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United States Government Accountability Office
Washington, DC 20548

July 17, 2007

Honorable David E. Price
Chairman
Honorable Harold Rogers
Ranking Minority Member
Subcommittee on Homeland Security
Committee on Appropriations
United States House of Representatives

Honorable Robert C. Byrd
Chairman
Honorable Thad Cochran
Ranking Minority Member
Subcommittee on Homeland Security
Committee on Appropriations
United States Senate

Subject: *USCIS Transformation: Improvements to Performance, Human Capital, and Information Technology Management Needed as Modernization Proceeds*

The U.S. Citizenship and Immigration Services (USCIS) adjudicates benefits requests and petitions for individuals seeking to become citizens of the United States or to study, live, or work in this country. However, as previously reported,[1] USCIS' ability to annually process more than 7 million benefit applications has been hindered by inefficient, paper-based processes, resulting in:

- a backlog that peaked in 2004 at more than 3.8 million cases,
- tens of thousands of files that are missing or not easily located,
- difficulties in verifying the identity of applicants and providing other government agencies with the information necessary to identify criminals and potential terrorists, and
- benefits that were issued to applicants whose eligibility and potential risk to national security were not yet determined.

USCIS also faces a potentially significant increase in workload as a result of proposed legislation for a guest worker program, which could further add to its performance problems.

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[1]Department of Homeland Security, Office of Inspector General, *USCIS Faces Challenges in Modernizing Information Technology*, OIG-05-41 (Washington, D.C.: September 2005).

GAO-07-1013R USCIS Transformation

Background

GAO and DHS Inspector General reports have noted that USCIS efforts to modernize over the last 4 years have been unfocused, conducted in an ad hoc and decentralized manner, and, in certain instances, duplicative. In 2006, USCIS decided to reexamine its modernization effort within the context of an agencywide organizational and business transformation initiative. The agency embarked on a transformation of its business processes and technology aimed at increasing national security and integrity, improving customer service, and achieving operational efficiency. We agreed with this approach and recommended that USCIS employ key practices for successful organizational transformations to better ensure the success of its efforts[2] (see appendix I in enclosure I for a list of the practices).[3] USCIS plans to complete its transformation by 2013 at an estimated cost of up to $536 million, mostly funded by fee revenues.

The Department of Homeland Security (DHS) Appropriations Act for fiscal year 2007 (the Act) mandated that GAO review USCIS' transformation plans before the agency can obligate $47 million in funding.[4] Congress also requested that specific information be included in USCIS' plan: all resources associated with transformation efforts (appropriations and fees), including a detailed breakout of costs for fiscal year 2007, and the impact of availability of fee revenue; alignment of the transformation process with DHS' enterprise architecture; and details on expected project performance and deliverables.

Pursuant to the Act, USCIS, in May 2007, submitted to the congressional appropriations committees its Transformation Program Strategic Plan and its Expenditure Plan. As required by the Act, we reviewed these plans. Our objectives were to (1) describe the extent to which USCIS' plans incorporate key practices identified by GAO for organizational transformations, and (2) describe if and how USCIS' plans include congressionally requested information.

Scope and Methodology

To accomplish the objectives, we reviewed the USCIS Transformation Program Strategic Plan, Expenditure Plan, subsidiary plans, and related documents. We also reviewed related reports by GAO, the Inspector General, and the USCIS Ombudsman. We interviewed officials from USCIS Headquarters, the DHS Office of the Inspector

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[2]GAO, *Information Technology: Near-Term Effort to Automate Paper-Based Immigration Files Needs Planning Improvements*, GAO-06-375 (Washington, D.C.: Mar. 31, 2006).

[3]GAO previously identified a number of key practices found at the center of successful mergers, acquisitions, and transformations in a forum convened by the Comptroller General. See GAO, *Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies*, GAO-03-293SP (Washington, D.C.: Nov. 14, 2002) and *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003).

[4]Pub. L. No. 109-295, 120 Stat. 1355, 1374 (Oct. 4, 2006).

General, the Office of the USCIS Ombudsman, and the American Federation of Government Employees. We compared USCIS' transformation and expenditure plans to our key practices for organizational transformations and other good management practices we have identified, such as in the areas of information technology management, strategic planning, performance measurement, and strategic human capital management. See appendix II in enclosure I for a list of the reports from which we drew the practices. We also reviewed the USCIS transformation and expenditure plans to determine whether they included congressionally requested information. Because USCIS is in the early planning phases of its transformation, we did not assess USCIS' efforts to implement its plans. Further, we did not assess the quality of the technical solutions USCIS is considering as a part of the transformation.

We conducted our work from December 2006 to May 2007 in accordance with generally accepted government auditing standards. We provided a draft of this briefing to the Director of USCIS for review. USCIS provided written comments on June 25, 2007, which are presented in their entirety in enclosure II.

On June 27, 2007, and July 2, 2007, we briefed your offices on the results of this review to satisfy the requirements of this mandate. This report transmits the results of our work. The full briefing is enclosed.

Results in Brief

USCIS' plans partially or fully address most key practices for organizational transformations (see table on page 10 in the enclosure I for a summary of our findings). For example, USCIS has taken initial steps in addressing problems identified with past efforts to modernize by establishing a Transformation Program Office (TPO) that reports directly to the USCIS Deputy Director to ensure leadership commitment; dedicating people and resources to the transformation; establishing a mission, vision, and integrated strategic goals; focusing on a key set of priorities and defining core values; and involving employees. However, more attention is needed in certain areas, including:

- **Performance Measurement:** Leading organizations recognize that setting goals and measuring performance can create powerful incentives to influence organizational and individual behavior. USCIS has developed some draft performance measures for the transformed organization, but has not defined targets for the desired level of performance to be achieved, and many of the measures are ill-defined or difficult to evaluate.
- **Strategic Human Capital Management:** USCIS' plans do not sufficiently address important elements of strategic workforce planning. For example, the agency's plans do not identify the skills and competencies needed in the transformed organization, outline a strategy to maintain ongoing coordination with the Office of Human Capital, or address past and present leadership fluctuations. In addition, while the TPO has established performance expectations for its own staff, USCIS as a whole has not developed transformation-related performance expectations and competencies for its

executives and employees to hold them accountable for achieving the goals of the transformation.

- **Communications***:* Creating an effective, ongoing strategy for communicating with employees and stakeholders is critical to the success of any organizational transformation. USCIS has made efforts to communicate information about the transformation to its employees and stakeholders, and has developed an overall communication strategy. However, this strategy does not contain a clearly defined plan to conduct outreach beyond the current fiscal year, and lacks a detailed approach for targeting communications to individual government partners and stakeholders.
- **Information Technology (IT) Management**: It is important that USCIS acquire IT systems and services in a way that employs leading IT management practices, such as those embodied in federal guidance that we and others have issued relative to enterprise architecture management, IT systems development and acquisition, and IT services acquisition. USCIS is early in the process of developing its own enterprise architecture. However, USCIS' plans do not include a performance element, an important architectural component. Moreover, while the agency is following DHS' procedures to align the transformation with DHS' enterprise architecture, we have previously reported that these procedures are not sufficient, and that DHS' enterprise architecture is not complete.[5]

USCIS plans provide some information on transformation costs and revenues, but USCIS has not finalized its acquisition strategy and therefore cost estimates remain uncertain. In addition, the plans do not sufficiently discuss enterprise architecture alignment and expected project performance (see table on page 11 of enclosure I for a summary of our findings).

USCIS is in the very early stages of its transformation and its plans for transformation reflect at least partially most of the practices associated with successful organizational transformations. However, the gaps we have identified in USCIS' plans create risks that could undermine its success as it begins to implement its plans.

Recommendations

To improve its transformation strategy and fully address congressionally requested information, we are making recommendations to the Secretary of the Department of Homeland Security to direct the Director of USCIS to address gaps in its plans in the areas of performance measurement, strategic human capital management, communications, and information technology management practices. The specific recommendations are listed on pages 52-53 of the enclosure.

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[5]GAO, *Homeland Security*: *DHS Enterprise Architecture Continues to Evolve but Improvements Needed*, GAO-07-564 (Washington, D.C.: May 9, 2007).

We are sending copies of this report to the Chairmen and Ranking Members of other Senate and House committees and subcommittees that have authorization and oversight responsibilities for homeland security. We are also sending copies to the Secretary of the Department of Homeland Security, the Director of USCIS, and upon their request, to other interested parties. In addition, the report is available at no charge on the GAO Web site at http://www.gao.gov.

Should you or your offices have any questions on matters discussed in this report, please contact me at (202) 512-6543 or at steinhardtb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report were Elizabeth Curda, Assistant Director; Randy Hite; Anh Le; Jessica Lemke; and Martha Tracy.

Bernice Steinhardt
Director, Strategic Issues

Enclosures

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USCIS Transformation:
Improvements to Performance, Human Capital, and Information
Technology Management Needed as Modernization Proceeds

Briefing to Congressional Staff

June 27, 2007

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Congressional Requesters

Chairman, Honorable David E. Price
Ranking Member, Honorable Harold Rogers
Subcommittee on Homeland Security
House Committee on Appropriations

Chairman, Honorable Robert C. Byrd
Ranking Member, Honorable Thad Cochran
Subcommittee on Homeland Security
Senate Committee on Appropriations

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➢ The U.S. Citizenship and Immigration Service (USCIS) adjudicates benefits requests and petitions for individuals seeking to become citizens of the United States or study, live, or work in this country.

➢ USCIS' ability to annually process the more than 7 million immigration benefit applications it receives is hindered by inefficient, paper-based processes, resulting in:
  ▪ a backlog that peaked in 2004 at more than 3.8 million cases,
  ▪ tens of thousands of files that are missing or not easily located,
  ▪ difficulties in verifying the identity of applicants and providing other government agencies with the information necessary to identify criminals and potential terrorists, and
  ▪ benefits that were issued to applicants whose eligibility and potential risk to national security were not yet determined.

➢ USCIS also faces a potentially significant increase in workload as a result of proposed legislation for a guest worker program, which could further add to its performance problems.

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➢ To meet these challenges, USCIS began a series of modernization efforts to upgrade existing technology and achieve operational efficiency.

➢ GAO and Department of Homeland Security (DHS) Inspector General reports have noted that USCIS efforts to modernize over the last 4 years have been unfocused, conducted in an ad hoc and decentralized manner, and, in certain instances, duplicative.

➢ In 2006, USCIS decided to reexamine its modernization effort within the context of an agencywide organizational and business transformation initiative.

➢ USCIS embarked on a transformation of its business processes and technology aimed at increasing national security and integrity, improving customer service, and achieving operational efficiency.

➢ We agreed with this approach and recommended that USCIS employ key practices for successful organizational transformations to better ensure the success of its efforts.*

* GAO, *Information Technology: Near-Term Effort to Automate Paper-Based Immigration Files Needs Planning Improvements,* GAO-06-375 (Washington, D.C.: Mar. 31, 2006).

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➢ In previous reports, GAO has identified key practices that have consistently been found at the center of successful organizational transformations:*

1. Ensure top leadership drives the transformation.	5. Dedicate an implementation team to manage the transformation process.
2. Establish a coherent mission and integrated strategic goals to guide the transformation.	6. Use the performance management system to define responsibility and assure accountability for change.
3. Focus on a key set of principles and priorities at the outset of the transformation.	7. Establish a communication strategy to create shared expectations and report related progress.
4. Set implementation goals and a timeline to build momentum and show progress from day one.	8. Involve employees to obtain their ideas and gain ownership for the transformation.
	9. Build a world-class organization.

➢ These practices can serve as a basis for federal agencies, such as USCIS, that seek to transform their cultures and business processes to become more results-oriented, customer-focused, and collaborative in nature.

*GAO previously identified a number of key practices found at the center of successful mergers, acquisitions, and transformations in a forum convened by the Comptroller General. See GAO, *Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies*, GAO-03-293SP (Washington, D.C.: Nov. 14, 2002) and *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003).

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➢ USCIS plans to complete its transformation by 2013 at an estimated cost of up to $536 million, mostly funded by fee revenues.

➢ The DHS Appropriations Act for fiscal year 2007 mandated that GAO review USCIS' transformation plans before the agency can obligate $47 million in fiscal year 2007 funding provided for the transformation.

➢ Congress also requested that specific information be included in USCIS' plan:
   a. All resources associated with transformation efforts (appropriations and fees), including a detailed breakout of costs for fiscal year 2007, and the impact of availability of fee revenue.
   b. Alignment of the transformation process with DHS' enterprise architecture (EA).
   c. Details on expected project performance and deliverables.

➢ This briefing is intended to satisfy GAO's responsibility to review USCIS' plan under this mandate.

➢ The objectives of our work are to assess:
   ▪ The extent to which USCIS' strategic transformation plans incorporate key practices identified by GAO for organizational transformations, and
   ▪ If and how USCIS' transformation plans include congressionally requested information.

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➤ To accomplish the first objective, we
  ▪ Analyzed documentation related to USCIS' transformation, such as:
    • USCIS Transformation Program Strategic Plan and Expenditure Plan, among others
    • Related GAO and Inspector General reports
    • Ombudsman annual reports
    • Meeting minutes related to transformation activities
  ▪ Interviewed officials from:
    • USCIS Headquarters
    • DHS Inspector General Office
    • USCIS Ombudsman Office
    • American Federation of Government Employees
  ▪ Compared USCIS' transformation plans to our key practices for organizational transformations and other good management practices we have identified, such as in the areas of information technology management, strategic planning, performance measurement, and strategic human capital management.

➤ In addition to analyzing USCIS' primary plans (the Strategic Plan and Expenditure Plan), we also examined USCIS' subsidiary plans, to the extent they included information related to our objectives. Because USCIS is in the early planning phases of its transformation, we did not assess USCIS' efforts to implement its plans. Further, we did not assess the quality of the technical solutions USCIS is considering as a part of the transformation.

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Scope and Methodology

➤ To accomplish the second objective, we
  ▪ Reviewed the Transformation Program Strategic Plan and Expenditure Plan to determine whether they included congressionally requested information.
  ▪ Interviewed USCIS officials to determine if additional plans or actions were underway to satisfy congressionally requested information.
  ▪ Compared USCIS plans for aligning its transformation process with DHS' enterprise architecture to our guidance on such alignment.

➤ Note: Information in text boxes describes good management practices we used in our review. These practices are drawn from our work in the areas of transformation planning, information technology, performance measurement, and strategic human capital management. A complete list of sources can be found in appendix 2.

➤ We conducted our work from December 2006 to May 2007 in accordance with generally accepted government auditing standards.

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➢ **USCIS' plans partially or fully address most key practices for organizational transformations.**

Key practice	Fully addressed	Partially addressed	Not addressed	Summary of findings
1. Ensure top leadership drives the transformation.	✓			USCIS has taken several actions to ensure top leadership drives the transformation, such as establishing a Transformation Program Office that directly reports to the USCIS Deputy Director.
2. Establish a coherent mission and integrated strategic goals to guide the transformation.	✓			USCIS has established a mission, vision, and strategic goals in its Strategic Plan that could be used to guide the transformation.
3. Focus on a key set of principles and priorities at the outset of the transformation.	✓			USCIS has identified priorities and a succinct set of core values with which to guide the transformation and help build a new agencywide culture.
4. Set implementation goals and a timeline to build momentum and show progress from day one.		✓		USCIS has established high-level implementation goals and a timeline for the transformation, but has not shared them with all employees and stakeholders, a step that would help build momentum and illustrate progress.
5. Dedicate an implementation team to manage the transformation process and involve key stakeholders.		✓		USCIS has dedicated an implementation team to manage the transformation and involved stakeholders on an as-needed basis; however, its Federal Stakeholder Advisory Board has not yet convened.
6. Use the performance management system to define responsibility and assure accountability for change.			✓	USCIS is not using its performance management system to define expectations and hold employees accountable for the transformation.
7. Establish a communication strategy to create shared expectations and report related progress.		✓		USCIS has completed an initial communication strategy and begun exchanging information with employees and stakeholders. However, the strategy for 2008 and beyond is not clearly defined, and lacks an effective approach for communicating with stakeholders.
8. Involve employees to obtain their ideas and gain ownership for the transformation.	✓			USCIS has taken several steps to involve employees in the transformation, and is planning for additional involvement as the transformation progresses.
9. Build a world-class organization using leading practices in strategic human capital management, performance measurement, and IT management.		✓		USCIS is conducting benchmarking research to identify leading business processes but its plans do not adequately consider IT management controls, strategic human capital management, and performance measurement to build a world-class organization.

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➢ **USCIS plans provide some information on transformation costs and revenues, but according to USCIS, the cost estimates remain uncertain. In addition, plans do not sufficiently address enterprise architecture alignment and expected project performance.**

Congressionally requested information	Fully addressed	Partially addressed	Not addressed	Information provided by USCIS
1. All resources associated with transformation efforts (appropriations and fees), including a detailed breakout of costs for fiscal year 2007, and the impact of availability of fee revenue.		✓		USCIS' Expenditure Plan indicates that the transformation will cost up to $536 million through 2013. However, USCIS expects costs to be lower, since its estimates were based on a higher-cost acquisitions approach—an approach the agency is not pursuing. Available resources for the transformation include $81.6 million appropriated in fiscal years 2006 and 2007, and $463.9 million in fee revenues beginning in fiscal year 2007. While the plan does not detail the impact of availability of fee revenue overall, it does state that estimated fee support for fiscal year 2007 will be $12 million below initial budget estimates. The $12 million will be used to fund core operations instead. However, USCIS believes the level of fee revenue currently projected will be sufficient to support transformation programs.
2. Information on the alignment of the transformation process with DHS' enterprise architecture.		✓		USCIS' approach to aligning its transformation to the DHS EA is to (1) develop its own EA that is aligned to the DHS EA and to use its EA to guide IT modernization decision making and (2) comply with the DHS process for aligning programs to the DHS EA. USCIS has begun developing aspects of an EA, but much remains to be done. It is following DHS' process for aligning programs to the DHS EA. However, we have reported this process is limited because it does not include criteria or a methodology for determining alignment.
3. Details on expected project performance and deliverables.		✓		USCIS provides a high-level discussion of expected deliverables and performance capabilities, such as providing a work environment that promotes success. However, plans do not include clear and measurable performance measures and targets for transformation projects or for the transformed agency.

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➢ We are recommending that USCIS address the gaps in its transformation plans by making improvements to performance measurement, strategic human capital management, communications, and information technology management.

➢ We provided a draft of this briefing to the Director of USCIS for review. USCIS provided written comments on June 25, 2007, which are presented in their entirety in enclosure II. In its comments, USCIS generally agreed with our findings and recommendations. The letter also discusses activities the agency has planned to address each recommendation.

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➢ The agency outlined its overall transformation strategy in its Transformation Program Strategic Plan and 2007 Expenditure Plan. These primary documents are supported by numerous other planning documents, including:

- Mission Needs Statement
- Governance Plan
- Acquisition Plan
- Program Management Plan
- Change Management Plan
- Concept of Operations

➢ The objectives of the transformation are to transition from paper intensive, forms-centric processes to electronic, customer-centric processes. The new processes are intended to enhance national security, improve customer service, and increase operational efficiency by:

- Increasing ability to share data with immigration partners,
- Uniquely identifying individuals,
- Creating customer accounts, and
- Implementing a single worldwide case management system.

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➢ USCIS' approach is to transform in phases called "increments". For each increment, USCIS plans to develop and implement the technologies and business processes needed to produce major categories of benefits.

- By transforming in increments, USCIS intends to take advantage of lessons learned, to gradually transition agency operations into the new business model, and to avoid the pitfalls associated with a large transformation being implemented all at once.

Increment / Line of business	Benefit types
Increment 1 – Citizenship	Naturalization Military Naturalization International Adoption
Increment 2 – Immigrant	Permanent Residence
Increment 3 – Humanitarian	Refugee Asylum Temporary Protected Status
Increment 4 – Nonimmigrant	Nonimmigrant Worker

- During the first increment, USCIS intends to develop its common business capabilities such as account setup, workflow management, and digitization of records that will 1) result in a redesigned business process specific to citizenship, 2) provide immediate value for the other lines of business, and 3) provide core services for future increments.

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<div align="right">Background</div>

➤ Before implementing the first increment, USCIS plans to identify and test the key technologies and other capabilities needed to support the overall transformation using four pilot projects:

- Two of these pilots involve testing the agency's capacity to assign a unique number to each applicant that is linked to a set of fingerprint and other biographic data, and to store and retrieve this information (Enumeration and Biometrics Storage System).

- A third pilot involves converting paper immigration records to an electronic format, and housing them in a single repository where they can be searched and retrieved (Digitization).

- A fourth pilot is a "proof of concept", which uses the international adoption process to demonstrate the processing capability of the case management system and verify that this system can be used to view digitized files.

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➢ USCIS initially considered an acquisition approach in which USCIS would select a single Systems Integrator to manage a long-term partnership of vendors that would build and integrate the required capabilities. The Systems Integrator would propose ownership and operating strategies based on the individual service being performed.

▪ For example, a given service could be government-owned/contractor-operated (GOCO), where TPO management maintains primary responsibility for developing and deploying the increments and employs contract staff to perform noncore functions, such as intake and document issuance. Alternatively, the service could be contractor-owned/contractor-operated or fully privatized.

➢ USCIS is now considering acquiring services through a competitive subcontracting process to support the transformed work process.*

▪ In this proposal, each service would be procured separately, integrated, and deployed in an incremental fashion.

▪ USCIS would determine an appropriate ownership and operating strategy for each service as part of the procurement process.

*GAO has not assessed USCIS' proposed acquisitions strategy. However, we have previously identified practices and underlying critical success factors that provide the basis for an effective IT outsourcing process (see GAO-02-214 and GAO-03-371).

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- ➢ According to the Expenditure Plan and agency officials, fiscal year 2006 transformation activities were funded by direct appropriation.
- ➢ In fiscal year 2007, USCIS plans on using a combination of appropriated funds ($47 million) and fee revenue ($53 million) to support the transformation.
  - ▪ To date, USICS has not obligated or expended any fiscal year 2007 budget authority, according to agency officials.
- ➢ Beginning in fiscal year 2008, USCIS intends to allocate revenue derived from premium processing fees to the transformation; these fees are paid by certain customers in exchange for expedited processing and improved access to customer service.*
  - ▪ According to the Expenditure Plan, the agency is not planning to request appropriated funds for the transformation in fiscal year 2008 or beyond.
- ➢ In its Expenditure Plan, USCIS estimates that the agency will take in $139 million in premium processing fees in fiscal year 2008, and between $64 and $71 million for each of the next 4 fiscal years.
- ➢ USCIS has estimated total transformation costs to be approximately $536 million from fiscal year 2006 through fiscal year 2012. However, these estimates were based on a GOCO approach to acquisitions—an approach the agency is not pursuing.
- ➢ Because USCIS is still considering its acquisitions approach, these figures are subject to change. According to USCIS, the estimated $536 million is the maximum amount the agency expects to spend on the transformation during this time period.

*The fee for the premium processing service is set by regulation at $1,000. 8 C.F.R § 103.7 (b) The regulations governing the service are found at 8 C.F.R. § 103.2(f).

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➢ USCIS established its current Transformation Program in February 2006 with the creation of the Transformation Program Office (TPO).

USCIS Deputy Director

USCIS Executive Management	Chief, Transformation Program Office	CIO

Legal Counsel	Deputy Chief	Strategist

Program Support Division	Increment Mgmt Division	Change Mgmt Division	Enterprise Architecture Division
Contracts Mgmt Chief	Adoptions Chief	Change Mgmt Chief	Performance Chief
Budget and Performance Mgmt Chief	BSS Chief	Communications Chief	Business Chief
Quality and Risk Mgmt Chief	Digitization Chief	Training Chief	Service Component Chief
	Enumeration Chief	Cross Functional Support	Data Chief
			Technical Chief

IT Lead	Business Lead	Change Mgmt Lead

Integrated Project Teams

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<table>
<tr><td colspan="5">G A O
Accountability * Integrity * Reliability</td><td>Objective 1</td></tr>
<tr><td colspan="6">➢ USCIS' plans and subsidiary plans partially or fully address most key practices for organizational transformations.</td></tr>
</table>

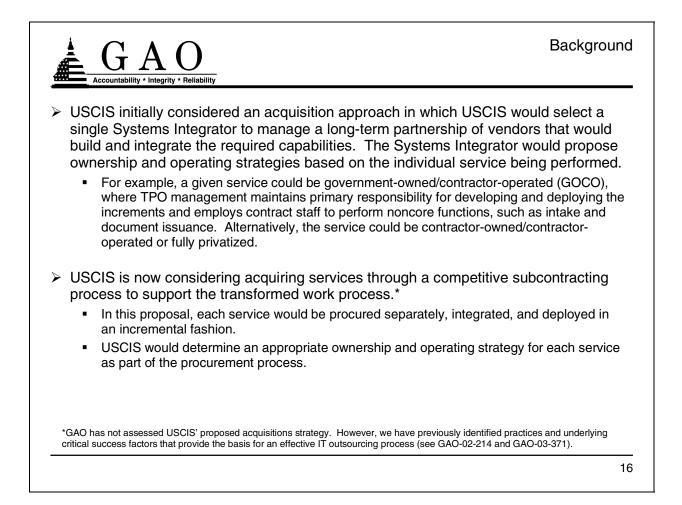| Key practice	Fully addressed	Partially addressed	Not addressed	Summary of findings
1. Ensure top leadership drives the transformation.	✓			USCIS has taken several actions to ensure top leadership drives the transformation, such as establishing a Transformation Program Office that directly reports to the USCIS Deputy Director.
2. Establish a coherent mission and integrated strategic goals to guide the transformation.	✓			USCIS has established a mission, vision, and strategic goals in its Strategic Plan that could be used to guide the transformation.
3. Focus on a key set of principles and priorities at the outset of the transformation.	✓			USCIS has identified priorities and a succinct set of core values with which to guide the transformation and help build a new agencywide culture.
4. Set implementation goals and a timeline to build momentum and show progress from day one.		✓		USCIS has established high-level implementation goals and a timeline for the transformation, but has not shared them with all employees and stakeholders, a step that would help build momentum and illustrate progress.
5. Dedicate an implementation team to manage the transformation process and involve key stakeholders.		✓		USCIS has dedicated an implementation team to manage the transformation and involved stakeholders on an as-needed basis; however, its Federal Stakeholder Advisory Board has not yet convened.
6. Use the performance management system to define responsibility and assure accountability for change.			✓	USCIS is not using its performance management system to define expectations and hold employees accountable for the transformation.
7. Establish a communication strategy to create shared expectations and report related progress.		✓		USCIS has completed an initial communication strategy and begun exchanging information with employees and stakeholders. However, the strategy for 2008 and beyond is not clearly defined, and lacks an effective approach for communicating with stakeholders.
8. Involve employees to obtain their ideas and gain ownership for the transformation.	✓			USCIS has taken several steps to involve employees in the transformation, and is planning for additional involvement as the transformation progresses.
9. Build a world-class organization using leading practices in strategic human capital management, performance measurement, and IT management.		✓		USCIS is conducting benchmarking research to identify leading business processes but its plans do not adequately consider IT management controls, strategic human capital management, and performance measurement to build a world-class organization.

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Practice 1. Ensure top leadership drives the transformation

Actions Planned or Taken

➢ USCIS has established the TPO with an allocation of 20 full-time employees to oversee and manage the transformation.

  ▪ In contrast to earlier reform efforts, the TPO was established as a direct report to the USCIS Deputy Director rather than placing the program within a USCIS office.

➢ USCIS has also dedicated financial resources, such as fee revenues derived from premium processing, to support and fund transformation activities.

➢ USCIS created a Transformation Leadership Team, which is the primary decision-making body for the program. This team includes the USCIS Deputy Director, Chief of Staff, Chief Counsel, Chief of TPO, Chief Financial Officer, Chief Information Officer, and the Associate Director for each of the agency's three Directorates.

➢ In April 2006, the USCIS Director communicated his commitment to the transformation in his first 100-Day message to the agency.

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Practice 2. Establish a coherent mission and integrated strategic goals to guide the transformation

Actions Planned or Taken

➢ The USCIS strategic plan established a mission and vision that could be used to guide the transformation:

▪ *Mission*: U.S. Citizenship and Immigration Services will secure America's promise as a nation of Immigrants by providing accurate and useful information to our customers, granting immigration and citizenship benefits, promoting an awareness and understanding of citizenship, and ensuring the integrity of our immigration system.

▪ *Vision*: U.S. Citizenship and Immigration Services will strengthen America's future by becoming a customer-focused innovator of benefits processing, a catalyst for citizenship, education, instruction and outreach, a recognized and credible source of useful information, and leading contributor to the security of the United States.

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Practice 2. Establish a coherent mission and integrated strategic goals to guide the transformation

➢ The Transformation Office Strategic Plan also established strategic goals for the transformation that are aligned with the strategic goals of USCIS and DHS.

Transformation Strategic Goals:	USCIS Strategic Goals:	DHS Strategic Goals:	Draft DHS Strategic Goals for 2006-2011:
Goal 1: Create a system that is efficient, consistent, accurate and trusted and will help to secure the nation by ensuring that ineligible individuals are not granted immigration or citizenship benefits, while protecting the privacy rights of individuals and organizations interacting with the agency.	Goal 1: Ensure Security and integrity of the Immigration System	Goal 1: Awareness	Goal 1: Protect the American people, society and economy
1.1 Achieve substantial control of our borders
1.3 Protect lawful trade, travel and immigration
	Goal 2: Provide efficient and customer-oriented immigration benefit and information services	Goal 2: Prevention	
	Goal 3: Increase understanding of citizenship and its privileges and responsibilities	Goal 3: Protection	Goal 2: Build a nimble, effective emergency response system and promote national resilience
Goal 2: Provide the tools to facilitate communication between stakeholders and USCIS and the timely, equitable, and accurate adjudication of benefits.	Goal 4: Ensure flexible and sound immigration policies and programs	Goal 4: Response	Goal 3: Collect, analyze, and share reliable information and intelligence with stakeholders
Goal 3: Provide the tools to enable USCIS to be an innovative, flexible, and accountable organization that invests in its people and infrastructure to ensure cost-effective and consistent results.	Goal 5: Strengthen the infrastructure necessary to achieve USCIS' mission	Goal 5: Recovery	Goal 4: Strengthen DHS core management, policy, and operational integration
		Goal 6: Service	
	Goal 6: Operate as a high-performance organization and position USCIS as an employer of choice	Goal 7: Organizational Excellence	

Source: USCIS Transformation Program Strategic Plan

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Practice 3. Focus on a key set of principles and priorities at the outset of the transformation

Actions Planned or Taken

➢ USCIS has identified a set of 10 principles to guide internal decision making throughout the course of the transformation:

1. Primacy of Purpose	6.	Comprehensive Communication and Collaboration
2. Strategic Business Focus	7.	Efficient Data Collection, Storage, and Access
3. Compliance with Legislative Mandates	8.	Security-in-Depth
4. Interoperability	9.	Privacy
5. Maximum Benefit	10.	Customization

➢ USCIS has also identified a set of priorities for the transformation, including national security, customer service, and operational efficiency. These priorities help to define the mission of the TPO and are reflected in the strategic goals for the transformation.

➢ Finally, the USCIS Strategic Plan lists and defines three core values: Integrity, Respect, and Ingenuity. These values can help build the new culture of the agency and to serve as an anchor as personnel, programs, and processes change.

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<div align="right">Practice 4. Set implementation goals and a timeline to build momentum and show progress from day one</div>
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Actions Planned or Taken

➢ USCIS has set some implementation goals (key events) for the transformation.

USCIS Transformation Key Events*

Milestone	Description	Date
DHS Funding Authorization**	DHS authorized USCIS expenditure of FY06 appropriated funds on planning & pilot projects	Q3FY06
Conduct and Evaluate Initial Increments	Design, develop, implement initial pilots to a) test and evaluate revised business processes & technology solutions, b) support life cycle cost estimation and planning for implementation	Q1FY07 –Q3FY07
Investment Review Board Approval**	Obtain DHS Alternative Selection Milestone approval with focus on acquisition program baseline	Q2FY07
Finalize Increment 1 Components	Finalize business requirements and design of business processes for first increment	Q3FY07
Increment 1 Development and Change Management	Design, develop and test Increment 1. Conduct change management, communications, & training	Q1FY08 – Q4FY08
Implement Increment 1	USCIS customers will begin electronic filing of selected benefits and establishment of accounts. USCIS staff will begin utilizing the electronic case file.	Q1FY09 – Q2FY09
Finalize remaining increments	Develop detailed planning documents for subsequent increments based on experiences of Increment 1	Q3FY09 – Q4FY09
Increment 2 Development and Change Management	Design, develop, and test Increment 2. Conduct change management, communications, & training	Q1FY10 – Q2FY10
Implement Increment 2	Expand electronic filing of additional benefits	Q3FY10 – Q4FY10
Increment 3 Development and Change Management	Design, develop and test Increment 3. Conduct change management, communications, & training	Q1FY11 – Q4FY11
Implement Increment 3	Expand electronic filing of additional benefits	Q1FY12 – Q2FY12
Additional increments as needed	Ongoing identification, development, and change management, & implementation of additional increments	TBD

<div align="right">Source: USCIS Transformation Program Management Plan</div>

*USCIS has noted that dates may shift due to fluctuations in priorities, resources, or nationally critical initiatives.

**According to DHS documentation, this key event has already occurred.

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Practice 4. Set implementation goals and a timeline to build momentum and show progress from day one

Actions Planned or Taken

➢ USCIS has created a timeline for the transformation. Timelines have also been developed for each of the pilot projects.

USCIS Transformation Timeline

| Oct 06 | Jan 07 | Apr 07 | Jul 07 | Oct 07 | Jan 08 | Apr 08 | Jul 08 | Oct 08 | Jan 09 |

Concept of Operations

Strategic Plan

Transformation Pilots

Develop and Deploy Digitization Pilot

Develop and Deploy BSS Pilot*

Develop and Deploy Enumeration Pilot

Develop and Deploy Adoption Pilot

Deploy

Evaluate

Requirements Development

USCIS plans to develop and implement Increments 2 - 4 from FY10 – FY12.

Spend Plan Approval

Acquisition Process for Increment 1

Award IT Services Contract

Increment 1 - Citizenship

*According to USCIS, the BSS pilot will be deployed in three phases. The last two phases will be completed in calendar year 2008.

Source: Timeline provided by USCIS officials

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Practice 4. Set implementation goals and a timeline to build momentum and show progress from day one

Actions Planned or Taken, cont'd.

➢ USCIS has shared these timelines with upper-level management and union leadership through field office presentations conducted by TPO.

Gaps or Limitations

➢ USCIS has not finalized plans to communicate its implementation goals and timelines to all employees and relevant stakeholders, to show that progress is being achieved and to differentiate this transformation effort from past modernization efforts.

▪ USCIS officials said that they were waiting for funding approval to solidify timelines and communicate to employees about key milestone dates.

▪ USCIS' lack of a long-term, comprehensive communication strategy is discussed in further detail under Practice 7.

> A transformation is a substantial commitment that can take years to complete. As a result, agencies should demonstrate progress towards transformation goals and communicate this progress to interested parties and stakeholders. Demonstrating progress towards transformation goals helps to build momentum within the agency, thereby helping to ensure the transformation's successful completion.

Impact

➢ If USCIS is not able to demonstrate incremental progress towards its key transformation goals, the agency runs the risk of losing momentum and employee buy-in.

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Practice 5. Dedicate an implementation team to manage the transformation process and involve key stakeholders

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Actions Planned or Taken

➢ The TPO provides a centralized management structure to oversee all transformation initiatives within USCIS.

➢ Within TPO, an Increment Division is to manage the development and implementation of each increment.
   ▪ Each increment is to be led by an Integrated Project Team (IPT) under the leadership of an Increment Manager.
   ▪ The Increment Manager is to be supported by Business, Information Technology (IT), and Change Management Leads.
   ▪ The responsibilities of the IPT include:
      • Developing a project management plan for each increment to establish the scope, expectations, and management processes, and to identify the roles of IPT members.
      • Developing the work breakdown structure, cost estimates, and performance measures for the increment.

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Actions Planned or Taken, cont'd.

➢ In addition, USCIS has engaged external stakeholders to discuss transformation plans on an as-needed basis.

- USCIS has met with federal agency stakeholders, including US-VISIT, Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP), and the U.S. Department of State (DOS).
  - For example, USCIS and DOS signed a Memorandum of Understanding (MOU) in May 2006. The MOU is intended to enable these agencies to more efficiently share information critical to national security through shared access to each others' systems.

- USCIS has also involved customers and their advocates as stakeholders.
  - For example, in April 2007 the TPO Chief participated in a federal panel to discuss the Inter-Country Adoptions proof of concept at the Joint Council for International Children's Services Conference.

➢ According to USCIS plans, a Federal Stakeholder Advisory Board is to advise on planning and implementation efforts. The board is to include CBP, ICE, US-VISIT, DOJ, DOS, U.S. Department of Labor, U.S. Department of Treasury, the Social Security Administration, and the Office of Management and Budget.

- USCIS has drafted a charter for the board.

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Practice 5. Dedicate an implementation team to manage the transformation process and involve key stakeholders

Gaps or Limitations

➢ To date, the Federal Stakeholder Advisory Board has not convened.
  ▪ TPO officials told us that they plan to involve the board once the transformation plans are approved by DHS and the Office of Management and Budget.

> Successful transformation requires the collaboration of not only the separate components of the agency, but of the agency's business partners as well. Engaging customers and key stakeholders is central to forming the partnerships that are needed to develop and implement the organization's strategies.

Impact

➢ Without adequate involvement from stakeholders and customers, USCIS risks developing or purchasing systems that are not aligned with the strategic direction, priorities, and resources of stakeholder operations and do not meet customer needs.

➢ By only involving stakeholders on an as-needed basis, USCIS limits stakeholders' opportunities to identify issues and mitigation strategies early in the process. Further, the current approach only allows for USCIS to determine when stakeholders need to be involved, rather than allowing stakeholders to identify when their input is needed.

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Practice 6. Use the performance management system to define responsibility and assure accountability for change

Actions Planned or Taken

➢ According to agency officials, TPO officials and selected USCIS senior executives have performance work plans that include expectations related to the transformation.

Gaps or Limitations

➢ The performance work plans have not yet been used to formally evaluate performance.

- TPO leadership told us they used informal methods to hold employees accountable for the transformation, such as discussions at weekly team meetings.
- Note: In their comments, USCIS indicated that the TPO conducted mid-year evaluations for staff in June, 2007 (see enclosure II).

➢ Further, the agency's plans do not discuss the development of transformation-related performance expectations for employees throughout USCIS.

> An agency's performance management system can be a vital tool for aligning employees with desired results and creating a "line of sight" showing how team, unit, and individual performance can contribute to overall organizational results.
>
> To be successful, transformation efforts must have leaders, managers, and employees who have the individual competencies to integrate and create synergy among the multiple organizations involved in the transformation effort.
>
> Individual performance and contributions can be evaluated on transformation-related competencies such as change management, cultural sensitivity, teamwork and collaboration, and information sharing.

Impact

➢ By not establishing transformation-related performance expectations for its employees, USCIS will be hampered in its ability to hold executives and other employees accountable for achieving the goals of the transformation.

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Practice 7. Establish a communication strategy to create shared expectations and report related progress

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Actions Planned or Taken

➢ According to agency officials, USCIS has:

- Established a Change Management Division (CMD) within TPO, which is responsible for managing the messages and communications that are distributed to the various TPO stakeholders.

- Completed an initial Communication Strategy to guide communications efforts.

- Created communication planning documents that cover three of the four pilot projects, which are underway and scheduled to be implemented and evaluated by the end of 2007.
  - According to USCIS officials, the communications plan for the Biometric Storage System pilot will be completed by August 15, 2007.

- Solicited a contractor to provide recommendations for future change management planning. According to officials, this study will be used to identify change management and training needs.

- Begun to communicate to staff regarding the transformation through activities such as:
  - Sending electronic newsletters
  - Visiting field offices and conducting presentations
  - Launching a transformation intranet site
  - Conducting focus groups with employees

- Identified additional communication tools to be used in the future, such as a survey tool, points of contact embedded in the field, and "frequently asked questions" documents.

➢ Union officials told us that they have seen unprecedented attention to change management during this transformation compared to previous modernization efforts.

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Practice 7. Establish a communication strategy to create shared expectations and report related progress

Gaps or Limitations

➢ USCIS' Communications Strategy has several limitations:
  ▪ Few planned activities in the strategy extend past the current fiscal year. In addition, the timing of certain activities is vague, and some activities are behind schedule.
  ▪ The strategy does not offer an effective approach to engage government partners and stakeholders. Plans are not tailored to the needs of individual partners and stakeholders, and do not contain a sufficient level of detail to guide future communications.

➢ The CMD Division is not fully staffed— two of the five CMD positions are vacant.

➢ Union officials we spoke with said that communicating to employees was the most important issue that needed to be addressed for a successful transformation and indicated that additional agencywide communications about the transformation were needed.
  ▪ According to these officials, in some service centers employees were given limited time to obtain and review agency communications and may need additional opportunities to learn about the transformation.

> Communication is key to the success of any organizational transformation. We have found that the time spent on delivering messages to employees about a transformation should not be underestimated. To that end, creating an effective, on-going communication strategy is essential. A comprehensive communication strategy:
> •reaches out to employees, customers, and stakeholders and seeks to genuinely engage them in the transformation process,
> •ensures consistency of message,
> •encourages two-way communication, and
> •provides information early and to meet specific needs of employees.
>
> An effective communication strategy can help USCIS build trust and diminish uncertainty among employees, resulting in increased support for the transformation.

Impact

➢ Without an effective communication strategy, USCIS risks undermining support for the transformation by creating uncertainty and mistrust among employees about the changes.

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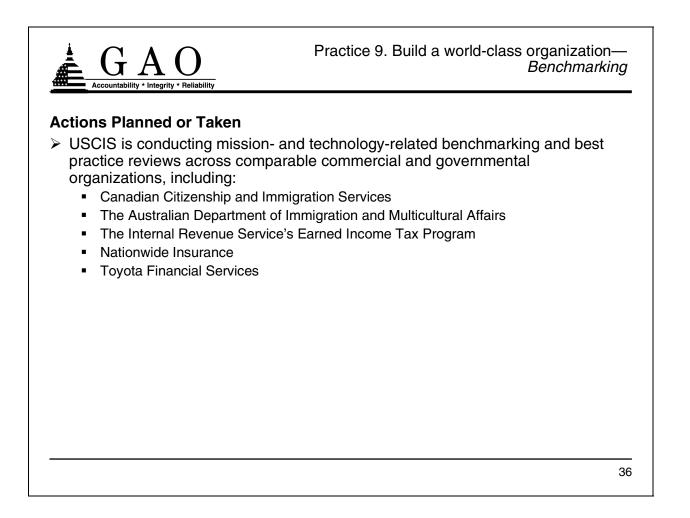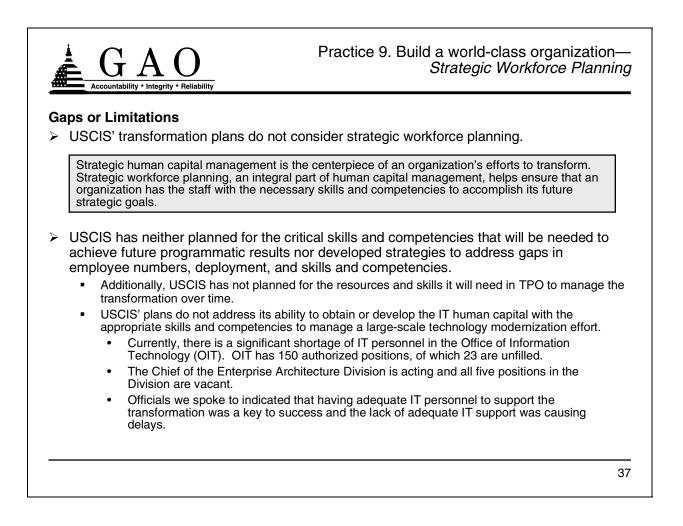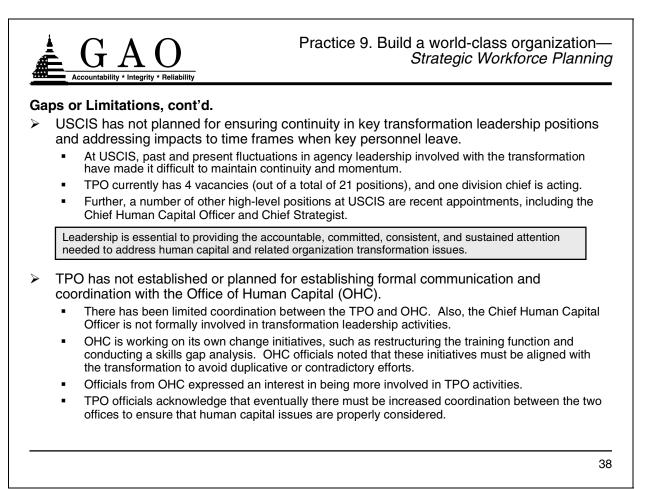Accountability * Integrity * Reliability

Practice 8. Involve employees to obtain their ideas and gain ownership for the transformation

Actions Planned or Taken

➢ USCIS conducted 71 focus groups and 9 individual interviews with staff from its Field Offices, Regional Offices, District Offices, Asylum Offices, and Service Centers to obtain feedback on the transformation, information on change management issues, and provide a forum to hear concerns.

  ▪ According to agency officials, information gathered from focus groups will be used to create feedback surveys and to develop messages and web page content.

➢ USCIS assigned a union representative to the TPO.

  ▪ The union representative noted that this arrangement has resulted in a new and better way for management and the union to work together outside of traditional bargaining, and has saved both time and resources.

  ▪ TPO officials agree that they have benefited from the union's participation in TPO, which has enabled TPO to resolve issues before they become major problems.

  ▪ In addition, officials stated that the collaboration has enabled TPO to identify 85 field employees to serve as points of contact for the transformation.

➢ According to officials, USCIS is engaging employees in work process flow documentation and validation.

  ▪ Through Integrated Project Teams, field staff have been requested to serve as members, subject matter experts for working groups, and pilot testers.

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Practice 8. Involve employees to obtain their ideas and gain ownership for the transformation

Actions Planned or Taken, cont'd.

➢ USCIS plans further involvement, including:

- Holding conference calls with pilot participants in order to gather feedback on the new systems and identify training needs.
- Identifying managers and supervisors as Change Champions, who will assume ownership of the change effort within their offices.
- Using nonmanagerial Points of Contact in designated offices to help organize conference calls, distribute information, and forward employee feedback to TPO.
- Constructing and disseminating a readiness survey to monitor employee attitudes regarding the transformation.

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Practice 9. Build a world-class organization—
Summary

➢ In previous reports, GAO has outlined a number of leading practices that high-performing public and private sector organizations have used to successfully achieve their performance goals and objectives.

➢ USCIS has made efforts to adopt some of these leading practices:
- USCIS has participated in benchmarking to identify other public and private sector organizations processes, practices, and systems that can provide a model for reform.
- In addition, USCIS' transformation strategy discusses plans for addressing some of the range of IT management controls required by a large-scale IT modernization effort.

➢ However, USCIS' planning efforts do not adequately incorporate other important practices:
- USCIS' plans do not consider strategic workforce planning.
- USCIS has not developed clear and measurable performance measures and targets for the transformed agency to show progress towards the goals in its Strategic Plan.
- USCIS officials have stated that they are still in the early stages of developing an enterprise architecture (EA) to help inform future business and technology decisions.

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Actions Planned or Taken

➢ USCIS is conducting mission- and technology-related benchmarking and best practice reviews across comparable commercial and governmental organizations, including:

- Canadian Citizenship and Immigration Services
- The Australian Department of Immigration and Multicultural Affairs
- The Internal Revenue Service's Earned Income Tax Program
- Nationwide Insurance
- Toyota Financial Services

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Strategic Workforce Planning
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Gaps or Limitations

➢ USCIS' transformation plans do not consider strategic workforce planning.

> Strategic human capital management is the centerpiece of an organization's efforts to transform. Strategic workforce planning, an integral part of human capital management, helps ensure that an organization has the staff with the necessary skills and competencies to accomplish its future strategic goals.

➢ USCIS has neither planned for the critical skills and competencies that will be needed to achieve future programmatic results nor developed strategies to address gaps in employee numbers, deployment, and skills and competencies.

- Additionally, USCIS has not planned for the resources and skills it will need in TPO to manage the transformation over time.
- USCIS' plans do not address its ability to obtain or develop the IT human capital with the appropriate skills and competencies to manage a large-scale technology modernization effort.
  - Currently, there is a significant shortage of IT personnel in the Office of Information Technology (OIT). OIT has 150 authorized positions, of which 23 are unfilled.
  - The Chief of the Enterprise Architecture Division is acting and all five positions in the Division are vacant.
  - Officials we spoke to indicated that having adequate IT personnel to support the transformation was a key to success and the lack of adequate IT support was causing delays.

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Practice 9. Build a world-class organization—
Strategic Workforce Planning

Gaps or Limitations, cont'd.

➢ USCIS has not planned for ensuring continuity in key transformation leadership positions and addressing impacts to time frames when key personnel leave.

- At USCIS, past and present fluctuations in agency leadership involved with the transformation have made it difficult to maintain continuity and momentum.
- TPO currently has 4 vacancies (out of a total of 21 positions), and one division chief is acting.
- Further, a number of other high-level positions at USCIS are recent appointments, including the Chief Human Capital Officer and Chief Strategist.

> Leadership is essential to providing the accountable, committed, consistent, and sustained attention needed to address human capital and related organization transformation issues.

➢ TPO has not established or planned for establishing formal communication and coordination with the Office of Human Capital (OHC).

- There has been limited coordination between the TPO and OHC. Also, the Chief Human Capital Officer is not formally involved in transformation leadership activities.
- OHC is working on its own change initiatives, such as restructuring the training function and conducting a skills gap analysis. OHC officials noted that these initiatives must be aligned with the transformation to avoid duplicative or contradictory efforts.
- Officials from OHC expressed an interest in being more involved in TPO activities.
- TPO officials acknowledge that eventually there must be increased coordination between the two offices to ensure that human capital issues are properly considered.

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Practice 9. Build a world-class organization—
Strategic Workforce Planning

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Impact

➢ Without a strategy to address these important human capital issues, USCIS risks:

- Lacking critical talent within TPO and OIT necessary to support a successful transformation;
- Modernizing its technology without developing a workforce that has the right people with the right skills in the right place to use new technologies to achieve the objectives of the transformation;
- Losing momentum and support for the transformation; and
- Developing contradictory or duplicative solutions.

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<td colspan="2" align="right">Practice 9. Build a world-class organization—
Measuring Performance</td>
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Actions Planned or Taken

➢ In the Expenditure Plan, USCIS lists capabilities expected from the transformation program:

▪ Minimize the burden to customers interacting with the agency.	▪ Increase security by accurately identifying individuals at each interaction with USCIS.
▪ Inform customers in a manner most likely to result in understanding and appropriate action.	▪ Increase security by timely sharing of data with partner agencies.
▪ Provide benefits, quickly, consistently, and accurately to those who are entitled.	▪ Improve immigration benefits system integrity by standardizing processes and systems throughout the agency.
▪ Deliver an open and transparent work environment.	
▪ Enable managers to match work and resources on a needs basis.	▪ Improve immigration system integrity by cultivating a culture that respects and protects privacy.
▪ Provide a work environment that promotes success.	▪ Improve ability to detect and investigate fraudulent activity through improved tools and data access.

➢ In addition, USCIS is developing a Performance Measurement Plan that describes TPO performance measurement methodologies, presents draft TPO measures, and defines roles and responsibilities.

➢ However, it is unclear the extent to which TPO will be involved in the development of performance measures going forward. For example, the agency has stipulated in its draft Statement of Objectives that bidding contractors should provide a Quality Assurance and Surveillance Plan that includes performance goals and acceptable quality levels. This plan will be part of the contract that TPO ultimately awards.

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Practice 9. Build a world-class organization—
Measuring Performance

Gaps or Limitations

➢ While USCIS has developed some measures related to the transformation, the draft Performance Measurement Plan does not have targets associated with these measures.

➢ In addition, many of the measures are ill-defined or difficult to evaluate.

   ▪ For example, one measure in the plan is "Quality of IDDMP data."

> Measuring performance allows organizations to track the progress they are making toward their goals and gives managers crucial information on which to base their organizational and management decisions. Leading organizations recognize that performance measures can create powerful incentives to influence organizational and individual behavior.
>
> Successful performance measures are results-oriented, objective, reliable, balanced, limited to the vital-few, measurable, and aligned with organizational goals.

Impact

➢ Without articulating clear performance measures and targets, USCIS risks developing or selecting new business processes and systems/services that will not achieve the goals of the transformation.

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Practice 9. Build a world-class organization—
IT Management

Actions Planned or Taken

➢ USCIS' transformation strategy describes some of the range of IT management controls required by a large-scale IT modernization effort, such as risk management, quality management, configuration management, and earned value management, among others.

- Note: GAO did not evaluate the quality of these controls.

Gaps or Limitations

➢ According to agency officials, USCIS is early in the process of developing an EA. For example, agency officials noted that work has just begun on the service reference model and business reference model.

- This means that USCIS is proceeding with its transformation plans without key elements of its EA.

➢ The Chief of the EA Division is acting and all five positions in the Division are vacant.

> Our research and experience with federal agencies has shown that executing modernization projects without sufficiently defined enterprise architecture increases the chances of acquiring systems/services that are duplicative, not well integrated, and do not provide promised capabilities on time and within budget.

Impact

➢ It is important that USCIS have a well-defined EA that is aligned with the DHS EA. Without such a context to provide a common frame of reference to guide and constrain the transformation, USCIS risks investing in programs and systems/services that are duplicative, are not interoperable, and do not optimize mission operations for USCIS and DHS.

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➢ USCIS plans provide some information on transformation costs and revenues, but according to USCIS, the cost estimates remain uncertain. In addition, plans do not sufficiently address enterprise architecture alignment and expected project performance.

Congressionally requested information	Fully addressed	Partially addressed	Not addressed	Information provided by USCIS
1. All resources associated with transformation efforts (appropriations and fees), including a detailed breakout of costs for fiscal year 2007, and the impact of availability of fee revenue.		✓		USCIS' Expenditure Plan indicates that the transformation will cost up to $536 million through 2013. However, USCIS expects costs to be lower, since its estimates were based on a higher-cost acquisitions approach—an approach the agency is not pursuing. Available resources for the transformation include $81.6 million appropriated in fiscal years 2006 and 2007, and $463.9 million in fee revenues beginning in fiscal year 2007. While the plan does not detail the impact of availability of fee revenue overall, it does state that estimated fee support for fiscal year 2007 will be $12 million below initial budget estimates. The $12 million will be used to fund core operations instead. However, USCIS believes the level of fee revenue currently projected will be sufficient to support transformation programs.
2. Information on the alignment of the transformation process with DHS's enterprise architecture.		✓		USCIS' approach to aligning its transformation to the DHS EA is to (1) develop its own EA that is aligned to the DHS EA and to use its EA to guide IT modernization decision making and (2) comply with the DHS process for aligning programs to the DHS EA. USCIS has begun developing aspects of an EA, but much remains to be done. It is following DHS' process for aligning programs to the DHS EA. However, we have reported this process is limited because it does not include criteria or a methodology for determining alignment.
3. Details on expected project performance and deliverables.		✓		USCIS provides a high-level discussion of expected deliverables and performance capabilities, such as providing a work environment that promotes success. However, plans do not include clear and measurable performance measures and targets for transformation projects or for the transformed agency.

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1. Resources associated with transformation efforts, including a detailed breakout of costs for fiscal year 2007, and the impact of availability of fee revenue.

➢ The Expenditure Plan includes information on how resources will be allocated across components of the transformation in fiscal year 2007:

Transformation component	Prior year carryover	FY 07 funding*
Planning	0	$23.0
Operations and Maintenance	0	19.3
Increment One Development Cost for IT Services	0	45.8
Security	0	7.9
Management Reserve	0	4.0
Total	**0**	**$100.0**

* Dollars in millions

➢ In fiscal year 2007, USCIS reported having $100 million in budget authority, available until expended, for the business transformation. This amount includes $47 million appropriated in the 2007 DHS Appropriations Act and $53 million from fee collections.

➢ The Expenditure Plan discusses the impact of availability of fee revenue for fiscal year 2007.

  ▪ According to the Expenditure Plan, USCIS revised estimated fee support for fiscal year 2007 transformation activities from $65 million to $53 million and will use the excess revenue to fund its core operations. USCIS considers this level of support to be sufficient.

  ▪ Agency officials did not express concern that fee revenues would fall short of projections in fiscal year 2007 or beyond.

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1. Resources associated with transformation efforts, including a detailed breakout of costs for fiscal year 2007, and the impact of availability of fee revenue.

➤ The Expenditure Plan also includes information on total resources to be directed towards transformation efforts, including a more detailed breakout of costs for fiscal year 2007.

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	Total
Planning:								
Program Management	$5.85	$11	$10.2	$4.3	$4.3	$4.3	$4.3	
Change Management	1.5	6	4.4	1.8	1.8	1.8	1.8	
Reengineering/ Requirements/Enterprise Architecture	1.5	4	4.4	1.8	1.8	1.8	1.8	
Independent Verification & Validation	0	2	2.9	1.2	1.2	1.2	1.2	
Acquisition and Implementation:								0
Secure Information Mgt. System	0	59.2	4.5	3.4	2.2	5.6	0	
Scheduler	0	2.0	0	0	0	0	0	
Data Warehouse	0	1.8	1.2	.1	0	0	0	
Electronic Filing / Prepopulation	0	4.0	.1	.6	0	0	0	
Knowledge Management	0	2.8	0	0	0	0	0	
Data Sharing / ESB	2.6	0	0	0	0	0	0	
Digitization	3.4	3.3	3.4	3.5	3.7	.1	0	
Enumeration	2.3	0	0	0	0	0	0	
Biometric Storage System	2.6	1.8	0	0	0	0	0	
Adoption	1.1	2.0	0	0	0	0	0	
Hardware and Software	3.8	14.1	17.4	3.6	3.6	3.6	3.6	
Operations and Maintenance	10.0	19.3	36.7	45.2	46.5	48.7	48.1	
Security	0	7.9	3.3	3.3	3.3	3.3	3.3	
Total	$34.65	$141.2	$88.5	$68.8	$68.4	$70.4	$64.1	**$536.05**

*Dollars in millions. Estimated program costs for FY07 amounted to $141.2 million, exceeding the $100 million in budget authority. However, USCIS does not anticipate a shortfall, because aspects of Increment 1 planned for FY07 will not be implemented until the end of FY08, when FY08 funds are available.

➤ The estimates above represent costs for IT services in a government-owned, contractor-operated acquisitions approach. However, USCIS has not yet finalized its acquisitions approach, and anticipates costs to be lower.

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1. Resources associated with transformation efforts, including a detailed breakout of costs for fiscal year 2007, and the impact of availability of fee revenue.

➢ According to a provision in USCIS' proposed new fee rule, starting in fiscal year 2008 all premium processing fees will be dedicated to USCIS' business transformation efforts.

  ▪ Agency officials indicated that USCIS does not intend to seek direct appropriations for the transformation in fiscal year 2008 or beyond.

➢ In its Expenditure Plan, USCIS projects that fee revenue from premium processing fees will equal costs beginning in fiscal year 2009.

	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Direct Appropriated	34.65	47.0	0	0	0	0	0
Fee Revenue	0	53.0	139.2	**68.8**	**68.4**	**70.4**	**64.1**
Total	34.65	100.0	139.2	68.8	68.4	70.4	64.1

* Dollars in millions

➢ However, in USCIS' Exhibit 300 form, submitted in September 2006, the agency estimated that premium processing fees would amount to $139 million per year for fiscal years 2008 through 2011, and approximately $151 million in fiscal year 2012.

➢ In addition, data obtained from agency officials indicates that the amount USCIS has collected in premium processing fees has historically been much higher than the estimates given in the Expenditure Plan:

	FY02*	FY03	FY04	FY05	FY06
Amount USCIS collected in Premium Processing Fees	111.0	159.7	201.5	139.1	160.0

* Dollars in millions. Note: Fiscal year 2002 is the first full year that USCIS was authorized to collect Premium Processing Fees.

  ▪ Officials have noted that premium processing fees are traditionally a fairly stable revenue source.

➢ USCIS estimates that the transformation may cost up to $501 million from fiscal year 2007 to 2012. However, using USCIS' previous estimate of annual premium processing fees ($139 million per year), the agency could have available $834 million in funds for the transformation during this same time period.

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<tr><td colspan="2">G A O
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- In addition to creating its own EA, USCIS' strategy for aligning the transformation with DHS' EA involves following established departmental processes.
- The process involves submitting a number of alignment documents to the DHS Enterprise Architecture Center of Excellence (EACOE), which is responsible for ensuring architecture alignment reviews are conducted during the investment review process.
- The table below shows TPO's schedule for completing EA alignment documents:

Enterprise Architecture Program Alignment Document	Estimated Date	Date Submitted to EACOE*
Program Alignment Decision Request Package Template	March 2007	April 2007
Program Alignment Matrix	March 2007 (updated in July/ after solutions architect selection)	April 2007
Program Alignment Mapping to DHS OCIO Portfolios	March 2007	April 2007
Program Alignment Mapping to Lines of Business	March 2007	April 2007
DHS Privacy Office Privacy Threshold Analysis	March 2007	Not yet submitted
Program Alignment Data Architecture Mapping	July 2007	Not yet submitted
EDMO Metadata Management Criteria	After solutions architect selection	Not yet submitted
Program Alignment Mapping Technology Standards	After solutions architect selection	Not yet submitted
Security Activity Alignment	After solutions architect selection	Not yet submitted
EACOE – Section 508 Review Criteria and Instructions	After solutions architect selection	Not yet submitted

*According to USCIS officials   Source: USCIS Expenditure Plan

- GAO has not assessed the quality of these alignment activities and documents.
- However, we have previously reported that DHS' EA alignment process lacks a methodology and criteria to judge programs' alignment with DHS' architecture. We also recently reported that the DHS EA was missing important content, thus limiting its completeness, consistency, and usability. DHS has since issued a new version of its EA that it reports addresses many of our concerns. We have not reviewed this latest version.

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2. Alignment of the transformation process with DHS's enterprise architecture

➢ Furthermore, USCIS' schedule does not indicate its plans for completing performance-related documents.

  ▪ According to USCIS' Chief Information Officer, USCIS has just begun work on a performance model.
  ▪ As stated previously, USCIS lacks clear and measurable performance measures and targets for the transformed organization that could be used to create such alignment.

> According to federal guidance, agency enterprise architectures should include key architectural elements, including a performance model. Performance models are intended to provide a common set of general performance outputs and measures for agencies to use to achieve business goals.

➢ Officials also stated that USCIS coordinates with several DHS EA working groups. For example, it interacts with the Service Oriented Architecture Tactical Focus Group, which is responsible for developing a common DHS-wide methodology and standards for implementing service provisioning.

➢ Given that DHS' EA is incomplete and USCIS' EA is still in the early stages, USCIS may encounter difficulties as it attempts to align its EA to DHS' architecture. While USCIS is taking steps to follow DHS' process for aligning transformation activities to the DHS EA, this process has significant shortcomings. Because of these factors, USCIS may face challenges as it attempts to modernize its systems in a way that promotes interoperability, minimizes redundancy, and optimizes mission performance.

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3. Details on expected project performance and deliverables
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➢ USCIS has not provided details on expected project performance in its Transformation Program Strategic Plan or Expenditure Plan.

➢ USCIS has a Project Management Plan for each pilot program, which includes:
  ▪ Project schedule
  ▪ Roles and responsibilities of project team
  ▪ Associated deliverables

➢ However, as noted earlier, USCIS has not identified specific performance measures and targets for the pilots or increments.

➢ USCIS officials told us that expected project performance and deliverables for Increment 1 are under development.

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Conclusions

➢ USCIS is charged with providing immigration and citizenship services and benefits, ensuring the integrity of the nation's immigration system, and contributing to the nation's security. Further, USCIS faces a significant increase in workload from proposed immigration reform legislation. To accomplish this efficiently and effectively, USCIS must transform from its current unreliable, inefficient, and paper-intensive environment.

➢ Organizational transformations require sustained commitment and resources. USCIS has taken the first steps in addressing problems identified with past efforts to modernize by demonstrating top leadership commitment; dedicating people and resources to the transformation; establishing a mission, vision, and integrated strategic goals; focusing on a key set of priorities and defining core values; establishing a timeline; and involving employees.

➢ High-performing organizations have found that using performance measures and targets can help track progress towards goals, provide data to inform programmatic decisions, and create a results-oriented culture within the transformed agency. USCIS has not established a clear and measurable set of performance measures and targets for the transformed agency.

➢ Because people are an organization's most important asset, strategic human capital management, including workforce planning, should be at the centerpiece of any effort to transform government agencies. Although some human capital planning is taking place at USCIS, it is being done separately from planning for the transformation. Further, USCIS has not outlined a strategy to address past and present fluctuations in key transformation leadership positions.

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Conclusions

➢ An effective employee performance management system can be an important strategic tool in driving internal change and achieving desired results. USCIS has incorporated transformation-related expectations and competencies into performance plans for TPO officials. However, USCIS has not yet developed transformation-related performance expectations and competencies for all of its executives and employees to hold them accountable for achieving the goals of the transformation.

➢ An important key for planning successful transformations is communicating early and often to build trust among employees and stakeholders and help them to understand upcoming changes. USCIS has made efforts to communicate present and future transformation activities, and has developed an overall Communication Strategy. However, this strategy does not contain a clear, long-term approach for the agency to share information over the course of the transformation, and does not provide a detailed plan for meeting the specific needs of government stakeholders.

➢ It is important that USCIS acquire IT systems and services in a way that employs leading IT management practices, such as those embodied in federal guidance that we and others have issued relative to enterprise architecture management, IT systems development and acquisition, and IT services acquisition. By doing so, USCIS can better ensure that its system and service modernization projects perform as intended, are delivered on time and within budget, and otherwise support optimal agency mission performance. Thus far, its architecture management efforts fall short of such practices in that the USCIS architecture lacks, among other things, a performance component. Further, while USCIS is following established departmental processes for aligning its transformation program with the DHS enterprise architecture, these processes are limited because they do not include explicit alignment criteria and an associated methodology, and because the DHS enterprise architecture is not yet sufficiently complete.

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Recommendations for Executive Action

➢ To improve its transformation strategy and fully address congressionally requested information, we recommend that the Secretary of Homeland Security direct the Director of USCIS to:

▪ Document specific performance measures and targets for the pilots, increments, and the transformed organization that are outcome-oriented, objective, reliable, balanced, limited to the vital-few, measurable, and aligned with organizational goals.

▪ Increase USCIS' focus on strategic human capital management for the transformation, including:

- Increasing coordination between TPO and OHC to ensure transformation and human capital change initiatives are aligned.

- Planning for the number and types of human resources required in TPO to carry the transformation through 2012.

- Planning for obtaining and developing the IT human capital necessary to support the transformation.

- Determining the critical skills and competencies that will be needed to achieve future programmatic results as well as strategies to address gaps in employee numbers, deployment, and skills and competencies.

- Addressing continuity in key transformation leadership positions and addressing impacts to time frames when key personnel leave.

- Use performance expectations and competencies to hold USCIS executives and employees accountable for achieving the goals of the transformation.

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Recommendations for Executive Action

- Complete a comprehensive communication strategy that involves communicating early and often to build trust, ensuring consistency of message, and encouraging two-way communication. Further, the communication strategy should address:
  - Plans for communicating implementation goals and timelines to demonstrate progress.
  - Plans for formally engaging internal and external stakeholders throughout the transformation, and tailoring information to meet these stakeholders' specific needs.
  - Plans for a long-term, detailed strategy to share information with employees and stakeholders over the course of the transformation.

- Continue to develop an enterprise architecture that sufficiently guides and constrains the transformation plans, as DHS works to address limitations in its own enterprise architecture and alignment processes.

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<td>Appendix 1: Description of Key Practices for
Organizational Transformations</td>
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Practice	Description
1. **Ensure top leadership drives the transformation.**	Leadership must set the direction, pace, and tone and provide a clear, consistent rationale that brings everyone together behind a single mission.
2. **Establish a coherent mission and integrated strategic goals to guide the transformation.**	A clear mission and strategic goals must become the focus of the transformation, define the culture, and serve as a vehicle for employees, customers, and stakeholders to rally around. Further, effective implementation of this practice includes adopting leading practices for results-oriented strategic planning and reporting, such as establishing specific, measurable, outcome-oriented performance measures for the transformed organization.
3. **Focus on a key set of principles and priorities at the outset of the transformation.**	A clear set of principles and priorities serves as a framework to help the agency create a new culture and drive employee behaviors. Principles are the core values of the transformed organization and remain valid and enduring while organizations, personnel, programs, and processes may change.
4. **Set implementation goals and a timeline to build momentum and show progress from day one.**	It is essential to track implementation goals and establish a timeline to pinpoint performance shortfalls and suggest midcourse corrections. Also, by demonstrating progress towards transformation goals, the agency builds momentum.
5. **Dedicate an implementation team to manage the transformation process and involve key stakeholders.**	Dedicating a strong and stable implementation team that will be responsible for the transformation's day-to-day managements is important to ensuring that it receives the focused, full-time attention needed to be sustained and successful.

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Practice	Description
6. **Use the performance management system to define responsibility and assure accountability for change.**	A performance management system can be a vital tool for aligning the organization with desired results and creating a "line of sight" showing how team, unit, and individual performance can contribute to overall results.
7. **Establish a communication strategy to create shared expectations and report related progress.**	A transforming organization must develop a comprehensive communication strategy that reaches out to employees, customers, and stakeholders and seeks to genuinely engage them in the transformation process. This includes communicating early and often to build trust, ensuring consistency of message, encouraging two-way communication, and providing information to meet specific needs of employees.
8. **Involve employees to obtain their ideas and gain ownership for the transformation.**	A successful transformation must involve employees and their representatives from the beginning to gain their ownership for the changes that are occurring in the organization. This includes involving employees in planning and sharing performance information and incorporating employee feedback into new policies and procedures.
9. **Build a world-class organization using leading practices in strategic human capital management, performance measurement, and IT management.**	Building on a vision of improved performance, the organization adopts the most efficient, effective, and economical personnel, system, and process changes and continually seeks to implement best practices.

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Appendix 2: Sources For Good Management Practices Used in This Review

Key Practices for Organizational Mergers and Transformations

➢ Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations, GAO-03-669 (Washington, D.C.: July 2, 2003)

➢ Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies, GAO-03-293SP (Washington, D.C.: November 14, 2002)

Strategic Human Capital Planning

➢ Human Capital: Building on the Current Momentum to Transform the Federal Government, GAO-04-976T (Washington, D.C.: July 20, 2004)

➢ Human Capital: Federal Workforce Challenges in the 21st Century, GAO-07-556T (Washington, D.C.: March 6, 2007)

➢ Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success, GAO-03-488 (Washington, D.C.: March 14, 2003)

➢ Human Capital: Key Principles for Effective Strategic Workforce Planning, GAO-04-39 (Washington, D.C.: December 11, 2003)

Information Technology Management

➢ Information Technology Investment Management: A Framework for Assessing and Improving Process Maturity, GAO-04-394G (Washington, D.C.: March 1, 2004)

➢ Information Technology: Leading Commercial Practices for Outsourcing of Services, GAO-02-214 (Washington, D.C.: November 30, 2001)

➢ Information Technology: A Framework for Assessing and Improving Enterprise Architecture Management, GAO-03-584G (Washington, D.C.: April 1, 2003)

Performance Measurement

➢ Comptroller General's Forum: High-Performing Organizations: Metrics, Means, and Mechanisms for Achieving High Performance in the 21st Century Public Management Environment, GAO-04-343SP (Washington, D.C.: February 13, 2004)

➢ Managing For Results: Enhancing Agency Use of Performance Information for Management Decision Making, GAO-05-927 (Washington, D.C.: September 9, 2005)

➢ Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures, GAO-03-143 (Washington, D.C.: November 22, 2002)

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Enclosure II

Homeland Security

June 25, 2007

Ms. Bernice Steinhardt
Director, Strategic Issues
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Steinhardt:

    RE: Draft Report: USCIS Transformation: Improvements to Performance,
    Human Capital, Communications, and Information Technology Management
    Needed as Modernization Proceeds (GAO-07-1013R)

The Department of Homeland Security (DHS) appreciates the opportunity to comment on the Government Accountability Office's (GAO's) draft report. We thank you for the comprehensive review and value added recommendations. As discussed in your meetings with U.S. Citizenship and Immigration Services (USCIS), the Spend Plan and Strategic Plan GAO reviewed narrowly focused on the business process aspects of USCIS Transformation and not the large scale agency improvements also underway. We emphasize this distinction to give context for the readers of the GAO report.

The following represents USCIS' response to the recommendations contained in the draft report. As indicated below, USCIS was in the process or has begun implementing GAO's recommendations.

Recommendation 1: Document specific performance measures and targets for the pilots, increments, and the transformed organization that are outcome-oriented, objective, reliable, balanced, limited to the vital-few, measurable, and aligned with organizational goals.

Response: USCIS agrees that performance measures are critical to holding employees accountable and ensuring success of the program. USCIS' Transformation Program Office (TPO) is refining its performance measures. USCIS intends to develop sets of performance metrics that relate to the products and processes delivered as well as the performance related to the manner in which the Transformation Program is managed. USCIS believes that both sets of metrics are necessary to ensure effective management and results. Also, USCIS' Transformation Program Office has begun cascading performance expectations to its staff to ensure goal alignment throughout the program.

www.dhs.gov

USCIS understands that it needs to complete the work associated with identification and base lining of performance metrics and will develop meaningful and measurable criteria.

Recommendation 2: Increase USCIS' focus on strategic human capital management for the transformation.

Response: USCIS agrees that it should increase its focus on strategic human capital and has begun developing a strategy for recruiting, hiring, developing and retaining USCIS personnel. This strategy addresses the skill and competency requirements that USCIS will need to acquire in order to fully realize the benefits of Transformation. Further, USCIS' Transformation Program Office will ensure that proper alignment exists with the Office of the Chief Human Capital Officer and that as shifts are identified in required knowledge, skills, and abilities, appropriate planning is incorporated into the timelines to ensure that offices are properly staffed and trained.

Recommendation 3: Complete a comprehensive communication strategy that involves communicating early and often to build trust, ensuring consistency of message, and encouraging two-way communication.

Response: USCIS is expanding its communication activities and will discuss appropriate information with internal and external stakeholders. USCIS' Transformation Program Office and Office of Communications are revising communication plans and will incorporate the specific recommendations from GAO.

Recommendation 4: Continue to develop an enterprise architecture that sufficiently guides and constrains the transformation plans, as DHS works to address limitations in its own enterprise architecture and alignment processes.

Response: USCIS will continue developing its enterprise architecture and align it with the developing DHS enterprise architecture. Significant work has been completed with the DHS Enterprise Architecture Community of Excellence (EACOE). On June 11, 2007, the EACOE put to a vote and approved the USCIS Transformation Program for Milestone Decision Point One. USCIS will continue to work through the EACOE to ensure alignment and concurrence.

In addition to responding to the recommendations, USCIS wishes to clarify some statements in the cover letter and draft report. Page 1 of the cover letter states "tens of thousands of files that are missing or not easily located." This information was documented in the GAO report titled *Additional Efforts Needed to Help Ensure Alien Files are Located when Needed*, GAO-07-85, October 2006. The USCIS maintains over 67 million physical A-Files and has developed an extensive National File Tracking System (NFTS), to track and manage the movement of these records. The system was designed to improve accountability and has the capability to identify a file's location to not only an office, but to a desk or file cabinet within an office. The NFTS is used by USCIS offices around the world as well as U.S. Immigration and Customs Enforcement

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(ICE) and U.S. Customs and Border Protection (CBP) offices. The deployment of NFTS has facilitated the recovery of thousands of files that were previously identified as "lost" when complete audits and system reconciliation efforts were performed.

USCIS believes the majority of files marked as "lost" are the result of human error and erroneous file tracking entries. It is anticipated that with the deployment of NFTS to its three additional large file control offices, the remaining 12 percent of USCIS files will be accounted for, and the number of files previously thought to be lost will be reduced even further. This transition is expected to be competed by early 2008.

USCIS takes its records management responsibilities seriously and continually explores options to improve its records management program and is taking steps towards transitioning to an electronically managed records keeping environment. Last September, USCIS began a new effort to digitize A-Files. This initiative serves as a starting point for the USCIS electronic re-engineering effort. The effort will gradually eliminate the need for a physical file and eliminate the potential for additional lost files in the future.

Page 3 of the cover letter states, "In addition, while the TPO has established performance expectations for its own staff, it has not formally evaluated the performance of its staff against those expectations." USCIS' Transformation Program Office conducted its mid-year evaluations for staff in early June.

Thank you again for the opportunity to comment on this draft report and we look forward to working with you on future homeland security issues.

Sincerely,

Steven J. Pecinovsky
Director
Departmental GAO/OIG Liaison Office

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(450555)

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