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**BEFORE THE
SUBCOMMITTEE ON HOMELAND SECURITY
COMMITTEE ON APPROPRIATIONS**

**UNITED STATES HOUSE OF REPRESENTATIVES
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Chairman Price, 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.

As this Subcommittee knows, the Department's major program portfolio encompasses 67 programs with an aggregate cost of \$232 billion. This Subcommittee is also aware that in the first year of this Administration, the Secretary, myself, and the Under Secretary for Management have devoted a great deal of time and attention to bringing smart reform and oversight to the acquisition process at DHS—to ensure that we have the right people, the right policies, and the proper systems to ensure that we purchase the right things at the best value for the American taxpayers. We take this responsibility very seriously and are grateful for the support this Subcommittee has provided throughout this process.

People

The Department of Homeland Security relies on the professionalism of its staff in every aspect of our mission. Acquisition is no different. As this Subcommittee knows, successful acquisition requires having a combination of people expert in various disciplines, including program management, policy, contracting, engineering, logistics, business and financial management, cost estimating, and testing. Upon arrival at the Department, it was clear that the Department needed to work on building a cadre of acquisition professionals. Under Secretary Napolitano's leadership, we have put key initiatives in place to get the right people in place within the Department to do just that.

We have now established and are continuing to build a core group of acquisition experts at key positions within the Department. These professionals, both at the headquarters and at the components, have provided valuable improvements in program oversight and expert support for the Department's programs.

We have developed and implemented the DHS Acquisition Professional Career Program (APCP) to continue to build and strengthen our acquisition personnel. Since its January 2008 inception, APCP has grown to 109 new entry-level positions in the acquisition field. From the initial Contracting career field, we are expanding this program to other acquisition career fields to include Program Management, Logistics, Systems Engineering, Industrial Engineering and Information Technology Acquisition. We are on track to grow the program to 300 positions by the end of fiscal year 2011.

We have also established formal DHS acquisition certification programs for contracting and program management. Through this effort, we ensure that our acquisition professionals have the education, experience, and training to perform their mission. We have also created a partnership agreement with the Under Secretary of Defense (Acquisition, Technology and Logistics) and the President of the Defense Acquisition University to leverage existing Department of Defense training and development opportunities and help develop our workforce on a long-term partnership basis.

After developing a certification program for program managers, we have worked diligently to ensure a properly certified program manager is running each major acquisition program. The percentage of properly certified program managers running the 42 largest (Level 1) programs has significantly increased since the start of this certification program. Additionally, DHS is committed to ensuring every Level 1 program is run by a properly certified program manager by the end of this calendar year.

Policy/Processes

One of the first steps we took to establish a robust oversight organization was to expand our Department's Chief Procurement Office from a procurement-focused organization emphasizing contracting discipline to an acquisition-focused organization that emphasizes synergy between multiple disciplines. This is not just a matter of semantics. This change requires the addition of systems engineering, logistics, testing and evaluation, and cost estimating skills to our contracting and program management knowledge base to achieve holistic, critical thinking at each step of the acquisition lifecycle.

The Acquisition and Program Management Division was established to develop, implement, and oversee an acquisition governance process. Part of maturing our acquisition process was the development and implementation of Acquisition Directive 102-01, which establishes the policy for governance for all DHS acquisition programs. This directive sets forth the roles and responsibilities of headquarters and component personnel. It integrates the planning, requirements, budgeting, and acquisition processes. It also defines the three levels of programs, when a program needs to be reviewed, and the decision authorities for the respective program levels.

We established the Cost Analysis Division to provide independent assessments of lifecycle cost estimates for Level 1 programs at major decision points. Sound lifecycle cost estimates, based on defined and documented requirements, are crucial to measuring programs for cost performance. In the early years of DHS, programs often underestimated the total cost of program execution; this division is helping improve our program cost estimates.

Finally, we established the Office of Test and Evaluation to provide independent assessments of program test and evaluation plans and actual test results. A program must address its testing plan during our acquisition reviews and satisfy an independent testing authority from our Science and Technology Directorate.

In our effort to improve Departmental oversight, we also completed a comprehensive revision of our acquisition review process. The previous DHS acquisition governance process was modeled after the Department of Defense policy and targeted developmental, hardware acquisition programs. However, as DHS acquisition is generally focused on service and information technology programs, we revised the acquisition review process to match our needs, effectively queuing programs for leadership review and decision based on milestones and risk management. This review process provides a clear insight

into each program's overall performance and controls related to cost, schedule and contract performance. It allows us to make a risk assessment for each major program and then take appropriate actions to mitigate risk and align our resources.

Since the new review process was implemented, there have been more than 50 Acquisition Review Boards (ARBs) held either by me or the Under Secretary for Management. During an ARB, we discuss program status, progress against the current program plan, and current risks and other program issues. The ARB, comprised of key executive stakeholders from across the Department, assesses the program's progress, establishes criteria for further execution, and documents the findings, decisions, and actions in an Acquisition Decision Memorandum.

To complement the ARB process, we also implemented Component Portfolio Reviews. This process, jointly executed by the component and the Department, supports management of the component's acquisition portfolio and strengthens Departmental governance and oversight. These reviews also provide insight as to systemic acquisition risks across the Department.

We have conducted seven Independent Expert Program Reviews on programs of senior leadership interest. These reviews provide an independent, in-depth assessment of the program to inform the Department's acquisition governance leadership on program status and risks. They also recommend appropriate actions to improve program execution.

DHS also has designated six Component Acquisition Executives (CAEs) who are responsible for program execution at their respective components. The CAE is a dedicated governance and oversight entity within the component to help resolve issues and reduce risk.

Systems

Visibility and transparency into programs performance requires technology that will support our needs. We have therefore developed and implemented the next generation Periodic Reporting System, which provides information to acquisition leadership on the cost, schedule, and performance of the Department's acquisition programs.

Next steps

One of the early benefits of the new acquisition review process has been the improved communication between the acquisition and program review board (PRB) processes. We will continue to increase the integration between our acquisition governance and our resource allocation processes. The results of acquisition reviews and decisions are being used to influence Resource Allocation Decisions.

We have also initiated a department-wide strategic requirements process to complement the Department's acquisition and resource allocation processes. This requirements process brings together interagency and departmental operational and business owners'

perspectives to set measurable targets that flow from goals and objectives identified in the Quadrennial Homeland Security Review. It also identifies critical capability gaps and recommends how departmental programs can best address those gaps.

We are investigating methods to improve governance of IT programs, particularly focusing on enterprise-wide efficiencies. As a first step, the new DHS Chief Information Officer is conducting comprehensive IT reviews on all of our key programs. We want to explore reviewing programs from a functional portfolio perspective to identify opportunities for reuse and to focus our limited resources on critical gaps.

Finally, we are initiating a study of acquisition program staffing focused on the key disciplines needed to successfully execute a program. We want to understand if our major acquisition programs have the necessary key personnel in program management, system engineering, information technology, logistics, cost estimation, and test & evaluation, and develop concepts to rapidly fill identified gaps. The President's Budget requests additional resources to allow the department to fill these gaps and improve the capability and capacity of the department's entire acquisition workforce.

Summary

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

Thank you, Mr. Chairman for your interest in, and continued support of the DHS Acquisition Program, and for the opportunity to testify before the Subcommittee about the DHS acquisition program. I am happy to answer any questions you or the members of the Subcommittee may have for me.