



Highlights of [GAO-05-267](#), a report to the Subcommittees on Homeland Security, Senate and House Committees on Appropriations

## Why GAO Did This Study

The Department of Homeland Security (DHS) is conducting a multiyear, multibillion-dollar acquisition of a new trade processing system, planned to support the movement of legitimate imports and exports and strengthen border security. By congressional mandate, plans for expenditure of appropriated funds on this system, the Automated Commercial Environment (ACE), must meet certain conditions, including GAO review. This study addresses whether the fiscal year 2005 plan satisfies these conditions, describes the status of DHS's efforts to implement prior GAO recommendations for improving ACE management, and provides observations about the plan and DHS's management of the program.

## What GAO Recommends

To help ensure the success of ACE, GAO recommends, among other things, that DHS define and implement an ACE accountability framework that provides for establishment of explicit program commitments for expected system capabilities and benefits as well as cost and schedule, and ensures that progress against these commitments is measured and reported. DHS agreed with GAO's recommendations and described actions that it plans to take to respond to them.

[www.gao.gov/cgi-bin/getrpt?GAO-05-267](http://www.gao.gov/cgi-bin/getrpt?GAO-05-267).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Randolph C. Hite at (202) 512-3439 or [hiter@gao.gov](mailto:hiter@gao.gov).

## INFORMATION TECHNOLOGY

# Customs Automated Commercial Environment Program Progressing, but Need for Management Improvements Continues

## What GAO Found

The fiscal year 2005 ACE expenditure plan, including related program documentation and program officials' statements, largely satisfies the legislative conditions imposed by the Congress. In addition, some of the recommendations that GAO has previously made to strengthen ACE management have been addressed, and DHS has committed to addressing those that remain. However, much remains to be done before these recommendations are fully implemented. For example, progress has been slow on implementing the recommendation that the department proactively manage the dependencies between ACE and related DHS border security programs. Delays in managing the relationships among such programs will increase the chances that later system rework will be needed to allow the programs to interoperate.

Among GAO's observations about the ACE program and its management are several regarding DHS's approach to addressing previously identified cost and schedule overruns. DHS has taken actions intended to address these overruns (such as revising its baselines for cost and schedule, as GAO previously recommended); however, it is unlikely that these actions will prevent future overruns, because DHS has relaxed system quality standards, meaning that milestones are being passed despite material system defects. Correcting such defects will require the program to use resources (e.g., people and test environments) at the expense of later system releases. Until the ACE program is held accountable not only for cost and schedule but also for system capabilities and benefits, the program is likely to continue to fall short of expectations.

Finally, the usefulness of the fiscal year 2005 expenditure plan for congressional oversight is limited. For example, it does not adequately describe progress against commitments (e.g., ACE capabilities, schedule, cost, and benefits) made in previous plans, which makes it difficult to make well-informed judgments on the program's overall progress. Also, in light of recent program changes, GAO questions the expenditure plan's usefulness to the Congress as an accountability mechanism. The expenditure plan is based largely on the ACE program plan of July 8, 2004. However, recent program developments have altered some key bases of the ACE program plan and thus the current expenditure plan. In particular, the expenditure plan does not reflect additional program releases that are now planned or recent changes to the roles and responsibilities of the ACE development contractor and the program office. Without complete information and an up-to-date plan, meaningful congressional oversight of program progress and accountability is impaired.