

**TESTIMONY OF
PAUL A. SCHNEIDER
U.S. DEPARTMENT OF HOMELAND SECURITY
UNDER SECRETARY FOR MANAGEMENT
BEFORE THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
*September 18, 2007***

Thank you Chairman Stupak, Ranking Member Whitfield and members of the Committee. It's a pleasure to appear before you today to discuss the Advanced Spectroscopic Portal (ASP) program.

I have been the Under Secretary for Management for over eight months. For the previous three and one half years I have been a defense and aerospace consultant doing work for National Aeronautics and Space Administration (NASA), Federal Aviation Administration (FAA), Department of Defense (DOD), Coast Guard and others. Prior to this I was a career civil servant for 38 years. I began my career at the Portsmouth Naval Shipyard as a project engineer in 1965 working on nuclear submarines. My last three government positions were Senior Acquisition Executive at the National Security Agency (NSA), Principal Deputy Assistant Secretary of the Navy (Research, Development and Acquisition) and Executive Director and Senior Civilian of the Naval Sea Systems Command, the Navy's largest shore establishment.

I am the Acquisition executive of the Department and as such serve as the principle advisor to the Secretary on acquisition matters. I also serve as the Vice Chairman of the Department's Investment Review Board (IRB). The IRB process is the process the

department uses to approve major investment decisions. The process is described in a management directive that has been in effect for several years.

During my confirmation hearing before the Senate Homeland Security and Governmental Affairs committee I discussed some of the areas that I would focus on if confirmed. My number one priority was acquisition and procurement. In my March 1, 2007 hearing before the House Homeland Security Committee Subcommittee on Oversight and Management I testified that:

“We are:

- Strengthening the requirements and investment review processes by improving the Joint Requirements Council (JRC) and Investment Review Board (IRB) process.
- Reviewing the major programs and investments to ensure that the requirements are clear, cost estimates are valid, the technology risk is properly assessed, schedules are realistic, the contract vehicles are proper; and the efforts are well managed.
- Building the capability to manage complex efforts by ensuring that these major program offices are properly structured and staffed with the right people, and the right skills, to ensure efficient and effective program management and oversight; and aggressively hiring skill sets where we have known shortages. “

Based on my expertise in the acquisition business I indicated during my confirmation process that I would bring some of the best practices in acquisition that I had learned over the years to the Department of Homeland Security. The ASP review that we are here to discuss today

is part of a broader strategy that I outlined beginning with my confirmation hearing and one that I have maintained throughout my subsequent hearings since I have been in this position. By way of example, in addition to the ASP review, we have also initiated a major review of the SBInet program that focuses on a broad range of the program areas but primarily the technical aspects of the program. The participants in that review include DOD, major laboratories and contractors.

In July 2007, after reviewing the status of the ASP program and recognizing the importance of this program to the nation, I concluded that this program would benefit from an independent review of the technical data. I made a recommendation to the Secretary to conduct an independent review of the technical data. He agreed with this recommendation and directed me to assemble an appropriate team of technical and programmatic experts to conduct a review.

Based on the planned ASP field verification testing period at that time, I had a requirement to finish this task by September 17th. Initially, I identified the Associate Director of the Threat Reduction Agency (DTRA) to head the team. In early August, he declined to lead this effort. I should mention that this review was not intended to be a DTRA study. My intent was to leverage some DTRA resources by requesting assistance from a DTRA leader to assemble an appropriate team of experts to perform this task. We have identified several experts to be members of the team, and after briefly assigning Mr. John Higbee to be the team lead, I identified Mr. George Thompson, Deputy Director, Programs for the Homeland Security Institute to lead the effort. We are in the process of putting in place an interagency

agreement with DTRA for support and we have recently issued a task order to the Homeland Security Institute (HSI). The arrangement with HSI will ensure that appropriate conflict checks are done.

In August 2007, based on discussions with the Domestic Nuclear Detection Office (DNDO) and a recommendation by Customs and Border Protection (CBP), a decision was made to extend the field verification portion of the schedule by two months to obtain more test data. As a consequence the original requirement that the review be completed by September 17 has been adjusted.

The Department and DOD work very closely in many areas. On May 23, 2007, I signed a Principles of Agreement with the Under Secretary of Defense for Acquisition Technology and Logistics to pursue a strategic relationship to further the national security interests of the United States of America. Subsequent to this, we engaged the Defense Acquisition University (DAU) to teach acquisition courses to DHS employees and have a structured series of “deep dive” program reviews on key DHS programs. Through this arrangement we are applying best practices by leveraging DAU’s acquisition program expertise to assess these major DHS programs.

The ASP program has been the subject of a number of hearings, briefings, field visits, and requests for information and over the last year at least two GAO reviews – with the second GAO review nearing completion. The Department appreciates the need for rigorous review to ensure this critical program satisfies the goal of preventing the smuggling of nuclear

materials through our borders. To this end, the Department has responded to requests for information. The Department itself is collecting information – through this independent review – to assist the Secretary in determining whether he should certify that there will be a significant increase in operational effectiveness with the procurement of the ASP system – a certification required by the Homeland Security Appropriations Act for FY 2007. In my opinion, this independent review will provide valuable assistance to the Secretary and to me as the Department Acquisition Executive and Vice Chair of the DHS Investment Review Board as DHS considers the best way forward. This is not an unusual exercise within the U.S. Government. The Department of Defense typically uses such review efforts to facilitate decision-making on major programs.

The independent review of this system is not intended to substitute for GAO's review, nor is it a redundant effort. GAO is an agent of the Congress that appropriately provides information to Congress in support of its oversight function. GAO's efforts do not preclude DHS from conducting its own independent review to support DHS' decision-making process. It is entirely appropriate for DHS to leverage the resources of the executive branch to gather information to make an informed decision on a critical program. DHS may enlist whoever it deems appropriate for consultation in exercising its responsibilities for program execution.

The ASP is of national importance in our effort to harden our defense against nuclear smuggling. This acquisition is a vital priority for the Department. Thank you for your leadership and your continued support of the Department of Homeland Security and its programs such as ASP.

I look forward to working together in shaping the future and success of DHS. Thank you for this opportunity to be here today. I would happy to answer any questions you may have.