



Report to the Ranking Member,
Committee on Homeland Security,
House of Representatives

August 2016

HOMELAND SECURITY

DHS's Chemical, Biological,
Radiological, Nuclear and
Explosives Program
Consolidation Proposal
Could Better Consider
Benefits and Limitations

GAO Highlights

Highlights of [GAO-16-603](#), a report to the Ranking Member, Committee on Homeland Security, House of Representatives

Why GAO Did This Study

Committee reports accompanying the Consolidated and Further Continuing Appropriations Act, 2013, directed DHS to undertake an in-depth review of the department's weapons of mass destruction programs, including potential consolidation of CBRNE mission functions. DHS conducted its review, and in June 2015 provided a report to Congress, including a proposal to consolidate the agency's core CBRNE functions. The Consolidated Appropriations Act, 2016, prohibits DHS from using funds to establish a CBRNE office until Congress approves it.

GAO was asked to review the proposed consolidation of DHS's CBRNE programs. This report discusses: (1) the extent to which DHS's proposal assessed the benefits and limitations of consolidation and (2) GAO's key practices from past organizational transformations that could benefit DHS, should Congress approve the proposed consolidation.

What GAO Recommends

GAO recommends that DHS complete, document, and make available analyses associated with identifying: (1) unintended problems, if any, that consolidation may create; (2) a comparison of the consolidation's benefits and costs; and (3) a broader range of external stakeholder input. Although DHS did not concur, GAO continues to believe that findings documented in the report support the recommendation. DHS concurred with GAO's additional recommendation that should Congress approve DHS's plan, the department use key mergers and organizational transformation practices identified in previous GAO work.

View [GAO-16-603](#). For more information, contact Chris Currie at (404) 679-1875 or curriec@gao.gov.

August 2016

HOMELAND SECURITY

DHS's Chemical, Biological, Radiological, Nuclear and Explosives Program Consolidation Proposal Could Better Consider Benefits and Limitations

What GAO Found

The Department of Homeland Security's (DHS) documentation related to its proposed consolidation of Chemical, Biological, Radiological, Nuclear and Explosives (CBRNE) programs offers some insights into benefits and limitations considered, but the information provided to GAO did not include several key factors to consider when evaluating an organizational consolidation. While developing its consolidation plan, DHS identified strategic goals, such as eight near-term goals to be achieved within the first two years. DHS also considered problems its consolidation is intended to solve, including providing a clearer focal point for external and DHS component engagement on CBRNE issues. However, DHS:

- Did not fully assess and document potential problems that could result from consolidation.
- Did not include a comparison of benefits and costs.
- Conducted limited external stakeholder outreach in developing the consolidation proposal and thus the proposal may not sufficiently account for stakeholder concerns.

Attention to these key areas, identified from GAO's analysis of previous organizational consolidations, would help provide DHS, Congress, and other stakeholders with assurance that important aspects of effective organizational change are addressed as part of the agency's CBRNE reorganization decision-making process.

Key mergers and organizational transformation practices identified in previous GAO work could benefit DHS if Congress approves the proposed CBRNE consolidation. GAO reported in July 2003 on key practices and implementation steps for mergers and organizational transformations that range from ensuring top leadership drives the transformation to involving employees in the implementation process to obtain their ideas and gain their ownership for the transformation. In addition, the practices would be helpful in a consolidated CBRNE environment. For example, overall employee morale differs among the components to be consolidated, making the key practice of employee involvement to gain their ownership for the transformation a crucial step. Also, given the wide range of activities conducted by the consolidated entities, the key practice of establishing a coherent mission and integrated strategic goals to guide the transformation will be important. The Consolidated Appropriations Act, 2016, prohibits DHS from using funds to establish a CBRNE office until Congress approves it, and, as of June 2016, Congress had not approved DHS's consolidation proposal. However, should DHS receive this approval, consulting GAO's key practices would help ensure that lessons learned from other organizations are considered.

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Abbreviations:

CBRN	Chemical, biological, radiological and nuclear
CBRNE	Chemical, biological, radiological, nuclear and explosives
DHS	Department of Homeland Security
DNDO	Domestic Nuclear Detection Office
EOP	Executive Office of the President
FBI	Federal Bureau of Investigation
GSA	General Services Administration
IED	Improvised explosive device
NCR	National Capital Region
NOC	National Operations Center
OBP	Office of Bombing Prevention
OHA	Office of Health Affairs
OMB	Office of Management and Budget
OPS	Office of Operations Coordination
PLCY	Office of Policy
S&T	Science and Technology Directorate
WMD	Weapons of Mass Destruction

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August 11, 2016

The Honorable Bennie G. Thompson
Ranking Member
Committee on Homeland Security
House of Representatives

Dear Mr. Thompson:

Chemical, biological, radiological, and nuclear (CBRN) weapons, also known as weapons of mass destruction (WMD), have the potential to kill thousands of people in a single incident. The anthrax attacks of 2001 raised concerns that the United States is vulnerable to threats from CBRN agents. The 2007 National Strategy for Homeland Security stated that terrorists have declared their intention to acquire and use CBRN agents as weapons to inflict catastrophic attacks against the United States.¹ Additionally, according to the Department of Homeland Security's (DHS) 2014 Quadrennial Homeland Security Review report, chemical, biological, radiological, and nuclear threats are enduring areas of concern and that the consequences of such attacks are potentially high even though the likelihood of their occurrence is relatively low.² Further, the February 2015 National Security Strategy noted that no threat poses as grave a danger to our security and well-being as the potential use of nuclear weapons and materials by irresponsible states or terrorists.³

As noted by the House committee report accompanying the fiscal year 2013 DHS appropriations bill, across the U.S. Government, departments and agencies have combined their CBRN programs into more centralized offices.⁴ Consolidations such as the Federal Bureau of Investigation's (FBI) reorganization of its WMD-related activities into a single WMD

¹White House – Homeland Security Council, *National Strategy for Homeland Security* (Washington, D.C.: October 2007).

²DHS, Quadrennial Homeland Security Review Report, (Washington, D.C.: June 2014).

³White House, *National Security Strategy* (Washington, D.C.: February 2015).

⁴H.R. Rep. No. 112-492, at 12 (2012).

Directorate are intended to unify counterterrorism-related activities.⁵ To this end, the House committee report, as well as the Senate explanatory statement accompanying the Consolidated and Further Continuing Appropriations Act, 2013, directed DHS to undertake an in-depth review of the Department's WMD programs, including potential consolidation of CBRN mission functions, and provide a report of the review results to Congress.⁶ DHS conducted its review, and in June 2015 provided a report of its findings to Congress, including a proposal to consolidate the agency's core chemical, biological, radiological, nuclear and explosives (CBRNE) functions.⁷

You asked us to review the proposed consolidation of DHS's CBRNE programs. Specifically, this report discusses: (1) the extent to which DHS's proposal assessed the benefits and limitations of consolidation and (2) GAO's key practices from past organizational transformations that could benefit DHS, should Congress approve the consolidation.

To address our first objective, we reviewed DHS's June 2015 Chemical, Biological, Radiological, and Nuclear Functions Review Report and supporting documentation such as DHS's Analysis of CBRNE Organizational Alternatives, written testimony from DHS officials on CBRNE threats, DHS's FY 2017 Budget-In-Brief and fiscal year 2017 Congressional Budget Justification, among others. We also examined our prior work on identifying useful practices and lessons learned from major private and public sector mergers, acquisitions, and organizational

⁵Several different FBI investigative divisions once conducted WMD-related activities. In July 2006, the FBI consolidated its WMD investigation and prevention efforts into a WMD Directorate within its National Security Branch. Comprised primarily of Special Agents, Intelligence Analysts, program managers, and policy specialists, the WMD Directorate designs training for employees of the FBI; other federal agencies; state and local law enforcement organizations; and public health, industry, and academia partners. The WMD Directorate also provides national-level WMD intelligence support to FBI field divisions and to the larger U.S. Intelligence Community.

⁶H.R. Rep. No. 112-492, at 13-14 (2012); Senate explanatory statement accompanying the Consolidated and Further Continuing Appropriations Act, 2013, Pub. L. No. 113-6, 127 Stat. 198 (2013).

⁷During its review of CBRN functions at DHS, agency officials determined that Office of Bombing Prevention should be included within the WMD consolidation option. As such, we use CBRNE to denote the inclusion of explosives functions currently covered by DHS Office of Bombing Prevention.

transformations and compared it against available documentation related to DHS's consolidation planning efforts.⁸ We also interviewed officials from the DHS entities involved in the proposed CBRNE consolidation, including officials from DHS's Domestic Nuclear Detection Office (DNDO), Office of Health Affairs (OHA), Office of Operations Coordination (OPS), Science and Technology Directorate (S&T), Office of Bombing Prevention (OBP), and the Office of Policy to obtain information on the review process, subsequent decision-making process, benefits, and limitations of the Secretary of Homeland Security's reorganization decision. Further, we reviewed the documents and information we gathered and evaluated them against *Standards for Internal Control in the Federal Government*.⁹ To address our second objective, we reviewed leading practices on organizational transformation and program management from our prior GAO work and assessed the applicability of these practices to the proposed CBRNE consolidation.¹⁰

We conducted this performance audit from September 2015 through August 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

In June 2015, DHS delivered its CBRNE Functions Review Report to Congress which proposed consolidating the agency's core CBRNE functions (see fig. 1), into a new Office of CBRNE Defense.

⁸GAO, *Streamlining Government: Questions to Consider When Evaluating Proposals to Consolidate Physical Infrastructure and Management Functions*, [GAO-12-542](#) (Washington, D.C.: May 2012).

⁹GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

¹⁰GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (Washington, D.C.: July 2, 2003).

Figure 1: Department of Homeland Security (DHS) Components with Chemical, Biological, Radiological, Nuclear and Explosives (CBRNE) Responsibilities, as of June 2016

Domestic Nuclear Detection Office (DNDO)

- Develop the global nuclear detection and reporting architecture.
- Develop, acquire, and support the domestic nuclear detection and reporting system.
- Characterize detector system performance before deployment.
- Facilitate situational awareness through information sharing and analysis.
- Establish operational protocols to ensure detection leads to effective response.
- Conduct a transformational research and development program.
- Provide centralized planning, integration, and advancement of U.S. government nuclear forensics program.

National Protection and Programs Directorate, Office of Bombing Prevention (OBP)

- The mission of OBP is to protect life and critical infrastructure by building capabilities within the general public and across the public and private sectors to prevent, protect against, respond to, and mitigate bombing incidents.
- Coordinate national and intergovernmental counter-improvised explosive devices (IED) efforts.
- Conduct capabilities analysis and planning support.
- Coordinate information sharing and decision support.
- Conduct counter-IED training and awareness.

Office of Health Affairs (OHA)

- Monitor for dangerous biological agents.
- Analyze data for early signs of chemical and biological threats and plan responses to pandemics.
- Work closely with DHS professionals on the frontlines to keep them healthy and safe.
- Help DHS officials coordinate medical resources and understand health and medical risks during incidents.

Science and Technology Directorate, Chemical and Biological Defense Division (S&T)

- Address chemical and biological threats through comprehensive research, development, testing and evaluation efforts.
- Work with industry, academia, national laboratory and federal partners to develop technologies, systems, and knowledge products to increase national preparedness in threat awareness, biosurveillance, detection and diagnostics, and response and recovery.
- Conduct, analyze, and disseminate chemical and biological risk assessments.

Office of Policy (PLCY)

- Develop, coordinate, facilitate, and evaluate the effectiveness of policies and programs related to countering chemical, biological, radiological, and nuclear threats.
- Scope of the office's work ranges across the spectrums of awareness, prevention, protection, response, and recovery.

Office of Operations Coordination (OPS)

- Employ all department resources to translate intelligence and policy into action.
- Oversee the National Operations Center (NOC) which collects and fuses information from more than 35 federal, state, territorial, tribal, and local agencies, along with the private sector and international partners.

Source: GAO summary of DHS information. | GAO-16-603

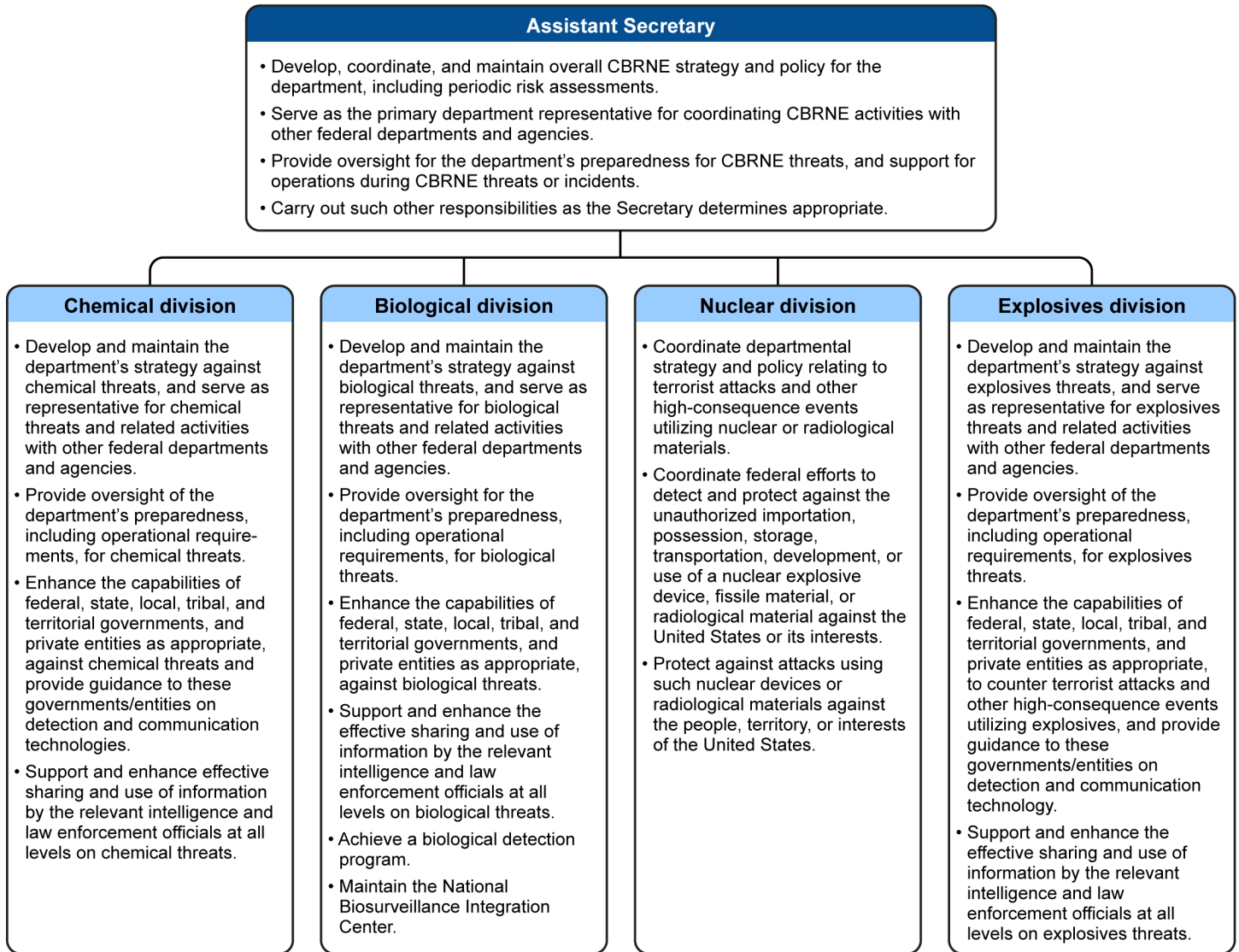
According to DHS officials, the agency's proposal to consolidate its CBRNE functions adopts the primary recommendation from a previous DHS study on CBRN consolidation conducted in 2013. At that time, DHS assembled a review team to evaluate CBRN alignment options and produced a report on its findings for the Secretary of Homeland Security. According to DHS officials, the alignment options from the 2013 report were updated in 2015 based on the Secretary's Unity of Effort Initiative, to

include transferring CBRNE threat and risk assessment functions from the DHS Science and Technology Directorate to the proposed CBRNE Office, as well as including the DHS Office for Bombing Prevention from the National Protection and Programs Directorate.

In December 2015, legislation that would amend the Homeland Security Act of 2002 to establish within DHS a consolidated CBRNE Office was passed in the House and referred to the Senate for consideration.¹¹ This legislation, if approved, would direct the agency to create a new CBRNE office led by an Assistant Secretary responsible for: (1) developing, coordinating, and maintaining DHS's overall CBRNE strategy and policy; (2) developing, coordinating, and maintaining periodic CBRNE risk assessments; (3) coordinating DHS's CBRNE activities with other federal agencies; (4) providing oversight for DHS's preparedness for CBRNE threats; and (5) providing support for operations during CBRNE threats or incidents. As described in figure 2, the new CBRNE Office would be comprised of Chemical, Biological, Nuclear, and Explosives mission support divisions. As of July 2016, this legislation had not been taken up by the Senate.

¹¹H.R. 3875 (114th Cong.).

Figure 2: Legislative Proposal for the Department of Homeland Security's (DHS) Chemical, Biological, Radiological, Nuclear and Explosives (CBRNE) Office Divisions and Functions



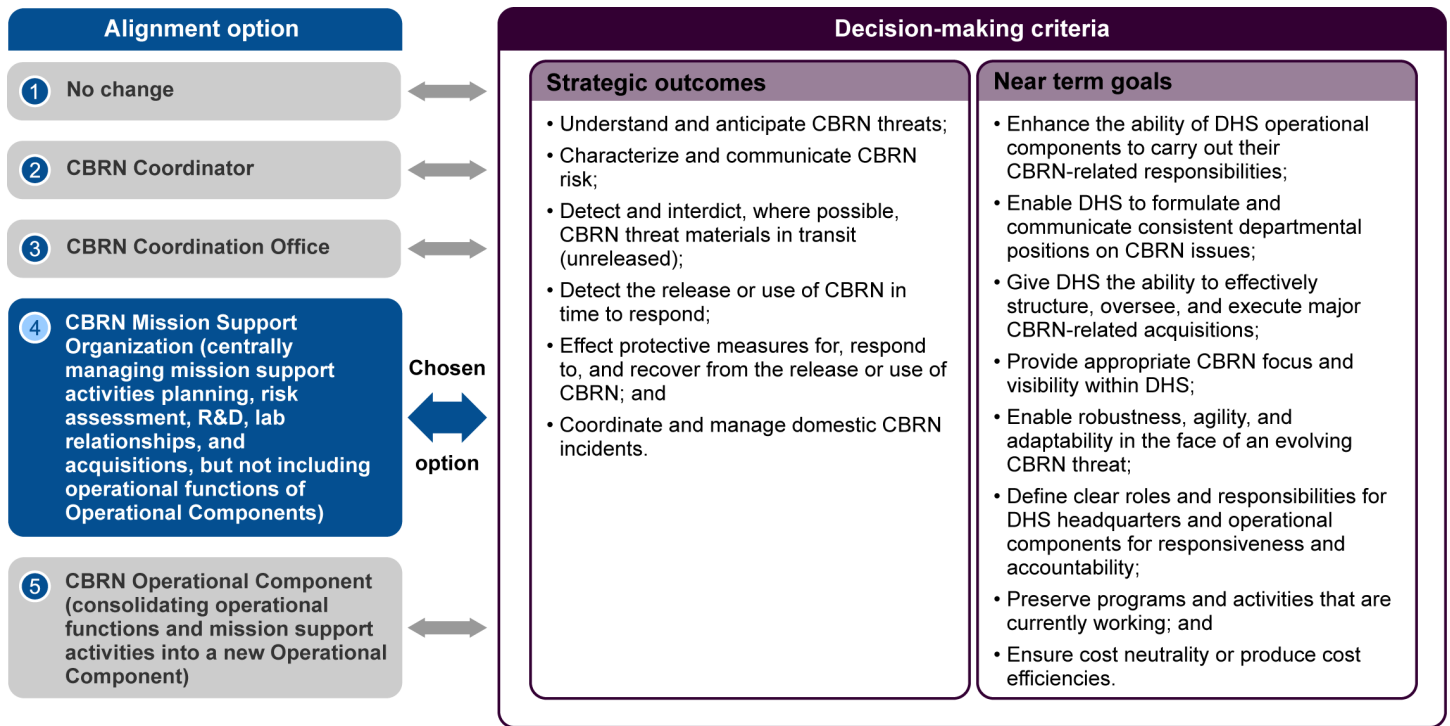
Source: H.R. 3875 (114th Cong.). | GAO-16-603

DHS Considered Several Key Factors, but Has Limited Analyses and Documentation Underlying the Benefits and Limitations of Its CBRNE Consolidation Proposal

The CBRNE report and summaries provide some insights into factors considered, but did not include associated underlying data or methodological information, such as how benefits and costs were compared or the extent to which stakeholders were consulted. According to DHS officials, DHS could not locate the underlying information associated with analyses that informed the consolidation proposal due to staff turnover. Without such underlying documentation, we could not fully determine the extent to which DHS considered the benefits and limitations of a CBRNE consolidation as part of its decision-making process.

According to DHS's report to Congress and the summary documents provided to us, the department developed decision-making criteria, identified as "desired outcomes" and "near-term goals" for its proposed reorganization, and consulted with DND, OHA, S&T and leadership of other DHS components, the Office of Management and Budget (OMB) and National Security Council Staff. Also, according to an Office of Policy official, DHS consulted with the Executive Office of the President as well as Congressional staff on its consolidation plan. DHS considered five alignment options, as shown in figure 3, and provided a general assessment of the effects of reorganization on its CBRNE mission.

Figure 3: Department of Homeland Security’s (DHS) Chemical, Biological, Radiological, Nuclear and Explosives (CBRNE) Alignment Options and Decision-Making Criteria



Source: DHS CBRN Functions Review report. | GAO-16-603

In May 2012, we reported on key questions for agency officials to consider when evaluating an organizational change that involves consolidation.¹² Table 1 provides a summary of the key questions for evaluating consolidation proposals from this previous work and a summary of our assessment of whether documentation provided to us

¹²In order to determine the key questions to consider when evaluating physical infrastructure and management function consolidation initiatives, we identified and reviewed both GAO reports on specific consolidation initiatives that have been undertaken and relevant literature on public-sector consolidations. Further, we reviewed selected consolidation initiatives at the federal agency level to gain insights into how agencies addressed these key questions representing both inter- and intra-agency activity.

and interviews with agency officials indicated whether each question was addressed.¹³

Table 1: Key Questions from Prior Work on Evaluating Consolidation Proposals and Our Assessment

Key questions	Addressed in the Department of Homeland Security's chemical, biological, radiological, nuclear and explosives (CBRNE) consolidation decision-making process?
What are the goals of the consolidation? What opportunities will be addressed through the consolidation and what problems will be solved? What problems, if any, will be created?	Partially
What will be the likely benefits and costs of the consolidation? Are sufficiently reliable data available to support a business-case analysis or cost-benefit analysis?	No
How can the up-front costs associated with the consolidation be funded?	Partially
Who are the consolidation stakeholders and how will they be affected? How have the stakeholders been involved in the decision, and how have their views been considered? On balance, do stakeholders understand the rationale for consolidation?	Partially

Source: GAO-12-542.

DHS's June 2015 report to Congress and the supporting documentation we reviewed included an evaluation of some, but not all, key questions listed above in Table 1. As previously noted in our May 2012 report, these questions are important to consider when evaluating an organizational change that involves consolidation. Specifically, DHS's consolidation proposal:

- Identified strategic outcomes and goals and considered problems to be solved, but did not fully assess and document potential problems that could result from consolidation.** DHS's proposal and supporting documents identified eight near-term goals to be achieved within two years of consolidation, such as providing

¹³Our prior work on key questions for evaluating consolidation proposals includes a fifth key question related to change management practices which asks "To what extent do plans show that change management practices will be used to implement the consolidation?" A discussion related to change management practices during an organizational transformation follows later in this report. We therefore did not include the fifth key question in this table.

appropriate CBRN focus and visibility within the department and preserving programs and activities that are currently operating effectively, as shown in figure 3. DHS officials also indicated in documents provided to us several problems that may be solved by a CBRNE program consolidation. For example, in a November 2014 letter from the Secretary of Homeland Security to a congressional committee chair, the Secretary states that consolidation will provide a clearer focal point for external and DHS component engagement on CBRNE issues, among other things. In addition, in a briefing to Congress, DHS officials defined challenges a CBRNE consolidation may address, such as inconsistent CBRN-related messaging to DHS stakeholders and confusion over a CBRN focal point within DHS and for external stakeholders.

The proposal and supporting documents did not adequately address problems that consolidation may create. Component officials we interviewed provided several examples of potential problems due to consolidation. For example, officials told us that merging staff into one office could result in a need for additional support staff to manage day-to-day functions such as human resources, contracting, and financial management for a larger number of employees. Officials further stated that they may not have sufficient staff to complete these mission needs in a consolidated CBRNE unit. Additionally, component officials expressed concern over the potential allocation of resources in the consolidated office. According to these officials, there is a difference between components with missions that focus on potential terrorism events that are more likely to occur but with limited consequence versus components that focus on potential events that are not as likely to occur but have the potential to be far more catastrophic. These officials added that consolidating these components may complicate resource allocation decisions due to the varying degree to which certain CBRNE activities are seen as a priority over others. According to a DHS official, Office of Policy officials met with two of the five affected CBRNE components to determine potential unintended problems and to develop mitigation measures. However, not all affected components were included in the discussions and the problems and measures were not documented. According to our May 2012 report, the key to any consolidation initiative is validating specific goals that have been evaluated against a realistic assessment of how the consolidation can help achieve these goals. In our past work, we have also found that it is important for agencies to recognize that delays and disruptions are common during consolidations, which can compromise or introduce new problems during these initiatives. As such, it is key that agencies work

to anticipate and mitigate these issues or they risk seeing costs increase.¹⁴

- **Did not conduct and document a comparison of benefits and costs.** While committee report language directed DHS to include an assessment of whether consolidation could produce cost savings, as of May 2016, DHS had not documented a comparison of benefits and costs for its consolidation plan.¹⁵ DHS officials told us that in 2013 they developed a rough cost estimate for the consolidation option, but provided no documentation or analysis supporting the estimate. According to DHS's proposal, additional analysis is required to determine if budgetary efficiencies can be gained by the recommended consolidation option. An Office of Policy official told us that DHS has yet to conduct this additional analysis, noting that as a result of an appropriations act restriction, officials decided to take few concrete steps to plan for or move forward with the consolidation. Our May 2012 report highlights the importance of benefits and cost considerations as part of the decision-making process for potential organizational consolidations. More specifically, given the potential benefits and costs of consolidation, it is imperative that Congress and the executive branch have the information needed to help effectively evaluate consolidation proposals. Demonstrating that a consolidation proposal is based on a clearly-presented business case or an analysis of benefits and costs can show decision-makers why the initiative is being considered. If agencies cannot reasonably conclude that benefits will outweigh costs, the agency may need to consider consolidation alternatives to meet its goals.¹⁶
- **Did not fully identify or document consideration of up-front costs.** DHS considered potential up-front costs associated with a CBRNE consolidation but did not document these costs or how they were considered during the reorganization decision-making process.¹⁷

¹⁴[GAO-12-542](#).

¹⁵Benefit-cost analysis entails consideration of all costs, including upfront costs.

¹⁶[GAO-12-542](#).

¹⁷The President's budget submission for fiscal year 2017 provided by DHS includes the CBRNE reorganization; however, the budget submission for the proposed CBRNE office does not indicate whether any of the costs in the submission include up-front costs associated with the implementation of the consolidation.

For example, an Office of Policy official told us that DHS considered some potential up-front costs associated with detailing 19 Office of Bombing Prevention staff to DNDO. However, documentation we reviewed did not describe the extent to which these up-front costs were considered in the decision-making process. Additionally, DHS officials stated they did not conduct an up-front cost estimate associated with changes to physical infrastructure for the consolidation proposal, because the agency intended to leverage existing plans to move to a new location. According to an Office of Policy official, to address the up-front costs associated with the consolidation, DHS plans to take advantage of plans to move staff and resources to the St. Elizabeth's site in fiscal years 2017 and 2018 in an effort to reduce some of the expenses born out of the consolidation.¹⁸ Even if some of the up-front costs are expected to be covered through existing relocation plans, identifying and accounting for the full amount of up-front funding is important to fully evaluate or prepare for a consolidation. Our May 2012 report indicates that consolidation initiatives often have up-front costs, and agencies must pay them before they can realize any intended gains or savings. For example, agencies may need to pay for equipment and furniture moves or fund employee transfers and buyouts. Further, we also found that a lack of up-front funding can prevent a potentially beneficial initiative from getting off the ground or derail an initiative already underway.¹⁹ Our review of DHS's proposal does not indicate that these potential expenses or any other up-front costs were fully considered in developing the proposal.

- **Conducted limited external stakeholder consultations.** DHS conducted limited external stakeholder outreach in developing the consolidation proposal, and thus the proposal may not sufficiently account for stakeholder concerns. According to an Office of Policy official, the review team consulted with OMB, National Security Council Staff, the Executive Office of the President (EOP) and Congressional staff. Among the six components involved in the

¹⁸DHS's current facilities are spread among more than 40 buildings in the Washington, DC area. DHS's Headquarters Consolidation Plan includes moving component offices to the National Capital Region (NCR) at the General Services Administration-developed St. Elizabeth's Campus in southeast Washington, DC in phases as current office leases expire.

¹⁹[GAO-12-542](#).

proposed consolidation, DHS officials stated that two of these components, DNDO and OHA, have significant working relationships with a wide range of external stakeholders including the Departments of Defense, State, Energy, and Health and Human Services. However, while the impact of consolidation to external stakeholders was a consideration, agency officials did not solicit input directly from the full range of interagency stakeholders associated with each of the CBRNE components in developing the proposal.

According to a DHS Office of Policy official, DHS's assessment of its consolidation was that it was an internal reorganization with a goal to improve outward-facing messaging and collaboration. This official also indicated that both DNDO and OHA are considered useful sources for identifying potential positive or negative consolidation impacts for their stakeholders. DHS leadership was satisfied that discussions with the EOP in addition to DNDO and OHA's engagement with their respective external stakeholders sufficiently accounted for the perspectives of interagency partners, according to the DHS Office of Policy official. However, DHS did not provide documentation of any external stakeholder consultations, including the outcome of any discussions related to the consolidation proposal or how this information was used in the decision-making process. In May 2012, we reported that consolidation success depends on a wide range of factors, including getting incentives right for those affected by the consolidation. External stakeholders often view a consolidation as working against their own interests. For example, agency clients and customers may have concerns about potential reduction in service or access to agency officials. Moreover, stakeholders frequently raise valid concerns on the basis of their familiarity with an agency's operations, and the concerns need to be addressed openly and objectively. Failure to effectively engage with external stakeholders and understand and address their views can undermine or derail the initiative. We have found that, as a result, it is critical that agencies identify who the relevant external stakeholders are and develop a two-way communication strategy that both addresses their concerns and conveys the rationale for and overarching benefits associated with a consolidation initiative.²⁰

²⁰ [GAO-12-542](#).

According to *Standards for Internal Control in the Federal Government*, documenting management oversight of processes intended to improve the effectiveness and efficiency of operations provides reasonable assurance that the organization is addressing risks and being good stewards of government resources and achieving results.²¹ DHS officials acknowledged that without source documentation underlying the analysis behind the consolidation proposal, the full extent to which the reorganization options were considered is not discernable. By documenting its decision-making process, DHS would provide a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel, as well as communicate that knowledge as needed to affected parties. Additionally, attention to the key questions identified from our analysis of previous organizational consolidations would help provide DHS, Congress, and other stakeholders with assurance that important aspects of effective organizational change, including a consideration of the plan's benefits and limitations, are addressed as part of the agency's CBRNE reorganization decision-making process. Not fully considering these factors could make the agency's decision to consolidate vulnerable to risk of failure, increased costs, or stakeholder skepticism.

²¹[GAO/AIMD-00-21.3.1](#).

Key Mergers and Organizational Transformation Practices Could Benefit DHS Moving Forward If Congress Approves the CBRNE Consolidation

Should Congress approve its plan to consolidate, DHS could benefit from incorporating change management approaches such as the key practices and implementation steps derived from organizational transformations undertaken by large private and public sector organizations identified in our previous work.²² Doing so would help ensure that DHS's consolidation initiative is results oriented, customer focused, and collaborative in nature. The Consolidated Appropriations Act, 2016, provides that none of the funds appropriated may be used to establish an Office of CBRNE Defense until Congress has authorized such establishment and, as of July 2016, Congress had not approved the proposed consolidation.²³ As a result of this restriction, DHS officials told us they have taken few concrete steps to plan for or move forward with the consolidation. However, if Congress passes authorizing legislation, DHS intends to permanently establish the new CBRNE Office, transfer all requisite personnel, and announce a new leader for the office, according to DHS Office of Policy officials.

As DHS was formed, we reported in July 2003 on key practices and implementation steps for mergers and organizational transformations. The factors listed in Table 2 were built on the lessons learned from the experiences of large private and public sector organizations.²⁴

²²[GAO-12-542](#), [GAO-03-669](#).

²³See Pub. L. No. 114-113, div. F, § 521, 129 Stat. 2242, 2515 (2015).

²⁴To identify these practices, we interviewed a cross section of leaders with experience managing large-scale organizational mergers, acquisitions, and transformations, as well as academics and others who have studied these efforts. We asked these individuals about their experiences managing mergers, acquisitions, and transformations and reviewed literature on the subject drawn primarily from private sector mergers and acquisitions change management experiences to gain a better understanding of the issues that most frequently occur during such large-scale change initiatives. We also used our guidance and reports on strategic human capital management and results-oriented management.

Table 2: Key Practices and Implementation Steps for Mergers and Organizational Transformation

Practice	Implementation Step
Ensure top leadership drives the transformation.	<ul style="list-style-type: none"> Define and articulate a succinct and compelling reason for change. Balance continued delivery of services with merger and transformation activities.
Establish a coherent mission and integrated strategic goals to guide the transformation.	<ul style="list-style-type: none"> Adopt leading practices for results-oriented strategic planning and reporting.
Focus on a key set of principles and priorities at the outset of the transformation.	<ul style="list-style-type: none"> Embed core values in every aspect of the organization to reinforce the new culture.
Set implementation goals and a timeline to build momentum and show progress from day one.	<ul style="list-style-type: none"> Make public implementation goals and timeline. Seek and monitor employee attitudes and take appropriate follow-up actions. Identify cultural features of merging organizations to increase understanding of former work environments. Attract and retain key talent. Establish an organization-wide knowledge and skills inventory to exchange knowledge among merging organizations.
Dedicate an implementation team to manage the transformation process.	<ul style="list-style-type: none"> Establish networks to support implementation team. Select high-performing team members.
Use the performance management system to define responsibility and assure accountability for change.	<ul style="list-style-type: none"> Adopt leading practices to implement effective performance management systems with adequate safeguards.
Establish a communication strategy to create shared expectations and report related progress.	<ul style="list-style-type: none"> Communicate early and often to build trust. Ensure consistency of message. Encourage two-way communication. Provide information to meet specific needs of employees.
Involve employees to obtain their ideas and gain their ownership for the transformation.	<ul style="list-style-type: none"> Use employee teams. Involve employees in planning and sharing performance information. Incorporate employee feedback into new policies and procedures. Delegate authority to appropriate organizational levels.
Build a world-class organization.	<ul style="list-style-type: none"> Adopt leading practices to build a world-class organization.

Source: GAO-03-669.

The practices outlined in our July 2003 report are intended to help agencies transform their cultures so that the federal government has the capacity to deliver its promises, meet current and emerging needs, maximize its performance, and ensure accountability. DHS has not evaluated each of these practices. According to DHS officials, the agency is awaiting congressional approval of the proposed consolidation before developing implementation steps. However, should DHS receive this approval to reorganize its CBRNE functions, consulting each of these practices would ensure that lessons learned from other organizations are considered. According to our prior work on organizational change, implementing large-scale change management initiatives, such as

mergers and organizational transformations, are not simple endeavors and require the concentrated efforts of both leadership and employees to realize intended synergies and to accomplish new organizational goals.²⁵ In addition, the practices will be helpful in a consolidated CBRNE environment. For example, overall employee morale differs among the components to be consolidated, as demonstrated by the difference in the 2015 employee satisfaction and commitment scores of DNDO and S&T, making employee involvement to gain their ownership for the transformation a key step to consider.²⁶ Also, given the range of activities conducted by the consolidated entities, establishing a coherent mission and integrated strategic goals to guide the transformation will be important.

Given the critical nature of DHS's CBRNE mission, considering key factors from our previous work would help inform a consolidation effort should Congress approve it. The lessons learned by other organizations involved in substantial transformations could provide key insights for agency officials if they implement reorganization and attention to the factors we identified would improve the chances of a successful CBRNE consolidation.

Conclusions

Preventing a terrorist attack in the United States remains the foundation of homeland security, especially when CBRNE threats continue to be enduring areas of concern. DHS's CBRNE consolidation proposal is intended to centralize CBRNE functions within DHS headquarters while also becoming a focal point for CBRNE issues. However, limited information and analysis related to assessing the benefits and limitations of its consolidation plan prevent DHS from fully demonstrating how its consolidation will lead to an integrated, high-performance organization. Additionally, should Congress approve CBRNE consolidation at DHS, the department could improve the likelihood of a successful consolidation effort if lessons identified in our previous work are considered.

²⁵ [GAO-03-669](#)

²⁶ According to the Partnership for Public Service's *Best Places to Work in the Federal Government*® 2015 rankings, employee satisfaction and commitment index scores at DNDO and S&T were 71 and 39.5 respectively. These scores are calculated using responses to three different questions in the U.S. Office of Personnel Management's Federal Employee Viewpoint Survey.

Recommendations for Executive Action

To better provide Congress and affected stakeholders with assurance that important aspects of effective organizational change are addressed as part of the agency's CBRNE reorganization decision-making process, we recommend that the Secretary of Homeland Security direct the Assistant Secretary for the Office of Policy to complete, document, and make available analyses of key questions related to its consolidation proposal, including:

- what problems, if any, consolidation may create;
- a comparison of the benefits and costs the consolidation may entail; and
- a broader range of external stakeholder input including a discussion of how it was obtained and considered.

If DHS's proposed CBRNE program consolidation is approved by Congress, we recommend that the Secretary of Homeland Security direct the Assistant Secretary for the Office of Policy to use, where appropriate, the key mergers and organizational transformation practices identified in our previous work to help ensure that a CBRNE consolidated office benefits from lessons learned from other organizational transformations.

Agency Comments and Our Evaluation

We provided a draft of this report to DHS for comment. DHS provided technical comments, which we incorporated as appropriate. On July 14, 2016, DHS also provided written comments, reproduced in full in appendix I. DHS concurred with one of our two recommendations, and described actions planned to address it, but did not concur with the other.

DHS did not concur with our first recommendation that the Secretary of Homeland Security direct the Assistant Secretary for the Office of Policy to complete, document, and make available analyses of key questions related to its consolidation proposal, including:

- what problems, if any, consolidation may create;
- a comparison of the benefits and costs the consolidation may entail; and
- a broader range of external stakeholder input including a discussion of how it was obtained and considered.

In its comments, DHS stated that completing a study to answer the questions raised in our report and inform a decision that has already been made is redundant. According to DHS, our recommendation does not acknowledge the extent to which these questions have been discussed

both internally within DHS and externally with Congress. DHS indicated that it considered the cost and benefits of reorganization within the conduct of the 2013 study, the follow-on work in 2014, and senior leadership meetings as part of the decision-making process. According to DHS, the department reviewed its CBRNE programs and functions by analyzing organizational models and identified several alignment options, each with its own cost and benefits. As we stated in this report, committee report language directed DHS to include an assessment of whether consolidation could produce cost savings, and as of July 2016, DHS had not documented a comparison of benefits and costs for its consolidation plan. DHS officials told us that in 2013 they developed a rough cost estimate for the consolidation option, but provided no documentation or analysis supporting the estimate. Further, according to the CBRNE consolidation proposal DHS submitted to Congress in June 2015, additional analysis is required to determine if budgetary efficiencies can be gained by the recommended consolidation option. Based on our review of available CBRNE consolidation documentation and our prior work on evaluating consolidation proposals, we continue to believe that considering benefits and costs as part of the decision-making process for potential organizational consolidation is important as it would provide Congress and the executive branch the information needed to help effectively evaluate consolidation proposals.²⁷

Also in its comments, DHS stated that both monetary and non-monetary costs associated with its proposed reorganization were considered. According to DHS, monetary costs of the proposed consolidation were within the current and planned budget of the affected organizations. DHS also indicated that non-monetary costs such as impact on appropriations and staff morale would likely result in increased benefits to operational effectiveness and efficiency and morale in the new office. Our report acknowledges that DHS considered potential up-front costs associated with a CBRNE consolidation; however, DHS did not document these costs or how they were considered during the reorganization decision-making process. We previously reported in May 2012 that consolidation initiatives often have up-front costs, and agencies must pay them before they can realize any intended gains or savings.²⁸ For example, agencies

²⁷ [GAO-12-542](#).

²⁸ [GAO-12-542](#).

may need to pay for equipment and furniture moves or fund employee transfers and buyouts. Based on our review of DHS's proposal, the department did not fully consider similar potential expenses or up-front costs in developing its proposal. Our prior work has shown that a lack of up-front funding can prevent a potentially beneficial initiative from getting off the ground or derail an initiative already underway. Until DHS completes this analysis and documents its findings, we continue to believe that these potential challenges have yet to be mitigated.

DHS commented that it consulted Congress on its proposed consolidation. Specifically, DHS commented that it provided briefings to the appropriate authorizing and appropriations committees on numerous occasions. Although the Department of Homeland Security CBRNE Defense Act of 2015 (H.R. 3875), which has passed the House, and the President's budget submission for fiscal year 2017 include DHS's proposed CBRNE reorganization, authorizing legislation has not been enacted. Implementing our recommendation to complete, document, and make available analyses of key questions related to DHS's proposal would provide additional information to help decision-makers understand the basis and implications of the proposal. However, according to DHS, the passage of the Consolidated Appropriations Act, 2016 (P.L. 114-113) is a complicating factor. Specifically, DHS stated that the department is concerned that conducting any reorganization-related activities, including further study on the matter, may undermine the department's original reorganization recommendation with Congress and disrupt ongoing authorizing legislation deliberations. Section 521 of the Consolidated Appropriations Act, 2016, provides that none of the funds appropriated may be used to "establish" an Office of CBRNE Defense until Congress has authorized such establishment. Although DHS cannot use appropriated funds to establish a CBRNE office without authorization, we believe that completing, documenting, and making available the analysis supporting the reorganization recommendation will not disrupt, but rather will assist in ongoing legislative deliberations by providing additional information to decision-makers.

Also in its comments, DHS remarked that our report did not mention the department's headquarters realignment that occurred between FY 2014 and FY 2015 as part of Secretary of Homeland Security Jeh Johnson's Unity of Effort Initiative. According to DHS, we did not acknowledge how the proposed CBRNE consolidation would contribute to principal Unity of Effort objectives such as integrating broad and complete DHS mission spaces and empowering DHS components to effectively execute their missions. However, while the department's Unity of Effort initiative was

not the focus of our review, our report acknowledges that according to DHS officials, the CBRNE alignment options from the department's 2013 report were updated in 2015 based on the Secretary's Unity of Effort Initiative, to include transferring CBRNE threat and risk assessment functions from the DHS Science and Technology Directorate to the proposed CBRNE Office, as well as including the DHS Office for Bombing Prevention from the National Protection and Programs Directorate. Our report also recognizes that DHS's CBRNE consolidation proposal is intended to centralize CBRNE functions within DHS headquarters while also becoming a focal point for CBRNE issues. We believe that the additional context provided by DHS, more closely tying its CBRNE consolidation to the department's larger headquarters realignment efforts, further underscores the importance of our findings. As noted in our report, limited information and analysis related to assessing the benefits and limitations of its consolidation plan prevent DHS from fully demonstrating how its proposal will lead to an integrated, high-performance organization.

DHS concurred with our second recommendation related to using, where appropriate, the key mergers and organizational transformation practices identified in our previous work to help ensure that a CBRNE consolidated office benefits from lessons learned from other organizational transformations. DHS stated that upon receiving congressional approval for its CBRNE consolidation plan, it will use GAO's report on evaluating consolidation proposals as well as other resources to develop a detailed implementation plan as appropriate.²⁹ These actions, if fully implemented, should address the intent of the recommendation.

²⁹ [GAO-03-669](#).

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the Secretary of Homeland Security and selected congressional committees. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

Should you or your staff have any questions, please contact me at 404-679-1875 or curriec@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 are listed in appendix II.

Sincerely Yours,

A handwritten signature in black ink that reads "Chris P. Currie". The signature is written in a cursive, flowing style.

Chris P. Currie

Director
Homeland Security and Justice

Appendix I: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

July 14, 2016

Chris P. Currie
Director, Homeland Security and Justice
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Management's Response to Draft Report, GAO-16-603, "HOMELAND SECURITY:
DHS's Chemical, Biological, Radiological, Nuclear and Explosives Program
Consolidation Proposal Could Better Consider Benefits and Limitations"

Dear Mr. Currie:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing this report.

DHS acknowledges the positive collaboration during this review between GAO and the many affected DHS offices associated with the proposed reorganization of most of DHS's chemical, biological, radiological, nuclear and explosives (CBRNE) headquarters functions. However, it is also important to highlight that DHS does not believe GAO's draft report fully takes into account many of the considerations that went into the decision-making process associated with the Department's recommendation to Congress.

Specifically, DHS considered the cost and benefits of a reorganization and considered external stakeholder impacts within the conduct of the 2013 Study, the follow-on work in 2014, and senior leader meetings as part of the decision-making process, and shared this information with GAO during this audit, consistent with our standard practice of openness and transparency. As directed by the Senate Explanatory Statement accompanying the Fiscal Year (FY) 2013 DHS Appropriations Act, DHS reviewed its CBRNE programs and functions by analyzing organizational models ranging from informal coordination to mission integration and identified several alignment options for DHS leadership to consider, each with its own cost and benefits.

In addition, based on discussions with the affected DHS offices during FY 2014 and 2015, DHS leadership assessed the monetary costs associated with the reorganization were within the current and planned topline of the affected organizations. Specifically, the Department determined that any costs associated with the need for additional staff support for transition of offices into the new CBRNE office that did not have organic support (e.g., the Office for

Bombing Prevention) would be offset by efficiencies in combining the multiple budget, acquisition, and other mission support staff of the merged organizations.

DHS also discussed non-monetary costs (e.g., impact on appropriations and office morale) during its leadership deliberations, with agreement that the greater emphasis on CBRNE within DHS—and sharing of best practices amongst the merged offices—would likely result in increased benefits to operational effectiveness and efficiency, and morale across the entire new office.

The Department also actively engaged and consulted Congress on the proposed CBRNE reorganization by briefing the results of the study and recommendations on numerous occasions to the appropriate authorizing and appropriations committees and testifying before the House Committee on Homeland Security on July 14, 2015. As evidence of the efficacy of DHS's review and reorganization recommendation, the U.S. House of Representatives subsequently approved the Department's CBRNE reorganization proposal by passing the Department of Homeland Security CBRNE Defense Act of 2015 (H.R. 3875) on December 10, 2015, and the President included the CBRNE reorganization in the FY 2017 budget submission to Congress.

Furthermore, the draft report does not mention the DHS headquarters realignment that occurred during FY 2014 and FY 2015 as part of Secretary of Homeland Security Jeh Johnson's Unity of Effort initiative, and thus does not acknowledge how the proposed CBRNE reorganization would contribute to principal Unity of Effort objectives, such as integrating broad and complex DHS missions spaces, and empowering DHS Components to effectively execute their missions. By not including this important aspect, the report understates Secretary Johnson's vision of strong headquarters offices—including the new CBRNE Office—with clear understanding and singular focus on their core functions, and the optimal organizational structure to maximize efficiency and mission accomplishment.

The draft report contained two recommendations, one with which the Department non-concurs (Recommendation 1) and one with which it concurs (Recommendation 2). Please see the attached for our detailed response to each recommendation.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Sincerely,



JIM H. CRUMACKER, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

**Attachment: DHS Management Response to Recommendations
Contained in GAO-16-603**

GAO recommended that the Secretary of Homeland Security:

Recommendation 1: Direct the Assistant Secretary for the Office of Policy to complete, document, and make available analyses of key questions related to its consolidation proposal, including:

- What problems, if any, consolidation may create;
- A comparison of the benefits and costs the consolidation may entail, including consideration of up-front costs; and
- A broader range of external stakeholder input including a discussion of how it was obtained and considered.

Response: Non-concur. The Department believes that re-accomplishing a study designed to answer these questions and inform a decision that has already been made is redundant and does not acknowledge the extent to which this issue has been discussed internally within DHS and externally with Congress. Action by both the House (H.R. 3875) and the President (FY 2017 budget) clearly indicates both party's confidence in the efficacy of the DHS review and reorganization recommendation.

In addition, the Department believes the passage of the Consolidated Appropriations Act, 2016 (P.L. 114-113), which prohibits the Department from expending resources on CBRNE reorganization until the reorganization is passed in authorizing legislation, is a complicating factor. Specifically, the Department is concerned that conducting any reorganization-related activities, including further study on the matter, may undermine the Department's original reorganization recommendation with Congress and disrupt ongoing authorizing legislation deliberations.

We request that GAO consider this recommendation resolved and closed.

Recommendation 2: If DHS's proposed CBRNE program consolidation is approved by Congress, direct the Assistant Secretary for the Office of Policy to use, where appropriate, the key mergers and organizational transformation practices identified in our previous work to help ensure that a CBRNE consolidated office benefits from lessons learned from other organizational transformation.

Response: Concur. If Congress approves DHS's CBRNE reorganization proposal, DHS's CBRNE Office will use GAO's report on evaluating proposals on consolidation (GAO-12-542) and other resources in developing its detailed implementation plan, as appropriate. Estimated Completion Date: To Be Determined.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Chris P. Currie, at (404) 679-1875 or CurrieC@gao.gov

Staff Acknowledgments

In addition to the individual named above, Ben Atwater (Assistant Director) and Landis Lindsey (Analyst-in-Charge) managed this audit engagement. Chuck Bausell, Eric Hauswirth, Hayden Huang, Tracey King, Tovah Rom, Sarah Veale and Josiah Williams made significant contributions to this report.

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