

Statement of Senator Daniel K. Akaka

"DHS's Acquisition Organization: Who is Really In Charge?"

Committee on Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia

I want to welcome our witnesses here and offer my special thanks to Under Secretary Schneider for taking time out of his busy schedule once again for this Subcommittee.

Last month, this Subcommittee held its first hearing to examine the Department's management challenges where we touched on several issues vital to integrating DHS successfully. In today's hearing we hope to explore one of the most critical issues facing DHS - acquisition management.

Four years ago, the federal government started a monumental task, bringing together twenty-two agencies and offices from across the federal government to form the new Department of Homeland Security. This reorganization combined 180,000 employees, as well as a massive procurement portfolio. DHS has become the third largest spender on contracts, behind the Departments of Defense and Energy, spending more than \$15 billion in fiscal year 2006.

While DHS is still a young agency, it has experienced its share of contracting woes. Since its creation in 2003, DHS has found itself on the Government Accountability Office's High Risk List. This has been due, in large part, to the challenges that existed in many of DHS's component agencies before the reorganization, as well as the complexity and critical importance of a successful reorganization.

In particular, contract management has posed a difficult problem throughout DHS's short history. The Department has already engaged in several large-scale procurement projects. Some were poorly executed and managed. Poor contract management leaves DHS vulnerable to waste, fraud, and abuse. Most importantly, it exposes the nation to unacceptable security risks.

When the Department was created, a total of seven component agencies brought their own contracting shops to DHS. Those who did not have their own existing organization before coming to DHS now utilize the Office of Procurement Operations under the Chief Procurement Officer.

While DHS does have a Chief Procurement Officer, the acquisition organizational structure at DHS gives the position little formal authority outside of the Office of Procurement Operations. A 2004 Management Directive at DHS gave the CPO oversight and auditing roles agency-wide, but limited its authority over the Secret Service and the Coast Guard. The CPO and DHS's other five contracting shops share dual authority over contracting matters. This decentralized acquisition organization has proven problematic for the agency according to GAO.

In addition to the acquisition structure at DHS, the Department has an inadequate contracting workforce. The shortage of qualified procurement professionals seriously hinders the Department's ability to oversee contracts effectively after they have been awarded. DHS has made some progress in improving recruitment, training, and retention of qualified acquisition professionals, notably with its new internship program.

However, more needs to be done. Without the experienced workforce the Department requires, I fear it will have to rely more on large, single source contracts that it cannot effectively manage, leading to increased waste and fraud.

Last year, problems with the Coast Guard's Deepwater contract came to a head when costs soared and deliverables did not meet specifications required under the contract. I understand that over the last several months the Coast Guard has reevaluated its Deepwater contract and implemented reforms, which I hope Admiral Currier will detail in his testimony. But it is most important to hear what lessons have been learned, both by the Coast Guard and the Department, that can be applied to future acquisition programs.

The Department is now in the process of implementing the Customs and Border Protection's contract to secure our borders, known as the Secure Border Initiative, or SBInet. This will be a multi-year, multi-faceted project of a tremendous scale that would present a great procurement management challenge to even the most experienced, highest-functioning organization.

However, as the DHS Inspector General pointed out in a November 2006 report, there are already early warning signs that the Department may not have the resources available to manage SBInet properly. According to that report, DHS lacks the appropriate workforce, business processes, and management controls to plan and execute it. I am greatly concerned by this. I hope that Under Secretary Schneider will lay out how DHS intends to mitigate the problems highlighted in the Inspector General's report.

DHS needs a comprehensive acquisition structure in which all components with procurement authority work together, do not duplicate efforts, and do not unnecessarily compete for resources. This is essential for the department to perform its mission.

As Benjamin Franklin once famously said, "for want of a nail the shoe was lost; for want of a shoe the horse was lost; and for want of a horse the rider was lost."

Acquisition management is a fancy term for making certain that our first responders and homeland security professionals have the tools they need to accomplish their mission. I intend to keep a close watch on how well DHS is managing acquisitions, and look forward to supporting Mr. Schneider's efforts at reform.