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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

August 7, 2009

The Honorable Janet Napolitano
Secretary
U.S. Department of Homeland Security
Washington, D.C.

Dear Madame Secretary:

Thank you for your response to our questions for the record regarding the U.S. Department of Homeland Security financial management system initiative, Transformation and Systems Consolidation, or "TASC." Your answer raises additional questions for us, and we ask that you carefully review this program before a contract is awarded.

We strongly support the Department's efforts to improve its financial management capabilities and to establish systems that can produce timely, accurate, and useful financial information. DHS must exercise additional due diligence, however, to minimize the substantial risk inherent in the Department's proposed solution, TASC.

Past efforts to improve the Department's financial management and reporting systems have been marred by missteps, and in particular, one expensive and disastrous failure - eMerge2. That project was cancelled after the government spent \$52 million with no measurable results. DHS estimates TASC will cost at least \$450 million. History suggests that information technology projects of this magnitude often experience double-digit growth in costs following the contract award. Thus, there are ample reasons to ensure that TASC is carefully examined before a contract award of this magnitude is finalized.

Your answer to our question for the record stated that "the current TASC acquisition plan is adequate from the standpoint of the top-level business case for the program" and "[t]he order of magnitude is consistent with other financial system benchmarks within the Federal government." We are concerned, however, that DHS has not completed the due diligence necessary for such a large and complex acquisition. Such review would include a thorough vetting of the problem statement and an analysis of alternative solutions for these problems, including best practices employed in government and industry. None of these supporting documents has been presented to the Committee to reassure us that the TASC procurement is ready to be awarded.

Since January 20th, you and your management team have focused your attention on issues of national strategic importance. You have undertaken an efficiency review of the

Department. We urge you to consider reviewing TASC as part of this effort. The scope, impact, and potential cost of this contract should be considered by the Department's senior leaders sooner rather than later.

Creating transparency and accountability is critical to effective financial management and governance. Financial management improvement at DHS deserves our collective attention, including a careful analysis of the existing problem and thoughtful implementation of the right solution to maximize benefits and minimize risk to taxpayers.

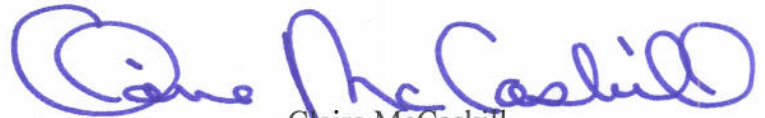
We ask that you delay the TASC contract award until the Department has completed, and presented to the Committee, the business case for the TASC procurement, including a thorough analysis of alternatives. We also ask that you undertake an additional analysis of the TASC program to ensure that you are confident this represents the most cost effective solution to the financial management challenges the Department must overcome. Until this review is completed, we would encourage you to delay issuance of the TASC contract award.

Thank you for your prompt attention to these concerns. If you have any questions, please contact Molly Wilkinson of HSGAC Committee staff at 202-228-3141.

Sincerely,



Susan M. Collins
U.S. Senator



Claire McCaskill
U.S. Senator