



**TESTIMONY OF
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U.S. DEPARTMENT OF HOMELAND SECURITY
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SUBCOMMITTEE ON EMERGING THREATS, CYBERSECURITY,
AND SCIENCE AND TECHNOLOGY
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Thank you Mr. Chairman, Representative McCaul and members of the Committee. It is a pleasure to appear before you today to talk about the Advanced Spectroscopic Portal (ASP).

This is my first time before you as the Deputy Under Secretary for Management (DUSM). I have been in this position for over five months but have spent most of my twenty-five years of public service in the procurement profession, most recently as the Department's Chief Procurement Officer.

The Deputy Under Secretary for Management position was created as part of the Department's 2009 Administration Transition Planning efforts. By having a senior career civil servant in this capacity, rather than a political appointee, the department can ensure operational continuity during the change in administration. As the current Under Secretary for Management, Mr. Paul Schneider is serving as the Acting Deputy Secretary, my position holds the authorities of the Under Secretary for Management.

At present, the most significant management challenge the Department has is continuing the effort that was mandated at the Department's creation: merging 22 agencies with approximately 208,000 people and turning it into the most effective force to protect our country. This effort requires effective and efficient use of financial and human resources; enabling technology, strong processes and superb management. It is towards this effort that I devote my time, energy, and contributions.

As the Deputy Under Secretary for Management, it is my duty to lead the Management Directorate's efforts in the development of the Department, with a focused, well-thought strategy.

The major elements of our strategy are:

- Improving acquisition and procurement throughout the Department.
- Strengthening the requirements and investment review processes.
- Acquiring and maintaining human capital.
- Seeking efficiencies across the enterprise in operations and the use of resources.
- Making the key management systems, such as financial and information technology, world class.
- Acquire funding for DHS' consolidation at St. Elizabeths West Campus and the efficient realignment of all Department of Homeland Security (DHS) off-campus locations

To start, I would like to convey my top priorities, which are essential elements to achieving the DHS mission and practicing sound stewardship of taxpayers' money:

- First: Preparing for the Department's first ever administration transition
- Second: Improving acquisition and procurement
- Third: Strengthening the requirements process and integrating it into the Planning, Programming, Budgeting, and Execution (PPBE)

My goal as the DUSM as it relates to Transition is to focus on three areas: Internal Processes, Knowledge Management, and Relationship Building. The Internal Processes initiative will review our Directives, strengthen records management and our processes for incoming and exiting employees. The Knowledge Management initiative will produce briefing materials, but more importantly, convey to career executives and incoming appointees the requisite knowledge to keep the Department running. The Relationship Building initiative will facilitate direct interactions among Federal, State, local and tribal officials with homeland security responsibility.

In addition to transition planning, my focus is to transform the Office of Chief Procurement Officer (CPO) into an Acquisition Office. Often, Procurement and Acquisition are incorrectly used interchangeably. Procurement, however, is only one element of acquisition management. Acquisition also includes understanding operational and life-cycle requirements, such as formulating concepts of operations, developing sound business strategies, exercising prudent financial management, assessing trade-offs, and managing program risks. Best practice acquisition management is executed by teams of professionals who understand and are able to manage the entire life-cycle of a major program effort. We are making progress towards this goal.

The Acquisition Program Management Division (APMD) of CPO began operations in August of 2007. The division was established to provide oversight and support for acquisition programs. To date APMD has performed Quick Look assessments of 37 level 1 programs and has overseen Deep Dive reviews of the

SBinet and ASP programs. APMD has provided advice and guidance to a number of programs, particularly in the area of cost benefit analysis. Currently the APMD team is focused on an aggressive Investment & Acquisition process re-engineering effort. The effort includes replacing Directive 1400, establishing revised investment and acquisition decision procedures, as well as processes for, acquisition program baselining, periodic reporting, acquisition of services, and other initiatives.

DHS' \$17 billion procurement spend plan provides for the development, fielding and support of significant homeland security capabilities. For example, US Coast Guard contracts are providing aircraft and ships from the Integrated Deepwater System (IDS) and search and rescue capability from the Rescue 21 program. Transportation Security Administration (TSA) contracts are providing additional capabilities via the Electronic Baggage Screening Program (EBSP). Consistent with the SBI Strategy, U.S. Customs and Border Protection (CBP) is developing and fielding the capabilities at and between our nation's ports of entry to gain effective control of our borders. The Domestic Nuclear Detection Office is developing and testing a new type of radiation portal monitor known as the Advanced Spectroscopic Portal (ASP) to improve the nation's defense against the threat of nuclear smuggling.

I am here today to discuss the Advanced Spectroscopic Portal (ASP). The acquisition of ASP systems is of national importance and vital priority for the Department to continue towards its mission of protecting the country from dangerous goods. This acquisition develops the next generation Radiation Portal Monitor (RPM) and has the ability to not only detect the presence of radiation in cargo entering the United States, but also to rapidly identify the type of radioactive material(s) present.

In 2005, the Domestic Nuclear Detection Office (DNDO) took on the responsibility to develop a second generation RPM prototype, now known as ASP. The intent of this initiative was to decrease the rate of false alarms and close the gaps in coverage. Or in other words, increase operational effectiveness and rapidly detect the presence and the type of radioactive material present. This system would allow us to distinguish harmless sources, such as kitty litter from those that might pose a threat. As a result of these improved detection capabilities, the flow of commerce would proceed unhindered.

Before Congress would appropriate the funds to deploy this new technology, it included restrictive language in the Homeland Security Appropriations Act for Fiscal Year 2007 requiring the Secretary to certify that a significant increase in operational effectiveness will be achieved before funds will be appropriated. In July 2007, Secretary Chertoff announced his intent to "assemble a highly experienced team" to perform "an independent review of the [ASP] test procedures, test results, [and] associated technology assessments".

My role as the DUSM in this process is to understand the outcome of this independent review and be in a position to advise the Secretary in determining whether he should certify that there will be a significant increase in operational effectiveness with the procurement of ASP systems. In my opinion, this independent review provides valuable assistance to the Secretary, to the Department Acquisition Executive, Chair of the DHS Investment Review Board and me, as DHS considers the best way forward.

This is not an unusual exercise as it is in line with the reviews we conduct for our all our major programs within the Department. Furthermore, this is a standard practice of other Departments within the U.S. Government, such as Defense, to improve their decision-making processes regarding major programs.

The Department appreciates the need for rigorous review to ensure that the Department acquires the crucial capability to preventing the smuggling of nuclear materials across our borders. 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. We consider the independent review of this system to be complementary to GAO's investigation of ASP. As an agent of Congress, GAO provides information to Congress in support of its oversight function. We intend to review and consider these reports from both sources in determining a way forward.

There are several things we have already learned from the Independent Review. First, ASP operational testing is critical to our ability to certify the system. I have asked Mr. John Higbee, Director, Acquisition Program Management to oversee ASP operational testing, working with independent Operational Test and Evaluation experts both internal and external to the Department. By conducting ASP operational testing, we will improve our ability to make an informed decision on this program. Testing of this type will also allow us to continue to exercise more oversight over the Department's acquisition programs as well as strengthen our requirements and investment review process.

Second: We are mindful of the need for the ASP program to demonstrate "increased operational effectiveness", and the interest Congress has in this criterion. We are working with DNDO and CBP to ensure that the ASP testing program is structured to conclusively determine this critical point.

Third: We learned the "cost" portion of the Cost Benefit Analysis (CBA) should include all ownership costs, including maintenance and support; and the "benefits" portion of the CBA should be consistent with the logic used to define "operational effectiveness." Therefore, we will carefully review the CBA to ensure that the alternatives are well-defined and that the assumptions, data inputs, and calculations are sound.

Finally: After reviewing and addressing the Independent Review Team's, and GAO's findings; and after considering the test results and all information provided within this process, the Secretary will be prepared to make a decision on whether he should certify that there will be a significant increase in operational effectiveness with the procurement of ASP systems.

Mr. Chairman, thank you for the opportunity to testify before the Committee on this very important topic. I would be glad to answer any questions you or the Members of the Committee may have for me.