



**TESTIMONY OF**

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**And**

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**U.S. Department of Homeland Security**

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Chairman McCaul, Ranking Member Keating, and other distinguished members of the Subcommittee, I appreciate the opportunity to discuss the Department of Homeland Security's (DHS) ongoing efforts to integrate all phases of our acquisition process, from the conceptual phase through execution. The acquisition management portfolio, which includes the planning, budgeting, procurement and program management phases, represents nearly \$18 billion of the Department's budget. Ensuring that it operates at peak efficiency is critical to our ability to defend the Nation.

I wish to acknowledge the GAO, which has been a valued partner throughout my tenure. Their independent reviews have been insightful and have helped shape our strategy. I also wish to acknowledge my partners from CBP and TSA, who represent two of the seven Component Acquisition Executives (CAE) who are responsible for overseeing several of the Department's major acquisition programs. Mr. Borkowski and Ms. Shelton-Walters have been instrumental in solidifying the CAE structure and improving the quality of the program management discipline.

I welcome the opportunity to update you on enhancements to the Department's acquisition management framework. We continue to improve the analysis and rigor for all phases of the acquisition life cycle. We are also using more accurate business intelligence and a more mature governance framework to analyze critical details before authorizing a program to proceed to the next phase of its life cycle.

### **Policy**

Over the past three and a half years, DHS has strengthened its policy for approving and managing acquisition programs. The second revision to Management Directive (MD) 102 is in the final stages of the approval process with the accompanying instruction and guidance to be developed over the next couple of years. This policy update will help clarify standards for all acquisition programs, improve the effectiveness of governance and ensure that cost, schedule and performance metrics are more effectively monitored. As a result, the front-line program manager will have clearer, more uniform processes and standards to follow, which will improve efficiency and mitigate risk.

### **Structure**

In addition to strengthening DHS's acquisition management policy, we are also reinforcing our support structure through the creation of acquisition and program management Centers of Excellence (COE), staffed by subject matter experts throughout the Department. The Office of Program Accountability and Risk Management (PARM) championed the formation of eight COEs, which provide Component program offices with best practices, guidance, and expertise in such functional domains as cost estimating and analysis; requirements engineering; test and evaluation; systems engineering; program management; accessibility; and privacy. In addition, as a result of this effort, DHS has developed guidebooks offering practical direction on such issues as acquisitions planning, requirements development and market research. This initiative addresses a GAO recommendation to enhance program management capability, integrate best practices across Components, and proactively address program gaps before they become major issues. To date, the COEs have engaged with over 78 percent of the Department's major programs and we expect that all programs will access COE services in FY 2013.

### **More Uniform Governance Framework**

As mentioned earlier, the new CAE structure establishes a more logical vertical line of authority between the Department and the Components. This allows for uniform implementation of policies, oversight and decision making. As a result of this change, program managers cannot deviate from an approved strategy unless they receive authorization from the designated decision authority. For major programs, designated in accordance with MD 102-01, this decision authority rests with the chairperson of the Acquisition Review Board (ARB). We have convened 120 ARBs since MD 102-01 was established.

This uniform framework has been well received by many Components who had been seeking a more disciplined approach to program management and has resulted in better oversight and better performing programs. Since the governance framework was solidified, several high-risk programs have been directed to make adjustments before proceeding to the next Acquisition Decision Event (ADE).

A number of Components have flourished under this new framework and are considered models for others to follow. For example, CBP implemented a single Acquisition Policy and Process Guide; developed a governance structure that simplifies and reduces the number of redundant reviews; instituted a long term, multi-year strategy for acquiring and supporting capabilities and developed a Program Analysis and Evaluation capability. Likewise, TSA has appointed an Assistant Administrator for Acquisition who serves as both the Head of the Contracting Activity and the CAE. This realignment provides improved efficiency by establishing a single authority that is accountable for program performance. Both the TSA and CBP CAEs work collaboratively with PARM to ensure the efficient execution of all major programs in accordance with DHS policy.

### **Enhancing Business Intelligence and Acquisition Management**

Through these enhancements, DHS is reducing risk by implementing improvements in its program management tools. The primary method of monitoring programs is through the Decision Support Tool (DST) became operational in October 2011. The DST is a web-enabled business intelligence tool that provides a central dashboard for assessing and tracking the health of major acquisition programs, including key indicators such as cost, funding, and schedule. The DST has yielded dividends by identifying programs that have deviated from pre-established cost and schedule performance goals, which are generally recognized indicators that predict the probability for success. In addition, the Department recently piloted Joint Functional Portfolio Reviews to aid in business, financial, and programmatic decision-making across the acquisition lifecycle.

### **Conclusion**

While work remains, the Department has made significant strides in improving acquisition management for the Department's portfolio of major programs. DHS has worked diligently to improve its acquisition processes while shifting the decision making paradigm to the use of more empirical evidence and support programs throughout their life cycle. These efforts have produced more effective governance and significant improvements to current and future acquisitions. Thank you again for the opportunity to appear before you and I look forward to your questions.