



**STATEMENT OF
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**BEFORE THE
COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON MANAGEMENT, INVESTIGATIONS, AND
OVERSIGHT**

**UNITED STATES HOUSE OF REPRESENTATIVES
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Chairman Carney, Ranking Member Rogers, and Members of the Subcommittee, thank you for this opportunity to appear before you to discuss the Department of Homeland Security (DHS) acquisition program. I am the Deputy Chief Procurement Officer (DCPO) for the DHS, the co-lead executive responsible for the management, administration and oversight of the Department's acquisition programs. In that capacity, I oversee and support ten procurement offices within DHS. The Office of the Chief Procurement Officer provides the infrastructure that provides the acquisition policies, procedures, training and workforce initiatives that enables our acquisition professionals to support mission accomplishment while also being good stewards of taxpayer dollars.

I am a career federal employee, with twenty years of public service in the acquisition career field. I came to DHS Headquarters in April 2008 as the DCPO. Prior to that, I was the Transportation Security Administration's (TSA) Assistant Administrator for Acquisition and Chief Procurement Executive from November 2005 to April 2008, responsible for an annual \$2 billion acquisition program. In this position, I provided acquisition support to TSA operations across the nation's airports and other modes of transportation as well as to one of the largest and most complex acquisition programs in DHS.

As the Chief Procurement Executive, I provided executive leadership to TSA's acquisition program, including investment reviews, award and administration of contracts, financial assistance, interagency agreements and other transactions. I was also responsible for development of TSA's contracting workforce and acquisition policy. I was a business advisor to TSA's leadership and instituted program management as a core competency at TSA. Before joining TSA in December 2002, I was a Contracting Officer

for the Department of Defense's Naval Sea System Command, where I led contracting efforts associated with numerous major weapon systems.

DHS Acquisition Program Overview

As the Department has organized and defined its many missions, the acquisition of products and services has been essential to successfully securing our nation. The requirements have been complex and diverse, including core infrastructure needs, security equipment, aircraft and ships, facilities, and emerging technologies. The threat is neither constant nor consistent, and as a result, the acquisition program must be able to adapt and identify both near and long term solutions. Since it was established, the Office of the Chief Procurement Officer's mission, in conjunction with the respective contracting offices, has been to provide the needed products and services to meet the DHS mission and do so in way that represents sound business and demonstrates we are good stewards of the taxpayers' dollars. In order to achieve this mission, we have and will continue to focus on our people and our processes. We recognize the need to have qualified professionals who are trained and certified to perform their respective duties in an increasingly complex and fluid regulatory and policy environment. We have made significant strides in creating an acquisition workforce program that is focused on recruiting, training and retaining a cadres of acquisition professionals in multiple disciplines. We recognized the need for sound business processes by publishing the Homeland Security Acquisition Regulation and Guidebook and have instituted internal controls for our investments through our Acquisition Oversight Program which has been favorably reviewed by the Comptroller General at Congressional Direction. In the near future we will be publishing our Program Review processes to further define Program internal controls just as we have done for the procurement and contracting portion of Acquisition Management. DHS is continuing to strengthen its policies and processes to institutionalize an acquisition framework that will provide a disciplined process that integrates planning, requirements, budgeting and acquisition.

Buildup and Growth of the Office of the Chief Procurement Office and the Office of Procurement Operations

In March 2003, there were seven contracting activities supporting legacy components: TSA, USCG, USSS, CBP, ICE, FLETC and FEMA. Supporting the newly established Department Headquarters was a single contracting officer detailed to DHS Headquarters to personally handle and coordinate procurement requests from all newly established offices within Headquarters, including the newly formed Science and Technology Directorate (S&T), the Information Analysis and Infrastructure Protection (IAIP) Directorate, and the Border and Transportation Security (BTS) Directorate. The first Chief Procurement Officer, Greg Rothwell, came on board in the summer of 2003.

In FY 2004, the OCPO began defining the specific functions of policy and oversight, as well as established the Office of Procurement Operations (OPO). As the newest DHS contracting activity, OPO had the responsibility to support the contracting requirements of the DHS Headquarters and any other organization that did not have its own contracting

activity. OPO reports directly to the CPO while the other contracting activities report through their respective component's chain of command while receiving their Procurement and Contracting authority from the OCPO. In FY 2004, OCPO had only four employees while the entire Department employed 603 GS-1102 contracting specialists. By the end of FY 2005, OCPO had grown to 30 staff members performing procurement policy and oversight functions, to include grants oversight, competitive sourcing oversight, strategic sourcing and e-business initiatives and had added another function in support of acquisition workforce management. In FY 2007, OCPO established the Acquisition Oversight Division, dedicated to assessing the Department's procurements and acquisition programs. In FY 2008, as the quantity and complexity of programs supporting DHS missions continued to increase, the need to evolve and establish additional functions within OCPO became necessary. OCPO established two new divisions to support critical acquisition functions, the Acquisition Program Management Directorate (APMD) and the Cost Analysis Division (CAD). APMD and CAD provide essential competencies that are core to the infrastructure of the Department's acquisition program. In addition to policy and oversight of their respective functional areas, the missions of APMD and CAD include providing outreach support to the various program offices to ensure sound program management principles are being applied to the programs.

OCPO recognizes a successful acquisition program is more than policy and oversight, it requires a talented workforce. Therefore, another priority of our acquisition framework is to improve our ability to attract and retain needed resources. Currently, there are more than 1,000 contract specialists across the Department and we continue to recruit candidates at all grade levels. However, one of the most hard-to-fill occupational series within the Federal Government is the 1102 contracting series. The great demand far exceeds the number of qualified mid-level and senior level contracting professionals. As this testimony is being prepared there are 1,432 vacancy announcements for the 1102 job series across the federal government. At DHS, our targeted efforts include open and continuous job vacancy announcements at all grade levels, GS-9 through GS-15; aggressive use of the Department's direct-hire authority for the 1102 contracting series; expansive use of the OCPO's Acquisition Professional Career Program, and the use of re-employed annuitants to serve as mentors to our acquisition interns, in training and in oversight. Many of the individuals we are hiring, from our new interns to our seasoned professionals, appreciate the importance of DHS' mission and want to protect our homeland as much as those individuals with me today.

The same attention given to the recruitment of staff is being directed to the retention of our existing staff. Our contracting organizations are committed to providing their employees with the tools, developmental opportunities, and workplace flexibilities inherent to "best places to work." For example, the Head of Contracting Activity (HCA) of OPO instituted a tuition assistance program, an annual employee satisfaction survey, an exit survey, and structured rotational/development work assignments. Other initiatives are being finalized that include expanded alternate work schedule options and telecommuting options. Similar programs and initiatives are being implemented across the Department.

As OCPO has concentrated on our acquisition workforce and processes, the operational contracting activities have been focused on procuring the goods and services required in support of their programs. As I mentioned earlier, our acquisition portfolio is diverse, ranging from small purchases to commercial items to complex, cutting edge solutions. In many cases, key mission capabilities cannot be satisfied by commercial or non-complex procurements. Rather, these capabilities will come from solutions derived from developmental efforts at the initial stage of the acquisition lifecycle. In these situations, the program assesses alternatives and performs demonstrations to determine if the solution is effective and worthy of continued investment. For these reasons, OCPO is implementing an acquisition framework that establishes policies and procedures to enable the Department to better ensure good investment and business decisions. Over the past six months, the Acquisition and Program Management Division within OCPO has collaboratively worked with the representatives from across the Department to develop the revised Acquisition Management framework that will provide the governance of our investment programs. This effort, combined with a revised Requirements process, integrated together, will form the foundation of the investment decision process. Once a requirement is identified, validated and resourced, the program will be subject to reviews at critical decision points to ensure continued investment in the program is in the best interests of the government.

Earlier this year, the CPO, Tom Essig, identified his top priorities for FY 2008. While we have made significant progress on all three priorities, more remains to be done. We are committed to the Department's acquisition community to be one of that looks towards achieving excellence in what everything we do. The CPO will retain the following priorities as the Department advances into FY 2009.

Priority #1: Quality Contracting

We need to make business decisions that enable us to accomplish our mission, while also being good stewards of taxpayer dollars. Within the OCPO, we are developing and implementing a policy and oversight framework that will facilitate the Department's ability to achieve this objective.

We recognize that competition is good for both government and industry. For this reason OCPO established in June 2007, the DHS Competition and Acquisition Excellence Award Program as an on-going program whereby Component HCAs are invited to provide the DHS Competition Advocate with nominations citing team or individual accomplishments in promoting and achieving competition and/or use of innovative and best practices. Competition advocacy and the use of innovative and best acquisition practices are a means of strengthening acquisition management. It provides greater value products and services, reduces risk, and is an underlying objective of the Secretary's goal to strengthen and unify DHS operations and management. This Program was established as a means of motivating and recognizing individual and team accomplishments and sharing best practices in promoting and achieving competition, realizing cost savings/cost avoidance, and/or implementing improved acquisition practices. There were thirteen

efforts recognized for their FY 2007 accomplishments. It is estimated that the Department's cost savings/avoidance was more than \$5.2 million. These achievements in promoting competition have long-term effects that result in improvements to the Department's investment review processes and the quality of our program/project management. In a July 18, 2008 memorandum to Agency and Department Chief Acquisition Officers, the Office of Federal Procurement Policy cited the DHS Competition and Acquisition Excellence Awards Program as an example for agencies considering establishment of recognition programs.

Another important aspect of making good business decisions involves the role of the Office of Small and Disadvantaged Business Utilization (OSDBU) to assist and counsel all types of small businesses (including veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns) on procedures for contracting with the Department of Homeland Security. Our goal is to help small businesses by fostering an environment where these firms can compete for a fair share of DHS contracts and subcontracts. Through our efforts, we are able to support the OCPO by engaging the cooperation of all members of the DHS team (senior management, contracting officers, program managers, and small business specialists) to work together. The OSDBU works closely with the DHS procurement offices to identify significant procurement opportunities for small business participation; participates in an extensive outreach program; maintains a robust small business procurement assistance website at www.dhs.gov/openforbusiness; and works closely with SBA senior management to ensure all aspects of small business issues are reviewed and addressed to the benefit of all parties. In fact, the small business program managers and specialists are very active in communicating with industry, hosting or participating in more than 75 vendor sessions in FY08 alone.

I am very proud to report that the Small Business Administration (SBA) has just notified DHS that it will receive its second consecutive "green" on the Small Business Procurement Scorecard; recognizing the efforts of not only the OSDBUs, but the acquisition community for its efforts in achieving various small business and socio-economic goals.

Priority #2: Quality Program Management

In order to deliver the capabilities to meet DHS' mission on schedule and within budget, we are working to strengthen program management, including related functions such as cost analysis, logistics, systems engineering, and test and evaluation. Our goal is to make certain we have the policies, processes, and skilled people in place to effectively manage our programs and ensure the successful achievement of our mission objectives.

During the past year, we established a core group within OCPO and partnered with the Defense Acquisition University and the Homeland Security Institute to ensure we have the skills and experience necessary to assess the status of DHS' acquisition programs and put policies and procedures in place to improve the management of our acquisition programs. We are also working to ensure that our program management teams are

appropriately staffed and trained. The Program Management Council, chaired by APMD and consisting of acquisition professionals from across DHS, has been established and meets regularly to discuss policies, procedures, and current issues affecting government acquisition.

As previously described, the Acquisition Program Management Division (APMD) develops, implements, and manages Departmental acquisition policies and processes, in parallel with providing in-process support to the DHS components in their acquisition efforts. This division developed and implemented multiple initiatives that significantly improve DHS acquisition and program management policy and processes. In a short time, this division has made great strides making significant operational improvements or notable innovation in support of the Department's missions. This division has completed a complete revamping of the DHS acquisition process. They have revised a management directive to establish a new process to be followed by all significant acquisition programs. This effort significantly improves the Department's ability to provide effective management oversight at key decision points throughout a program's lifecycle.

At the request of DHS Leadership, the APMD developed and executed "QuickLooks" during the period August-December 2007. These QuickLooks took a snapshot of selected Level 1 DHS programs and examined the Departmental acquisition policies and procedures used during their existing lifecycle. This was the first "cross cutting" look taken at a top level of the DHS Acquisition portfolio. The findings provided the programs and components with an outside, expert look at the state of execution of their programs and helped to identify needed changes in the acquisition oversight management process. This division has jump-started the Investment Review Boards (IRB) by introducing a more streamlined process of operation. As a result, more focused and timely IRBs are held in either physical or virtual venues at the Under Secretary for Management or Deputy Secretary level as appropriate.

APMD also has developed a clear and practical guide for creating acquisition program baselines (APB) that provide meaningful content and strong programmatic documentation. This organization has provided expertise to a number of significant programs to strengthen their APB's. Last, but not least, a new Periodic Reporting System (nPRS) has been selected and is currently in a pilot phase. This is a web-hosted reporting system that allows program managers and their leadership quick access to meaningful information on a program's metrics, condition, and current issues. This system is a collaborative effort between the Chief Information Officer and the CPO leadership.

The Acquisition Oversight Division has the responsibility for ensuring the integrity of DHS's acquisition process through the oversight of all acquisitions that support DHS, including financial assistance programs (grants), strategic sourcing programs, and competitive sourcing programs. A key part of carrying out this responsibility is conducting effective oversight reviews to verify the integrity of DHS procurement practices. In early 2006, my office set a goal of completing baseline procurement management reviews for all nine components by the end of FY 2008. In July 2008, the acquisition oversight division had completed the field work for all nine components, had

issued final reports for six of those components, and was on schedule to issue the final reports for the remaining three components by the end of FY 2008. These baseline reviews will serve as the foundation for future oversight reviews by providing (a) a listing of best practices for distribution/consideration by the components, (b) identifying systemic issues, recommendations, and action plans across components, and (c) a basis for conducting component specific risk assessments and tailoring future review programs to focus on key issues identified in past reviews (while reducing coverage in areas where issues have not been found in the past). The accomplishment of these baseline reviews provides the oversight division with a strong underpinning of lessons learned that can be built on as the oversight function continues to assure integrity in DHS procurement.

Priority #3: Quality People

A key enabler of our ability to make good business deals is a highly skilled and motivated acquisition workforce. In FY 2008, we are focusing on four acquisition workforce initiatives: establishment of an acquisition intern program; identification of certification and training requirements for all acquisition functional areas; a centralized acquisition training fund; and centralized recruitment and hiring of acquisition personnel. I greatly appreciate the funding we received in FY 2008 in support of these initiatives

The Acquisition Professional Career Program (APCP) serves as the pipeline for providing talented, trained acquisition personnel procuring goods and services in support of securing the homeland. The APCP Component working group has made significant progress in recruiting and determining needs across Component organizations. Over 40% of the DHS procurement workforce is approaching retirement eligibility. In fact, more than half of those are currently eligible for retirement (over age 55 with 30 years of service). Current and continuing level of procurement professional employment is being sustained by an aging workforce continuing to work even when eligible for retirement. The working group's efforts have resulted in the successful placement of 48 highly qualified procurement interns across the Department with plans for an additional 150 interns through FY 2010. Once a participant graduates from the three-year program, DHS will realize immediate results in its documented acquisition staffing shortfalls.

The success of this effort will position the Department to resolve potential critical procurement skill gaps. DHS hiring and attrition rates are in line with other non-DoD agencies, meaning we are competing with other agencies for scarce resources. Preliminary indications from our APCP indicates a quality workforce can be grown and maintained as the program matures and expands, and this will increase our ability to better compete for the journeyman-level resources needed to ensure quality contracting and quality acquisition. The result will be a highly skilled workforce effectively and efficiently executing the DHS acquisition mission. The working group's success in seamlessly absorbing 50 interns has further led to the expansion of the program beyond procurement and into other acquisition series. This is a key accomplishment. The tremendous growth of Federal and DHS acquisition-related actions combined with a stagnant number of Contracting Specialists would otherwise bring the availability and viability of the DHS acquisition workforce in question.

While we have strengthened many aspects of our acquisition program over the first five years of the Department, we will continue to seek improvements in our processes and provide our acquisition professionals the tools they need to both meet our mission and achieve acquisition excellence.

Thank you, Mr. Chairman for your interest in and continued support of the DHS Acquisition Program.

Thank you for the opportunity to testify before the Subcommittee about the DHS acquisition program. I am glad to answer any questions you or the Members of the Subcommittee may have for me.