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DHS' PALMS Acquisition Faces Major Challenges

Today, the Department of Homeland Security Office of Inspector General made seven recommendations to DHS to address the challenges associated with the acquisition of its Performance and Learning Management System (PALMS), a software package that was supposed to deliver, track, administer, and report on employee training and performance. OIG auditors determined that despite spending \$24.2 million as of February 2017, PALMS does not achieve the intended benefits or address the Department's operational requirements.

Since DHS entered an agreement to acquire PALMS in 2013 there have been numerous delays and failures:

- Despite concerns raised by several internal stakeholders, DHS accepted PALMS as operational in January 2015 without verifying that it worked as it was supposed to.
- The PALMS learning management capability was not operational for DHS headquarters users until 10 months later, in October 2015. The performance management function is still not operational.
- PALMS does not yet meet the requirements of three major DHS components: FEMA, Coast Guard, and TSA.
- DHS wasted more than \$5.7 million on PALMS subscriptions that components did not use or used only in part because it paid for subscriptions during a period when the system was not yet operational.
- DHS did not perform the required quality assurance monitoring of the PALMS contractor's performance and left about \$72,000 in financial credits for non-performance on the table.
- DHS did not follow its own requirements for IT acquisitions and moved forward without performing required checks at various points along the way.
- DHS was required to spend more than \$11.8 million to extend contracts of existing learning management systems due to PALMS implementation delays.

“Our auditors found that this acquisition failure literally meets GAO’s textbook definition of ‘waste,’” said Inspector General John Roth. “While DHS expected PALMS to achieve cost savings of more than \$52 million over a 5-year period, 2 years after accepting it from the contractor, it still does not meet the Department’s operational requirements. We are hopeful that by implementing our recommendations, DHS will begin to realize some of the expected savings and improvements.”