



Highlights of [GAO-08-46](#), a report to congressional committees

Why GAO Did This Study

The Department of Homeland Security (DHS) established the Automated Commercial Environment (ACE) program to replace and supplement existing cargo processing technology. According to the fiscal year 2007 DHS appropriations act, DHS is to develop and submit an expenditure plan for ACE that satisfies certain conditions, including being reviewed by GAO.

GAO reviewed the plan to (1) determine whether the expenditure plan satisfies the legislative conditions, (2) determine the status of 15 open GAO recommendations, and (3) provide observations about the expenditure plan and DHS's management of the program. To address the mandate, GAO assessed plans and related documentation against federal guidelines and industry standards and interviewed the appropriate DHS officials.

What GAO Recommends

GAO is making recommendations to further strengthen ACE management and accountability by disclosing program information in quarterly reports to Congress related to unmet legislative conditions, open GAO recommendations, program changes, and risk management. DHS agreed with GAO's findings and recommendations and described actions that it has under way and planned to address them. Most of the described actions are consistent with GAO's recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-46](#). For more information, contact Randolph C. Hite at (202) 512-3459 or hiter@gao.gov.

INFORMATION TECHNOLOGY

Improvements for Acquisition of Customs Trade Processing System Continue, but Further Efforts Needed to Avoid More Cost and Schedule Shortfalls

What GAO Found

The ACE expenditure plan satisfies many—but not all—of the legislative conditions specified in the fiscal year 2007 DHS appropriations act. Specifically, the plan (with related program documentation and officials' statements) complies with acquisition rules, requirements, guidelines, and management practices of the federal government; includes a DHS certification that an independent verification and validation agent is under contract; was reviewed and approved by DHS and the Office of Management and Budget (OMB); and was reviewed by GAO. In addition, it partially satisfies conditions for meeting the capital planning and investment control review requirements established by OMB in Circular A-11 (part 7), including information security, and for complying with the DHS enterprise architecture.

DHS has implemented eight open GAO recommendations made during the past 4 years, including those related to performance measures and targets, independent verification and validation, cost estimation, and program reporting. Seven other recommendations made during this time are in the process of being implemented. With respect to these seven, DHS has taken steps to satisfy each, such as establishing an accountability framework, reducing overlap and concurrence among ACE releases, and completing a privacy impact assessment, and actions are under way or planned to more fully address them.

GAO is making three new observations about the expenditure plan and the management of ACE. First, the program is taking needed steps to redefine requirements for several ACE releases because of limitations in the completeness of original requirements, but this redefinition is likely to introduce significant program schedule delays and cost increases. Second, the changes to ACE requirements have led to replacement of a key commercial product, but the new product carries the risk of negatively impacting user productivity. Third, the automated database used for managing ACE risks is incomplete and does not contain information needed to adequately inform program decisions.

All told, DHS has continued to make progress on ACE, and the program is better positioned today for delivering promised capabilities and benefits than it has been in the past. Nevertheless, key program management practices relating to, for example, human capital management, requirements management, and risk management remain a challenge, and other management areas, such as information security and architecture alignment, continue to require attention. As a result, GAO sees major program schedule delays and cost overruns on the horizon. To improve ACE management and minimize exposure to risk, it is important for DHS to remain vigilant in its efforts to satisfy ACE legislative requirements, fully implement prior GAO recommendations, and keep Congress fully informed about the program's status, plans, and risk.