

Statement of
Senator Susan M. Collins

**“Is DHS Too Dependent on Contractors
to Do the Government’s Work?”**

Committee on Homeland Security and Governmental Affairs
October 17, 2007

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The theme of today’s hearing is captured quite well in a handbook published by the Office of Personnel Management - - “Managers need to keep in mind that when they contract out ... they are contracting out the *work*, not the *accountability*.”

That handbook, “Getting Results Through Learning,” was released in 1997. To judge from the Government Accountability Office’s report on this matter, the government has yet to learn this important lesson.

The Department of Homeland Security offers a useful case study in the benefits – and the risks – of government contracting for services.

There are many legitimate reasons for contracting work out: for example, helping with stand-up requirements, meeting intermittent or surge demands, and keeping agency staff focused on core responsibilities. The GAO report notes that DHS has faced many of these challenges over its short life, leading to the use of contracts to cover needed services. As GAO also notes, however, “Four years later, the Department continues to rely heavily on contractors to fulfill its mission with little emphasis on assessing the risk and ensuring management control and accountability.”

Despite OPM’s admonition a decade ago, DHS has failed in numerous instances to ensure accountability for service contracts. GAO’s report provides troubling evidence that DHS has not routinely evaluated risks in acquiring services by contract and has not properly monitored services that are closely related to “inherently governmental functions.” These examples of inadequate oversight are particularly troubling since DHS used billions in taxpayers’ dollars last year to procure professional and management-support services.

Some of GAO’s discoveries are especially disconcerting:

- Without sufficient oversight, contractors were preparing budgets, managing employee relations, and developing regulations at the Office of**

Procurement Operations, TSA, and the Coast Guard;

- Some DHS program officials were unaware that a long-standing federal policy requires an assessment of the risks that government decisions may be influenced by a contractor's actions. Worse, when informed of the policy, some officials said they did not see the need for enhanced oversight;**
- In six of the nine cases studied by GAO, statements of work lacked measurable outcomes, making it difficult to hold contractors accountable for the results of their work; and**
- DHS has not assessed whether its contracting could lead to loss of control and accountability**

for mission-related decisions, nor has it explored ways to mitigate such risks.

These concerns are similar to those raised by the DHS Inspector General, who identified instances of poorly defined contract requirements, inadequate oversight, unsatisfactory results, and unnecessary costs.

To address reports of contracting failures like those identified in this and other GAO reports, Senator Lieberman and I introduced S. 680, the Accountability in Government Contracting Act of 2007, along with Senators Akaka, Carper, Coleman, and McCaskill.

That bill, which was reported unanimously by the Committee, would reform contracting practices; strengthen the procurement workforce; introduce

new safeguards against waste, fraud, and abuse; and provide increased oversight and transparency in the federal government's dealings with contractors.

Also important, the bill would also limit the duration of non-competitive contracts - - a problem identified by GAO in this report, as many DHS service contracts were extended well beyond the original period of need.

The GAO report we receive today delivers a troubling judgment, especially when so much of DHS service contracting comes very close to the performance of "inherently government functions." I look forward to hearing our witnesses share their thoughts on these matters.

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