



# DHS Financial Systems Modernization Expenditure Plan

Fiscal Year 2015 Report to Congress

May 12, 2015



Homeland  
Security

*Office of the Chief Financial Officer*

# Message from the DHS Chief Financial Officer

The following report, *DHS Financial Systems Modernization Expenditure Plan*, has been prepared by the Office of the Chief Financial Officer (OCFO) of the Department of Homeland Security (DHS).

This report was prepared pursuant to the direction provided by the Explanatory Statement that accompanies the *Department of Homeland Security Appropriations Act, 2015* (Pub. L. No. 114-4).

Pursuant to congressional requirements, this report is being provided to the following Members of Congress:

The Honorable John R. Carter,  
Chairman, House Appropriations Subcommittee on Homeland Security

The Honorable Lucille Roybal-Allard,  
Ranking Member, House Appropriations Subcommittee on Homeland Security

The Honorable John Hoeven,  
Chairman, Senate Appropriations Subcommittee on Homeland Security

The Honorable Jeanne Shaheen,  
Ranking Member, Senate Appropriations Subcommittee on Homeland Security

Inquiries regarding this report may be directed to me at (202) 447-5751.

Sincerely,

  
Chip Fulghum  
Chief Financial Officer



# Executive Summary

DHS has sought to update its financial systems since its inception in 2003. The Financial Systems Modernization (FSM) program was initiated to strengthen access to, and the quality of, financial information to support decision making and improve the ability to provide timely and accurate reporting to ensure efficient stewardship of taxpayer dollars. DHS is addressing each Component's financial management system needs individually, and considering shared service providers for each, prioritizing Components with a critical business need.

This expenditure plan describes the fiscal year (FY) 2015 and future year costs to modernize financial management solutions at DHS. Modernization of our financial systems is critical to sustaining our progress towards maturing financial management at DHS. Modernized systems will give us stronger internal controls, more-reliable and timely data, enhance business intelligence capabilities, and provide greater efficiency of business processes.

This DHS FSM expenditure plan aligns with the Department's missions; incorporates guidance from the DHS Under Secretary for Management (USM), the Office of Management and Budget (OMB), the Government Accountability Office, and the Department of the Treasury's Office of Financial Innovation and Transformation (FIT); and includes a summary of impacted Components' programs.



# DHS Financial System Modernization Spend Plan

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# I. Legislative Language

This report is in response to language in the Explanatory Statement accompanying the *Department of Homeland Security Appropriations Act, 2015* (Pub. L. No. 114-4).

Specifically, the Explanatory Statement states:

The CFO is directed to maintain frequent communications with the Committees on its Financial Systems Modernization (FSM) efforts, as directed in the House and Senate reports. A general provision is included in Title V of this Act to fund FSM activities, enabling the Secretary to allocate resources according to fluctuations in the FSM program execution plan. In lieu of the direction in the House report, the CFO shall submit a detailed expenditure plan for FSM not later than 45 days after the date of enactment of this Act.

## II. Background

Since inception, DHS has sought to update its financial management systems. The current state of the DHS financial systems infrastructure hinders our ability to provide timely and accurate information and ensure efficient stewardship of taxpayer dollars. To address these inadequacies, DHS launched the FSM initiative to expand business intelligence capabilities and modernize financial systems where needed. Our approach conforms to guidance from Office of Management and Budget (OMB) to split modernization projects into smaller, simpler segments with clear deliverables and to focus on the most-critical business needs first. It also conforms to OMB's objective to leverage shared services where possible.

Through the FSM initiative, DHS will be able to better manage its resources, provide Department-level information more quickly in order to support critical decision making, reduce costs by modernizing financial systems, and promote good business practices through the standardization of processes and data where possible. These capabilities will enable us to reap the maximum benefit of every dollar we spend to strengthen the enterprise and secure the homeland on behalf of the American people.

The DHS FSM initiative follows all relevant guidance and governance, including the OMB Memorandum M-13-08, *Improving Financial Systems through Shared Services*, issued March 25, 2013, which:

- “directs all executive agencies to use, with limited exceptions, a shared service solution for future modernizations of core accounting or mixed systems;
- describes the process through which OMB and the Department of the Treasury will conduct an assessment of the capabilities and gaps of the existing Federal Shared Service Providers (“FSSPs”);
- initiates the process under which the Treasury Department's Office of Financial Innovation and Transformation (“FIT”) will evaluate new agency proposals for alignment with this guidance and provide feedback to agencies and recommendations to OMB; and
- outlines the manner in which FIT will work with OMB, FSSPs, and the broader Federal financial management community to design and implement improvements to the current FSSP framework, including expansion of FSSPs' capabilities and an enhanced governance model to ensure FSSP accountability.”

DHS will oversee and coordinate all FSM efforts using existing governance and acquisition processes and strategies.. DHS Components planning and implementing FSM initiatives include:

- Customs and Border Protection (CBP)
- United States Coast Guard (USCG) and its current customers
  - Transportation Security Administration (TSA)
  - Domestic Nuclear Detection Office (DNDO)
- Federal Law Enforcement Training Center (FLETC)
- United States Immigration and Customs Enforcement (ICE) and its current customers

- United States Citizenship and Immigration Services (USCIS)
- Science and Technology (S&T)
- National Protection and Programs Directorate (NPPD)
- DHS Headquarters, Departmental Management and Operations (DHS HQ)
- Federal Emergency Management Agency

Several FSM initiative accomplishments are described below:

- Completed technical refresh of the FLETC, Office of Intelligence and Analysis (I&A), and Office of Operations Coordination (OPS) Accounting and Budgeting System (FABS) in December 2014. FLETC also moved to the new DHS accounting classification structure (ACS) which establishes a standard for classifying financial information across DHS and facilitates consolidated DHS reporting.
- The USCG/TSA/DNDO completed a discovery phase with Department of Interior's Interior Business Center (DOI IBC), a Federal shared service provider for financial management.
- After completion of Discovery, USCG/TSA/DNDO received approval from the Under Secretary for Management on August 5, 2014, to move forward with implementation with the DOI IBC. Treasury's FIT further supported the path forward with their recommendation to OMB on August 20, 2014 that DHS Components USCG/TSA/DNDO proceed forward with implementation with the DOI IBC.
- USCG/TSA/DNDO completed the Global Configuration phase with DOI IBC on March 24, 2015. Following the early completion of this phase, DNDO entered the implementation phase.
- The DHS OCFO submitted FEMA's Financial System Strategy to Treasury's Office for Financial Innovation and Transformation (FIT) on March 24, 2015. On April 6, 2015, FEMA received FIT recommendation and OMB approval to proceed with FSM.
- NPPD, DHS HQ, and USCIS each completed an Alternative Analysis for their respective financial systems modernization path forward.

### III. Expenditure Plan

#### Planned Projects

DHS Components with a business need for modernized financial systems have completed or are in the process of defining their needs and analyzing various approaches to fill financial management capability gaps at the Component. Each Component is completing documentation evidencing their efforts, including an Alternatives Analysis.

For each of the Components receiving funding in FY 2015 for FSM initiatives, additional details on cost drivers is presented below.

### Component Cost Drivers

Prior Year Carryover			\$2,800,000
FY 2015 Enacted			\$34,072,000
Total Available			\$36,872,000
Component/Cost Drivers			FY 2015 Plan
<p>CBP funding is to support the implementation of the DHS Accounting Classification Structure and to upgrade the CBP WebTA program to improve the interface between their financial management solution and WebTA for simplified timekeeping.</p>	Web-based Time and Attendance (WebTA)	526,273	\$625,964
	Accounting Classification Structure (ACS)	99,691	
<p>DNDO has begun migration to a FSSP. The FY 2015 funding will be provided to the DOI IBC for global configuration for USCG/TSA/DNDO and DNDO specific implementation phase which began in Q2 FY 15. DNDO go-live is Q1 FY16</p>	Global Configuration	\$552,983	\$6,472,617
	FY15 Implementation (Federal Support)	\$2,198,603	
	FY15 Infrastructure and System Sustainment	\$1,882,281	
	Licenses	\$1,277,392	
	Testing	\$561,358	
<p>TSA will begin migration to a FSSP. The FY 2015 funding will be provided to the DOI IBC for global configuration for USCG/TSA/DNDO and TSA specific implementation planned to begin in Q3 FY 2015. TSA go-live is Q1 FY17</p>	Global Configuration	\$659,583	\$5,969,764
	FY15 Implementation (Federal Support)	\$2,635,362	
	FY15 Infrastructure and System Sustainment	\$2,674,819	
<p>USCG will begin migration to a FSSP. The FY 2015 funding will be provided to the DOI IBC for global configuration for USCG/TSA/DNDO and to begin USCG specific implementation planned to begin in Q4 FY 2015. go-live date is Q1 FY18</p>	Global Configuration	\$704,905	\$6,922,504
	FY15 Implementation (Federal Support)	\$2,519,086	
	FY15 Infrastructure and System Sustainment	\$3,698,513	

S&T will enter a discovery phase with a selected SSP. The discovery phase will determine suitability, and provide cost and schedule estimates for an implementation.			\$781,136
NPPD will enter a discovery phase with a selected SSP. The discovery phase will determine suitability, and provide cost and schedule estimates for an implementation.			\$1,618,136
DHS HQ will enter a discovery phase with a selected SSP. The discovery phase will determine suitability, and provide cost and schedule estimates for an implementation. DHS HQ will continue with the implementation phase with SSP planned to begin in Q3 FY 2015. Go-Live is Q1 FY17.	Discovery	\$1,618,137	\$7,046,137
	Implementation	\$5,428,000	
USCIS will enter a discovery phase with a selected SSP. The discovery phase will determine suitability, and provide cost and schedule estimates for an implementation.			[\$1,618,000] <sup>1</sup>
FSM Support Contract			\$2,850,000
Program Management – Quality Assurance			\$ 996,000
Data Cleanup			\$1,000,000
FSM Business Intelligence			\$2,100,000
<b>Total FY 2015 Planned</b>			<b>\$36,382,258</b>
<b>Projected Carryover<sup>2</sup></b>			<b>\$489,742</b>

<sup>1</sup> The USCIS FSM project, including discovery, will be fee-funded and is not included in Total FY 2015 Planned.

<sup>2</sup> Projected carryover supports continued execution of FSM initiatives in FY 2016.