



Highlights Report

Fiscal Year 2007



**Homeland
Security**

Pursuant to OMB Circular A-136, this year's Finance and Performance reporting is following an Office of Management and Budget (OMB) Pilot Program for Alternative Approaches to Performance and Accountability Reporting. The pilot is an alternative to the consolidated Performance and Accountability Report (PAR) published in previous years. DHS anticipates this approach will improve its performance reporting by presenting performance information in a more accessible and informative format, and that performance information will be more complete given additional time to collect actual year-end performance data. Additionally, the pilot approach will ensure performance results and plans are integrated with the President's Budget.

The pilot consists of three separate reports:

- **Annual Financial Report (AFR).** The [AFR](#) consists of the Secretary's Message, Management's Discussion and Analysis, Financial Statements and Notes, the Audit Report, Major Management Challenges, and other required information. The AFR was published on 15 November 2007, and is available at the DHS website.
- **Annual Performance Report (APR).** The [APR](#) contains more detailed performance information as required by the Government Performance and Results Act (GPRA). The APR reports fiscal year (FY) 2007 results and presents the DHS Performance Plan for FY 2009. The APR is transmitted with the Congressional Budget Justification (CBJ) on 4 February 2008 and is posted on the DHS website.
- **Highlights Report.** The [Highlights](#) report summarizes key performance and financial information and is available at the DHS website just prior to publication of the President's Budget.

The Department of Homeland Security's FY 2007 Highlights Report is available at the following website:

<http://www.dhs.gov/xabout>

For more information or to obtain additional copies, contact:

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About this Report

The *Department of Homeland Security Highlights Report for Fiscal Year 2007* offers a high-level summary of performance results and financial information.

The *Highlights Report* is designed for use by a wide variety of audiences and stakeholders within and outside government. The report presents the Department's performance relative to our mission and stewardship of resources entrusted to us.

The report provides readers with a sense of the Department's priorities, and our strengths and challenges in implementing programs that enhance the safety of our Nation.



Highlights Report

Fiscal Year 2007



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Message from the Secretary



I am pleased to provide the Department of Homeland Security's (DHS) Highlights Report for fiscal year 2007. The report documents our progress as we work to protect the American people from terrorist attacks and natural threats, and as we ensure our Nation is prepared for any disaster that may occur. The report also reflects our diligent work to ensure taxpayer dollars are accurately accounted for and effectively used.

FY 2007 was a year of tremendous progress and maturation for this Department. From border security and immigration enforcement to passenger screening, critical infrastructure protection, and emergency response, we continued to strengthen our Nation's security. The fruits of our labor are evident in a number of these vital areas. We also improved Department-wide internal controls for financial reporting. For the first time, I was able to provide assurances that internal control over financial reporting was designed effectively, with some exceptions as noted in the Annual Financial Report. The performance measures in this report are complete and reliable, with more detail provided in the Annual Performance Report. Both reports can be found on the DHS website at www.dhs.gov/xabout.

Looking forward, we must continue to improve systems and information sharing to stay ahead of terrorists, and others who wish us harm. We must protect our borders to keep dangerous people and things from entering our country, and we must have plans in place to protect our critical infrastructure in case something should occur. We must continue our work to ensure that we can respond to and recover from natural disasters. In all instances, we must draw upon the strength of our network of partners and assets, functioning as seamlessly as possible with State and local leadership, first responders, the private sector, our international partners, and, most certainly, the public.

It is no accident that we have not suffered a major terrorist attack on U.S. soil since September 11, 2001. It is the result of the President's leadership, congressional support, and the resolute efforts and constant vigilance of hundreds of thousands of men and women, including the employees of the Department of Homeland Security. The 208,000 men and women of the Department of Homeland Security continue to stand watch over our borders, ports, skies, and homeland, and to keep their pledge to the American people never to lose their focus, grow weary or become complacent. They vigilantly protect our Nation every day, and they deserve our gratitude for a job well done.

Together, we will make our Nation a safer place to live and thrive as a free and democratic people.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Chertoff". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Chertoff

Message from the Chief Financial Officer



I am pleased to provide an overview of our financial position at DHS in this year's Highlights Report. The full FY 2007 Annual Financial Report (AFR) is posted on our website at www.dhs.gov/xabout. The AFR documents in detail the Department's progress in financial management and stewardship of taxpayer dollars. The FY 2007 audit was completed in November 2007 and I am encouraged by the results.

In every measure the audit shows that financial management at DHS has improved dramatically. Consider these highlights:

- We increased from four to seven the number of organizations that do not contribute to a material weakness. This now includes U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement (ICE), the Federal Law Enforcement Training Center, U.S. Citizenship and Immigration Services, U.S. Secret Service, United States Visitor and Immigration Status Indicator Technology, and the Science and Technology Directorate;
- We reduced from 25 to 16 the number of Component conditions that contributed to our FY 2007 material weaknesses;
- We reduced Department-wide audit disclaimer conditions by 40 percent. The Transportation Security Administration no longer contributes to qualifications in the auditor's report; and
- Under the Chief Information Officer's leadership, the number of Components contributing to the Department-level information systems security material weakness went from six to three.

The FY 2007 audit shows our corrective actions are working. Earlier this year, we developed and published the Internal Controls over Financial Reporting Playbook, our plan to resolve material weaknesses and build management assurances. I am particularly encouraged with how the corrective actions process has been sustained. Last year, ICE eliminated the majority of its material weaknesses and this year they surpassed that success, eliminating the remaining material weaknesses, a noteworthy achievement.

Audit challenges remain, albeit in much more focused areas. The U.S. Coast Guard and the Federal Emergency Management Agency account for 80 percent of the Department's remaining material weaknesses conditions. The U.S. Coast Guard's problems are particularly complex, but they have spent 2007 assembling the plan and staffing to tackle them.

Financial management at DHS has come a long way. I continue to be inspired by the extraordinary efforts of the Department's dedicated staff at Headquarters, in the Components, and in the finance centers at Indianapolis, Dallas, Burlington, Glynco, Chesapeake, and Mount Weather. Our progress would not have been possible without their hard work and the strong support of the Secretary.

Sincerely,

A handwritten signature in black ink that reads "David Norquist". The signature is written in a cursive, flowing style.

David Norquist

Mission and Organization

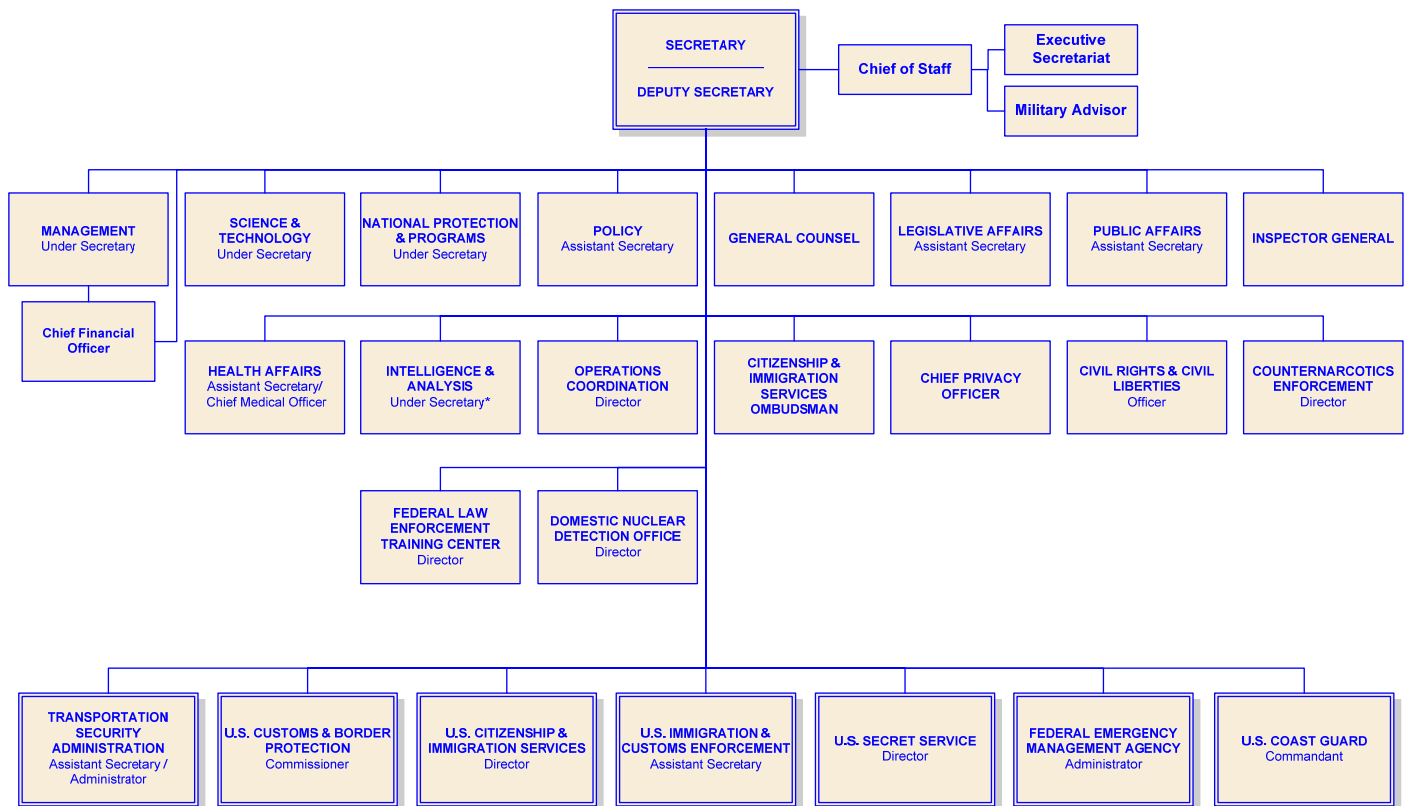
Our Mission

We will lead the unified national effort to secure America. We will prevent and deter terrorist attacks and protect against and respond to threats and hazards to the Nation. We will ensure safe and secure borders, welcome lawful immigrants and visitors, and promote the free-flow of commerce.

Our Organization

Homeland Security leverages resources within Federal, State, and local governments, coordinating the transition of multiple agencies and programs into a single, integrated agency focused on protecting the American people and their homeland. The seven front-line Components, listed along the bottom of the chart below, provide the bulk of the operational efforts the Department puts forth on a daily basis to protect the Nation. The remainder of the organization provides key resources, analysis, equipment, research, policies, and support to ensure the front-line organizations have the means to accomplish the DHS Mission. For more information visit our website at <http://www.dhs.gov/xabout/structure>.

Figure 1. DHS Organizational Chart



A Day in the Life...

The men and women of DHS work diligently to ensure that America and its people remain safe and secure. Below are examples of daily activities DHS does to protect our country and make it a safer place to live.

- Process more than 1 million people entering our country through the Nation's ports of entry.
- Screen nearly 2 million domestic and international passengers before boarding commercial aircraft.
- Process over 120,000 biometric transactions to verify an individual's identity.
- Inspect 25 waterfront facilities and administer 21 commercial vessel examinations.
- Process over 24,600 applications for immigrant benefits.
- Naturalize 2,600 new citizens.
- Remove over 750 aliens from the United States through U.S. Immigration and Customs Enforcement (ICE) programs.
- Make 153 administrative arrests and 61 criminal arrests by ICE agents.
- Open over 13 protective intelligence investigations to assess potential risk to protectees.
- Open over 27 new financial crimes cases.
- Prevent over \$36 million in financial crime losses worldwide.
- Seize over \$318,000 in counterfeit currency worldwide.
- Fly 208 hours in 93 flights securing the southwest border, northern border, and southeast coastal borders with manned and unmanned aircraft.
- Prevent over 2,000 prohibited items from entering federally owned and leased facilities.
- Save 14 lives and assist 123 people in distress on our Nation's waterways.
- Conduct on-going research for about 160 homeland security technologies.
- Provide training to approximately 3,900 law enforcement officers and agents from over 80 Federal organizations with law enforcement responsibilities.
- Provide training to nearly 900 homeland security and emergency response officials.

SUCCESS STORIES

Foreign Port "Rad/Nuke" Detection Underway

Situation

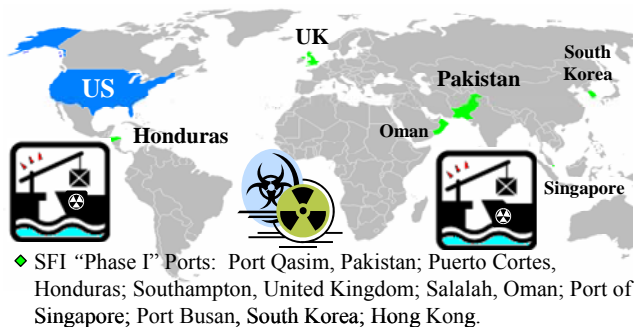
- Terrorists could use global shipping networks to send nuclear or radiological materials to the United States.
- Early detection of materials is critical.
- Cooperation with foreign allies is imperative to scan containers before they depart for U.S. sea ports.
- Dec 7, 2006: Secure Freight Initiative (SFI) underway.

Action

- Mar 31, 2007 & Apr 2, 2007: DHS and the Department of Energy (DOE) announce detection is underway in Pakistan and Honduras.
- U.S. nuclear security and detection expertise used.
- Shipping containers scanned for nuclear and radiological materials before ships depart for United States.
- Three "Phase I" SFI ports underway.

Result

- Data gathered from detectors is sent in near real time to Customs and Border Protection (CBP) officers in foreign ports and to United States.
- Data adds to risk assessment tools to improve analysis, targeting, and scrutiny of all containers.
- All alarms from detectors are resolved locally.
- If alarms not resolved, policy is "Do Not Load".



SUCCESS STORIES

Rescue Efforts in Minnesota Bridge Collapse

Situation

- Aug 1, 2007: An eight-lane bridge collapses into the Mississippi River in Minneapolis, MN.
- Many victims are on the bridge and in the water.
- Bridge is a main artery of traffic for the Twin Cities.
- Collapse appears to be the result of structural deficiencies, not terrorism.
- Response: Over 75 Federal, State, and local agencies.

Action

- DHS's Federal Emergency Management Agency (FEMA) and U.S. Coast Guard reach out to Minnesota immediately.
- DHS assists State and local authorities in communications efforts.
- FEMA activates its Regional Response Coordination Center; lends logistical support to first responders.
- U.S. Coast Guard deploys personnel and assets to assist in rescue operation; FBI & Navy divers added.

Result

- Efforts bolstered by the enhanced radio system made possible by Federal homeland security grants.
- Six ambulance services transport 55 victims within 1 hour and 53 minutes of the first call.
- Tragic incident demonstrates effectiveness of efforts put forth in prior years by DHS in devising plans to help governmental entities work together after terrorist attacks and natural catastrophes.

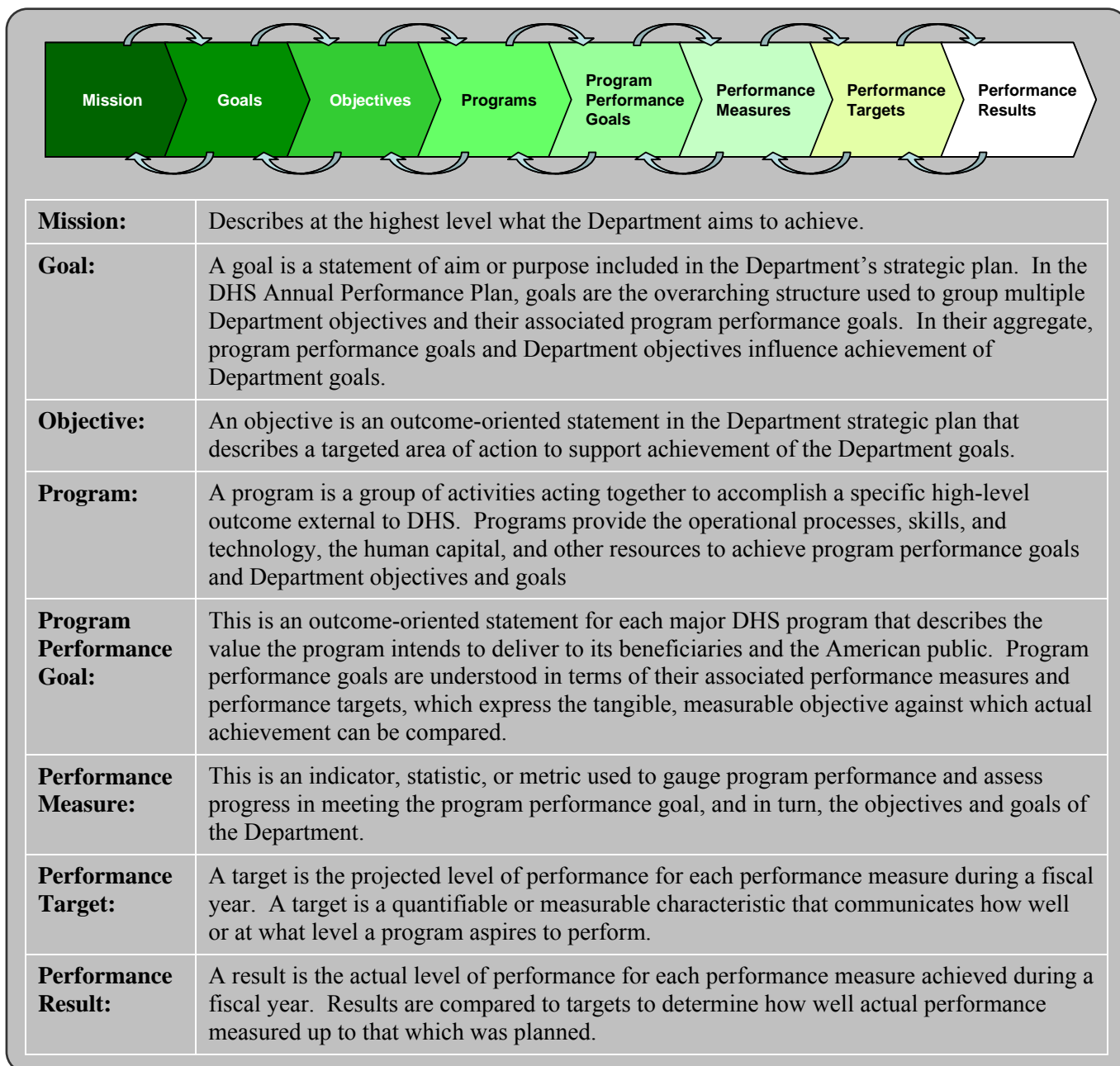


Performance Highlights

Performance Management Framework

DHS is committed to strengthening our ability to report on performance results in achieving our goals and delivering value to the American public. Figure 2 presents the DHS performance management framework used to tie Department-wide goals and objectives to mission-oriented programs, and their associated program performance goals and performance measures. Terms used in the framework are defined in Figure 2.

Figure 2. DHS Performance Management Framework



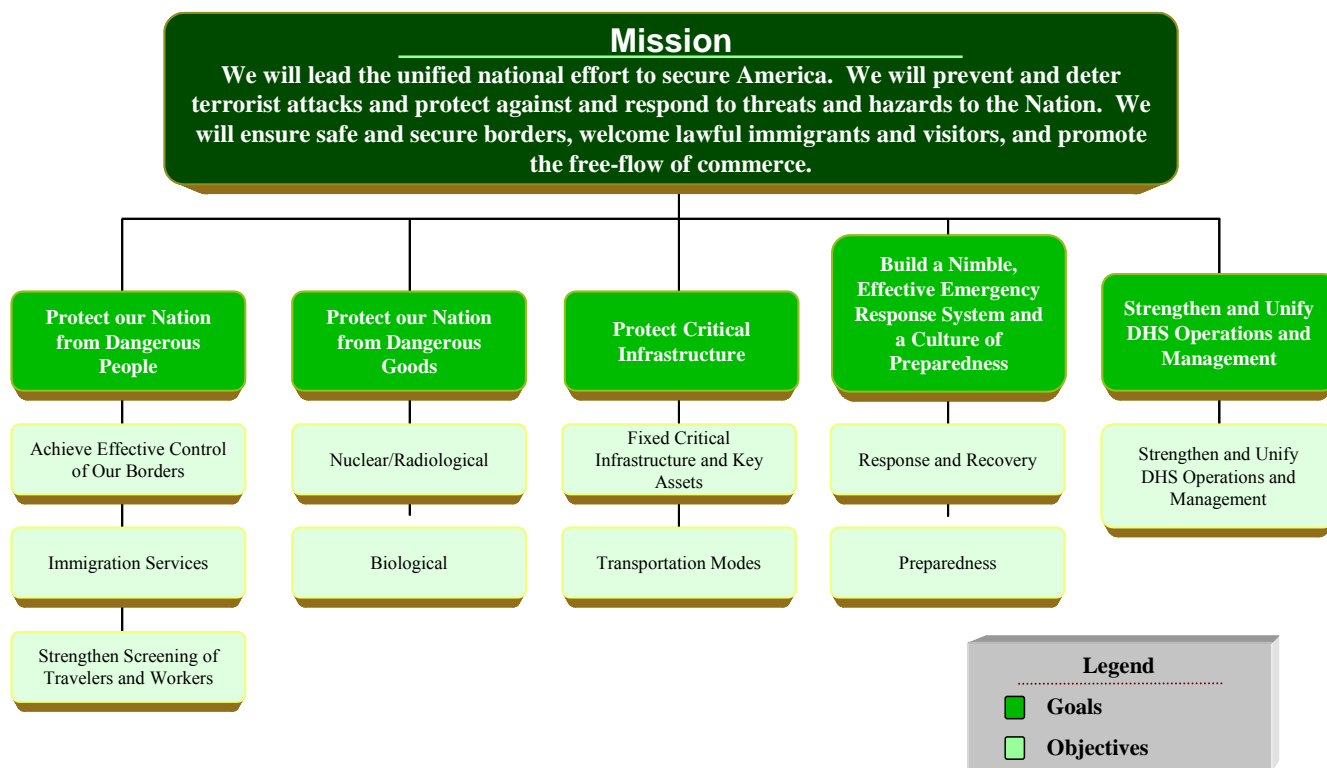
Completeness and Reliability of Performance Measures

The Department recognizes the importance of collecting complete, accurate, and reliable performance data, as this helps determine progress toward achieving program and Department goals and objectives. Program Managers are responsible for the reliability of performance measurement information for programs under their cognizance. To encourage completeness and reliability, DHS evaluates the verification and validation information for each performance measure during its annual Resource Allocation Planning process. This evaluation confirms that the scope of the data, the source of the data, the collection methodology, and methods to verify or double-check the accuracy of the data are in place. Program Managers are responsible to ensure the data collection and reporting follows the verification and validation procedures described for their performance measures. For more information see the Annual Performance Report located on the DHS website at www.dhs.gov/xabout.

Goals and Objectives

In FY 2007, we at the Department of Homeland Security structured our work around our Goals and Objectives. This plan consists of five goals and ten objectives as shown in the diagram below.

Figure 3. DHS Mission, Goals, and Objectives



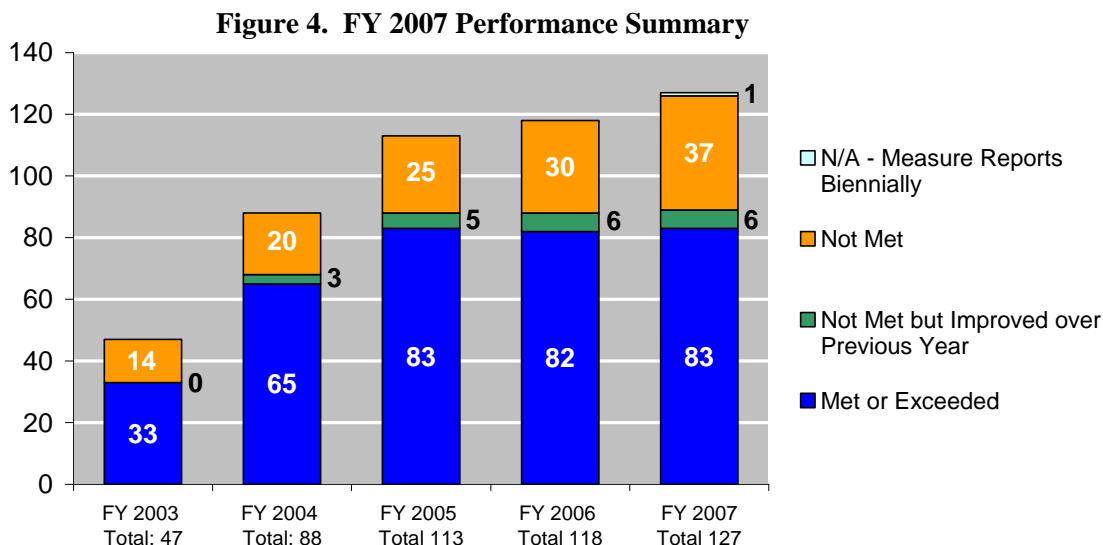
The table below describes the outcomes that DHS strives to achieve through our Goals and Objectives.

Table 1. DHS Goal and Objectives

Goal 1. Protect our Nation from Dangerous People
<i>Objective 1.1: Achieve Effective Control of Our Borders</i>
<u>Achieves outcome of:</u> Reducing the risk of potential terrorists, instruments of terrorism, or other unlawful activities from entering the United States through our borders.
<i>Objective 1.2: Immigration Services</i>
<u>Achieves outcome of:</u> Ensuring lawful immigrants and visitors are welcomed and they receive timely and correct immigration information and benefits.
<i>Objective 1.3: Strengthen Screening of Travelers and Workers</i>
<u>Achieves outcome of:</u> Reducing the risk of potential terrorists, instruments of terrorism, or other unlawful activities from threatening our transportation systems.
Goal 2. Protect our Nation from Dangerous Goods
<i>Objective 2.1: Nuclear/Radiological</i>
<u>Achieves outcome of:</u> Reducing the risk of a nuclear or radiological attack in the United States.
<i>Objective 2.2: Biological</i>
<u>Achieves outcome of:</u> Reducing the risk of a biological attack in the United States.
Goal 3. Protect Critical Infrastructure
<i>Objective 3.1: Fixed Critical Infrastructure and Key Assets</i>
<u>Achieves outcome of:</u> Ensuring the protection and resiliency of the Nation's fixed critical infrastructure and key assets.
<i>Objective 3.2: Transportation Modes</i>
<u>Achieves outcome of:</u> Ensuring the protection of all transportation modes.
Goal 4. Build a Nimble, Effective Emergency Response System and a Culture of Preparedness
<i>Objective 4.1: Response and Recovery</i>
<u>Achieves outcome of:</u> Ensuring Americans and their governments at all levels can respond to and recover from catastrophic incidents.
<i>Objective 4.2: Preparedness</i>
<u>Achieves outcome of:</u> Ensuring Americans are prepared, capable, and ready to respond to adverse incidents.
Goal 5. Strengthen and Unify DHS Operations and Management
<i>Objective 5.1: Strengthen and Unify DHS Operations and Management</i>
<u>Achieves outcome of:</u> Ensuring that DHS management, intelligence, and other mission enabling activities support and improve integrated and informed DHS operations.

Performance Results and Trends

While the number of DHS performance goals has continued to increase over the past five years, we have consistently exceeded, met, or improved over previous years on at least 70 percent of our targets. During FY 2007, of the 83 measures that met their performance targets, 54 exceeded them.



Note 1: FY 2007 includes estimated results for 2 measures where actual results were not yet available.
 Note 2: FY 2006 restated based on updated estimated data.

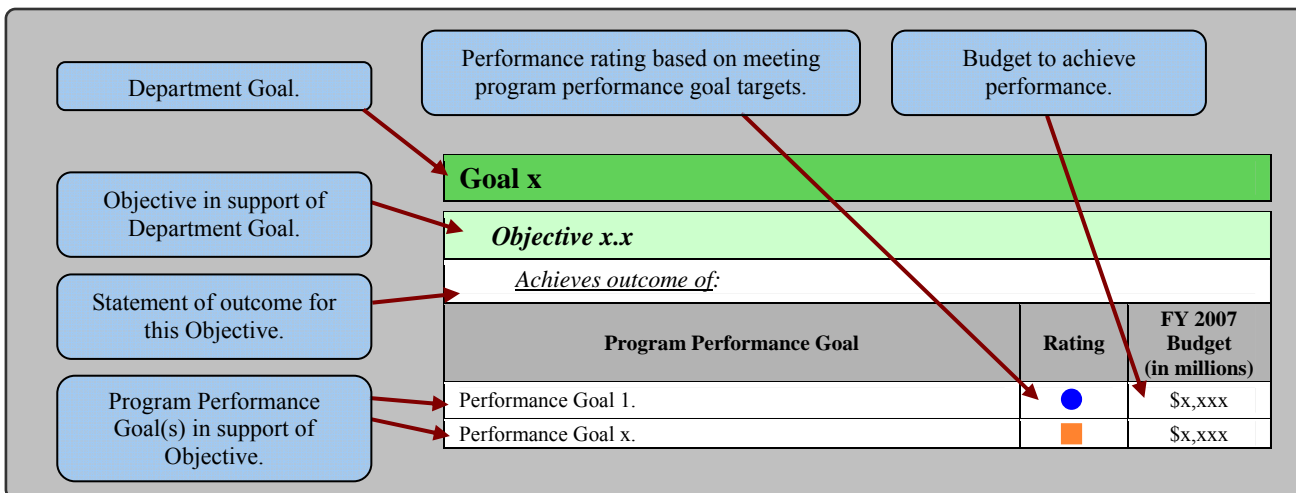
There are a number of varying reasons why performance targets are reported as not met. Some programs made substantial progress but were just shy of meeting their targets. For example, the U.S. Coast Guard saved over 4,500 lives, improving its performance over the previous year and barely missing its performance target by less than one percent. In some instances, targets were set too ambitiously, such as in the development and deployment of new technologies. In other cases, situational factors outside the control of the program influenced actual performance. For example, in response to varied and increased threats, the Federal Air Marshal Service reallocated resources to areas not identified in its original operational risk coverage goals.

Performance Summary by Goal

This section of the report provides a performance summary for each DHS goal. More detailed performance and resource information can be found in the DHS Annual Performance Report, located on the DHS website at <http://www.dhs.gov/xabout>. For each goal, the following information is presented:

1. **Public Benefit and Key Resources:** Provides an overview of the public benefit and the FY 2007 resources available to achieve the goal.
2. **Performance Achievements and Key Measures:** Provides a summary of major accomplishments during FY 2007.
3. **Success in Achieving Performance Goals:** Provides a series of tables summarizing performance for each DHS program by goal and objective. Programs provide the operational processes, skills, and technology, the human capital, and other resources to achieve Department goals. The following graphic explains the tables used to summarize a goal.

Figure 5. Orientation to Success in Achieving Performance Goals Tables.



The table below summarizes the FY 2007 resources devoted to each DHS goal and objective, and its overall performance rating.

Table 2. FY 2007 Budget and Resources by Goal and Objective

Goals and Objectives	FY 2007		
	Full-Time Equivalent (FTE)	Dollars in Millions	Rating
Goal 1. Protect our Nation from Dangerous People	87,394	\$19,875	
Achieve Effective Control of Our Borders	75,255	\$16,672	
Immigration Services	10,408	\$2,224	
Strengthen Screening of Travelers and Workers	1,731	\$979	
Goal 2. Protect our Nation from Dangerous Goods	146	\$972	
Nuclear/Radiological	112	\$616	
Biological	34	\$356	
Goal 3. Protect Critical Infrastructure	82,134	\$13,786	
Fixed Critical Infrastructure and Key Assets	22,273	\$5,448	
Transportation Modes	59,861	\$8,338	
Goal 4. Build a Nimble, Effective Emergency Response System and a Culture of Preparedness	12,702	\$14,846	
Response and Recovery	9,676	\$6,778	
Preparedness	3,026	\$8,068	
Goal 5. Strengthen and Unify DHS Operations and Management	1,947	\$1,015	
Strengthen and Unify DHS Operations and Management	1,947	\$1,015	

Note. The percent of performance measures that met their target for the year are noted on the colored bar by an inverted triangle. Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Goal 1. Protect our Nation from Dangerous People

Public Benefit and Key Resources

DHS has made progress in achieving effective control of the border and improving the enforcement of our immigration laws in the interior. The Department’s main priority is preventing additional terrorist attacks against the Nation. By managing who enters the United States, DHS works to prevent the entry of terrorists while facilitating the legitimate flow of people, goods, and services.

In FY 2007, collaborative efforts within DHS, with other Federal agencies, and with State and local jurisdictions have improved border security. With expanded infrastructure, manpower, and technology along our borders, the number of people trying to enter illegally has gone down, thus reducing the risk of dangerous people entering. Additionally, by increasing national law enforcement activities, more illegal aliens, including dangerous criminals, than ever before are being caught and returned.

Last year more than 414 million people entered through U.S. ports of entry. For each potential entry, there are but a few seconds to determine the level of risk these people may pose. DHS has made important strides to improve the ability to screen travelers, while allowing the vast majority of innocent travelers to pass without delay. With access to advance information about people entering the United States, agents can quickly and accurately confirm the person’s identity and check them against terrorist watch lists early in the process. Additionally, we are working to increase the security of identification documents to assure that when people come into this country they will have a form of identification that is not easily fabricated or counterfeited, and on which we can rely.



A Blackhawk Helicopter Assists with Border Security

Another way to help identify people who are threats is by using biometrics, or physical characteristics such as fingerprints. During FY 2007, we began the transition to collecting 10-fingerprints for identification instead of two. Because of our ability to take 10-fingerprints, and with the collection of latent fingerprints from battlefields, terrorist training camps, and safehouses, we now have more ability to identify an unknown terrorist. An unknown terrorist is a person whose name we don’t have on a watch list, and whose name alone may not tip us off to a threat. Access to this information assists us in determining whether we need to further examine this person as a potential threat.

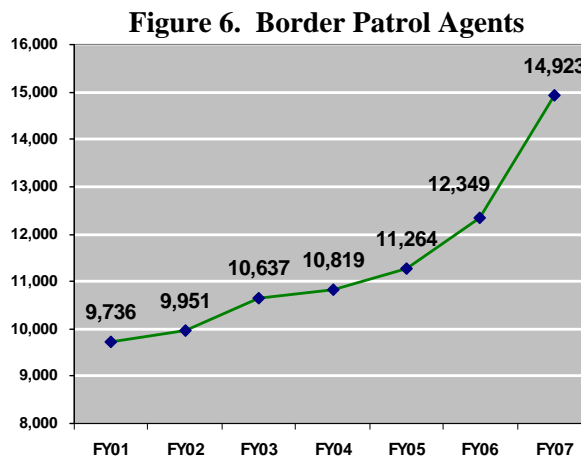
Table 3. FY 2007 Budget and Resources for Goal 1

Goals and Objectives	FY 2007		
	Full-Time Equivalent (FTE)	Dollars in Millions	Rating
Goal 1. Protect our Nation from Dangerous People	87,394	\$19,875	
Achieve Effective Control of Our Borders	75,255	\$16,672	
Immigration Services	10,408	\$2,224	
Strengthen Screening of Travelers and Workers	1,731	\$979	

Performance Achievements and Key Measures

Below are a few FY 2007 achievements.

- **Effectively controlled 599 miles of border**, an annual increase of 150 miles, through personnel, fencing, additional infrastructure, and technology integration.
- **Added 2,574 Border Patrol agents**, totaling 14,923 agents as of September 30, 2007.
- **Arrested over 30,000 illegal aliens through the National Fugitive Operations Program.** Since 2005, U.S. Immigration and Customs Enforcement (ICE) has increased the number of Fugitive Operations Teams from 18 to 75.
- **Removed 276,912 illegal aliens**, including voluntary removals, from the United States through ICE programs.*
- **Interdicted or deterred 93.7 percent of migrants** attempting to enter the United States via maritime routes.
- **Expanded the E-Verify Program**, a real-time Internet-based system with a new photo screening tool that enables employers to check the employment eligibility of new employees and detect forged or fake immigration documents (in partnership with the Social Security Administration).
- **Processed more than 6 million immigration applications** and over 650,000 new citizens were naturalized.**
- **Operated 4,000 metal detectors and 440 x-ray machines** at airport passenger check points across the country.
- **Trained 50,000 Transportation Security Officers** in advanced explosive detection.
- **Processed more than 120,000 transactions per day through the Automated Biometric Identification System** to support entry/exit screening, enforcement actions, benefit applications, and border crossing card and visa applications.
- **Tested and deployed e-Passport reader technology** in 33 U.S. airports for faster processing and improved security.



Biometric Fingerprint Scanner and Digital Camera

* Formerly reported in the Annual Financial Report as “Removed 226,677 illegal aliens from the United States after a final order for removal was issued.”

** Formerly reported in the Annual Financial Report as “Processed more than 6 million immigration applications and over 500,000 new citizens were naturalized.”

Program: Border Security and Control between Ports of Entry
Program Performance Goal: Gain effective control of the U.S. border in areas deemed as high priority for terrorist threat potential or other national security objectives.
Performance Measure: Border miles under effective control.

Table 4. Border Miles under Effective Control Results

FY 2005	FY 2006	FY 2007		
Result	Result	Target	Result	Met
288	449	524	599	Y

Explanation of Results:

Border Patrol exceeded its 524 mile target in FY 2007 through the continued application of the Border Patrol’s multi-year strategy to deploy the right mix of personnel, tactical infrastructure, and technology to secure our borders. Most of the gains were attributable to the 2,574 new Border Patrol agents hired during the year. The Border Patrol also received augmentation by National Guard troops participating in Operation Jump Start (OJS). OJS National Guard troops manned Entry Identification Teams, which brought additional miles of the border under surveillance. The Border Patrol completed construction of 72.3 miles of fence and 52.5 miles of vehicle fence along the southwest border.* Finally, the Border Patrol added four ground surveillance radar systems that greatly enhanced its ability to detect illegal entries in some of the vast, remote areas on the southwest border.

* Formerly reported in the Annual Financial Report as “The Border Patrol completed construction of about 67 miles of new fence and 59 miles of new vehicle barriers along the southwest border.”



Secretary Chertoff receives a briefing on Border Fence progress from CBP Patrol Agents

Program: Migrant Interdiction
Program Performance Goal: Eliminate the flow of undocumented migrants via maritime routes to the United States.
Performance Measure: Percent of undocumented migrants who attempt to enter the United States via maritime routes that are interdicted or deterred.

Table 5. Migrant Interdiction Results

FY 2004	FY 2005	FY 2006	FY 2007		
Result	Result	Result	Target	Result	Met
87.1%	85.5%	89.1%	91%	93.7%	Y

Explanation of Results:

The U.S. Coast Guard interdicted a total of 6,336 undocumented migrants, including 6,020 undocumented migrants from Cuba, Haiti, the Dominican Republic, and China in FY 2007. Despite substantial growth in the threat estimate provided for these countries, successful illegal migrations have not increased significantly, and thus this metric continues to indicate success in interdicting or deterring undocumented migrants attempting to enter the United States via maritime routes. We witnessed a 53 percent drop in the flow of migrants from the Dominican Republic this year. The U.S. Coast Guard also deployed a prototype mobile biometric identification system in the Mona Pass which identified 257 persons with database matches, 72 of which were brought ashore for prosecution.



Migrant Interdiction Event at Great Bahamas Bank near Cape Lobos Light

Success in Achieving Performance Goals

The table below summarizes the success in achieving program performance goals that align with this DHS goal.

Table 6. Goal 1: Success in Achieving Performance Goals

Goal 1. Protect our Nation from Dangerous People		
Objective 1.1: Achieve Effective Control of Our Borders		
<u>Achieves outcome of:</u> Reducing the risk of potential terrorists, instruments of terrorism, or other unlawful activities from entering the United States through our borders.		
Program Performance Goal	Rating	FY 2007 Budget (in Millions)
Air and Marine: Deny the use of air, land, and coastal waters for conducting acts of terrorism and other illegal activities against the United States.	▲	\$864
Automation Modernization: Improve the threat and enforcement information available to decision makers to enforce trade rules and regulations and facilitate U.S. trade.	●	\$451
Border Security and Control between Ports of Entry: Gain effective control of the U.S. border in areas deemed as high priority for terrorist threat potential or other national security objectives.	●	\$4,286
Border Security Inspections and Trade Facilitation at Ports of Entry: Improve the targeting, screening, and apprehension of high-risk international cargo and travelers to prevent terrorist attacks, while providing processes to facilitate the flow of safe and legitimate trade and travel.	▲	\$3,807
Detention and Removal Operations: Remove from the United States all aliens with a final order of removal.	●	\$2,525
Investigations: Prevent the exploitation of systemic vulnerabilities in trade and immigration that allow foreign terrorists, other criminals, and their organizations to endanger the American people, property, and infrastructure. <i>Explanation/Corrective Action: ICE performed record breaking law enforcement activities by removing over 270,000 illegal aliens. The program also made over 850 criminal arrests, and fined or seized more than \$30 million following worksite investigations. The program came within a percent of meeting its performance target for closed investigations with an enforcement consequence (arrest, indictment, conviction, seizure, fine or penalty). Factors outside the direct influence of the program impacted actual results such as awaiting judicial processing for sentencing, trials, adjudications, appeals, and delays in final disposition.</i>	■	\$1,536
Borders and Maritime Security: Improve the capability of homeland security personnel to secure the Nation's land, maritime, and air borders through science and technology.	▲	\$41

Note: Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Program dollars due not total to amount listed in Tables 2 and 3 due to rounding.

Two Immigration and Customs Enforcement programs, International Affairs (\$141 million) and Automation Modernization (\$15 million), and are not listed above for they were not included in the previous performance plan, but their program dollars are included in the total for this objective shown in Tables 2 and 3.

Program Performance Goal	Rating	FY 2007 Budget (in Millions)
<p>Defense Readiness: Improve our national security and military strategies by ensuring assets are at the level of readiness required by the combatant commander.</p> <p><i>Explanation/Corrective Action:</i> In support of the Global War on Terrorism, the U.S. Coast Guard, protected and safely escorted nearly 75 military sealift movements carrying over six million square feet of indispensable military cargo. In the Arabian Gulf, six patrol boats and two law enforcement detachments bolstered the naval commander's ability to secure the sea lanes, prosecute terrorism at sea, train Iraqi naval forces, and protect the vital off shore oil structures of Iraq. However, the program did not meet its target of 100 percent defense readiness in FY 2007. While Port Security Units (PSU) readiness increased over last year, they remain a main contributor for not meeting the target. Corrective actions include moving the PSUs under the command of the Area Commanders in new Deployable Operations Group, increasing staffing levels to 95 percent, and improving command and control. Additionally, strategic modernization efforts will provide "one stop shopping" for combatant commanders and more effective sourcing of U.S. Coast Guard forces for defense operations.</p>	■	\$691
<p>Drug Interdiction: Reduce the flow of illegal drugs entering the United States via non-commercial maritime shipping sources.</p>	●	\$1,280
<p>Migrant Interdiction: Eliminate the flow of undocumented migrants via maritime routes to the United States.</p>	●	\$874
<p>Other Law Enforcement: Reduce the number of illegal vessel incursions into the United States Exclusive Economic Zone (EEZ).</p>	●	\$160
Objective 1.2: Immigration Services		
<p><u>Achieves outcome of:</u> Ensuring lawful immigrants and visitors are welcomed and they receive timely and correct immigration information and benefits.</p>		
Program Performance Goal	Rating	FY 2007 Budget (in Millions)
<p>Adjudication Services: Provide immigration benefit services in a timely, consistent, and accurate manner.</p>	●	\$1,485
<p>Citizenship: Enhance educational resources and promote opportunities to support immigrant integration and participation in American civic culture.</p> <p><i>Explanation/Corrective Action:</i> This program provides immigrant populations with access to citizenship educational materials in their native language. Two new language versions of the Guide for New Immigrants were released before the end of the calendar year instead of by Oct 2007. A third will be published shortly. Slight delays in meeting the FY 2007 target were due to a longer than expected translation review process to ensure 100 percent accuracy. The guide contains information to help immigrants settle into life in the United States, basic civics information, and gives immigrants tips on getting involved in their communities, meeting their responsibilities, and exercising their rights as permanent residents.</p>	■	\$7

Note: Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Program Performance Goal	Rating	FY 2007 Budget (in Millions)
<p>Immigration Security and Integrity: Enhance the integrity of the legal immigration system.</p> <p><i>Explanation/Corrective Action:</i> This program goal was reflected in two measures related to counteracting fraud by making procedure and/or legislative changes on immigration applications. During FY 2007, four draft reports were completed with recommendations to counteract fraud vulnerabilities. Due to delays in the report review process, the program did not achieve its targets. Delays were attributed to the complexity and the interagency impact involved with the assessments described in the reports. Recommendations will be implemented once the reports have been approved.</p>	■	\$403
<p>Immigration Status Verification: Provide efficient and accurate immigration status and employment eligibility information.</p>	●	\$135
<p>Information and Customer Service: Provide timely, consistent, and accurate information to our customers.</p>	●	\$194
Objective 1.3: Strengthen Screening of Travelers and Workers		
<u>Achieves outcome of:</u> Reducing the risk of potential terrorists, instruments of terrorism, or other unlawful activities from threatening our transportation systems.		
Program Performance Goal	Rating	FY 2007 Budget (in Millions)
<p>US-VISIT: Improve the identity and document verification capabilities available to Immigration and Border Management stakeholders to enable them to make timely and accurate risk and eligibility decisions.</p>	▲	\$369
<p>Human Factors: Improve detection, analysis, and the understanding of threats posed by individuals, groups, and radical movements through the application of the social and behavioral sciences.</p> <p><i>Explanation/Corrective Action:</i> Progress was made in releasing the Global Terrorism Database Phase I data to the U.S. Government, and delivering data on all terrorist incidents in the United States from 1980 through 2007 to the National Consortium for the Study of Terrorism and Responses to Terror Center of Excellence. However, this science and technology program completed 73 percent of their milestones, missing their performance target of 90 percent. The program is evaluating its targets and deliverables for the upcoming year to make sure they are realistic.</p>	■	\$10
<p>Transportation Security Support: Improve the receipt, assessment, and distribution of intelligence information related to transportation security.</p>	●	\$525
<p>Transportation Threat Assessment and Credentialing: Reduce the threat to national security or transportation security by individuals engaged in various aspects of the U.S. transportation systems.</p>	●	\$75

Note: Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Analysis:

Twenty programs contributed to Goal 1: Protect our Nation from Dangerous People. Performance results delivered by these programs were gauged with 50 performance measures, of which 36 met their FY 2007 performance targets (72 percent). Note that a program may use one or several measures to quantify achievement of its program performance goal and contributions to the DHS goals and objectives.

DHS was very successful in delivering performance results to protect our Nation from dangerous people. Eleven programs and their associated program performance goals were rated blue, indicating they met their performance targets. To improve the control of our borders, progress was made in the targeting, screening, and apprehension of high-risk international cargo and travelers at our ports of entry. Improvements were also made to strengthen the U.S. borders by increasing the border miles where there is an appropriate mix of personnel, technology, and tactical infrastructure to respond to attempted illegal entries and bring about a satisfactory law enforcement resolution. With regard to immigration services, immigration information, adjudication, and benefit services were improved by processing the various forms within targeted cycle times. The screening of travelers and workers improved through the increased use of biometric information to influence U.S. entry and visa applications, which resulted in reduced risk from potential terrorists. Explanations for performance goals rated orange are included in the previous table.

Goal 2. Protect our Nation from Dangerous Goods

Public Benefit and Key Resources

It is a DHS mandate to not only protect against dangerous people entering the country, but also against dangerous goods, including in particular, radioactive materials or other weapons of mass destruction that would cause tremendous harm to the people of the United States. DHS is expanding its program to identify, track, and intercept nuclear and radiological components and systems at ports of entry and, where practicable, in transportation systems within U.S. borders. DHS is also intensifying its efforts to bolster capabilities to reduce the risk of a biological attack in the United States. Our approach does not rely on any single layer of protection, but multiple layers of protection.

Scanning more containers and cargo for nuclear and radiological components within the supply chain reduces the risk that these materials will enter the United States and be used to harm its citizens. This year, DHS launched the Secure Freight Initiative at overseas ports to test the ability to scan all inbound cargo before it is loaded on a ship bound for the United States. This is part of an ongoing effort to push defenses and security away from U.S. shores, and to give better visibility into the supply chain and identify those shipments that require closer scrutiny. Increasing radiological scanning overseas adds another layer of security to the radiation scanning already being conducted at U.S. ports of entry.

DHS is also concerned about potential chemical and biological threats to the country. Biological monitoring devices employed in high-risk areas enable personnel to identify and characterize the release of harmful biological agents. Additionally, DHS has developed interagency partnerships and is continuing to build a comprehensive biosurveillance operating picture through the National Biosurveillance Integration Center.



In April 2007 DHS and the Department of Energy began operational testing to strengthen global supply chain security by scanning all shipping containers for nuclear or radiological materials before they are allowed to depart for the United States.

Table 7. FY 2007 Budget and Resources for Goal 2

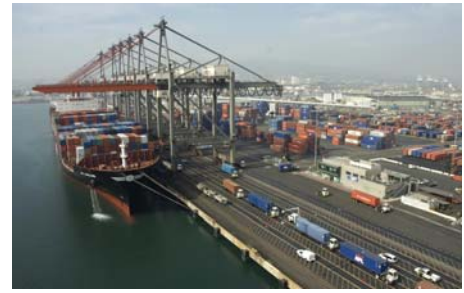
Goals and Objectives	FY 2007		
	Full-Time Equivalent (FTE)	Dollars in Millions	Rating
Goal 2. Protect our Nation from Dangerous Goods	146	\$972	
Nuclear/Radiological	112	\$616	
Biological	34	\$356	

Note: Some programs contributing to achieving effective control of our borders under Goal 1 also have resources and activities that support Goal 2: Protect our Nation from Dangerous Goods.

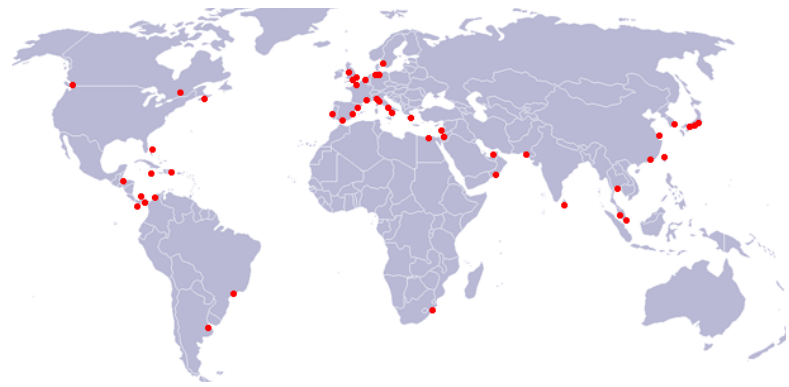
Performance Achievements and Key Measures

Below are a few FY 2007 achievements.

- **Scanned 94 percent of all cargo entering the United States** through radiation portal devices.*
- **Deployed 154 radiation portal monitors**, which now total 1,019, to U.S. ports of entry, expanding our ability to scan cargo for radiological materials.**
- **Scanned all U.S. bound shipping containers for nuclear material at three foreign ports** as part of a Secure Freight Initiative operational test, to begin the scanning process further from our shores.
- **Provided nuclear and radiological detection training to 2,041 law enforcement officers**, emergency response personnel, and public officials.
- **Deployed radiation detection network connections to 39 ports** to transmit data for analysis, targeting, and response; established around the clock tactical targeting and analytical research support for cargo related anti-terrorism targeting and screening.
- **Screened 86 percent of shipping containers at foreign ports** before they were shipped to the United States through the Container Security Initiative (CSI), up from 48 percent in FY 2004. CSI is now deployed at 58 foreign ports.
- **Embedded security features in a lightweight shipping container** to detect unauthorized intrusions. This was developed as part of a research project for potential use in securing cargo shipments.
- **Successfully tested the Rapidly Deployable Chemical Detection System** for use at National Special Security Events and other high priority special events.
- **Employed a total of 527 biological monitors in U.S. cities** determined to be at the highest risk for a biological incident.
- **Established agreements with seven interagency partners and the national biosurveillance integration center** continuing to build a comprehensive biosurveillance operating picture.
- **Completed Project BioShield material threat determinations** for all traditional biothreat agents of significant public health concern. The determinations are required to support buying stockpiles of new medical countermeasures.



Cargo is removed from ship at the Port of Los Angeles/Long Beach. This is the largest and busiest port in the United States, handling about 45 percent of all incoming containers to the United States.



Container Security Initiative Ports

* Formerly reported in the Annual Financial Report as “Screened 95 percent of all cargo entering the United States through radiation portal devices.”

** Formerly reported in the Annual Financial Report as “Deployed 157 radiation portal monitors, which now total 1,012, to U.S. ports of entry, expanding our ability to screen cargo for radiological materials.”

Program: Domestic Nuclear Detection
Program Performance Goal: Improve the Nation’s capability to detect and report unauthorized attempts to import, possess, store, develop, or transport radiological or nuclear material for use against the Nation.
Performance Measure: Percent of cargo, by volume, that passes through radiation portal monitors upon entering the Nation.

Table 8. Radiation Portal Monitor Results

FY 2006	FY 2007		
Result	Target	Result	Met
85%	90%	94%*	Y



Radiation Portal Monitors at Ports of Entry

Explanation of Results:

The Domestic Nuclear Detection Office worked with U.S. Customs and Border Protection to continue to deploy an additional 154** radiation portal monitors for scanning cargo, with the majority of new systems deployed to the Nation's largest seaports. With the increased number of deployed radiation portal monitors, 94 percent of incoming cargo containers were scanned for dangerous radioactive materials, exceeding the target of 90 percent. A number of systems were also deployed to southern border crossings where almost all cargo containers are now inspected as they enter the United States.

* Formerly reported in the Annual Financial Report as 95 percent.

** Formerly reported in the Annual Financial Report as 157.

Program: Medical and Biodefense
Program Performance Goal: Bolster the Nation’s biodefense readiness to rapidly detect, characterize, and respond effectively to a large-scale biological event.
Performance Measure: Number of bioaerosol collectors employed in the top threat cities.

Table 9. Bioaerosol Collector Results

FY 2004	FY 2005	FY 2006	FY 2007		
Result	Result	Result	Target	Result	Met
320	350	493	660	527	N



Biodefense Response Unit

Explanation of Results:

The shortfall in the number of collectors employed is due to some jurisdictions' reluctance to employ bioaerosol collectors in indoor venues until the Biowatch Program issues public health response guidance providing response planning considerations for the indoor detection of biological agents. Effective response plans are necessary to prevent unintentional negative impacts resulting from a positive detection. Additionally, some jurisdictions have not employed indoor bioaerosol collectors as they are waiting for Generation 3 autonomous technology to become available, which will shorten the time it takes to identify and verify a positive hazard occurrence. Populations residing within those jurisdictional networks without fully operational collectors in indoor venues will remain partially at risk until an enhanced network to detect and respond to a covert biological agent attack is completed.

Success in Achieving Performance Goals

The table below summarizes the success in achieving program performance goals that align with this DHS goal.

Table 10. Goal 2: Success in Achieving Performance Goals

Goal 2. Protect our Nation from Dangerous Goods		
<i>Objective 2.1: Nuclear/Radiological</i>		
<u>Achieves outcome of:</u> Reducing the risk of a nuclear or radiological attack in the United States.		
Program Performance Goal	Rating	FY 2007 Budget (in Millions)
Domestic Nuclear Detection: Improve the Nation’s capability to detect and report unauthorized attempts to import, possess, store, develop, or transport radiological or nuclear material for use against the Nation.	●	\$616
<i>Objective 2.2: Biological</i>		
<u>Achieves outcome of:</u> Reducing the risk of a biological attack in the United States.		
Program Performance Goal	Rating	FY 2007 Budget (in Millions)
Medical and Biodefense Programs: Bolster the Nation's biodefense readiness by enhancing the national architecture to rapidly detect, characterize, and respond effectively to a large-scale biological event.	▲	\$12
Chemical and Biological: Improve the understanding, technologies, and systems necessary to protect against possible biological and chemical attacks on the Nation's population, agriculture, or infrastructure through science and technology.	▲	\$344

Note: Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Analysis:

Three programs contributed to Goal 2: Protect our Nation from Dangerous Goods. Performance results delivered by these three programs were gauged with eight performance measures, of which five met their FY 2007 performance targets (63 percent). Note that a program may use one or several measures to quantify achievement of its program performance goal and contributions to the DHS goals and objectives.

The Domestic Nuclear Detection program exceeded its performance target to increase the percent of cargo scanned for radioactive or nuclear material. The continued deployment of radiation detection equipment to the Nation's ports reduces the potential risk of radiological material entering the country and being used for an attack. Radiation portal monitors are one of the principle pieces of equipment used in this effort. While not all established targets were met, advances were also made in many areas of scanning hazardous biological materials, including progress in developing the next generation of advanced biological monitoring equipment.

Goal 3. Protect Critical Infrastructure

Public Benefit and Key Resources

Efforts to bolster the resiliency and protection of our Nation’s critical infrastructure and key resources (CIKR) help to mitigate potential vulnerabilities and ensure terrorist plans are not successful. In the event of an incident, this helps reduce damage to property and life and restore daily activities to normal as quickly as possible.

As part of the effort to protect CIKR, DHS reached out to the business community to complete the sector-specific plans for the National Infrastructure Protection Plan framework. These plans set security priorities, defined roles and responsibilities, and encouraged partnerships between the public and private sectors across all infrastructure areas.

Chemical security regulations were implemented in FY 2007. These regulations are designed to protect chemical facilities from attack, and to prevent the theft of chemicals that could be used as weapons. DHS is working with the chemical industry to establish performance-based standards to hold facilities accountable without sacrificing their business operations.



Chemical Facility

Much of our economic well-being as a country depends on our ability to use the internet and to use data systems to perform our work. The Department leads an interagency effort to strengthen, and is working to improve and expand, its ability to detect malicious computer network traffic.

One of the Nation’s key infrastructure assets is its leaders. Extensive efforts are made to protect the President and Vice President, and other key leaders (foreign and domestic), as they conduct the Nation’s business. By protecting key leaders, DHS is ensuring the continuity of the U.S. Government.

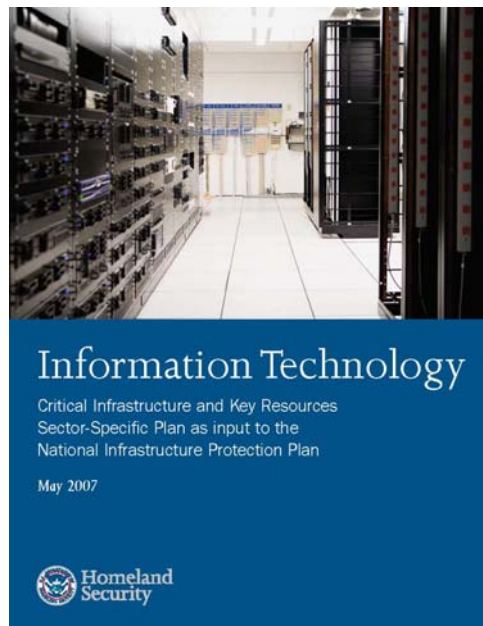
Table 11. FY 2007 Budget and Resources for Goal 3

Goals and Objectives	FY 2007		
	Full-Time Equivalent (FTE)	Dollars in Millions	Rating
Goal 3. Protect Critical Infrastructure	82,134	\$13,786	
Fixed Critical Infrastructure and Key Assets	22,273	\$5,448	
Transportation Modes	59,861	\$8,338	

Performance Achievements and Key Measures

Below are a few FY 2007 achievements.

- **Arrested/cited 2,966 people, confiscated 778,436 prohibited items, and prevented 337 illegal weapons** from entering Federal buildings due to Federal Protective Service officer and agent intervention.*
- **Responded to 37,213 cyber security incidents**, a more than 50 percent increase over the previous year. The increase is due not only to more attacks on public and private networks, but also to increased situational awareness levels and reporting rates.
- **Deployed the Einstein Program at a total of 12 Federal agency sites.** Einstein is a collection of hardware and software that supports an automated process to collect, correlate, analyze, and share cyber security information in defense of Federal Government networks.
- **Released 17 Sector-Specific Infrastructure Protection Plans** creating a comprehensive risk management framework to establish national priorities, goals, and requirements to protect CIKR.
- **Established a coordinating council for State, local, tribal, and territorial governments** and formed 17 critical infrastructure government and sector coordinating councils to increase coordination among stakeholders.
- **Established national standards for chemical facility security**, a comprehensive set of regulations to improve security at high-risk chemical facilities nationwide.
- **Achieved 100 percent safe arrival and departure for Secret Service protectees** at more than 6,100 travel stops. Secret Service Protection Programs operate 24 hours a day, 365 days a year to protect the President, Vice President and their families, former Presidents and their spouses, Presidential Candidates, visiting world leaders, and other individuals designated by statute or Presidential directive.
- **Evaluated security of 64 percent of passenger and mass transit rail systems** through Compliance Security Directive Reviews.



Information Technology Sector-Specific Plan



Secret Service Protection of the President

* Formerly reported in the Annual Financial Report as "Arrested/cited 2,879 people, confiscated 764,018 prohibited items, and prevented 337 illegal weapons from entering Federal buildings due to Federal Protective Service officer and agent intervention."

Program: Surface Transportation Security
Program Performance Goal: To protect the surface transportation system while ensuring the freedom of movement for people and commerce.
Performance Measure: Percent of national critical surface transportation assets or systems that have been assessed.

Table 12. Surface Transportation Security Results

FY 2006	FY 2007		
Result	Target	Result	Met
31%	35%	37%	Y

Explanation of Results:

This measure demonstrates progress in achieving a more secure surface transportation system. Surface Transportation Security operates in non-aviation modes including pipelines, maritime, mass transit, rail, highway, motor carrier, and postal and shipping sectors. The Transportation Security Administration (TSA) partners with Federal, State, and local governments, and private industry to conduct assessments. This process enhances the owner/operators' ability to identify risk and develop mitigation strategies, thus improving surface transportation security. Strong partnerships allowed TSA to surpass its 2007 target.



Oil Pipeline

Program: Infrastructure Protection
Program Performance Goal: Protect the Nation's high-risk and most valued CIKR by characterizing and prioritizing assets, modeling and planning protective actions, building partnerships, and issuing targeted infrastructure protection grants.
Performance Measure: Percent of high-priority critical infrastructure for which a Buffer Zone Protection Plan (BZPP) has been implemented.

Table 13. Buffer Zone Protection Results

FY 2005	FY 2006	FY 2007		
Result	Result	Target	Result	Met
18%	58%	65%	90%	Y

Explanation of Results:

BZPP is a DHS-administered grant program designed to provide resources to State, local, and tribal law enforcement and other security professionals to enhance security of priority CIKR facilities. These plans involve a collaborative effort among facility operators and community first responders to identify site vulnerabilities and use this information to select and prioritize a set of protective actions to secure the area surrounding the CIKR facility, including identifying personnel, equipment and training needs. As the program conducts a growing number of assessments, it has streamlined its processes, implemented best practices, and reduced redundancies leading to significant gains in efficiency.



Nuclear Power Plant Cooling Towers

Success in Achieving Performance Goals

The table below summarizes the success in achieving program performance goals that align with this DHS goal.

Table 14. Goal 3: Success in Achieving Performance Goals

Goal 3. Protect Critical Infrastructure		
Objective 3.1: Fixed Critical Infrastructure and Key Assets		
Achieves outcome of: Ensuring the protection and resiliency of the Nation’s fixed critical infrastructure and key assets.		
Program Performance Goal	Rating	FY 2007 Budget (in Millions)
<p>Federal Protective Service: Ensure complete and continuous law enforcement and security services for federal facilities, their tenants, and the visiting public.</p> <p><i>Explanation/Corrective Action:</i> In FY 2007, this program continued to address revenue shortfalls while refining mission goals and priorities. They did not meet their performance target as measured by a Facilities Security Index. With mission and revenue changes planned for FY 2008, the program expects significant improvements in meeting its target.</p>	■	\$516
<p>Cyber Security and Communications: Improve the security and interoperability of America’s cyber and emergency preparedness communications assets by working collaboratively with public, private, and international entities.</p>	●	\$298
<p>Infrastructure Protection: Protect the Nation’s high risk and most valued critical infrastructure and key resources (CIKR) by characterizing and prioritizing assets, modeling and planning protective actions, and building partnerships.</p>	●	\$299
<p>Explosives: Improve explosive countermeasure technologies and procedures to prevent attacks on critical infrastructure, key assets, and the public through science and technology.</p> <p><i>Explanation/Corrective Action:</i> This science and technology program made progress on several technologies. However, due to delays in funds distribution, they did not reach the technology readiness level six, demonstration in a relevant environment. The program is coordinating with the procurement office to secure a more effective and timely process for FY 2008, along with establishing program milestones that are ambitious yet realistic based on actual FY 2007 performance. The program met 61 percent of its FY 2007 milestones, but did not meet its target of 80 percent.</p>	■	\$122
<p>Infrastructure and Geophysical: Improve the capability for State, local, tribal, and private sector preparedness for and response to all hazardous events impacting the population and critical infrastructure through science and technology.</p> <p><i>Explanation/Corrective Action:</i> This program completed four of the planned eight scenarios designed to advance knowledge on categorizing critical infrastructure. Actions to address the shortfall include resolving funds distribution and obligation issues, along with establishing program milestones that are ambitious, yet realistic based on actual FY 2007 performance. The program made progress by meeting 69 percent of its FY 2007 milestones, yet it missed its target of 90 percent.</p>	■	\$83

Note: Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Program Performance Goal	Rating	FY 2007 Budget (in Millions)
<p>Living Marine Resources: Achieve sustained fisheries regulation compliance on our Nation's Oceans.</p> <p><i>Explanation/Corrective Action:</i> This program conducted 6,107 commercial fishing vessel boardings during FY 2007 to determine the percent of fishermen complying with Federal regulations, and found 96.2 percent compliant, which was within 0.8 percent of their target. Guided by intelligence and threat analysis, and supported by strong multi-agency coordination, the program uncovered regulatory compliance shortfalls in a number of Northeastern Atlantic fisheries. Increased violations in these fisheries were the primary driver for the program slightly missing its performance target for 2007. In FY 2008 and 2009, patrol boats will receive mission effectiveness enhancements, which will ultimately yield more sustained long-term performance.</p>	■	\$972
<p>Marine Environmental Protection: Reduce oil spills and chemical discharge incidents and mitigate impacts when they occur.</p>	●	\$298
<p>Ports, Waterways, and Coastal Security: Manage terror-related risk in the U.S. Maritime Domain to an acceptable level.</p>	●	\$1,362
<p>Campaign Protection: Protect our Presidential and Vice Presidential Candidates and Nominees.</p>	●	\$34
<p>Domestic Protectees: Protect our Nation's leaders and other Protectees.</p>	●	\$860
<p>Financial Investigations: Reduce losses to the public attributable to counterfeit currency, other financial crimes, and identity theft crimes that are under the jurisdiction of the Secret Service, which threaten the integrity of our currency and the reliability of financial payment systems worldwide.</p>	▲	\$345
<p>Foreign Protectees and Foreign Missions: Protect visiting world leaders.</p>	●	\$131
<p>Infrastructure Investigations: Reduce losses to the public attributable to electronic crimes and crimes under the jurisdiction of the Secret Service that threaten the integrity and reliability of the critical infrastructure of the country.</p>	●	\$54
<p>Protective Intelligence: Reduce threats posed by global terrorists and other adversaries.</p>	●	\$74
<i>Objective 3.2: Transportation Modes</i>		
<u>Achieves outcome of:</u> Ensuring the protection of all transportation modes.		
Program Performance Goal	Rating	FY 2007 Budget (in Millions)
<p>Aviation Security: Reduce the probability of a successful terrorist or other criminal attack to the air transportation system by improved aviation security.</p>	▲	\$5,373
<p>Federal Air Marshal Service: Improve the confidence in our Nation's civil aviation system through risk-based deployment of Federal Air Marshals (FAMS) to detect, deter, and defeat hostile acts targeting U.S. air carriers, airports, passengers, and crews.</p> <p><i>Explanation/Corrective Action:</i> This program established performance targets based on meeting flight coverage for categories of identified risk. In response to varied and increased threats beginning in August 2006, the program reallocated resources to areas not originally identified in its operational risk coverage goals. While performance was exemplary and responsive to the changing threat environment, this resulted in a wide variation in the ability to meet its previous plan. The program has set future targets to reflect current threats and will adapt its targets based on changing risk environments.</p>	■	\$719

Note: Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Program Performance Goal	Rating	FY 2007 Budget (in Millions)
Surface Transportation Security: To protect the surface transportation system while ensuring the freedom of movement for people and commerce.	●	\$37
Aids to Navigation: Reduce collisions, allisions, and groundings by vessels on our Nation’s oceans and waterways. <i>Explanation/Corrective Action: The five-year average number of collisions and groundings increased slightly during FY 2007, instead of the expected decrease. However, this was within the limits of normal variation for this five-year average. Future reductions, specifically the groundings in the Western Rivers and Intracoastal Waterways, are expected to result from the U.S. Coast Guard’s maintenance on aids to navigation.</i>	■	\$1,321
Ice Operations: Limit disruption of maritime commerce due to ice.	●	\$132
Marine Safety: Reduce maritime fatalities and injuries on our Nation’s oceans and waterways. <i>Explanation/Corrective Action: The five-year average number of mariner, passenger, and recreational boating deaths and injuries improved from a year ago, continuing a several year trend of positive achievement, but missed its target. The improvement trend this period is primarily the result of reducing recreational boating injuries. The program did not meet its performance target because the data source was updated to better account for maritime casualties. While this new data collection system more fully accounts for program performance, it also increased the baseline statistics more than five percent used to establish targets under the older system.</i>	■	\$755

Note: Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Program dollars due not total to amount listed in Tables 2 and 11 due to rounding.

Analysis:

Twenty programs contributed to Goal 3: Protect Critical Infrastructure. Performance results delivered by these programs were gauged with 26 performance measures, of which 15 met their FY 2007 performance targets (58 percent). Note that a program may use one or several measures to quantify achievement of its program performance goal and contributions to the DHS goals and objectives.

Eleven programs and their associated program performance goals were rated blue. Activities related to cyber security and infrastructure protection worked to improve protection in these vital areas. The Cyber Security and Communications program met its targets to assess interoperable communications, and the Command, Control, and Interoperability program met its targets and projected milestones. Efforts to protect the marine environment, and the security of our ports, waterways, and coastal areas all met performance targets. Several Secret Service programs provided incident-free protection for the Nation’s leaders and other protectees. The Infrastructure Investigation program was also successful in reducing losses attributable to electronic crimes. The Surface Transportation Security program continued its progress in protecting critical transportation assets from potential terrorist attacks. Explanations for performance goals rated orange are included in the previous table.

Goal 4. Build a Nimble, Effective Emergency Response System and Culture of Preparedness

Public Benefit and Key Resources

Improving the Nation’s ability to respond to disasters, man-made or natural, is a top priority for the Department. By incorporating lessons learned from Hurricane Katrina, other disasters, and the 9-11 Commission recommendations, the Department is improving its capabilities and preparing those who respond to acts of terror and other emergencies. Nimble and effective response capabilities save lives, minimize suffering and property loss, and help communities return to normal function quickly and efficiently.

In FY 2007, the Federal Emergency Management Agency (FEMA) responded to 68 Major Disaster Declarations, 11 Emergency Declarations, and 54 Fire Management Assistance Declarations, including tornadoes in Florida and Kansas, floods in the Midwest, and the bridge collapse in Minnesota. As part of the effort to retool and transform FEMA since Hurricane Katrina, FEMA was able to respond faster and provide more efficient and personalized assistance. A more responsive FEMA helps those caught in the throes of a disaster to recover faster.

DHS also supported the improvement of interoperable communications by providing Public Safety Interoperable Communications grants to State and local regions. Improved interoperable communications is extremely important, enabling first responders to be able to communicate even if they are using different types of equipment.



Emergency response training exercise in Cincinnati, Ohio.

Table 15. FY 2007 Budget and Resources for Goal 4

Goals and Objectives	FY 2007		
	Full-Time Equivalent (FTE)	Dollars in Millions	Rating
Goal 4. Build a Nimble, Effective Emergency Response System and a Culture of Preparedness	12,702	\$14,846	
Response and Recovery	9,676	\$6,778	
Preparedness	3,026	\$8,068	

Performance Achievements and Key Measures

Below are a few FY 2007 achievements.

- **Confirmed that two-thirds of emergency response agencies use interoperable communications** through the National Interoperability Baseline Survey – a nationwide survey of first responders and law enforcement that assessed progress in achieving interoperable communications. The national interoperability baseline survey was issued to 22,400 randomly selected law enforcement, fire response, and emergency medical services agencies.
- **Provided \$968 million for communication interoperability initiatives**, totaling \$3 billion since FY 2003, for States and territories through the Public Safety Interoperable Communications grant program (co-administered by the Department of Commerce).
- **Designed and deployed an interoperable Land Mobile Radio System** to allow the Urban Search and Rescue teams and Mobile Emergency Response Support units the ability to securely communicate amongst themselves and all other Components within DHS.



Greensburg, KS May 19, 2007 - Emergency Operations Center during the recovery effort from tornado.

- **Achieved capacity to register 200,000 disaster victims and inspect 20,000 homes per day** with FEMA mobile registration units.
- **Upgraded the strategic stockpiles of emergency food and equipment.**
- **Improved logistics management** by achieving near real-time tracking of trucks and equipment through improved planning and upgraded supply line management systems.
- **Created a preparedness coalition of 625 organizations** across national, regional, State, and local communities. Through successful sponsorship of the 4th Annual National Preparedness Month of September, more than 1,800 coalition members coordinated at least 1,000 events and activities across America in support of the *Ready Campaign*, reaching individuals, families, and diverse communities with the message of emergency preparedness.
- **Trained over 60,000 individuals by the Federal Law Enforcement Training Center**, providing them with the skills needed to perform law enforcement duties to help secure our Nation.
- **Produced the ground-breaking reference guide** for accommodating people with disabilities during disaster response and recovery. The guide synthesizes the array of existing accessibility requirements into a user friendly tool for response and recovery personnel in the field.

Program: Disaster Operations

Program Performance Goal: Ensure the core, coordinated Federal operational capability is in place to save lives, minimize suffering, and protect property in a timely and effective manner in communities overwhelmed by acts of terrorism, natural disaster, or other emergencies.

Performance Measure: Percent of response teams reported at operational status.

Table 16. Disaster Operations Team Results

FY 2005	FY 2006	FY 2007		
Result	Result	Target	Result	Met
50%	85%	88%	88%	Y



Response Team in Action

Explanation of Results:

Meeting the target of 88 percent of all teams reporting at operational status ensures that Federal emergency response systems and capabilities are properly poised to support States and communities overwhelmed by disasters and emergencies.

The measure tracks the operational status of three types of teams: the 28 task forces of Urban Search and Rescue; the five Mobile Emergency Response Support detachments; and the two Federal Incident Response Support Teams. Operational status is defined as teams having the necessary staffing, equipment, and training required for response to a disaster or incident.

Program: Disaster Assistance

Program Performance Goal: Help individuals and communities affected by federally declared disasters return to normal function quickly and efficiently, while planning for catastrophic disaster recovery operations.

Performance Measure: Percent of customers satisfied with individual recovery assistance.

Table 17. Individual Recovery Assistance Results

FY 2004	FY 2005	FY 2006	FY 2007		
Result	Result	Result	Target	Result	Met
90.4%	93%	91%	91%	92.2%	Y



FEMA Community Relations Lead visiting a flood victim in his new housing with some ice after assisting in his relocation.

Explanation of Results:

This measure indicates the percent of respondents who said they were satisfied with the recovery assistance provided by this program. Results exceeded the established target by creating “engaging partnerships” with State and local governments, and enhancing disaster assistance capabilities through the operation of four National Processing Service Centers ensuring the timeliness of registrations. This well-established customer survey meets all industry standards, including neutrality and random selection. Responses gathered throughout the year are representative of the multitude of disaster assistance customers who received monetary housing and/or other needs assistance through Individual Assistance Programs.

Success in Achieving Performance Goals

The table below summarizes the success in achieving program performance goals that align with this DHS goal.




Table 18. Goal 4: Success in Achieving Performance Goals

Goal 4. Build a Nimble, Effective Emergency Response System and a Culture of Preparedness		
<i>Objective 4.1: Response and Recovery</i>		
<u>Achieves outcome of:</u> Ensuring Americans and their governments at all levels can respond to and recover from catastrophic incidents.		
Program Performance Goal	Rating	FY 2007 Budget (in Millions)
Disaster Assistance: Help individuals and communities affected by federally-declared disasters return to normal function quickly and efficiently, while planning for catastrophic disaster recovery operations.	●	\$5,104
Disaster Operations: Provide the core Federal operational capabilities needed to save lives, minimize suffering, and protect property in a timely and effective manner in communities overwhelmed by acts of terrorism, natural disaster, or other emergencies.	●	\$466
Logistics Management: Improve the response to domestic emergencies and special events by ensuring logistics management capabilities exist to provide the full-range of necessary assets.	●	\$34
National Continuity Programs: Ensure all Federal Departments and Agencies have fully operational Continuity of Operations and Continuity of Government capabilities.	●	\$158
Medical and Biodefense: Bolster the Nation’s biodefense readiness by enhancing the national architecture to rapidly detect, characterize, and respond effectively to a large-scale biological event. <i>Explanation/Corrective Action:</i> This program continued to successfully operate the BioWatch system in more than 30 jurisdictions without a false positive. They developed an indoor monitoring program for high risk indoor facilities, and made critical updates to outdoor monitoring guidance documents. The program also started a pilot to test and evaluate an automated system to reduce the time it takes to detect a biological agent. However, the program set an aggressive target for deploying additional equipment to detect the release of a biological agent, which they did not meet. Based on FY 2007 results, a new target has been set to accurately reflect an optimistic yet realistic deployment plan. The program has also developed additional measures to improve the assessment of the program that will gauge the time between the detection and identification of a biological agent.	■	\$12
Command, Control, and Interoperability: Improve and develop operable and interoperable communications for emergency responders; develop tools to improve the security and integrity of the internet; and improve and develop automated capabilities to recognize potential threats through science and technology.	●	\$75

Note: Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Program Performance Goal	Rating	FY 2007 Budget (in Millions)
<p>Search and Rescue: Save people in imminent danger on our Nation's oceans and waterways.</p> <p><i>Explanation/Corrective Action:</i> The U.S. Coast Guard saved over 4,500 lives, improving its performance over last year and barely missing its performance goal this year by less than one percent. This was primarily due to the number of unpredictable factors that influence the number and outcome of incidents (weather, location, incident severity, life saving devices on board). The targets likely will be met when improved capabilities come on line in during FY 2008 – FY 2010.</p>	■	\$929
<i>Objective 4.2: Preparedness</i>		
<u>Achieves outcome of:</u> Ensuring Americans are prepared, capable, and ready to respond to adverse incidents.		
Program Performance Goal	Rating	FY 2007 Budget (in Millions)
U.S. Fire Administration: Reduce the effect of fire and all hazard emergencies by enhancing the delivery of State and local fire and emergency services.	●	\$41
Grants: Enhance the Nation's preparedness by increasing the capability of States, territories, and local jurisdictions to prevent, protect, respond, and recover from terrorism and all-hazard incidents.	●	\$3,355
Mitigation: Reduce the impact of natural hazards on people and property through the analysis and reduction of risks and the provision of flood insurance.	●	\$3,701
National Preparedness: Improve the Nation's ability to prepare for, respond to, and recover from acts of terrorism, natural disasters, or other emergencies through exercise facilitation, implementation of the National Incident Management System, and the provision of emergency management training.	▲	\$393
Law Enforcement Training: Provide law enforcement agents and officers, skilled in the latest techniques, to enforce laws and regulations, protect the Nation, and interact with the public with respect for individuals and civil liberty.	▲	\$275
Innovation: Support significant technology breakthroughs that have the potential to greatly enhance DHS operations through science and technology.	●	\$47
<p>Laboratory Facilities: Improve the Nation's core of productive science, technology, and engineering laboratories, organizations, and institutions, which can develop the knowledge and technology required to secure our homeland through science and technology.</p> <p><i>Explanation/Corrective Action:</i> This program made significant progress meeting 92 percent of their established milestones, but missed their target of 100 percent due to delays in starting an environmental impact statement for a new construction project. The program will complete this milestone in FY 2008, and anticipates meeting its FY 2008 targets.</p>	■	\$142

Note: Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Program Performance Goal	Rating	FY 2007 Budget (in Millions)
<p>Testing, Evaluation & Standards: Improve and develop standards and test and evaluation protocols for products, services, and systems used by the Department of Homeland Security and its partners to ensure consistent and verifiable effectiveness of equipment and tools through science and technology.</p> <p><i>Explanation/Corrective Action:</i> This program introduced 19 standards to the DHS Standards Council, but was not able to introduce all twenty as targeted during FY 2007. Of the standards introduced, 84% were adopted by the Council, yet the target for the percent of standards adopted fell short due to not having the twentieth standard evaluated for adoption. The program will work in to avoid future delays so that it will be able to meet its projected targets.</p>		\$30
<p>Transition: Deliver near-term products and technology enhancements through science and technology.</p>		\$29
<p>University Programs: Improve university-based research, development, and education systems to enhance the Nation's homeland security through science and technology.</p> <p><i>Explanation/Corrective Action:</i> This program made significant progress meeting 60 percent of their established milestones, but missed their target of 80 percent. Additionally, due to changes in program direction and management, it did not conduct the planned peer reviews to help evaluate program performance. The program has established ambitious yet realistic milestones for FY 2008 based on knowledge gained in FY 2007.</p>		\$55

Note: Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Analysis:

Seventeen programs contributed to Goal 4: Build a Nimble, Effective Emergency Response System and Culture of Preparedness. Performance results delivered by these programs were gauged with 35 performance measures, of which 24 met their FY 2007 performance targets (69 percent). Note that a program may use one or several measures to quantify achievement of its program performance goal and contributions to the DHS goals and objectives.

Ten programs and their associated program performance goals were rated blue, indicating they met their performance targets. Customer service provided by the Disaster Assistance program met performance target expectations, as did the Disaster Operations program by ensuring response teams were at projected levels of operational status. The Logistics Management program responded within performance targets, and the National Continuity Programs met its performance targets to ensure fully operational Continuity of Operations and Continuity of Government capabilities exist. Performance targets were also met by the U.S. Fire Administration program. The Grants program met its targets of measuring grant recipients' progress towards goals and objectives and in performance during exercises. The Mitigation program met its targets for providing flood risk data and avoiding costs due to floods. The Innovation program, along with the Transition program, met planned milestones. Explanations for performance goals rated orange are included in the previous table.

Goal 5. Strengthen and Unify DHS Operations and Management

Public Benefit and Key Resources

An agile and effective Department is essential to the rapid implementation of homeland security policies and objectives directed to improve the security of the Nation. As such, DHS has aligned its programs and activities to its goals and objectives, and is measuring its achievement in meeting its targets. Our role as a Department is to continue to persist in our joint effort to secure the homeland and to stay ahead of the enemy, and to do so as a single unified institution with a common vision.

Unifying operations means we are able to leverage the diverse capabilities to put together the most effective operational teams possible. We have created multi-agency rapid response teams that work together during emergencies and heightened-threat periods to boost security. Also, our border enforcement security task force brings together Border Patrol, Immigration and Enforcement agents, as well as State and local law enforcement, to fight crime at the border and prevent the entry of contraband.

The Department continues to improve systems for intelligence and information sharing. DHS has furthered the integration of the intelligence activities of DHS Components; established DHS as a key member of the intelligence community; built better relations with Federal, State, local, tribal, and private sector entities; and improved the quality of analysis.

Unifying operations and management means we will get the best value for the tax payers' dollars, reducing redundancy and duplication, and leveraging our best qualities. Integrating functional operations facilitates cross-Component synergies and streamlines coordination ensuring reliable and efficient support of mission objectives. We will improve interaction between disparate systems, align shared services, and build sustainable infrastructure. These efforts will support functional integration and incorporate flexibility for evolving requirements through organizational processes and systems.



Table 19. FY 2007 Budget and Resources for Goal 5

Goals and Objectives	FY 2007		
	Full-Time Equivalent (FTE)	Dollars in Millions	Rating
Goal 5. Strengthen and Unify DHS Operations and Management	1,947	\$1,015	
Strengthen and Unify DHS Operations and Management	1,947	\$1,015	

Performance Achievements and Key Measures

Below are a few FY 2007 achievements.

- **Designed a consolidated DHS Headquarters facility** that will co-locate disparate national capital regional offices. The design completed phase one of the consolidation plan.
- **Increased leadership capacity** by adding 73 additional senior executive service positions – a 17 percent increase in the Senior Executive Service (SES) positions from FY 2006. Also reduced unfilled executive positions to 10 percent while improving executive hiring timeline.
- **Improved the hiring and retention of talent** needed to achieve DHS’s mission by focusing on five key priorities in the FY 2007-2008 Human Capital Operational Plan and accomplishing all 47 goals identified for FY 2007.
- **Streamlined training delivery and opportunities for employees** through a new, comprehensive DHS University System and integrated Learning Management System.
- **Increased procurement operational and strategic sourcing effectiveness** by implementing a central DHS-wide Program Management Support Office.
- **Established a process for the DHS Chief Information Officer to approve procurements that contain Information Technology elements of \$2.5 million and above** to ensure that all contracts fully comply with the Federal Information Security Management Act. Partnered with the Office of Procurement Operations and Chief of Administrative Services to share data to provide offices with advanced notice of procurements and purchases of property.
- **Implemented a strategy to enhance information sharing** by improving workflow, document management, and business processes to increase user satisfaction by 40 percent, decrease cost by 15 percent, and reduce production time by 25 percent.
- **Dramatically improved internal controls over financial reporting** and reduced the number of financial material weakness conditions, improving the Department’s ability to report accurate and timely financial information.
- **Implemented the Satellite Communications Network** to support disaster response and recovery efforts.
- **Integrated the Infrastructure Critical Asset Viewer** capability with the National Operations Center Common Operating Picture.
- **Activated an iDirect teleport** to support deployed field teams with Internet, Voice over Internet Protocol, Video Teleconference, and streaming video capability.
- **Reduced processing time of Equal Employment Opportunity complaints by 11 percent.** The Civil Right and Civil Liberties office effectively eliminated a large backlog of legacy complaints while efficiently processing over 1,000 new requests for action.



National Operations Center (NOC)

Program: Departmental Management Operations
Program Performance Goal: Provide comprehensive leadership, management, oversight, and support, while improving the effective and efficient delivery of business and management services throughout the Department.
Performance Measure: Total instances of material weakness conditions reported by the independent auditor on the DHS financial statements.

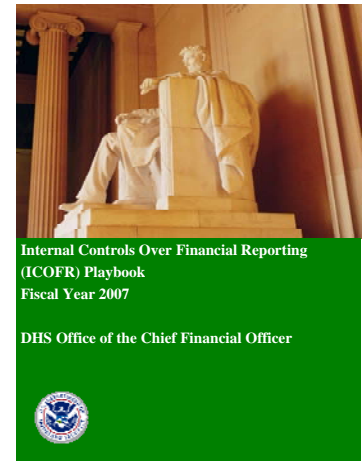
Table 20. DHS Material Weakness Results

FY 2004	FY 2005	FY 2006	FY 2007		
Result	Result	Result	Target	Result	Met
26	28	25	≤ 25*	16	Y

Explanation of Results:

DHS has made significant progress towards getting a clean audit opinion by systematically working to eliminate our material weaknesses. Annually, an independent auditor reviews DHS financial statements and reports to the public on areas that must be improved to ensure taxpayer dollars are accurately accounted for. On March 1, 2007, the Department issued the inaugural version of the *Internal Controls Over Financial Reporting Playbook*, outlining the Department's plan to correct material weakness conditions and build management assertions. By implementing and tracking progress against this plan, the Department was able to eliminate pervasive material weakness conditions.

* The FY 2007 target and prior year results were restated in accordance with the revised methodology used by the Department's external auditors as required by OMB.



FY 2007 Internal Controls over Financial Reporting Playbook

Program: Departmental Management Operations
Program Performance Goal: Provide comprehensive leadership, management, oversight, and support, while improving the effective and efficient delivery of business and management services throughout the Department.
Performance Measure: Number of President's Management Agenda (PMA) initiative scores that improved over the prior year or were rated green in either status or progress.

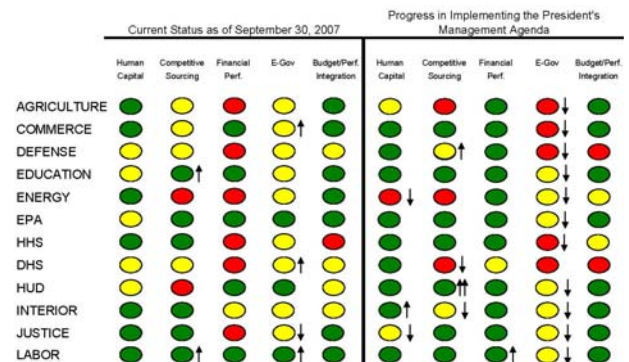
Table 21. PMA Initiative Results

FY 2004	FY 2005	FY 2006	FY 2007		
Result	Result	Result	Target	Result	Met
6	6	6	7	5	N

Explanation of Results:

In FY 2007, the Department continued work to improve in the PMA initiatives. DHS consistently performed in the areas of Real Property and Human Capital over the course of the year and was rated green in progress for both initiatives. The Department also earned a green rating in progress for Eliminating Improper Payments. Though there has been significant progress in all PMA initiatives, the Department missed the performance target in part because it did not meet all OMB expectations and milestones in Budget and Performance and E-government; however, senior leadership within the Department closely monitors PMA performance and has plans to address shortfalls in FY 2008 to ensure continued improvement.

Table 22. Executive Branch PMA Scorecard



Success in Achieving Performance Goals

The table below summarizes the success in achieving program performance goals that align with this DHS goal.

Table 23. Goal 5: Success in Achieving Performance Goals

Goal 5. Strengthen and Unify DHS Operations and Management		
Objective 5.1: Strengthen and Unify DHS Operations and Management		
Achieves outcome of: Ensuring that DHS management, intelligence, and other mission enabling activities support and improve integrated and informed DHS operations.		
Program Performance Goal	Rating	FY 2007 Budget (in Millions)
Analysis and Operations Program: Deter, detect, and prevent terrorist incidents by sharing domestic situational awareness through national operational communications and intelligence analysis.	▲	\$308
Departmental Management and Operations Program: Provide comprehensive leadership, oversight, and support to all Components and improve the efficiency and effectiveness of the Department and its business and management services. <i>Explanation/Corrective Action:</i> Departmental Management and Operations demonstrated positive performance by decreasing its financial material weakness conditions. However, it did not meet its target to improve scores on the President's Management Agenda or to increase Information Technology projects that are within 10 percent of cost/schedule/performance objectives. Efforts will continue to improve performance in FY 2008.	■	\$604
Audit, Inspections, and Investigations Program: Add value to the DHS programs and operations; ensure integrity of the DHS programs and operations; and enable the Office of Inspector General to deliver quality products and services.	●	\$103

Note: Blue (●) is achieved by meeting 75% or more of performance targets, green (▲) 50 to 74%, and orange (■) less than 50%.

Analysis:

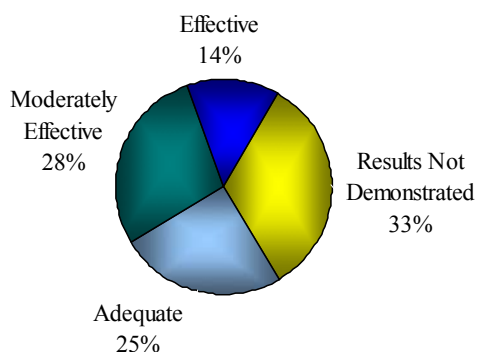
Three programs contributed to Goal 5: Strengthen and Unify DHS Operations and Management. Performance results delivered by these three programs were gauged with eight performance measures, of which three met their FY 2007 performance targets (38 percent). Audit, Inspections, and Investigations program met its performance target related to improvement recommendations accepted by DHS.

The Analysis and Operations program and its associated program performance goal was rated green, indicating that some but not all of performance targets were met. Progress was made during FY 2007 to formalize the information sharing agreements documented among Components within DHS. Information sharing outside of the Department with other Federal, State, and local agencies, as gauged through the number of active users of the Homeland Security Information Network, fell short of its performance targets. The lower than expected number was due to an account verification process that reduced the number of active user accounts. DHS is taking action to restructure and improve the system to expand the user base. In addition, an account management process is being implemented to better track the user accounts. Explanations for performance goals rated orange are included in the previous table.

PART Ratings Overview

Integral to DHS performance management are the program evaluations that occur in collaboration with the Office of Management and Budget (OMB) using the Program Assessment Rating Tool (PART). The PART process evaluates programs across a set of performance-related criteria, including program design, strategic planning, program management, and delivery of results. For more detailed information on PART, please visit www.expectmore.gov.

Figure 7. FY 2007 PART Ratings



Scorecard on the President’s Management Agenda

DHS is also working to improve critical management functions in the Department. Criteria for success and milestones to achieve progress are established in conjunction with OMB as part of the President’s Management Agenda (PMA). For more information on the PMA, please visit www.results.gov. In addition, the Management Challenges section of the report discusses efforts under-way to improve the overall management of DHS. The Department will strive to obtain green progress ratings for all initiative areas each quarter during FY 2008.

Table 24. DHS PMA Scorecard as of the End of FY 2007

	Status				Progress
	FY '04	FY '05	FY '06	FY '07	FY '07
Human Capital	●	●	●	●	●
Competitive Sourcing	●	●	●	●	●
Financial Performance	●	●	●	●	●
E-Government	●	●	●	●	●
Budget & Performance	●	●	●	●	●
Eliminating Improper Payments	●	●	●	●	●
Real Property	●	●	●	●	●

DHS integrates performance measurement results and PART evaluations into the development of a performance budget, using the Planning, Programming, Budgeting, and Execution (PPBE) process. As an element of the programming phase of the PPBE cycle, performance measurement information and program evaluations are considered in the resource allocation plans and decisions for each Component. The process culminates in the annual development of the Department’s Future Years Homeland Security Program (FYHSP). FYHSP expresses the Secretary’s five-year strategic resource allocation intentions, and connects the multi-year spending priorities of each DHS program with the achievement of the goals and objectives of the DHS Strategic Plan.

Financial Highlights

Overview and Analysis of Financial Statements

DHS primarily uses the cash basis of accounting for its budget, which was approximately \$57 billion for FY 2007. The budget represents our plan for achieving the strategic objectives set forth by the Secretary to carry out our mission and to ensure that DHS manages its operations within the appropriated budgets using budgetary controls. DHS prepares its annual financial statements on an accrual basis, in accordance with generally accepted accounting principles, meaning that economic events are recorded as they occur, regardless of when cash is received or disbursed. These financial statements provide the results of our operations and financial position, including long-term commitments and obligations. The independent accounting firm, KPMG LLP, was engaged to audit the DHS statements.

DHS's FY 2007 budget increased by \$2.7 billion from FY 2006, excluding borrowing authority, reflecting additional funding for Border Security, the U.S. Coast Guard, and the Domestic Nuclear Detection Office. During FY 2007, DHS underwent a substantial reorganization implementing lessons learned from the 2005 hurricane season and the effect those events had on Departmental operations. The effects of the reorganization are discussed in Footnote 1 located in the Annual Financial Report. In addition, DHS restated FY 2006 balances primarily as a result of actions completed to correct financial management weaknesses reported in prior financial statement audit reports.

Balance Sheet

The Balance Sheet presents the resources owned or managed by DHS that have future economic benefits (assets) and amounts owed by DHS that will require future payments (liabilities). The difference between DHS's assets and liabilities is the residual amounts retained by DHS (net position) that are available for future programs and capital investments.

Table 25. Condensed Consolidated Balance Sheet
As of September 30, 2007 and 2006
(In Millions)

	<u>FY 2007</u>	<u>FY 2006</u> <u>(Restated)</u>	<u>Change</u>
ASSETS			
Fund Balance with Treasury	\$56,185	\$59,569	(\$3,384)
General Property, Plant and Equipment, Net	12,275	11,151	1,124
Other	10,336	8,629	1,707
Total Assets	<u>\$78,796</u>	<u>\$79,349</u>	<u>(\$553)</u>
LIABILITIES			
Federal Employee and Veterans Benefits	\$34,910	\$32,278	\$2,632
Debt	18,153	17,446	707
Employee related and other	10,801	16,529	(5,728)

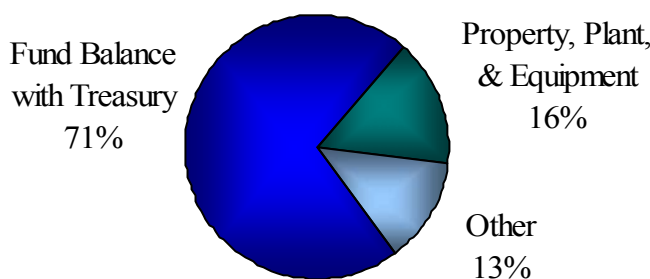
Accounts Payable	5,069	4,536	533
Total Liabilities (Note 17)	\$68,933	\$70,789	(\$1,856)
Net Position			
Unexpended Appropriations	\$49,003	\$48,816	\$187
Cumulative Results of Operations	(39,140)	(40,256)	1,116
Total Net Position	9,863	8,560	1,303
Total Liabilities and Net Position	\$78,796	\$79,349	(\$553)

Composition of Assets

Assets represent amounts owned by DHS that can be used to accomplish its mission. At September 30, 2007, DHS had \$78.8 billion in assets, representing a \$553 million decrease from FY 2006 restated assets of \$79.3 billion. The decrease is attributable to a reduction in the amount of cash DHS advanced to other Federal agencies from FEMA’s Disaster Relief Fund (described further in Footnote 13 located in the Annual Financial Report); decreases in receivables due from the public for reimbursable services and user fees; and slight decreases in inventory and related property, and other assets.

Fund Balance with Treasury (FBwT), which is the Department’s largest asset, comprises 71 percent (\$56.2 billion) of the total assets. Included in FBwT is the remaining balance of DHS unspent prior year budgets plus miscellaneous receipts. FBwT decreased approximately \$3.4 billion from FY 2006 in part due to a reduction in refunds due to CBP for Canadian Softwood lumber duties, an increase in rescissions DHS-wide, and a reduction in the amount of appropriations received by the Science and Technology Directorate.

Figure 8. DHS Assets as of September 30, 2007



Property, Plant, and Equipment (PP&E) is the second largest asset, comprising 16 percent of total assets. The major items in this category include construction in progress, buildings and facilities, vessels, aircraft, and other equipment. In acquiring these assets, DHS either spent cash or incurred a liability to make payment at a future date; however, because we expect these assets to provide future benefits to DHS to help us accomplish our mission, we report these items as assets rather than expenses. PP&E is recorded net of accumulated depreciation. Recording the net value of the PP&E items is intended to approximate its remaining useful life. During FY 2007, PP&E increased by \$1.1 billion. Contributing to this increase was CBP’s initiative to protect America’s borders by constructing fencing and implementing the Secure Border Initiative (SBI), a series of

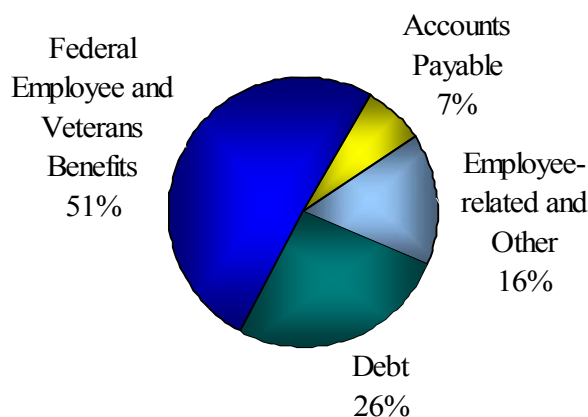
mobile sensor towers, as well as an increase to construction in progress for the U.S. Coast Guard’s Deepwater Program.

Composition of Liabilities

At September 30, 2007, DHS reported approximately \$68.9 billion in total liabilities. Liabilities represent amounts owed to the public or other Federal agencies for goods and services provided but not yet paid for; to DHS employees for wages and future benefits; and for other liabilities. Eighty-one percent of these liabilities are unfunded, meaning they will need to be paid from funds received in future appropriations. DHS’s largest unfunded liability is for Federal Employee and Veterans Benefits, arising primarily from U.S. Coast Guard personnel benefits. The National Flood Insurance Program (NFIP) administered by FEMA is the second largest unfunded liability. Both are discussed in more detail below.

Liabilities decreased approximately \$1.8 billion from FY 2006 restated liabilities totaling \$70.8 billion. The decrease results from lower insurance liabilities existing at September 30, 2007, due to flood insurance claim payments related to hurricanes Katrina and Rita being made in 2006 (described further in Footnote 20 located in the Annual Financial Report) and a decrease in the amount of refunds and drawbacks due from CBP to importers and exporters at year-end.

Figure 9. DHS Liabilities as of September 30, 2007



DHS’s largest liability is for Federal Employee and Veterans Benefits, representing 51 percent of total liabilities. This liability increased more than eight percent from FY 2006 due to an increase in actuarial amounts for TSA and U.S. Coast Guard employees and an increase in personnel at CBP. DHS owes these amounts to current and past civilian and military personnel for pension and other post employment benefits. The liability also includes medical costs for approved workers compensation cases and an estimate for incurred but not yet reported worker’s compensation costs. Ninety-five percent of this liability is not covered by current budgetary resources, and DHS will need to seek future appropriations to cover these liabilities.

Debt is the next largest liability, representing 26 percent of total liabilities. This debt results from Treasury loans and related interest payable to fund NFIP and Disaster Assistance Direct Loan Program operations of FEMA. Debt increased by four percent from FY 2006 as a result of NFIP debt. Most of this debt is not covered by current budgetary resources. The premiums collected by FEMA for disaster assistance do not cover the cash outlays. Congress will need to enact

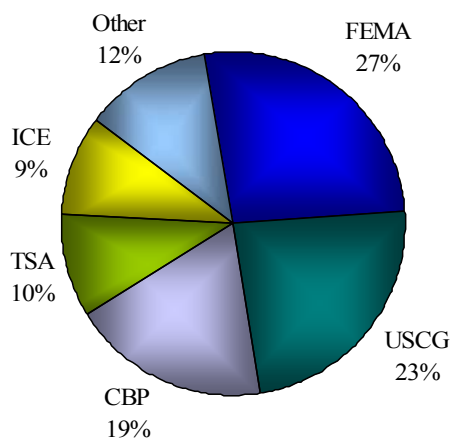
legislation to provide funding to repay the Treasury Department, or to forgive the debt. This is discussed further in the Footnote 15 located in the Annual Financial Report.

Employee-related and other liabilities comprise 16 percent of the Department’s liabilities, a decrease of almost 35 percent from FY 2006, due to the reduction of insurance liabilities, refunds, and drawbacks, as discussed above. Also included in these liabilities are unpaid wages and benefits for current DHS employees. Seven percent of total liabilities results from accounts payable, which are actual or estimated amounts DHS owes to vendors for goods and services provided for which we have not yet paid. These liabilities are covered by current budgetary resources.

Statement of Net Cost

The Statement of Net Cost presents the annual net cost DHS expends to fulfill its mission. The statement shows all costs less certain revenue, such as fees collected at U.S. Citizenship and Immigration Services (USCIS) that offset our costs. For FY 2007, DHS used the Secretary’s goals as a basis to integrate its net costs.

Figure 10. Composition of Net Costs at September 30, 2007



FEMA represents 27 percent of the Department’s net costs, a 57 percent reduction from FY 2006 when FEMA funded much of the recovery costs associated with Hurricanes Katrina and Rita. The U.S. Coast Guard incurred 23 percent of total net costs in ensuring maritime safety, security, and stewardship and represents a slight increase from FY 2006. CBP’s net costs increased by 15 percent from 2006, reflecting the increase in number of border patrol agents and costs associated with employing new technologies to protect the border. Net costs for TSA and ICE, representing 10 percent and 9 percent of total net costs, respectively, increased from FY 2006. TSA’s net costs increased 17 percent as a result of an overall increase in program costs and increased costs for depreciation and benefits expenses. Net costs for ICE, which includes the Federal Protective Service, increased 9 percent.

During FY 2007, the Department earned approximately \$8.4 billion in revenues; this is an increase of about \$259 million from the restated amount of \$8.2 billion on September 30, 2006. The Department classifies revenues as either exchange (“earned”) or non-exchange revenue. Exchange revenues arise from transactions in which DHS and the other party receive value, and that are

directly related to Departmental operations. DHS also collects non-exchange duties, taxes, and fee revenues on behalf of the Federal Government. These non-exchange revenues are presented in the Statement of Custodial Activity rather than the Statement of Net Cost. Examples of non-exchange revenues are user fees that CBP collects on behalf of the Federal Government as a result of its sovereign powers rather than as a result of providing goods or services for a fee. Donations to the Department are also reported as non-exchange revenues. Non-exchange revenues are either retained by the Department to further its mission or returned to the General Fund of the Treasury.

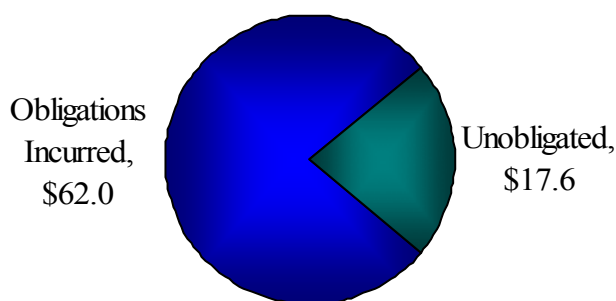
Statement of Changes in Net Position

The Statement of Changes in Net Position shows the “accrual-based” results of DHS’s operations and its affect on our overall net financial position. Financing sources increase net position and include, but are not limited to, appropriations, user fees, and excise taxes. The net costs discussed above and transfers to other agencies decrease net position. In FY 2007, FEMA had fewer disaster-related costs, thus contributing to the change in DHS’s overall net position.

Statement of Budgetary Resources

This statement provides information on the status of the approximately \$79.6 billion of budgetary resources available to DHS during FY 2007. This authority was derived from appropriations of \$46.5 billion, \$17.3 billion in authority carried forward from FY 2006, \$9.9 billion in collections, and \$5.9 billion of miscellaneous authority. The total amount of resources available decreased by approximately \$29 billion, primarily as a result of a decrease of \$17.5 billion in borrowing authority and increased obligations incurred during FY 2006 that reduced the FY 2007 unobligated carryover balance.

Figure 11. Status of Budgetary Resources at September 30, 2007 (in billions)



Of the total budget authority available, DHS incurred a total of \$62 billion in obligations from purchase orders placed, contracts awarded, salaries and benefits, or similar transactions. These obligations will require payments during the same or future period. As of September 30, 2007, \$17.6 billion of the \$79.6 billion was not obligated.

Statement of Custodial Activities

This statement presents the disposition of revenues collected and disbursed by DHS on behalf of other recipient entities. CBP and USCIS collect revenue from a variety of duties, excise taxes and

various other fees that are subsequently remitted to the Treasury’s General Fund or to other entities. Footnote 32 provides additional information on these activities and can be found in the Annual Financial Report. Total cash collections increased by more than \$2 billion in FY 2007. The increase is primarily attributable to an increase in duties, but also to an increase in user fees and excise taxes.

Stewardship Assets and Investments

DHS’s Stewardship PP&E primarily consists of U.S. Coast Guard Heritage Assets, which include sunken craft, ship’s equipment, historical buildings, artifacts, and display models. A heritage asset is any personal property that is retained by DHS because of its historic, cultural, educational, or artistic value as opposed to its current usefulness to carrying out the mission of the agency. Of the U.S. Coast Guard buildings and structures designated as Heritage Assets, including memorials, recreational areas, and other historical areas, over two-thirds are multi-use Heritage assets. The remainder is comprised of historical lighthouses, which are no longer in use and awaiting transfer or disposal. CBP also has four multi-use heritage assets located in Puerto Rico, and FEMA has one multi-use heritage asset that is used by the U.S. Fire Administration for training in Emmitsburg, Maryland.

Stewardship investments are substantial investments made by the Federal Government for the benefit of the Nation. When incurred, stewardship investments are treated as expenses in calculating net cost, but they are separately reported as Required Supplementary Stewardship Information to highlight the extent of investments that are made for long-term benefits. These include investments in Human Capital and Research and Development.

SUCCESS STORIES

U.S. Coast Guard Has Conducted 1 Million Rescues Since Founding

Situation

- The U.S. Coast Guard was founded in 1790 during George Washington’s presidency with a fleet of just ten wooden vessels.
- Each year, thousands of boaters and marine enthusiasts find themselves in need of assistance on the open water.
- As the U.S. Coast Guard has grown, so has its rescue mandate; in 2003 it joined the ranks of DHS.

Action

- The U.S. Coast Guard deploys personnel and assets for a wide range of rescue operations.
- Rescues and other operations are often performed in dangerous conditions, forcing personnel to risk their own lives to save the lives of others.
- In 2007, the U.S. Coast Guard received well over 27,000 calls for service.
- The U.S. Coast Guard saved 4,536 lives in 2007 alone.

Result

- Since its inception, the U.S. Coast Guard has saved the lives of at least 1,109,310 individuals.
- Included are migrant interdictions: Cubans/Haitians.
- In 2005, more than 33,000 people were rescued during Hurricane Katrina; 1937 saw the largest rescue of approximately 44,000 people.
- The U.S. Coast Guard provides the world’s fastest and most effective response to maritime distress calls for those in U.S. waters and elsewhere.



Management Assurances

The Federal Managers' Financial Integrity Act, Federal Financial Management Improvement Act, and Department of Homeland Security Financial Accountability Act

DHS is responsible for establishing, maintaining, and assessing internal control to provide reasonable assurance that the internal control objectives of the Federal Managers' Financial Integrity Act, 31 U.S.C. 3512 Sections 2 and 4, and the Federal Financial Management Improvement Act, P.L. 104-208, are met. To identify material weaknesses and non-conformance conditions, management used the following criteria:

- Merits the attention of the Executive Office of the President and the relevant Congressional oversight committees;
- Impairs fulfillment of essential operations or mission;
- Deprives the public of needed services;
- Significantly weakens established safeguards against waste, loss, unauthorized use or misappropriation of funds, property, other assets or conflicts of interest;
- Substantial Non Compliance with Laws and Regulation; and
- Financial management systems conformance to government-wide systems requirements.

In addition, the Department of Homeland Security Financial Accountability Act, P.L. 108-330, requires a separate assertion of internal control over financial reporting and an audit opinion of the Department's internal controls over its financial reporting. A material weakness within internal control over financial reporting is defined as a reportable condition or combination of reportable conditions, that results in more than a remote likelihood that a material misstatement of the financial statements or other significant financial reports, will not be prevented or detected.

The DHS Accountability Structure includes a Senior Management Council (SMC), an Internal Control Coordination Board (ICCB), and a Senior Assessment Team (SAT). The SMC approves the level of assurances for the Secretary's consideration and is comprised of the Department's Under Secretary for Management, Chief Financial Officer, Chief Administrative Services Officer, Chief Human Capital Officer, Chief Information Officer, Chief Information Security Officer, Chief Security Officer, and Chief Procurement Officer. The ICCB seeks to integrate and coordinate internal control assessments with other internal control related activities and includes representatives from all DHS lines of business to address crosscutting internal control issues. Finally, the SAT led by the Chief Financial Officer, is comprised of senior level financial managers assigned to carry out and direct Component level internal control over financial reporting assessments.

Individual Component assurance statements serve as the primary basis for the Secretary's Assurance Statements. The assurance statements are also based on information gathered from various sources including management initiated internal control assessments, program reviews, and evaluations. In addition, the Office of Inspector General and the Government Accountability Office conduct reviews, audits, inspections, and investigations.

Summary of Major Management Challenges

This summary presents the major management challenges facing the Department of Homeland Security as determined by the DHS Office of the Inspector General (OIG) and DHS's response for each challenge. Also included is a similar discussion for the four areas under the Department's purview as identified in the Government Accountability Office's (GAO) High-Risk Series. For a more detailed analysis of these areas, please see the full report, which is included in the DHS FY 2007 Annual Financial Report.

Management Challenge: Catastrophic Disaster Response and Recovery

OIG noted that the Department's failures after Hurricane Katrina illuminated a number of issues, including questionable leadership decisions and capabilities, organizational failures, overwhelmed response, communications systems, and inadequate statutory authorities. Coordination of disaster response efforts, catastrophic planning, logistics, acquisitions, housing, and evacuation were among the problem areas cited by OIG.

Response: FEMA has been actively reforming, reorganizing, and evaluating its operations in order to better respond to the Nation's needs following all disasters. Most significantly, FEMA has made operational planning a core competency of the new FEMA. Operational planners have been hired in both Headquarters and the Regions to prepare operational plans and conduct crisis action planning to ensure that the agency can lead and support a national all-hazard emergency management response. FEMA also continues to implement its Catastrophic Disaster Response Planning Initiative, a collaborative planning project with its Federal, State, local, tribal, and private sector partners. This initiative is focused on functional planning critical to catastrophic disaster response to earthquakes in States along the New Madrid Seismic Zone and in California and to hurricanes impacting Florida. In another significant area, to further enhance disaster response capabilities, FEMA is developing National and Regional-level Incident Management Assistance Teams (IMAT), a next generation of rapidly deployable interagency emergency response teams, designed to provide a forward Federal presence to better manage the national response to catastrophic incidents. IMATs will address many of the team response shortfalls experienced in Hurricane Katrina. FEMA is also applying lessons learned from Hurricane Katrina and other disasters to improve disaster emergency communications and interoperability capabilities that can provide enhanced support to State, local and tribal jurisdictions in disaster response. This includes designing, staffing, and maintaining rapidly deployable, responsive, interoperable, and highly reliable, emergency communications capabilities using the latest commercial off-the-shelf voice, video, and data technology.

A new and robust Office of Acquisition Management has been established, with a significant increase in acquisition personnel and new training programs established. Pre-positioned contract agreements have also been established which ensure a reasonable price and ability for quick mobilization in a disaster. Prior to Hurricane Katrina, nine contracts were in place. There are currently over 75 such contracts.

Management Challenge: Acquisition Management

OIG commented that DHS tends to focus its strategies on the urgency of meeting mission needs, rather than balancing urgency with good business practices, leaving the Department vulnerable to spending millions of dollars on unproductive investments. Common themes and risks include the dominant influence of expediency, poorly defined requirements, and inadequate oversight, which can contribute to ineffective or inefficient results and increased costs. Of specific concern is U.S. Coast Guard's Deepwater program and CBP's Secure Border Initiative Network (SBI*net*).

Response: The Department has taken strong management actions to correct deficient areas identified by OIG. An Acquisition Policy Board has been stood up to disseminate acquisition policy information and foster dialogue, thus ensuring consistent practices across the Components. A DHS-wide acquisition oversight program has also been established to further insure consistency. Perhaps most importantly, the Department has been actively increasing its acquisition workforce, including a developmental program to bring in up to 60 entry-level professionals. Specifically with respect to the Deepwater program, the U.S. Coast Guard has shown notable improvements by redefining roles and responsibilities, fundamentally changing relationships within the industry, and strengthening the assessment of government and industry performance. SBI*net* has similarly made efforts to meet its challenges and has met its commitment to construct 70 miles of primary fencing along the southwest border by the end of FY 2007, for a total of 145 miles. The development, documentation, and implementation of sound program and performance management processes continue as does the hiring of staff members to help manage the program. Future plans include the construction of 370 miles of fence and 300 miles of vehicle fence along the southwest border by December 2008.

Management Challenge: Grants Management

The OIG letter acknowledges that managing the multitude of grant programs within DHS poses a significant challenge. Further, the grant programs of other Federal agencies that assist State and local governments in improving their abilities to prepare for, respond to, and recover from acts of terrorism or natural disasters compound this challenge. Congress continues to authorize and appropriate funding for individual grant programs with similar, if not identical, purposes. However, they comment that the Department must do more to coordinate and manage grants that are stove-piped for specific, but often related purposes, to ensure they are contributing to our highest national preparedness and disaster recovery goals, rather than duplicating one another and being wasted on low-priority capabilities.

Response: Three organizations have been consolidated into one FEMA Grants Directorate and their respective financial and payment systems have been transitioned. This new Directorate successfully awarded more than \$4 billion dollars in non-disaster Federal assistance while working through the transition processes. New grants management specialists in each Region are being hired to facilitate partnerships with local entities as the administration of preparedness grants transitions to the Regional offices.

Management Challenge: Financial Management

Per OIG, financial management is a significant challenge for DHS. A number of material weaknesses in internal control continue to exist. The material weaknesses in internal control are impediments to obtaining an unqualified opinion and have precluded management from giving positive assurance over internal control at the Department level. DHS's ability to obtain an unqualified audit report, and provide assurances that its system of internal control is designed and operating effectively, is highly dependent upon process and procedural improvements across DHS.

Response: Many of the Department's material weaknesses were inherited from legacy agencies and are long-term challenges. The Department has shifted from just focusing on audit opinions or addressing auditor-identified issues to building support for the Secretary's Assurance Statement by focusing on management-identified root causes and management-performed test work. Through multi-year internal controls assessments, the Department is documenting the design of the controls to best discover the root causes of a problem and guide corrective action efforts. In March 2007, the Department issued the inaugural version of the *Internal Control over Financial Reporting (ICOFR) Playbook*, representing an ambitious multi-year effort to build assurance and retire material weaknesses.

Management Challenge: Information Technology Management

According to OIG, integrating information technology (IT) systems, networks, and capabilities of the various legacy agencies to form a single infrastructure for secure, effective communications and information exchange remains one of DHS's biggest challenges. OIG believes it is essential that DHS implement a Department-wide program to ensure effective information security controls and address IT risks and vulnerabilities. They also believe it is critical that the Department acquire and implement systems and other technologies to streamline operations within DHS Component organizations, and to support effective information sharing with State and local governments, the private sector, and the public. Finally, they opine that DHS is challenged in addressing privacy concerns while integrating its myriad systems and infrastructures.

Response: Integrating legacy systems has been an enormous challenge for the Department. Despite this, within the last year the Department has been able to complete 50 percent of its IT projects within 10 percent of the cost and schedule dates. Additionally, the Department has supported the migration of legacy data centers to two DHS Data Centers and consolidated IT support for unclassified, Secret, and Top Secret local area networks into a single vendor to improve service delivery and cost efficiency. The Department also developed and executed the IT Budget Review Process, ensuring that IT requirements are integrated with the FY 2008-2013 Resource Allocation Plan. This enabled a cost savings of 5 percent of the budget of one IT portfolio and reduced duplication. A primary Network Operation Center and Security Operation Center were established and are at full operating capability. As evidence of efforts in the IT security arena, the Department has been able to close 363 of 438 IT security audit findings. All components now regularly report IT security incidents to the DHS Security Operations Center, who in turn report to the U.S. Computer Emergency Readiness Team (US-CERT), as appropriate. An improved DHS Security Operations Concept of Operations published in 2007 details specific enterprise-wide security operations procedures.

Management Challenge: Infrastructure Protection

The Nation's distribution of critical infrastructure and key resources (CIKR) is enormous and complex. The requirement to rely on Federal partners and the private sector to deter threats, mitigate vulnerabilities, or minimize incident consequences complicates protection efforts for all CIKR. DHS continues to face a challenge in prioritizing its protection efforts based on risk and mission requirements. DHS also needs to incorporate threat information into its risk assessments and coordinate the funding of protective measures for CIKR.

Response: The Department has accomplished a great deal with regard to prioritizing its protection efforts based on risk and mission requirements. DHS summarizes information received from the collection and aggregation of sector and State-level reports and incorporates this information into the National CIKR Protection Annual Report. This report provides a summary of national CIKR protection priorities and requirements and makes recommendations for prioritized resource allocations across the Federal Government to meet national-level CIKR protection needs. Additionally, in accordance with the National Infrastructure Protection Plan framework, all Sector Specific Plans have been completed. This is the first time that the Government and the private sector have worked together on such a large scale to develop a joint plan for protecting the Nation's key assets and resources. Another example of our collaboration with the private sector is the development of more than 800 Buffer Zone Protection Plans to enhance security around critical infrastructure. We have also boosted information sharing across the sectors through the Homeland Security Information Network (HSIN), which has a specifically dedicated portal for critical infrastructure. The National Infrastructure Coordinating Center (NICC) has taken important strides in the realm of information sharing. During FY 2007, NICC posted more than 900 information products to HSIN for use by CIKR owners and operators. Sharing information on threats in the form of tailored strategic sector-specific risk assessment, vulnerabilities, consequences, and protective planning was an essential underlying foundation for executing these activities and completing these deliverables.

Management Challenge: Border Security

One of DHS's primary missions is to reduce America's vulnerability to terrorism by controlling the borders of the United States. This is dependent on the coordinated accomplishments of DHS, as well as joint efforts with other agencies. To this end, DHS is implementing a comprehensive, multi-year plan to secure the borders and reduce illegal immigration, called the Secure Border Initiative (SBI). DHS must quickly establish the organizational capacity to oversee, manage, and execute a program of this size and scope. Until the operational and contract requirements are firm, effective performance management and cost and schedule control are precluded. Concurrently, CBP must increase the number of agents by 6,000 in less than three years. The rapid timeline presents risks in recruiting and training fully qualified agents and procuring the necessary infrastructure to support them.

Response: As one of the Secretary's highest priorities, the Department has taken significant steps in the last fiscal year to improve border security. CBP met its commitment to construct 70 miles of primary fencing along the southwest border by the end of FY 2007, for a total of 145 miles, an effort comprised of both new and previously planned projects brought together under *SBI_{net}*. In FY 2007, CBP significantly increased the number of Border Patrol Agents from 12,349 to 14,923

agents as part of the President's initiative to increase the ranks of the Border Patrol by 6,000 agents by December 31, 2008. Training of agents has also improved in part because the Border Patrol Academy doubled the size of its permanent staff and increased the number of temporary duty instructors. FY 2007 was a single year record for graduates at the Academy. Remaining plans include building a total of 370 miles of fence and 300 miles of vehicle fence along the southwest border by the end of December 2008.

Management Challenge: Transportation Security

The size and complexity of the transportation system, which moves millions of passengers and tons of freight every day, make it a difficult system to secure and an attractive target for terrorists. The Nation's economy depends on implementation of effective, yet efficient transportation security measures. However, since its inception, TSA has focused almost all of its attention on aviation security. As part of its mandate, TSA had to recruit, assess, hire, train, and deploy Transportation Security Officers (formerly known as "screeners") for approximately 450 commercial airports, and provide 100 percent screening of all checked luggage for explosives.

Response: TSA has undertaken a number of initiatives in FY 2007 to improve checkpoint and checked baggage performance, and air cargo and rail and mass transit security. Enhancements to checkpoint and checked baggage performance include screening SOP refinements involving a shift of attention from lower security risks, such as lighters, to higher security risks and the institution of the Aviation Screening Assessment Program, designed to measure screening performance using realistic and standardized assessment scenarios to improve security by providing information to assist in identifying vulnerabilities across screening operations. TSA continues its efforts to identify and deploy emerging technologies that will constitute the next advancements in explosives detection screening at passenger security checkpoints. As additional layers of security, TSA has implemented the Aviation Direct Access Screening Program and Visible Intermodal Protection and Response which provide a visible deterrent to terrorist activity through increased random inspections and visible observations respectively.

TSA also continues to focus on security in non-aviation modes. In FY 2007, TSA removed exceptions to air cargo screening and instituted a more rigorous core inspector training program and employed the use of canine teams in the cargo environment. In rail and mass transit, TSA has taken actions to develop and issue surface transportation security standards for passenger and freight rail modes, conducted threat, criticality, and vulnerability assessments of surface transportation assets, and developed and adopted a strategic approach for implementing surface transportation security functions in addition to conducting compliance inspections for surface transportation systems.

Management Challenge: Trade Operations and Security

Trade operations and security are primarily the responsibility of CBP, although the U.S. Coast Guard and ICE also play important support roles. CBP has the mission of ensuring that all persons and cargo enter and exit the United States legally, while facilitating the lawful movement of goods and persons across U.S. borders. CBP's three major challenges in meeting its trade

mission are the modernization of trade systems; risk management programs and efficient use of scarce resources; and partnerships with the trade and foreign customs offices.

Response: During FY 2007, the Container Security Initiative (CSI) reached a milestone of 58 Operational CSI ports, covering 86 percent of U.S. bound maritime containers. The level of examinations conducted at CSI locations increased by 92 percent and the Secure Freight Initiative was launched. Also during FY 2007, a Cargo Enforcement Reporting Tracking System examinations and findings module was actively deployed. This new module enables CBP Officers and Agriculture Specialists to report and track all CBP examinations and findings data using a single point of entry application. Customs-Trade Partnership Against Terrorism and Automated Commercial Environment continued to operate and expand so as to increase their efficiency and effectiveness. The U.S. Coast Guard continued to mature its Ports, Waterways, and Coastal Security program increasingly focusing on risk-based measures and maximizing effects.

GAO High-Risk Area: Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures

Summary of High-Risk Identification: As identified by GAO, protecting Federal computer systems and the systems that support critical infrastructure - referred to as cyber critical infrastructure protection - is a continuing concern. The continued risks to information systems include escalating and emerging threats such as phishing, spyware, and spam; the ease of obtaining and using hacking tools; the steady advance in the sophistication of attack technology; and the emergence of new and more destructive attacks.

GAO notes that as the focal point for Federal efforts to protect the Nation's critical infrastructure, DHS and its National Cyber Security Division have key cyber security responsibilities. GAO claims that DHS has not yet completely fulfilled any of its key responsibilities. As an example, GAO asserts that DHS has not yet developed national cyber threat and vulnerability assessments or public/private recovery plans for cyber security. Per GAO, progress has been impeded by several challenges, including the reluctance of many in the private sector to share information with DHS, and a lack of Departmental organizational stability and leadership needed to gain the trust of other stakeholders in the cyber security world.

Response: Secretary Chertoff identified cyber security as one of the Department's top four priorities for FY 2008. To address the multifaceted vulnerabilities and threats facing our cyber infrastructure, the Department's National Cyber Security Division (NCSA) leads an interagency effort to develop a comprehensive, outcome-based cyber security strategy. This effort will enhance the United States Government's ability to protect its Federal networks and systems. Concurrently, NCSA is focused on developing and enhancing cyber vulnerability analysis, watch and warning, and collaboration with the private sector to reduce and manage the cyber risks facing our country. NCSA's US-CERT provides a 24 hour, 7-days-a-week watch center for tracking, detecting, and mitigating cyber attacks. US-CERT produces products that increase awareness among public and private sector stakeholders, including critical infrastructure owners and operators. This near real-time data collection and information sharing reduces cyber infrastructure vulnerabilities. US-CERT established a vulnerability remediation process and the National Cyber Alert System (NCAS) to collect, mitigate, and disseminate vulnerability information. NCAS is America's first cohesive national cyber security system for identifying, analyzing, and prioritizing

emerging vulnerabilities and threats. It delivers targeted, timely, and actionable information for technical and non-technical audiences to enhance security. Specifically for critical infrastructure, US-CERT produces Critical Infrastructure Information Notices (CIIN). These products are intended to provide information about a cyber security incident and make recommendations for avoiding or mitigating risks. A CIIN is written to notify private sector organizations and Federal agencies involved with the protection of critical infrastructure. In addition, a Concept of Operations has been drafted for private industry cyber security incident handling that addresses sharing activities and coordination efforts with the private sector for cyber incidents, including Internet disruption. The Department has also held and will continue to hold exercises as mechanisms to identify ways to improve and promote public and private sector interaction toward enhancing situational awareness that supports decision making, communicating appropriate information to key stakeholders and the public, and planning and implementing response and recovery activities, e.g. Cyber Storm I and II.

During FY 2007, DHS achieved several accomplishments toward improving information sharing and removing barriers that hinder progress. Most significantly, the Secretary issued a DHS-wide policy on information sharing, *DHS Policy for Internal Information Exchange and Sharing*, which provides guidance for all Departmental information sharing activities.

GAO High-Risk Area: Implementing and Transforming the Department of Homeland Security

Summary of High-Risk Identification: GAO designated implementing and transforming DHS as high-risk in 2003 because DHS had to transform and integrate 22 agencies – several with existing program and management challenges – into one department, and failure to effectively address its challenges could have serious consequences for homeland security.

Managing the transformation of an organization of the size and complexity of DHS requires comprehensive planning and integration of key management functions that will likely span a number of years. DHS has made progress in these areas but additional work is required to ensure sustainable success (GAO-07-833T).

Response: The Department has taken a number of actions during the last year to improve and strengthen its management structures and operations. Key among these efforts are the following:

- Outlined and monitored financial material weakness corrective actions and built internal control management assertions in the *Internal Control Over Financial Reporting (ICOFR) Playbook*;
- Implemented a strategy to enhance information sharing by improving workflow, document management, and business processes;
- Increased procurement operational and strategic sourcing effectiveness by implementing a central DHS-wide Program Management Support office;
- Implemented a strategy to improve the hiring and retention of talent needed to achieve DHS's mission, and improved leadership preparation by developing and implementing a Department-wide SES development program; and
- Designed a consolidated DHS Headquarters facility.

GAO High-Risk Area: Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security

Summary of High-Risk Identification: As stated in the 2007 GAO high-risk report update, the Federal Government still faces formidable challenges in analyzing and disseminating key information among Federal, State, local, and private partners in a timely, accurate, and useful manner. Since September 11, 2001, multiple Federal agencies have been assigned key roles for improving the sharing of information critical to homeland protection to address a major vulnerability exposed by the attacks, and this important function has received increasing attention. However, the underlying conditions that led to the designation continue and more needs to be done to address these problems and the obstacles that hinder information sharing.

The Federal Government still has not implemented the government-wide policies and processes that the 9/11 Commission recommended and that Congress mandated. Completing the information sharing environment is a complex task that will take multiple years and long-term administration and congressional support and oversight, and will pose cultural, operational, and technical challenges that will require a collaborated response.

Federal agencies are also focusing on improving sharing with States, localities, and the private sector – a critical step since they are our first line of defense against terrorists – but these efforts are not without challenges. DHS has implemented a program to protect sensitive information the private sector provides on security at critical infrastructure assets, such as nuclear and chemical facilities. However, users of the information network were confused and frustrated with the system and as a result do not use it regularly; and DHS has still not won all of the private sector’s trust that the agency can adequately protect and effectively use the information that sector provides. These challenges will require longer-term actions to resolve.

Response: The Department notes that implementation and initial manning of DHS’s State and Local Fusion Centers (SLFC) over the last year has gone a long way toward improving the information sharing nexus between DHS and its partners. DHS’s primary partners are State and local governments (including tribal and territorial) and the private sector. These entities collect information outside the boundaries of the Intelligence Community (IC). Simultaneously, they have information needs not always recognized by the traditional IC agencies. DHS was created, in part, to bridge this gap and develop fusion at the national, vice federal, level.

To meet their own all-threats, all-hazards information needs many States and larger cities have created fusion centers. Fusion centers represent the logical touch-points for DHS to harvest local information and to provide them with timely relevant information and intelligence derived from all sources and analysis.

The DHS support effort provides people and tools to the SLFCs to create a web of interconnected information nodes across the country that will ensure information is gathered from all relevant operations and is fused with information from the Homeland Security Stakeholder Community to enable DHS and SLFCs to produce accurate, timely, and actionable intelligence products and services in support of homeland security.

The SLFC Program is a major initiative to engage all players, at all levels of government, in confronting threats to the Homeland. It is a key element of DHS’s strategy to exchange

information with State and local authorities. Our goal is to create analytic centers of excellence nationwide to develop and exchange information with the Federal Government.

GAO High-Risk Area: National Flood Insurance

Summary of High-Risk Identification: GAO placed the National Flood Insurance Program (NFIP) on its high-risk list in March 2006 because NFIP will unlikely generate sufficient revenues to repay the billions borrowed from the Department of the Treasury to cover flood claims from the 2005 hurricanes. And it is unlikely that NFIP—a key component of the Federal Government’s efforts to minimize the damage and financial impact of floods—could cover catastrophic losses in future years. Estimated claims for Hurricanes Katrina, Rita, and Wilma far surpass the total claims paid in the 38 year history of NFIP. The insufficient revenues highlight structural weaknesses in how the program is funded.

NFIP, by design, is not actuarially sound. Total collected premiums will unlikely be sufficient to pay all expected flood losses over time. In addition, the program is not structured to build loss reserves like a typical commercial insurance company, and it does not build and hold capital. Instead, it generally pays claims and expenses out of current premium income. When it has insufficient income to pay claims, NFIP has authority to borrow from Treasury. It is highly unlikely that NFIP, as currently funded, could generate revenues to repay Treasury, particularly if future hurricanes result in loss levels greater than the average historical loss levels.

Response: Under the authorities of the NFIP, FEMA has a limited ability to address this high-risk area. FEMA has taken measures to improve NFIP delivery by: 1) distributing the NFIP *Summary of Coverage and the Flood Insurance Claims Handbook* to policy holders; 2) issuing information supplemental policy coverage forms; 3) providing acknowledgement forms to flood insurance policy purchasers; 4) implementing agent training initiatives; 5) adopting a flood insurance claims appeals rule; and 6) carrying out initiatives to address repetitive loss properties. Future plans call for Severe Repetitive Loss program grant awards to mitigate severe repetitive loss properties.

SUCCESS STORIES

U.S. Records Largest Maritime Cocaine Seizure

Situation

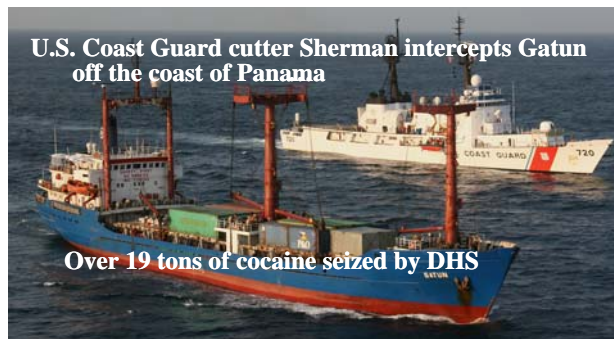
- Joint U.S. task force monitors and detects drugs.
- Intelligence plus strong interagency coordination among multiple agencies.
- Panama promptly responds to registry inquiry.
- International cooperation is the key to success.

Action

- Mar 18, 2007: Marine vessel Gatun is boarded.
- U.S. Coast Guard cutter Sherman interdicts the Gatun under the cover of night.
- Supported by U.S. Coast Guard cutter Hamilton and C-130 airship.
- U.S. Coast Guard overcomes significant mechanical challenges.

Result

- Over 38,000 lbs of cocaine is seized on high seas.
- Value of cocaine: worth over \$450 million.
- 14 crew detained, 11 sent to United States for trial: pled guilty.
- Three crew of Gatun turned over to Panama.
- Cocaine: 197,391 lbs seized in 1st quarter FY 2007 vs. 148,514 lbs seized in 1st quarter FY 2006.



SUCCESS STORIES

Joint Effort to Take Down JFK Terror Plot

Situation

- January 2006: Four men led by a former airport cargo worker plot to ignite JFK airport jet fuel lines.
- The plot is revealed when the terrorists try to recruit a person who is a law enforcement informant.
- The Federal Bureau of Investigation (FBI) infiltrate terrorist cell; the FBI, Department of Justice, National Security Agency, Central Intelligence Agency, DHS (CBP, TSA), and international partners follow and monitor the cell for 18 months in U.S. and abroad.

Action

- DHS reaches out to leaders of the oil and gas sector and the transportation sector who run JFK airport.
- Sharing information helps private sector gain DHS assessments of the targets and analyze outcomes.
- As the FBI infiltrates the cell, DHS regularly briefs the sectors from onset to address concerns and fears.
- Jun 2, 2007: 3 men arrested; Jun 5: 4th is caught.

Result

- The plot is disrupted before it can take place.
- The private sector does not leak any information over 18 month period to jeopardize the operation.
- Industry sector representatives are impressed by access to information and regular briefings by DHS.
- The ability of DHS to share information with the private sector, as well as law enforcement, is critical to protecting the Nation's critical infrastructure.

JFK International Airport Handles...

More than 1,000 flights daily, about half of which are international flights...



About 45 million passengers annually...



More than 1.5 million tons of cargo with an estimated value of \$120 billion...





Homeland
Security