuse other individuals.⁷

- DHS has taken steps to develop a Departmental Pandemic Workforce Protection Plan (PWPP) intended to protect the workforce during a pandemic event. However, DHS cannot be assured that its preparedness plans can be executed effectively during a pandemic event. For example, DHS has not developed clear requirements for pandemic readiness training, even though the DHS PWPP requires components to train and exercise staff and senior leadership on pandemic readiness at least annually. The Department did not provide details on applicable trainings or the frequency needed to meet this requirement. As a result, seven of the components reviewed did not always include the necessary details in their plans on how pandemic training requirements would be met.⁸

Despite these examples, progress has been made both in tone and substance. In the last 3 years, DHS leadership has taken steps to forge multiple components into a single organization. New policies and directives have been created to ensure cohesive budget planning and execution, including ensuring a joint requirements process. The Department also has a process to identify and analyze its mission responsibilities and capabilities, with an eye toward understanding how components fit together and how each adds value to the enterprise. A new method for coordinating operations, the Southern Border and Approaches Campaign, was created to try to reduce the silos and redundancy.

However, in our report issued last November, describing the Department's major management challenges, we found that this progress has been a result of the force of will of a small team within the Department's leadership, and may not be sustainable. We warned that absent structural changes within the Department to ensure streamlined oversight, communication, responsibility,

⁷ [*ICE and USCIS Could Improve Data Quality and Exchange to Help Identify Potential Human Trafficking Cases, OIG-16-17 \(January 2016\).*](#)

⁸ [*DHS Pandemic Planning Needs Better Oversight, Training, and Execution, OIG-17-02 \(October 2016\).*](#)



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and accountability—changes that we believe must be enshrined in law—this progress could be undone.

Fortunately, I am gratified to report that the National Defense Authorization Act for Fiscal Year 2017 establishes within the Department the Office of Strategy, Policy, and Plans.⁹ This Office, headed by a Presidentially-appointed, Senate confirmed Under Secretary, will lead, conduct, and coordinate the development of the Department’s priority policies and will work with each component of the Department in establishing or modifying policies. We believe that the creation of this new office is an important first step toward the structural changes that are needed to create a unified Department.

Acquisition Management

Acquisition management, which is critical to fulfilling all DHS missions, is inherently complex, high risk, and challenging. Since its inception in 2003, the Department has spent tens of billions of dollars annually on a broad range of assets and services—from ships, aircraft, surveillance towers, and nuclear detection equipment to IT systems for financial management and human resources. DHS’ yearly spending on contractual services and supplies, along with acquisition of assets, exceeds \$25 billion. There continue to be DHS major acquisition programs that cost more than expected, take longer to deploy than planned, or deliver less capability than promised. The Department was established very quickly by combining many legacy and new agencies, so DHS’ earliest acquisition processes were imperfect and slow to mature. Initially, DHS operated in disparate silos focused on purchasing goods and services with minimal management of requirements. In their transition to DHS, seven agencies, including the Coast Guard, FEMA, and TSA retained their own procurement functions. The expertise and capability of the seven procurement offices mirrored their pre-DHS expertise and capability, with staff sizes ranging from 21 to 346.

Although DHS has made much progress since then, it has not yet coalesced into one entity working toward a common goal. The Department still lacks uniform acquisition policies and procedures, a dedicated core of acquisition professionals, as well as component commitment to adhere to departmental acquisition guidance, adequately define requirements, develop performance measures, and dedicate sufficient resources to contract oversight.

⁹ [National Defense Authorization Act, Pub L No. 114-328, §1902 \(2017\).](#)



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Current Challenges

A good example of the challenges faced can be seen in USCIS' efforts to automate the processing of immigration benefits. USCIS still uses a paper file system to process immigration benefits and spends \$300 million per year just to store and transport its 20 million immigrant paper files. USCIS has been attempting to automate this process since 2005, but despite spending more than \$500 million on the technology program between FYs 2008 and 2012, little progress has been made. Past automation attempts have been hampered by ineffective planning, multiple changes in direction, and inconsistent stakeholder involvement. USCIS deployed the Electronic Immigration System (ELIS) in May 2012, but to date, customers can apply online for only 2 of about 90 types of immigration benefits and services. USCIS now estimates that it will take 3 more years—more than 4 years longer than estimated—and an additional \$1 billion to automate all benefit types as expected.¹⁰

These failures have a real impact on our national security. Because of processing errors resulting from premature release of ELIS software, USCIS received over 200,000 reports from approved applicants about missing green cards. The number of cards sent to wrong addresses has incrementally increased since 2013 due in part to complex processes for updating addresses, ELIS limitations, and factors beyond the agency's control. USCIS produced at least 19,000 cards that included incorrect information or were issued in duplicate. Most card issuance errors were due to design and functionality problems in ELIS. USCIS' efforts to address the errors have been inadequate. Although USCIS conducted a number of efforts to recover the inappropriately issued cards, these efforts also were not fully successful and lacked consistency and a sense of urgency. Errors can result in approved applicants unable to obtain benefits, maintain employment, or prove lawful immigration status. In the wrong hands, Green Cards may enable terrorists, criminals, and illegal aliens to remain in the United States and access immigrant benefits.¹¹

Finally, we issued a management alert as it related to the USCIS rollout of the N-400 form on ELIS in April of last year. The use of ELIS has impaired the ability of USCIS Immigration Services Officers and field personnel to conduct naturalization processing. In the course of our audit work, we discovered significant deficiencies in background and security checks for applicants, including 175 applicants who were granted citizenship with incomplete or inaccurate background checks. We are pleased to report that USCIS has agreed

¹⁰ [USCIS Automation of Immigration Benefits Processing Remains Ineffective, OIG-16-48](#) (March 2016).

¹¹ [Better Safeguards are Needed in USCIS Green Card Issuance, OIG-17-11](#) (November 2016)



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to delay the return to ELIS processing until all of the technical issues have been resolved.¹²

DHS has instituted major reforms to the acquisition process and has exerted significant leadership to gain control of an unruly and wasteful process. However, we worry that these reforms, if not continuously supported and enforced, could be undone. As DHS continues to build its acquisition management capabilities, it will need stronger departmental oversight and authority, increased commitment by the Department and components, as well as skilled personnel to effect real and lasting change.

Acquisition Legislation

Congress has previously introduced legislation designed to address DHS' acquisition challenges. We would support legislation that codifies existing policy and relevant offices; provides the necessary authority for key personnel and mechanisms within the Department to effectively manage major acquisition programs; reinforces the importance of key acquisition management practices, such as establishing cost, schedule, and capability parameters; and includes requirements to better identify and address poorly performing acquisition programs.

Grants Management

FEMA manages the Federal response to, and recovery from, major domestic disasters and emergencies of all types. In doing so, FEMA coordinates programs to improve the effectiveness of the whole community and leverages its resources to prevent, protect against, mitigate, respond to, and recover from major disasters, terrorist attacks, and other emergencies. In this role, FEMA awards an average of about \$10 billion each year in disaster assistance grants and preparedness grants.

Based on the work and findings of OIG Emergency Management Oversight teams deployed to disaster sites in nearly a dozen states, we determined that FEMA generally responds effectively to disasters. For the disaster sites we visited, FEMA responded proactively and overcame a variety of challenges while coordinating activities with other Federal agencies and state and local

¹² [Management Alert – U.S. Citizenship and Immigration Services' Use of the Electronic Immigration System for Naturalization Benefits Processing, OIG-17-26-MA](#) (January 2017)



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governments. FEMA remains a victim-centric organization, committed to its disaster response mission notwithstanding an increased operational tempo.¹³

However, FEMA's other mission—administering recovery grants, often years after the disaster—remains significantly troubled. Although FEMA provides grant management funding to grantees, FEMA has not held them accountable for managing subgrantees, and grantees generally have not done well in guiding and managing subgrantees. This means the entire layer of oversight intended to monitor the billions of dollars awarded by FEMA in disaster assistance grants is ineffective, inefficient, and vulnerable to fraud, waste, and abuse. Of the \$1.55 billion in disaster grant funds we audited last year, we found \$457 million in questioned costs, such as duplicate payments, unsupported costs, improper procurement practices, and unauthorized expenditures. Extrapolated across the entire grant program, this equates to \$3 billion in questioned costs. A 29 percent questioned-cost rate far exceeds industry norms, and illustrates FEMA's continued failure to adequately manage grants.¹⁴

We also saw examples of inadequate grant management in preparedness grants. In an overarching audit of OIG recommendations related to preparedness grants, we reported that FEMA had not adequately analyzed recurring recommendations to implement changes to improve its oversight of these grants. This occurred because FEMA did not clearly communicate internal roles and responsibilities and did not have policies and procedures to conduct substantive trend analyses of audit recommendations.¹⁵

Part of the problem is that FEMA has not sufficiently held grant recipients financially accountable for improperly spending disaster relief funds. As of September 27, 2016, FEMA has not taken sufficient action on 24 recommendations containing 90 percent (\$413 million) of the \$457 million we recommended FEMA disallow as improperly spent or not sufficiently supported. Further, in FYs 2009 through 2014, FEMA allowed grant recipients to keep 91 percent of the contract costs we recommended for disallowance for noncompliance with Federal procurement regulations. Because FEMA regularly waives these questioned costs, the subgrantees have no motivation

¹³ See, e.g., [FEMA's Initial Response to Severe Storms and Flooding in West Virginia, OIG-17-37-D](#) (February 2017); [FEMA Was Generally Effective in Its Initial Response to the Sever Wildfires in California, OIG-16-106-D](#) (June 2016); [FEMA's Initial Response to the 2015 Texas Spring Severe Storms and Flooding, OIG-16-85-D](#) (May 2016).

¹⁴ [Summary and Key Findings of Fiscal Year 2015 FEMA Disaster Grant and Program Audits, OIG-17-13-D](#) (November 2016).

¹⁵ [Analysis of Recurring Audit Recommendations Could Improve FEMA's Oversight of HSGP, OIG-16-49](#) (March 2016).



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to comply with basic contracting and acquisition principles, and the problem will continue to fester.¹⁶

We believe the answer to the problem is three fold. First, there must be a significant leadership and management commitment to address these findings. We have not found that to be the case thus far. In addition to the significant waiver percentage, the open recommendations, and the multiple repeat recommendations, FEMA's own strategic plan shows a lack of attention to the matter. FEMA has five strategic priorities, 16 objectives outcomes, none of which addresses grants management. There has been little public acknowledgement of the need for improvement, and as far as we can tell, little high-level attention to the problem.

Second, as noted, FEMA has the ability to hold the grantees, which generally are each state, more accountable, but does not do so. We have issued report after report documenting the failures of the grantees to do the basic grant management duties for which FEMA pays them. For example, we found that Mississippi did not provide proper oversight of a \$29.9 million grant provided to retrofit homes for potential storm damage. As a result, FEMA has no assurance that Mississippi properly accounted for and expended Federal funds. Among other basic failures, Mississippi failed to ensure separation of duties—a basic tenet of internal control—and did not provide documentation for over \$30 million it claimed it paid to contractors.¹⁷ We have made similar findings on other State grantees who have failed to provide basic oversight and guidance to subgrantees during the execution of the grant program.¹⁸

¹⁶ [FEMA Can Do More to Improve Public Assistance Grantees' and Subgrantees' Compliance with Federal Procurement Rules, OIG-16-126-D](#) (September 2016).

¹⁷ [FEMA Should Suspend All Grant Payments on the \\$29.9 Million Coastal Retrofit Program Until Mississippi Can Properly Account for Federal Funds, OIG-16-115-D](#) (August 2016).

¹⁸ See, e.g., [FEMA Should Disallow \\$1.2 Million of \\$6.0 Million in Public Assistance Program Grant Funds Awarded to the City of San Diego, California, OIG-16-23-D](#), (January 2016); [FEMA Should Recover \\$1.2 Million of \\$10.1 Million in Grant Funds Awarded to Tuscaloosa, Alabama, for a 2011 Disaster, OIG-16-24-D](#) (January 2016); [FEMA Should Recover \\$505,549 of \\$3.3 Million in Public Assistance Grant Funds Awarded to DeKalb County, Georgia, for Damages from a September 2009 Flood, OIG-16-09-D](#) (November 2015); [FEMA Should Recover \\$4.2 Million of \\$142.1 Million in Grant Funds Awarded to the City of Gulfport, Mississippi, for Hurricane Katrina Damages, OIG-15-148-D](#) (September 2015); [FEMA Should Recover \\$32.4 Million in Grant Funds Awarded to Riverside General Hospital, Houston, Texas, OIG-15-149-D](#) (September 2015); [FEMA Should Recover \\$1.78 Million of Public Assistance Grant Funds Awarded to the City of Duluth, Minnesota, OIG-15-132-D](#) (August 2015); [FEMA Should Disallow \\$82.4 Million of Improper Contracting Costs Awarded to Holy Cross School, New Orleans, Louisiana, OIG-15-65-D](#) (April 2015).



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Finally, that the problem is systemic and persistent means that the current legal, regulatory, and management structure may need to be changed. FEMA administers grants to over 100,000 subgrantees, a number that is simply too large for FEMA to manage. In theory, it should be able to rely on the state-level grantees to conduct oversight, but as we have seen time and again, FEMA has been unable or unwilling to do so. A new structure—one that both empowers the states and holds them accountable for results—is needed to enhance accountability, decision making, and transparency. We have started to explore with your staff some potential systemic solutions, which may require legislation, and we look forward to working with you on this important issue.

Mr. Chairman, this concludes my testimony. I am happy to answer any questions you or other members of the committee may have.

John Roth – Inspector General, Department of Homeland Security



The U.S. Senate on March 6, 2014 confirmed the nomination of John Roth to be Inspector General of the Department of Homeland Security.

Mr. Roth, who most recently served as Director of the Office of Criminal Investigations at the Food and Drug Administration, was nominated to lead the DHS Office of Inspector General by President Barack Obama.

Prior to his move to the FDA in June 2012, Mr. Roth had a 25-year career as a federal prosecutor and senior leader in the Department of Justice. He began his career in 1987 as Assistant U.S. Attorney for the Eastern District of Michigan. From 1994 to 1999, he was Chief of the Narcotics Section at the U.S. Attorney's Office for the Southern District of Florida.

From 1999 to 2004, Mr. Roth served as Section Chief at DOJ's Criminal Division for the Narcotic and Dangerous Drugs Section and the Asset Forfeiture and Money Laundering Section. During that time, he served on a detail as Senior Counsel and Team Leader for the congressionally chartered 9/11 Commission and helped to write a well-regarded monograph on terrorist financing, and assisted in completing the Commission's final report.

In 2004, Mr. Roth became the chief of the Fraud and Public Corruption section at the U.S. Attorney's Office in the District of Columbia, supervising a staff of prosecutors investigating fraud and public corruption cases. In 2007, he served as Acting Deputy Assistant Attorney General in the Criminal Division and became chief of staff to the Deputy Attorney General in 2008.

Mr. Roth culminated his DOJ career as the department's lead representative on the Financial Action Task Force in Paris, France, an intergovernmental organization fighting against money laundering and terrorist financing.

Mr. Roth earned a B.A. and a law degree from Wayne State University in Detroit.