



**STATEMENT OF
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**BEFORE THE
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE**

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

October 17, 2007

Chairman Lieberman, Ranking Member Collins, and Members of the Committee, thank you for this opportunity to appear before you to discuss the Department of Homeland Security’s (DHS) acquisition program. I am the Chief Procurement Officer (CPO) for the Department of Homeland Security. I am a career executive and I have spent most of my twenty-three years of public service in the procurement profession.

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

- First, to build the DHS acquisition workforce.
- Second, to make good business deals.
- Third, to perform effective contract administration.

The subject under consideration today relates to all three of my priorities and is especially important to me for that reason. As DHS’ Chief Procurement Officer (CPO), I provide oversight and support to eight procurement offices within DHS – Customs and Border Protection (CBP), Federal Emergency Management Agency (FEMA), Immigration and Customs Enforcement (ICE), Transportation Security Administration (TSA), United States Coast Guard (USCG), United States Secret Service (USSS), Federal Law Enforcement Training Center (FLETC), and the Office of Procurement Operations (OPO). As the CPO, my primary responsibility is to manage and oversee the DHS acquisition program. I provide the acquisition infrastructure that includes acquisition

policies, procedures, training and workforce initiatives that allow DHS contracting offices, as appropriate, to operate in a uniform and consistent manner.

PRIORITY: BUILD THE DHS WORKFORCE

The first of my top three priorities is building the DHS Acquisition Workforce. My responsibility as the Chief Procurement Officer is to understand the unique needs of each contracting activity and to provide the appropriate infrastructure to support each of these offices. While each contracting office is necessarily unique, they share the common objective of acquiring goods and services to meet mission needs at fair and reasonable prices, with integrity and transparency. My goal is to develop a superior acquisition workforce that not only puts the right contracts in place, but that also effectively manages the performance of its contractors. To ensure we meet our collective objective, my office has embarked on these major workforce initiatives:

- **Centralized Hiring Initiative.** A successful acquisition program requires a team of integrated acquisition professionals who manage the entire lifecycle of a major procurement effort. However, the competition for highly qualified acquisition and procurement professionals is intense, both within the Federal Government and the private sector. Therefore, in partnership with the Office of the Chief Human Capital Officer, we plan to initiate staffing studies related to the skill sets of individuals and staffing levels of programs under the purview of the Department. The outcome of these studies will include recommendations for the number and skill sets of Federal employees required to successfully manage long term projects and programs at the Department. We have also initiated an aggressive staffing solution to resolve personnel shortages and have centralized recruiting activities to better manage similar needs across the Department.

Centralized recruiting efforts include department-wide vacancy announcements, print advertisements in major media publications as well as attendance at key acquisition recruiting events. In addition, for Contract Specialists, one of our most critical staffing shortages, the Department received the authority to maximize the use of hiring flexibilities such as Direct Hire Authority and Re-Employed Annuitants. While these authorities are extremely helpful to our recruiting efforts, the Direct Hire Authority has expired. This will adversely impact our ability to quickly hire needed acquisition professionals. Given the complexity of our acquisition programs, the recruitment of talented acquisition professionals will take time. I appreciate your continued support of our initiatives.

- **Acquisition Intern Program.** In order to satisfy the long term need for qualified acquisition personnel, my office sought centralized funding in order to attract, hire, and train exceptional new talent. Beginning in fiscal year (FY) 2008, my office is centrally funding an Acquisition Intern Program that will start with 66 participants, recruited from campuses across the country, and will grow incrementally each year to reach our goal of 300 participants. Our objective is to grow our talent and develop a pipeline for our future acquisition leaders. Interns will participate in a three-year

- **Centralized Acquisition Workforce Training Fund.** By centralizing our training program, the Department is better positioned to deliver a unified training program that enables our acquisition professionals to achieve the appropriate certification levels and to develop the necessary skills and competencies to negotiate good business deals. We will maximize the use of the training resources available to Federal agencies from the Federal Acquisition Institute. In May, the DHS Under Secretary for Management (USM) signed a partnership agreement with the Under Secretary of Defense (Acquisition, Technology, and Logistics) and the President of the Defense Acquisition University (DAU) to leverage existing DoD training and development opportunities. This agreement will enable DHS to use DoD's capabilities and talent pool to help develop our workforce on a long-term partnership basis. We will supplement these resources with specialized targeted training in areas such as the Safety Act, Performance-Based Acquisition, and Buy American Processes and Compliance. Our Excellence in Contracting Training Series for DHS headquarters and Component personnel is designed to enhance the acquisition workforce's understanding of contracting regulations and policies. Based on the results of reviews conducted by my Acquisition Oversight Division, our training program will develop or purchase, as needed, training aides to close identified competency gaps.

PRIORITY: MAKE GOOD BUSINESS DEALS

Ensuring the acquisition workforce makes good business deals is the second of my top three priorities. My office is continuing to develop the policy framework to facilitate the Department's ability to meet its acquisition-related mission requirements by incorporating good business practices even in the face of urgent requirements. To accomplish this, my office has engaged in a wide range of activities this year, with particular emphasis on areas of identified risk:

- The Homeland Security Acquisition Manual (HSAM) includes guidance on acquisition matters that do not rise to the level requiring formal rulemaking. In December, my office, the Office of the Chief Procurement Officer (OCPO), issued a complete revision to the HSAM to ensure currency and completeness. Subsequently, OCPO issued three FY 2007 HSAM notices that cover an extensive range of acquisition topics - competition requirements, acquisition planning, our small

business program, OCPO's class deviation process, contractor qualifications, and lead system integrator organizational conflicts of interest. Several other HSAM notices are in process to update our Acquisition Planning Guide and our Sole Source Justification & Approval Guide.

- During this last year, my office also issued a number of Acquisition Alerts on topics of particular importance to the DHS Acquisition Workforce. Recently, DHS received recognition in Government Accountability Office (GAO) Congressional testimony (GAO-07-1251T) for being among the first agencies to issue guidance to its workforce on the Alaska Native Corporation (ANC) 8(a) Program to tighten oversight of contracts with 8(a) ANC firms. Other Alert topics ranged from Buy American Act reporting, SBA Partnership Agreement, Warrant Program, Supplemental On-Line Acquisition Ethics Training Availability and Earned Value Management.
- My office is very focused on improving both the level and quality of our competitions. To that end, OCPO established a Competition Award to recognize significant achievement in strengthening competition; issued an Acquisition Alert spearheading an initiative for Components to correct existing records; and began a headquarters' systematic review of Component FedBizOpps sole source announcements as they are published to ensure that authorities are being appropriately used.
- OCPO is actively engaged in Office of Federal Procurement Policy's (OFPP) Interagency Working Group crafting the government-wide comprehensive guidance on Interagency Acquisitions. Concurrently, this week, OCPO is conducting a Lean Six Sigma event for the purpose of developing new DHS-level guidance on interagency agreements. The goal is to streamline the process while ensuring appropriate internal controls are in place.
- My office is also actively engaged in OFPP's Performance-Based Acquisition (PBA) Interagency Working Group. The Group has worked to enhance OFPP's PBA *Seven Steps* Guidance and make available appropriate samples tailored to Component needs. Additionally, during its Component reviews, OCPO Acquisition Oversight has begun checking acquisitions coded in the Federal Procurement Data System as performance-based to verify if the contracts are, in-fact, performance-based. PBA was also one of the very first Excellence in Contracting Series training topics and in January, GSA will present its PBA training as an Excellence in Contracting Series topic.
- OCPO crafted guidance signed out by the USM on use of the Past Performance Information Retrieval System, the Government's data repository for collection on contractor past performance. The memo is intended to increase awareness of the Contracting Officer and Contracting Officer Technical Representative (COTR) responsibility to use the database when making source selection decisions as well as to improve compliance with the requirement to enter past performance information into the database on DHS' contractors. OCPO is scheduled to provide an Excellence in Contracting Series training session on past performance this month. Additionally,

OCPO partnered with Components' Acquisition Systems and Policy groups to encourage completion of contractor performance evaluation reports and institute Component training.

- In June, OCPO issued a *Practical Guide to Source Selection* that provides extensive guidance on conducting Federal Acquisition Regulation (FAR) Part 15 formal source selections at DHS.
- OCPO is currently developing guidance on the proper use of Time & Material (T&M) contracting in response to recent changes in government-wide T&M policy. The guidance will be provided to Components via an Acquisition Alert or HSAM Notice and an Excellence in Contracting Series training session will be scheduled to further disseminate the information.
- OCPO is negotiating a Price Fighters Memorandum of Understanding (MOU) with the Naval Inventory Control Point to provide cost and pricing support for major Department acquisitions.
- Through its representation on the Civilian Agency Acquisition Council, OCPO is very engaged in all regulatory changes to the FAR. OCPO's active involvement ensures that the balance between good business decisions and urgency is a consideration when government-wide acquisition regulations are promulgated. Significant cases of particular DHS interest are:
 - Local Community Recovery Act (P.L.109-218) and additional Stafford Act changes (P.L. 109-295, Sec 694) for local affected set-aside areas. OCPO served as an ad hoc member of the FAR Committee for the first interim rule (Aug 2006) and second interim rule (expected to be published this month).
 - In FY 2007, OCPO and FEMA drafted and submitted the FAR business case to support initiation of implementation of the FEMA Registry of Disaster Response Contractors (P.L 109-295, Sec 697).
 - OCPO crafted the initial draft FAR rule to require Federal contractors to verify employment eligibility of their employees.

PRIORITY: EFFECTIVE CONTRACT ADMINISTRATION

In addition to areas related specifically to the topic of this hearing that I will address later in my testimony, there are several noteworthy activities related to efficient contract administration, my third priority.

- OCPO Acquisition Policy & Legislation negotiated an amendment to a Memorandum of Agreement (MOA) with the Defense Contract Management Agency (DCMA) to provide for DCMA performance of Earned Value Management (EVM) services for DHS contracts. DCMA has already begun compliance reviews. When fully implemented, the MOA will provide an avenue to obtain EVM services needed to ensure appropriate oversight of major acquisitions for development.

- A series of online job-aids, targeted at the various elements that makeup contract administration, are being developed to support the just-in-time training needs of our contracting professionals.
- OCPO is developing a Government Furnished Equipment (GFE) “*Roadshow*” expected to be presented this fall at Component locations to further acquaint professionals with significant changes to policy on administration of GFE resulting from government-wide acquisition regulation changes.

CROSS-CUTTING INITIATIVES

There are number of OCPO accomplishments and on-going activities that cut across my three priorities which I would like to bring to your attention.

- DHS’ Office of Small and Disadvantaged Business Utilization was recently recognized by the Small Business Administration in their first annual small business scorecard with a rating of green. Among twenty-four Federal departments, DHS was one of only seven to receive a green rating.
- During FY 2007, OCPO’s Acquisition Oversight conducted comprehensive on-sight reviews at FLETC, OPO, FEMA and U.S. Citizenship and Immigration Services in addition to a number of targeted specialized reviews.
- In FY 2007, the DHS Strategic Sourcing Program (SSP) continued to leverage leading practices to optimize its program and ensure continued support for DHS’ commodity councils and for Component-specific business efforts. Positive results include price reductions of almost \$100M, cost avoidances of nearly \$700K. Eight distinct strategically sourced vehicles will potentially place billions of dollars with small business while meeting the stringent operational requirements of DHS’ end users.
- OCPO utilizes the Program Management Council, co-chaired by me and an operational program manager, as a department-wide forum for involvement as DHS builds acquisition expertise.
- Directly bearing on the topic of today’s testimony is the reorganization of OCPO to include a Program Management SES-level directorate to develop and disseminate policy on program management to DHS Components. The organization is retooling the process for reviewing and approving major Department programs and will begin a review of existing programs. An element of these reviews will be to assess the balance between Government and contractor employees and appropriately influence requirements decisions to properly allocate the division.
- This year, my Acquisition Policy & Legislation group stood up the OCPO Acquisition Policy Board consisting of each Component’s Contracting Office Policy Chief as well as a member of OCPO’s Acquisition Oversight staff. The purpose of

the Board is to disseminate department-wide acquisition policy information and foster dialog between Component staff members to enable identification and adoption of best practices across the Department.

- OCPO Acquisition Policy & Legislation has also increased its engagement on legislative issues this year. It has provided significant input on the growing volume of proposed legislation on acquisition policy to ensure the best interests of the Department are represented and, where appropriate, that DHS acquisition-related legislation is not more restrictive than Federal-wide acquisition legislation. The range of legislation has been very broad – Buy American Act issues, lead system integrator contracts, competition, multiple award contracts, direct hire authorities, tax delinquency, small business, etc. Additionally, this year, not only has OCPO responded to proposed legislation, but it has submitted seven legislative proposals on a range of acquisition-related topics.
- OCPO participates on the Interagency Suspension and Debarment Committee (ISDC). ISDC issues guidance for procurement and non-procurement programs and also facilitates lead agency coordination, and serves as a forum to discuss current suspensions and debarments. OCPO is also participating in the discussion and analysis of an on-going ISDC Information Sharing project, in response to GAO's July 2005 study of six Federal agencies which includes management of "administrative agreements" and "compelling reason determinations" to continue performance.
- My office is developing an Emergency Procurement Tool Box/Framework with FEMA in order to expedite the acquisition function in the event of a significant national emergency, per the National Response Plan. The tool box will include core documents that would be necessary before, during and immediately following a disaster.

GOVERNMENT ACCOUNTABILITY OFFICE REVIEW OF SELECT DHS SERVICE CONTRACTS

Mr. Chairman, I along with DHS leadership share the Committee's concern with the Federal Government's increasing reliance on contractor services and the risk associated with contractors providing services that closely support mission critical functions. For the Department, it is not a question of whether we continue to utilize contractor services, but, rather, as the organization matures and evolves, about reaching the optimum balance between requirements being performed by Federal employees and contractors, how we capitalize on the energies and solutions industry can offer, and very critically, how we then manage the risks associated with the continued use of contracted services.

When the twenty-two legacy organizations were brought together in 2003 to form the Department, there was not an infrastructure upon which to build. The speed at which the Department stood-up and the government-wide shortages of Federal employees in a range of critical functional areas contributed to the Department's reliance on contractors.

That said, however, the Department does not envision as we move forward a sea-change where entire programs or functions that involve commercial activities will be manned solely by Federal employees. While it is critical that sufficient internal capability exist to carry out our core competencies, it is entirely appropriate upon the Department's identification of mission needs, followed by development of requirements and metrics, to seek industry input for the best solution and implementation of that solution. As the Department's Inspector General stated in February 6th Congressional testimony, "partnering with the private sector adds fresh perspective, insight, creative energy and innovation."

DHS was recently the subject of a GAO review. I appreciate this opportunity today to comment on the draft GAO report, GAO-07-990, *Department of Homeland Security: Improved Assessment and Oversight Needed to Manage Risk of Contracting for Selected Services* (GAO Job Code 120544) that resulted from the engagement.

The Department generally agrees with the draft report's five recommendations, four of which fall under the category of managing the risk associated with acquiring services that closely support inherently governmental functions including government control over and accountability for its decisions.

But, before I address what specific actions we are taking, I would like first to put the issue in a government-wide context. The "blended workforce" and "multi-sector workforce" are terms used to describe a mix of civil servants and uniformed personnel with contractor employees in the Federal workplace for the execution of agency tasks. The Services Acquisition Reform Act Acquisition Advisory Panel devoted a chapter entitled "*The Appropriate Role of Contractors Supporting the Government*" to this new environment in its recently issued final report. The chapter discusses a range of topics that are interesting, pertinent, and some would say, provocative.

At DHS, and many agencies across the Federal Government, contractor employees are in many respects indistinguishable from Government employees. In this environment, lines between inherently governmental and commercial and personal and non-personal service may become blurred. At DHS and across the Government, there is a need to be increasingly sensitive to organizational conflict of interest issues, contractor ethics, and avoiding crossing into the employer/employee relationship when our Federal employees interface with contractor employees.

- As I stated earlier, in concert with the DHS Chief Human Capital Officer, we are now planning staffing studies related to the skill sets of individuals and staffing levels of programs under the purview of the Department. Maintaining core functions will be a critical consideration as the staffing studies are accomplished.
- As part of the initiatives begun by DHS in the areas of program and project management, and in conjunction with the staffing studies discussed above, my office anticipates that an increased awareness and understanding of the risks associated with contracted services will be appropriately addressed more often in the future. There

has already been evidence of this recognition occurring at the U.S. Coast Guard, where the statement of work for the Office of Standards Evaluation and Development support contract was completely revised for the most recent award in order to address the very issue covered in the draft GAO report. Better requirements definition for service contracts will lead to fewer T&M type contracts and more effective use of Performance-Based Service Contracts throughout DHS. I note however, this objective will be very difficult to achieve, and it is far too early to place such progress on a timeline for completion. Nevertheless, DHS officials recognize that the need is critical and have begun to chart a way forward on the broad front of requirements definition.

- The process of assessing program office staff and expertise has already begun at the TSA. The TSA Assistant Administrator for Acquisition has developed a notional staffing plan for program and project offices that incorporates the examination of inherently governmental functions in the development of a staffing plan for a program office and related ethical issues, such as avoidance of conflicts of interest. The notional plan is accompanied by guides to the numbers, skill sets and assignments of Federal employees necessary to maintain program control, provide oversight and ensure that no inherently governmental functions are performed by service contractors. While this effort is being implemented on a Component scale at TSA, the Department is proceeding on a larger scale initiative to address many of these issues.
- Because we recognize the risk associated with service contracting, in August, I issued a memorandum to all DHS Component Heads of Contracting on *Improving DHS Service Contracting*. While I rely on DHS business owners to identify specific requirements in support of the Department's critical missions, our DHS Contracting Officers shoulder much of the burden of detecting, avoiding, neutralizing, or mitigating organizational conflicts of interest that are more apt to occur with increased contractor participation in agency operations, particularly in connection with the blended workforce. My memo emphasized that at DHS our Contracting Officers must ensure that contracting for services is in full compliance with all statutory, regulatory and policy requirements. The memo also stressed the need for vigilance to avoid inclusion of inherently governmental functions in performance work statements and absent specific authority, establishing personal services contracts. Other topical areas included T&M and labor hour contracts, the Intergovernmental Personnel Act, and Organizational Conflicts of Interest.
- The DHS Acquisition Planning Guide provides for the assessment of risk with respect to the planned acquisition processes and this requirement will be further emphasized during my discussions with the Heads of Contracting Activities as well as in the through an acquisition alert to Department contracting personnel.
- As a result of the information provided by the GAO during the engagement, the lack of agency guidance on the application of OFPP Letter 93-1, *Management Oversight of Service Contracting* (May 18, 1994) was brought to the Department's attention.

Further research on the part of OCPO officials confirmed that this policy letter was neither part of the regular training process for acquisition personnel at DHS nor at DAU. We have taken steps to ensure that this guidance is disseminated and discussed during the DHS training for Contracting Officers and Contracting Officer Technical Representatives (COTRs). DHS officials have also coordinated with DAU's course director for COTR training to ensure that coverage of OFPP Letter 93-1 is included in training at the university. Because DHS officials rely on DAU training and certification to a certain extent for COTRs, we intend to follow-up on the inclusion of the guidance on OFPP Letter 93-1 in the DAU training regimen.

- Recently, the FAR Secretariat published a proposed rule dealing with contractor ethics entitled *Contractor Code of Ethics and Business Conduct*. The rule, initiated by members of my OCPO staff in direct response to an inquiry by Senators Lieberman and Collins, establishes a clear and consistent policy regarding contractor code of ethics and business conduct, and responsibility to avoid improper business practices. Additionally, the proposed rule requires contractors to provide their employees with information on contacting the appropriate Inspector General to report potential wrongdoing and include posting this information on company internal websites and prominently displaying hotline posters. DHS supports a second and complementary government-wide FAR case, *Contractor Compliance Program and Integrity Reporting*, which would require contractors to establish and maintain internal controls to detect and prevent fraud in their government contracts, and to notify contracting offices without delay whenever they become aware of fraud.
- OCPO is collaborating with functional areas department-wide to update DHS directives and forms to ensure to the maximum extent possible no breach of personally identifiable information occurs. OCPO's role is focused on contractor roles and responsibilities and how best to capture and disseminate information and mechanisms.

PROGRAM MANAGEMENT FOCUSED INITIATIVES

The focus of much of the draft GAO report is not just on contracting, but on broader acquisition issues. Within the acquisition community, we make a very real distinction between the two. Acquisition is not just award of a contract, but an entire process that begins with identifying a mission need and developing a strategy to fulfill that need through a thoughtful, balanced approach, and very importantly, effectively managing the requirement through completion of the program's lifecycle.

I am among many who feel that the root cause of many of the reported problems with our contracts stem from failings in the broader acquisition process, i.e., requirements development and definition, program management, logistics, performance standards development, quality assurance planning, test and evaluation, etc. Therefore, the solution to identified problems in acquisition lies in applying the necessary energy and resources particularly to program management. We are doing that at DHS.

- As I stated earlier, OCPO has reorganized to include a Program Management SES-level directorate to develop and disseminate specific policy on program management to DHS Components. The directorate is installing a metrics system to measure cost, schedule and performance of major program, redesigning the investment review process, and has begun its review of existing programs to determine how to proceed.
- By direction of the Under Secretary of Management, OCPO is conducting “*Quick-Look*” reviews of all Department Level 1 acquisition programs. These reviews are designed to provide a rapid assessment of the risk in the Level 1 Acquisition Program Portfolio. The results will be used to identify any high risk programs for which a more in-depth review is necessary. These reviews will also provide insight into Component governance and oversight processes that DHS can leverage to refine Departmental acquisition policies and processes.
- The Department is increasingly focusing on the balance between contractors and government employees. In preparation of this year’s budget submissions, each office was directed by the Deputy Secretary to assess their contracting needs and consider whether or not the particular need would be more appropriately filled with government employees. Within my office, we are exploring how we in procurement can, through coordination with the many stakeholders that support the missions, appropriately influence requirements decisions to properly allocate the division of agency work between Department staff and properly managed contractors.
- The Department is addressing GAO and DHS Office of Inspector General identified need for additional certified program managers through various DHS training programs resulting in certification of 237 program managers since December 2006, a 53% increase in just the past ten months.
- Last month, an MOA was signed between DoD and DHS. This strategic relationship enables DHS to take direct advantage of the DAU’s acquisition, technology and logistics expertise in training, consulting, knowledge sharing, continuous learning, career workforce planning, and management services.
- To support my top priority to build a strong acquisition system, with the right people, OCPO is developing standards for all acquisition career fields. To date, DHS has three acquisition career fields for which DHS has certification standards (Contracting, Contracting Officer’s Technical Representative, and Program Management). DHS will add certification standards for other acquisition career fields, including logistics, systems engineering, cost estimating, and test & evaluation as soon as practicable.
- In compliance with OCPO plans to establish career certification standard that satisfy both the civilian agency standards, where they exist (currently for Contracting and Program Management) as well as meeting the Defense Acquisition Workforce certification standards, OCPO is nearing completion of revised DHS program management certification requirements. This improved set of requirements will satisfy and bridge both the new Defense Acquisition Workforce Improvement Act

Program Management certification changes that will take effect April 1, 2008 and the Federal Acquisition Certification Project/Program Management (“FAC-P/PM”) requirements. The required level of training, education, and experience will ensure that DHS has a highly skilled and well qualified acquisition program management workforce.

- OCPO is reaching out and identifying current program managers who require additional training and development to satisfy the certification requirements for their present positions. Our partnership with DAU enables us to secure more allocations in classes to increase our training throughput. CPO is concurrently investigating several other avenues to make training available, including commercial contractors and the Naval Post Graduate School’s Advanced Acquisition Program. The U.S. Coast Guard was instrumental in coordinating this effort, which began in late FY 2007, and we are considering adding future offerings that would provide the training necessary for Level I, Level II and Level III acquisition program management certification. Our end-state objective is to have all incumbent program managers certified and have a strong cadre from which to select as future acquisition program manager positions needs are identified.
- OCPO is hiring experts in various acquisition career fields to build those competencies and systems throughout Department. Already, several program managers, cost estimators, test & evaluation specialists, and logisticians are on-board.
- OCPO has begun a major overhaul of the Department’s COTR training. There are several major focuses of the FY 2008 changes. One is to expand on ethics and organizational conflict of interest specifically geared for the blended workforce environment. Another is to heighten the awareness of program officials and COTRs to be able to distinguish personal services and non-personal services and guard against incorporating any requirement or drafting statements of work or objectives that would be satisfied with unauthorized personal services. Further, additional emphasis will be included to ensure COTR oversight includes discouraging an environment or performance that gives rise to unauthorized personal services, and that COTRs are fully cognizant of their performance assessment responsibilities. OCPO plans to issue an HSAM Notice this month that addresses COTR specific oversight responsibilities associated with review of contractor vouchers for reasonableness and accuracy and ensuring that deliverables have been provided in accordance with the terms of the contract.
- The draft GAO report states that, “Prior GAO work has found that cost, schedule, and performance – common measures for products or major systems – may not be the most effective measures for assessing services.” I would argue that these are the most basic measures that program and project managers are expected to define and against which they must evaluate services within their programs.. As I described earlier, OCPO negotiated with DCMA for more robust Earned Value Management services to enhance the Department’s ability to monitor cost, schedule and performance.

DCMA has already provided a compliance review of U.S.-VISIT's EVM processes and procedures and a follow-up meeting to discuss findings has been scheduled.

GAO-IDENTIFIED CONTRACTS

In its draft report, GAO identified nine contracts for professional and management support services closely supporting inherently governmental functions. The contracts were from the early days of DHS existence; most are no longer in existence.

The GAO draft report faults DHS for not attending to the risk that government decisions may be influenced by, rather than independent from, contracting actions when contracting for services that closely support inherently governmental functions. While I understand the point GAO's draft report is making, it is a difficult objection to reconcile given that a purpose of many of the contracts is to provide services that involve analysis, feasibility studies, and strategy options to be used by agency personnel in developing policy. Agency officials are not, however, deprived of discretionary decision-making authority, limited to analyses, studies, and options presented by contractors, or otherwise circumscribed in their ability to analyze policy options or exercise discretion and decision-making.

Mr. Chairman, thank you for the opportunity to testify before the Committee on this very important topic. The Department takes very seriously your concerns and has taken many steps to address them. As the Department matures and our initiatives to recruit and train a superb acquisition workforce come to fruition, our efforts to improve upon our service contracting will become that much more robust. And finally, because the topic is the focus of much attention government-wide and within industry, I would ask that as you deliberate on whether additional legislation is needed to address our shared concerns, that the Committee take a global government-wide approach to solutions.

I would be glad to answer any questions you or the Members of the Committee may have for me.