

# NOMINATION OF RAFAEL BORRAS

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## HEARING

BEFORE THE

### COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

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NOMINATION OF RAFAEL BORRAS TO BE UNDER SECRETARY FOR  
MANAGEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY

APRIL 6, 2011

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## NOMINATION OF RAFAEL BORRAS

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WEDNESDAY, APRIL 6, 2011

U.S. SENATE,  
COMMITTEE ON HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Committee met, pursuant to notice, at 10:04 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Joseph I. Lieberman, presiding.

Present: Senators Lieberman, Akaka, Carper, Collins, and Johnson.

### OPENING STATEMENT OF CHAIRMAN LIEBERMAN

Chairman LIEBERMAN. Good morning. The hearing will come to order.

Today, the Committee considers the nomination of Rafael Borrás to serve as Under Secretary for Management at the Department of Homeland Security (DHS).

Mr. Borrás, I think, brings a lot of energy and experience to what is an unglamorous but vitally important job. I say “brings” as opposed to “would bring” because, as I will explain in a minute, he has been filling this position for a period of time. Everything that the Department does that the public sees depends in some critical way on what might be called the back-room functions that are the purview of the Under Secretary for Management: Acquisition of private sector goods and services; hiring and encouraging the best in human capital; developing and running information technology (IT) systems; and responsible financial management of the public’s dollars. These are among the very important responsibilities of this position.

In a Department that was created only 8 years ago, and a very big Department at that, the Under Secretary for Management serves as a linchpin to bring together the disparate processes and procedures of what were once 22 separate agencies. I believe that Mr. Borrás’ 27 years of experience in the public and private sectors and, now I can say, excellent work during the past year on the job qualify him for the position for which he has been nominated.

In government, Mr. Borrás has held several senior management positions, including Assistant Secretary for Administration at the Commerce Department and Regional Administrator for the General Services Administration, with responsibilities that were quite similar to those he has been asked to undertake as Under Secretary for Management and, I think, prepared him for the kinds of challenges he has faced at DHS.

Earlier in his career, he held a position near and dear to my heart. He was Deputy City Manager of Hartford, obviously, the capital city of my home State of Connecticut, and in that position, as a matter of record, he helped balance the city's budget without raising taxes, which was no small feat during the recession of the early 1990s and, I might say on a more subjective basis, left a lot of people in Hartford with very good feelings and memories of his service there.

Mr. Borrás also spent 10 years as Vice President at URS Corporation, a global engineering, construction, and technical services firm, which provides services to both the public and private sectors.

When Mr. Borrás was first nominated to be Under Secretary for Management at DHS in July 2009, I concluded that he was qualified for the position and supported his nomination, which was reported out of this Committee by a 7-to-3 vote. Unfortunately, others had doubts, and following the Committee's vote in October 2009, a hold was placed on this nomination so a vote in the full Senate could not be scheduled.

President Obama felt it was important enough to fill this position and was confident enough about Mr. Borrás' qualifications that he put him on the job through a recess appointment on March 27, 2010.

Now, the nominee returns to the Committee with a year of experience as the Under Secretary, and to make a long story short, I believe that Rafael Borrás has proven himself to be a dedicated and very capable leader in a challenging position. In other words, he has earned Senate confirmation.

It is worth noting that Mr. Borrás has also received support from senior leaders within the Department with whom he has been working over the last year, and I want to cite as an example a communication to the Committee sent by the Director of the Secret Service, Mark Sullivan,<sup>1</sup> who is, as I am sure most people here know, a non-political appointee with 33 years of law enforcement experience, who wrote a very strong letter of endorsement and asked that "this dedicated and talented professional" continue as Under Secretary for Management. Director Sullivan added, Mr. Borrás "has taken a proactive approach to enhance his understanding of the Secret Service, our operational requirements, and our contributions to the DHS mission. He effectively communicates with DHS leadership and implements policies to allow components the opportunity to leverage and maximize DHS assets and resources to improve operational effectiveness and efficiency." That is, in my opinion, a very important, influential comment.

Mr. Borrás' recess appointment expires at the end of this year. If the Senate fails to confirm him, I believe it would be a significant loss for the Department, and so I hope that not only will our Committee confirm him again, but the full Senate will, as well.

Senator Collins.

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<sup>1</sup>The letter submitted by Senator Lieberman from Mark Sullivan appears in the Appendix on page 105.

**OPENING STATEMENT OF SENATOR COLLINS**

Senator COLLINS. Thank you, Mr. Chairman. We convene today to consider again the nomination of Rafael Borrás to be Under Secretary for Management at the Department of Homeland Security.

Two years ago, after careful consideration, I decided to oppose the nomination of Mr. Borrás. This was extremely unusual for me as I believe that the President should have a great deal of latitude to nominate a person of his choosing to serve in the cabinet or in a senior executive position, but I had concerns at that time about Mr. Borrás' lack of experience and his spotty compliance with our tax laws. I would note, however, that I was not the source of the hold that prevented Mr. Borrás' nomination from being considered by the full Senate.

The Under Secretary for Management oversees the management of more than 200,000 employees, a \$50 billion annual budget, expensive procurement projects, and vital interagency coordination. Over the past 8 years, the Department has struggled to complete the enormous task of integrating thousands of employees and more than two dozen Federal agencies with different missions, traditions, and cultures. The Government Accountability Office (GAO) placed DHS on its High-Risk List once again this year and concluded that "DHS has not yet demonstrated sustainable progress in implementing corrective actions and in addressing key challenges within its management functions and in integrating those functions within and across the Department."

The Under Secretary for Management must ensure that there is efficient and effective use of personnel and technology to combat the very real threats that we face. To accomplish this goal, the Under Secretary must possess exceptional leadership abilities and a track record of management success. Indeed, this is not only my view, it is the law. Four years ago, our Committee enacted requirements that the Under Secretary must possess significant leadership capability, extensive executive-level management experience, a demonstrated ability to manage large, complex organizations, and a proven record in achieving positive operational results.

As the Chairman has indicated, due to a recess appointment, which circumvented the Senate and should not have been made by the President, Mr. Borrás now has a year in a position that requires experience managing large and complex organizations. While Mr. Borrás is admirably committed to public service, I continue to have some, albeit fewer, questions about whether his experience is sufficient to overcome the challenges that DHS faces.

I sincerely hope that those remaining questions can be resolved favorably today. I want to hear his own assessment of what he has accomplished, and I will say for the record that in talking to people, including Mr. Borrás' predecessors and the private sector, I am hearing generally favorable reviews of his performance during the past year.

At the hearing in 2009, I also questioned Mr. Borrás about what appears to be a pattern of errors on his taxes. These numerous tax errors still trouble me because they appear to indicate a lack of attention to detail and a pattern of carelessness.

DHS needs a strong hand at the management helm. I intend to question Mr. Borrás on his accomplishments to date and his plans for addressing the serious challenges that remain at DHS.

Let me emphasize that I am certainly going to give this nominee another look in light of his experience over the past year, and I will certainly give him a fair opportunity to present his case for confirmation. I approach this hearing with an open mind and also in recognizing the year of on-the-job experience.

Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thank you very much, Senator Collins. I appreciate that statement.

Senator Akaka is Chairman of the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, and in that capacity, he has been very involved with the Management Directorate at DHS and has worked closely with Under Secretary Borrás.

Normally nominees have people introduce them and Senator Akaka has actually asked for, I presume with your consent, the honor of introducing the nominee this morning. Senator Akaka.

#### **OPENING STATEMENT OF SENATOR AKAKA**

Senator AKAKA. Thank you very much, Mr. Chairman. I am delighted to be here as we consider Rafael Borrás to continue as Under Secretary for Management at the Department of Homeland Security, and I am also delighted to have the Ranking Member of our Subcommittee, Senator Johnson, here.

Mr. Chairman and Ranking Member Collins, I would like to take this opportunity to introduce and welcome Mr. Borrás to the Committee once again and also to have the pleasure of welcoming his lovely wife, Ivelisse, and also Jason, his son, to this hearing, and also his supporters who are here with him from the Department.

I first met Mr. Borrás in 2009 before his confirmation hearing. I told him then that Elaine Duke was leaving him big shoes to fill at DHS. After over a year on the job, he has demonstrated his ability to improve the focus of management as a priority at the Department.

Before coming to DHS, Under Secretary Borrás had over 20 years of Federal, local, and private sector management experience. During his tenure as the Under Secretary, he has made improving acquisitions and financial management, along with the rightsizing the contractor workforce at DHS, top priorities. I am pleased that he has also been focusing on getting DHS off the Government Accountability Office's High-Risk List, where it has been since the Department was created in 2003. His office recently sent GAO and the Committee a detailed strategic plan for better management integration at the Department.

I want to emphasize how impressed I have been with Mr. Borrás' engagement with us. Last year, my friend and former Ranking Member Senator Voinovich and I held a series of monthly meetings with Under Secretary Borrás to keep our Subcommittee up to date on his progress. He has continued to keep the Subcommittee apprised of management issues and has made himself available to the Committee and our staff.

I will not go on about his qualifications except to say that I believe Under Secretary Borrás has demonstrated his ability to lead the DHS Management Directorate, and I support his confirmation.

Thank you very much, Mr. Chairman.

Chairman LIEBERMAN. Thanks very much, Senator Akaka.

I will now proceed to the nominee. Mr. Borrás has filed responses to biographical and financial questionnaires, answered prehearing questions submitted by the Committee, and has had his financial statements reviewed by the Office of Government Ethics. Without objection, this information will be made part of the hearing record, with the exception of the financial data, which are on file and available for public inspection at the Committee's office.

Our Committee rules require, as I think you know, Mr. Borrás, that all witnesses at nomination hearings give their testimony under oath, so I would ask you now to please stand and raise your right hand.

Do you swear that the testimony you are about to give to the Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. BORRAS. I do.

Chairman LIEBERMAN. Thank you very much. Please be seated. We would now welcome an opening statement if you would like to give it and an introduction, if you would like, of any family or friends who are with you today.

**TESTIMONY OF RAFAEL BORRAS<sup>1</sup> TO BE UNDER SECRETARY FOR MANAGEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY**

Mr. BORRAS. Thank you, Chairman Lieberman, Senator Collins, Senator Akaka, and Senator Johnson. I thank you for the opportunity to appear before you today as you consider my confirmation.

It was a great honor to have been nominated by President Obama, and it has been my privilege to serve as the Under Secretary for Management. I have worked to earn the trust and the confidence of the Secretary, the Deputy Secretary, Department leadership, and our employees. It is my sincere hope that through my work this past year, I have earned your confidence, as well.

I would like to thank Secretary Janet Napolitano and Deputy Secretary Jane Holl Lute for their tremendous support of the Management Directorate, as well as their personal support and encouragement of me. Additionally, I would like to thank the leadership and the employees of the Management Directorate. Their fine work and dedication have enabled me to build on the progress that has already been made by my predecessors.

Furthermore, it has been pleasure over the last year to have had extensive interactions with many Members of this Committee and their dedicated staff. This Department owes a great debt of gratitude to you for your leadership and support in meeting the management challenges associated with weaving together the 22 agencies that came together in 2003 upon the creation of the Department of Homeland Security.

<sup>1</sup>The prepared statement of Mr. Borrás appears in the Appendix on page 34.

The past year has been filled with many challenges. Since my appointment, I have led the development and implementation of a comprehensive strategic management approach focused on maturing organizational effectiveness within DHS. Through this effort, we are focused on enhancing the financial, acquisition, and human capital structures and processes necessary to meet DHS mission goals by integrating and aligning business functional areas at both the Department and component levels.

I have submitted the Department's first comprehensive Management Integration Plan to the Government Accountability Office, and I have worked to prioritize sound financial management. Under my leadership, we have reduced financial material weaknesses from 12 to 9, audit qualifications from 10 to 1, and material weaknesses in internal controls from 10 to 6. I have also worked to provide executive oversight of the Consolidated Headquarters Project, which includes the St. Elizabeths campus, a project I know that is very close to your hearts.

While the position of the Under Secretary for Management is the Department's Chief Management Officer, I have also addressed my role as the Chief Good Government Officer, constantly asking if our actions represent good government practices as well as making sure that we are responsible in our expenditures of taxpayer monies. Whether through the budget process or my regular interactions with the components, I am mindful of our need to be good stewards of the investments that the taxpayers are making to meet the critical mission needs of the Department.

I am committed to continuing to work with this Committee in ensuring that the Department meets our most pressing management challenges. My predecessors, Elaine Duke, Paul Schneider, and Janet Hale, have done an admirable job of building a foundation for sound management practices at DHS. I take it as my responsibility to build upon their efforts, adding value to the Department's operators and helping to build a strong departmental management portfolio in support of the Secretary and the Deputy Secretary's leadership to unify DHS.

Once again, I thank you for the opportunity to appear before you. I hope that I will be able to convey the passion with which I approach the management of DHS and hope to be able to continue to work with you for years to come.

Thank you for your consideration of my nomination. Thank you to my family and to my friends and to my colleagues who generously joined me here this morning in support of my nomination.

Chairman LIEBERMAN. Thank you. Thanks for that opening statement.

Let me begin by asking the standard three questions we ask of all nominees. First, is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. BORRAS. No, Mr. Chairman.

Chairman LIEBERMAN. Second, do you know of anything, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. BORRAS. No.

Chairman LIEBERMAN. And finally, do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Mr. BORRAS. Yes, I do.

Chairman LIEBERMAN. Thank you. We will start with a round of questions of 7 minutes for each Member.

Let me begin with a broader question and give you an opportunity to give an overview. Obviously, you have been on the job now for just over a year. What is the greatest surprise that you have had about the Department of Homeland Security, and what do you feel best about that you have done in the first year?

Mr. BORRAS. I welcome the opportunity to answer that question. I would say the biggest surprise I have had relative to what I have heard people say about the Department and its management has been that certainly it is not as horrible as it is made out to be. The employees of the Department of Homeland Security, particularly in the Management Directorate, are very bright, very qualified, hard-working individuals who care deeply about good management at DHS.

I would say my biggest contribution over the past year has been to harness that dedication of the employees and to provide leadership. I think the most important qualification and the most important asset for the Under Secretary of Management is to be able to demonstrate leadership qualities, to be able to bring the Department together, to be able to add value, and to be able to build the relationships with the components and with the employees.

I have focused on that tremendously over my past year, and I am very humbled by those members of the organization, like Director Sullivan and others, who have expressed appreciation for the work that I have done and the leadership that I have shown, and I am tremendously appreciative of the support and encouragement I have received from Secretary Napolitano as I have exercised that leadership.

Chairman LIEBERMAN. Good. This past year, along with Deputy Secretary Lute, I know you conducted a series of budget reviews with each of the components of the Department of Homeland Security. In your answers to the Committee's prehearing questions, you note that as part of this budget review process, you focused on "identifying areas of redundancy and overlap between DHS components, looking for efficiencies and potential savings." And, of course, I appreciate that, and I wonder if you would discuss what you have done to find and eliminate overlapping and duplicative activities among DHS components.

Mr. BORRAS. Mr. Chairman, I was very fortunate from the standpoint of the budget to arrive 1 year ago upon my appointment right in the beginning of the budget process. So I had a tremendous opportunity to work closely with the Deputy Secretary and all of the component leadership to begin to examine, as we were building the 2012 through 2016 budget, very carefully how we were proposing to make the investments in the Department and to support the critical mission areas, and through that process and chairing the program review budget process for most of that time, it gave me an opportunity to visit with the components.

The way that we structured that meeting is we would examine the budget of one particular department—take Immigration and Customs Enforcement (ICE), for example—but we would have representatives from Customs and Border Protection (CBP), from the Coast Guard, and from other parts of the Department. And I used that opportunity to not only examine ICE's budget, for example, but to understand as ICE is building its budget, are they looking at and taking into consideration how CBP is building its budget, to look for opportunities to find commonalities and to make sure that we are not duplicating, and also to make sure that we are cognizant as we are building our budgets that we are looking at other expenditures in different components.

For example, the Congress was very generous in providing \$600 million to the Department to enhance our border protection, mostly through Customs and Border Protection. So I was very focused on how, for example, that major investment, which went predominately to CBP, influenced the development of ICE's budget, and how that influenced the development of the Coast Guard's budget because we cannot build these budgets in isolation of one another. So it was very important to focus on what are the interrelationships between how we build our budget, to look for areas of overlap or for duplication, and to push that out of our budget request. Look for areas of prioritization that support the Quadrennial Homeland Security Review that the Department worked so hard to develop and make sure that our investments were aligned with those mission sets.

So my focus was on looking for those efficiencies and clearly coming to a point where we can recommend to the Secretary a budget and in turn submit a budget to the President, and of course, the President submits on behalf of the entire government, the DHS budget.

Chairman LIEBERMAN. Are you at a point in the process where you can cite any actual efficiencies that you believe have resulted from that process?

Mr. BORRAS. Well, we concentrated on eliminating a lot of redundancies and looking for management efficiencies, and we were looking specifically for repeatable, not one time but repeatable, savings. So, for example, in our review of the IT portfolio, we examined areas where we were having either duplication or redundancies. A specific example, which resulted in about \$150 million in savings, was being able to look across the enterprise at the number of Enterprise License Agreements that we had, licenses for software that were duplicative around the agency. So we very aggressively went after that and began to consolidate those to actually bring together new Enterprise License Agreements so that we can have standardized license agreements for like software.

That is just one example of many instances where we reviewed the IT portfolio, we looked at our acquisitions, and we looked at expenditures related to people. We collapsed the Candidate Development Program for the Senior Executive Service (SES). The Department had four different SES Candidate Development Programs. Through this process, we focused on that as a priority, and we reduced it down to one Candidate Development Program that does a number of things. It provides a common training and leadership

function throughout the Department, so we are training executives for leadership in the Department of Homeland Security, not necessarily in the component. Clearly, it reduces overlap and redundancy by eliminating duplicative training programs. There are just many examples that we worked with closely.

Chairman LIEBERMAN. That is great. Those are two very good examples. I appreciate them. Thank you.

Senator COLLINS.

Senator COLLINS. Thank you, Mr. Chairman.

Mr. Borrás, Senator Lieberman and I have been concerned for some time about the Department's over-reliance on contract employees, so we asked the Department to give us a number. We said, how many contract employees do you have? In February of last year, the Department reported to this Committee that there were 210,000 contract employees at DHS. This was an astonishing number because it exceeded the number of Federal employees at DHS.

Then about a year later, this year, the Department informed us that the initial estimate was overstated by 100,000 contract employees. It is extremely troubling to me that the Department would have so little notion of how many contract employees that are working at the Department that it could be off by a factor of 100,000. It demonstrates a management weakness at DHS if that error was not caught.

How is it that DHS could report to this Committee such a wildly inaccurate number?

Mr. BORRAS. Well, I will say two things. I appreciate the question, Senator Collins. When I arrived in the beginning of April, approximately 1 year ago, certainly, I was made aware of that estimate of 200,000 contract employees. I will say this is a good example of how I used my experience from the private sector specifically to question the validity of that number.

Upon my arrival, just doing the math behind what the cost would be to support 200,000 contract employees did not make sense. I met with our Chief Human Capital Officer (CHCO), Jeff Neal, who actually had the same level of skepticism as I did. So we were very concerned about the veracity of that 200,000 number. I directed the CHCO to work with the Chief Procurement Officer to go back to the contractor. They used a contractor, LMI, to develop an algorithm to be able to understand what the number of contractors were.

So that is a specific example, Senator, of how I used my private sector experience, understanding how contractors are. We went in, we looked at that, and lo and behold, the contractor found an arithmetic problem in their algorithm and had to redo the assessment, which resulted in a new number of under 100,000 contractors, which resulted in that contractor returning their entire fee to the Department of Homeland Security based on their inability to do a good job on that assignment.

Senator COLLINS. Mr. Borrás, I want to be very precise here. Are you telling the Committee, then, that you were the individual in the Department who first raised questions about the 210,000 contractor employee figure?

Mr. BORRAS. Well, prior to my arrival, between February, when the numbers were released, and March, I suppose there may have

been other people who questioned the fidelity of the number. But I can absolutely tell you with certainty here, the Members of this Committee, that based on my experience, I determined very quickly that there was a big problem with that number. Just understanding the way contractors develop their rates, how they build their workforce, it did not add up. There was no way that I could determine that it was a good number.

Senator COLLINS. I am very pleased to hear that. That is at odds with my understanding, which was that the contractor who was tasked with assessing how many contract employees DHS had, in fact, was the entity that discovered the mistake. But you are saying that is not correct.

Mr. BORRAS. That is not correct.

Senator COLLINS. I am very pleased to hear that.

Should the Department have had a better handle on how many contract employees that it had?

Mr. BORRAS. I think that is a very good question, Senator. There is an inherent difficulty in calculating the number of contractors that are working on DHS or any Federal contract. Many of our contracts are firm fixed-price contracts where, based on the way the contract is written, we do not know the actual work effort that the contractor is providing to DHS to provide a service, which is why most entities use some form of algorithm to be able to arrive at an estimate.

However, the good news is, as a result of our effort and the effort of many others throughout government, the Office of Management and Budget (OMB) and the Office of Federal Procurement Policy (OFPP) have decided to take the lead in providing a consistent methodology, not just at DHS but across the government, so that we can use that to be able to better determine the number of contractors.

Also, there is a tremendous need to have better reporting by contractors on the number of work year equivalents, so they can report that so we can better understand that.

I agree wholeheartedly with the concern of this Committee. It is very difficult to invest that much money in contracts and not have a good handle on the number of contractors, which is a very important workforce issue for us. We need to make sure that we are properly staffed, that we have the proper management span of control, to oversee contractors. And until we have a good number and we understand that span of control, it is very difficult for this department or any department to adequately resource its span of control to manage contractors.

Senator COLLINS. Mr. Chairman, in the 30 seconds that I have left—

Chairman LIEBERMAN. Go right ahead, Senator Collins. You can go over.

Senator COLLINS [continuing]. I am just going to raise an issue that I raised last year. Mr. Borras, you and I had an extensive exchange last year on your 2005 and 2006 tax returns and the errors on them, and I am not going to go through that again because I think we had an extensive exchange.

I am sure you reviewed the record in preparation for this hearing. Is there any new information that you would like the Com-

mittee to be aware of related to the mistakes that were made on those 2 years?

Mr. BORRAS. I appreciate the opportunity to respond to that question. I would note for the record that I voluntarily provided that information prior to my nomination by the President. I provided all relevant facts and information regarding two very regrettable tax years where I made very simple mistakes, and that is a very humbling conversation to have in a public forum. Clearly, I think it was important that the Committee be aware of that information and that the Committee completely understand that I deeply regretted those errors. I had no record prior to or since that time of making those kind of errors.

In the one year that I have been on the job—and I think it is a very legitimate question to ask—does it reflect upon my professional ability to do my job in a way that is not careless or reckless? There is nothing in my professional record, either before or since and clearly during my time at DHS, that would have anybody indicate that I am either careless or reckless or have no attention to detail.

Senator COLLINS. So just to get back to my question, you stand by the answers in our exchange that we had on the taxes and there is no new information that you want to add, is that correct?

Mr. BORRAS. I was completely forthcoming—

Senator COLLINS. I am not challenging that. I am just asking if there is any additional information, and I think you are saying that you stand by the answers. Is that correct?

Mr. BORRAS. I stand by the answers I made to this Committee and the more than 10 hours of discussion on the taxes I had with the staff, where, again, I believe I was extremely forthcoming on all of these issues.

Senator COLLINS. Thank you. Just one final comment on that issue, and I will let it go. Every nominee is expected to be forthcoming if there are errors on their tax returns. That is not something that you get special credit for. That is required as part of the vetting process. I appreciate that you were forthcoming, but any nominee who was not forthcoming and tried to conceal errors on his tax returns would be in deep trouble with the Administration, I would hope, as well as with this Committee. So having said that, I appreciate your answer. Thank you.

Chairman LIEBERMAN. Thanks, Senator Collins. I mean, in fact, we have had maybe one that comes to mind of somebody who did conceal something in the vetting by the White House and before the Committee, and ultimately when it came out, the President withdrew his nomination, so thanks, Senator Collins.

Senator Akaka, you are next.

Senator AKAKA. Thank you very much, Mr. Chairman.

Mr. Borras, earlier this year, you submitted a strategic management plan to address the Department's integration and other challenges related to the Government Accountability Office's high-risk designation. As I said in my introduction, I appreciate your attention to this issue. To what extent did you work with GAO in developing this plan and how has it been received?

Mr. BORRAS. Thank you, Senator Akaka, for the question, and I appreciate the opportunity to expand a little bit on how we address

the primary issues that GAO was focused on, which was DHS's designation of a high-risk agency around management transformation and building a better relationship with GAO.

I committed to this Committee and to the Secretary and the Deputy Secretary that would be among my highest priorities, to rebuild the relationship, to build a very good, strong relationship with GAO as well as with the Inspector General (IG), and to focus my efforts around getting the Department off of the High-Risk List.

My assessment of the original plan that had been submitted, although it was a good plan, was that it was primarily a tactical plan to address specific tactical issues that were of a high priority to the Department. My focus was to develop a very comprehensive framework to address systematically a whole series of management challenges in the Department, and I used that opportunity, working in the Department, both within the Management Directorate and with the components, to bring the Department together in the development of this comprehensive plan.

The comprehensive plan, which I have as a prop in front of me, is a very substantial plan. It represents the first attempt, acknowledged by GAO, to put together a comprehensive framework on how we will address the High-Risk List, how we will get off, with specific, comprehensive action plan items that we have put in place with timelines and deadlines, and we submitted this back in January to GAO. GAO has designated the report as being an important step toward getting off of GAO's High-Risk List.

I want to thank GAO for collaborating with us during the development of this process. I had several meetings with GAO staff to talk about and better understand the designation of high risk, to better understand the kinds of areas they were looking for to be able to focus on what is improvement and how we will measure improvement and document improvement, and that is what is represented in this plan. And we are holding ourselves accountable. We are meeting with GAO on a quarterly basis to review progress against the milestones and the timelines we have set.

Senator AKAKA. Can you further express how you felt it was received?

Mr. BORRAS. I would say that the reception by GAO was very significant for us at the Department of Homeland Security. It represented the first time that we had a comprehensive approach to address getting off the High-Risk List. In their communication back to me, again, they represented this effort as being important, significant progress.

We have changed the nature of the conversation with GAO. No longer are we talking about what it will take to get off the High-Risk List. Now, we are talking about measuring our progress on getting off of the High-Risk List. That is a very important change in the past year.

Senator AKAKA. Mr. Borrás, DHS continues to struggle with employee morale and ratings in the Best Places to Work survey. I believe improving employee satisfaction is critical to recruiting and retaining an excellent workforce. What steps are you taking to address this issue?

Mr. BORRAS. Senator Akaka, you have repeatedly raised this issue as being important to you, important to your Subcommittee,

important to the full Committee, and this issue is something that we have taken very seriously. We have taken a look at the Federal employee surveys conducted over the last several years. There are a couple of points I would make.

First of all, DHS continues to make improvement. I would not refer to it as significant improvement, but demonstrable improvement every year as it relates to the Federal survey. So we are beginning to address the issues of employee morale, but there is a long road to go.

We have convened several employee focus groups to follow up on specific items raised and identified through the Human Capital Survey. Additionally, we are having our own surveys conducted in the Department, again, to better understand and to involve employees in seeking specific remedies to be able to address how we will improve morale.

One of the most important facts around improving the morale is how we communicate to our employees. Speaking for myself, we have done numerous town hall meetings. I personally go out and meet with employees. We hold collaborative working sessions. We have been very collaborative in working with the employees of the Management Directorate, and I will note that the Management Directorate—before my time there, but I should give credit to this—has the highest employee satisfaction rating of any entity within DHS.

So we have a well motivated, very experienced, and very dedicated workforce. I am very proud of them and of being able to represent them. And we are taking a look at those lessons we have learned in the Management Directorate and applying them to the components, working with their leadership.

Senator AKAKA. As you know, in 2010, the Office of Personnel Management scored DHS as being poor in morale, and this is the reason I have been concerned about that and am glad that you are working on this.

Mr. Chairman, I will take a second round.

Chairman LIEBERMAN. Thanks, Senator Akaka.

Senator JOHNSON, thanks for being here. I must say, since you have come to the Senate and joined the Committee, you have really been very faithful in attending our hearings, and as Chairman, I appreciate it.

#### **OPENING STATEMENT OF SENATOR JOHNSON**

Senator JOHNSON. Well, thank you, Mr. Chairman. It is important work, so I am glad to do it.

Mr. BORRAS, it is a pleasure to see you again, and welcome to your family. I would imagine you have a core team of managers, subordinates who work for you. Can you describe to me who those folks are and what their function is and how you work with those people?

Mr. BORRAS. Yes. The core team of the Management Directorate is comprised of the Chief Financial Officer (CFO), the Chief Information Officer (CIO), the Chief Procurement Officer, the Chief Human Capital Officer, the Chief Security Officer—probably a couple of other chiefs there that— [Laughter.]

Senator JOHNSON. Sure.

Mr. BORRAS. I am blanking at the moment. The Chief Procurement Officer, the Chief Human Capital Officer, the Chief Financial Officer, the Chief Security Officer—

Senator JOHNSON. That is OK. It is not a quiz. I just wanted to find out how you deal with those folks, I mean, in terms of their responsibilities. How far do you dig down into their functions?

Mr. BORRAS. Well, that is a great question, and it was very important upon my arrival to establish a collaborative working environment with the chiefs of the lines of business. One of the things that I have emphasized, particularly around management integration, is if we are going to promote management integration, we have to live an integrated management style. So I work very closely with the chiefs. I am not a micromanager, but it is very important to convey priorities, to hold them accountable, to identify what are the priorities, what are the action items we are going to take. We meet weekly. We review progress. We have changed the way we communicate among ourselves, and Senator, I will tell you why I think that is important.

In the past, there was a tendency in these lines of business to communicate vertically, that is, to communicate from a line of business to the Under Secretary and to have a series of one-on-one conversations. What we have done is we communicate both vertically and horizontally. Any communication that comes to me from a chief, for example, my weekly reports, also goes to all the other lines of business chiefs so we have complete transparency on the conversation that is taking place, so we do not have siloed conversations. We are living the experience of management integration. We address all management areas, whether it be a financial matter, an acquisition area, with all of the chiefs present.

So this is part of my collaborative management style. It is the way that we demonstrate to the rest of the organization that we are all in this together. It is reflected positively by the components because they see that we address these issues together. So I think that is a direct result of my management style. The chiefs have responded very well to that style. They communicate well with each other, and I am very proud of the work that they do. We could not have had a management integration plan without all of the chiefs being involved and represented in this effort, and this plan is made up of every one of those functional areas, the Chief Financial Officer, Chief Human Capital Officer, Chief Information Officer, all of the chiefs. We are a true team.

Senator JOHNSON. Are they members of the SES?

Mr. BORRAS. Yes, they are, Senator.

Senator JOHNSON. We just recently held a hearing on the SES and the problems in recruiting top managers in the government. Are you seeing similar types of problems, and what would those be?

Mr. BORRAS. Well, I will tell you, Senator, right now, we are seeing a tremendous amount of interest in the positions that we advertise at DHS. We are probably getting in excess, for some positions, of 1,000 resumes. People want to come to DHS. Now, not all 1,000 applicants may be specifically qualified for the positions they are applying for, but I take that as a very good sign. People are interested in coming to DHS. They recognize the good work that we are doing. And yes, it is making our job harder to look through the

applications of very qualified individuals, but that is going to make us better as a Department, and I think that is partly as a result of the leadership at the Department, the very strong affinity for the mission, and the work. The work is very challenging. We are not having trouble attracting candidates.

Senator JOHNSON. Would that be across the board at DHS? I am particularly interested in hearing the problems of having career government employees make the leap up to the SES level.

Mr. BORRAS. Well, one of the reasons why we focus so strongly on consolidating these leadership development programs in the Department is to have a single way in which we train leaders so that the SES corps has the mobility to be able to move between the components and headquarters. We want to facilitate that movement in the Department. We want the leadership to be mobile and transparent.

In addition to the consolidation and development of one single SES Candidate Development Program, we have just finished a very extensive recruitment within the Department, and quite frankly, it was a tremendous challenge to pick the first cohort because there were so many applicants from within the Department that want to be a part of the SES program. So we are getting, again, Senator, great enthusiasm to come forward and do that, and I think that is a real tribute to the work that is being done at the Department and the leadership.

Senator JOHNSON. So you are not seeing, then, a reluctance from members at the GS level to move into the SES?

Mr. BORRAS. No, we are not. I am not seeing that, Senator.

Senator JOHNSON. Well, good. That is good news.

What is the most important thing you have learned in your year in the position?

Mr. BORRAS. Well, I think the most important thing that I have learned, which is very much at the heart of my approach and my style, is to engage with the workforce, to interact with the employees, with the leadership. I am very active in getting out and understanding. I have a strong need to understand. For example, during the budget process, we spent a lot of time looking at investments on the border. Prior to the budget process, I went out and visited. I walked the border. I do not come from a border State. I wanted to better understand the issues at the border, but I wanted to talk to the men and women who work on the border, the Border Patrol agents, the field operation personnel, to understand their needs. What is it that they need from the organization to better do their job?

It gave me some very important insight, doing these kinds of things. I did the same thing with ICE, the Secret Service, and the Coast Guard to better understand the operational side. So when we are looking at, for example, how we plan to bring in 1,000 new Border Patrol agents as a result of, again, the fine money that we got from the Congress to support our border initiatives, I wanted to better understand from the men and women on the border, what was that going to mean to them? How were they going to be able to absorb 1,000 Border Patrol agents, not just what do the supervisors in Washington think, but what do the field superintendents think? What do the rank and file think? What was going to be the

back-room support? What kind of support was going to be needed to be able to add 1,000 additional agents?

I learned a lot from that. First of all, they did not see where we would have the space, the facilities to be able to put 1,000 new people. They did not feel that we had adequate administrative support to support 1,000 new agents. These concerns were very enlightening. These were very good, verifiable, and quantifiable statements I learned from walking the field, and I was able then during the budget process to be able to quiz Customs and Border Protection, for example, on what they were doing, how they were looking at their management budget, how they were looking at their management administration of Border Patrol and how that was going to reinforce the operational side and whether or not they were going to be able to have the resources to support those additional agents.

I think it is important that the Under Secretary not just be a member of leadership and sit in Washington and manage, but understand the operational needs so that we can better support them.

Senator JOHNSON. Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thank you, Senator Johnson. We will do a second round of 5 minutes each, if that works.

Senator Akaka earlier spoke briefly with you, Mr. Borrás, about acquisition and procurement, and as you know, the Department has had some really significant cost overruns. Acquisition management is a major challenge for the Department because contracting, as you discussed with Senator Collins, is a significant portion of the DHS annual budget, roughly one-third of the budget. So I want to ask you, based on this year of experience you have, what do you believe the key challenges are that face DHS with respect to acquisition management and what have been any initiatives that you have taken to improve the Department's acquisition management?

Mr. BORRAS. Mr. Chairman, I will try to be brief on this answer. This is probably one of the areas I spend the most of my time on, which is better understanding and working on fixing the acquisition process.

The first thing I should say is that my predecessors left behind a very good foundation in the establishment of MD-102.1, which was the acquisition framework that was put in place to be able to govern the Department's acquisition investments. Keep in mind, that was formally adopted by the Department in January 2010, so my immediate predecessor, Elaine Duke, who worked very hard to put that in place, had very little time to actually implement the process. So, again, by result of my showing up at that time, I have had to implement the tenets of MD-102.1.

The important piece of that was establishing a governance framework for the Department, which we call the Acquisition Review Board, to be able to examine at very specific points in the acquisition process the health of an acquisition program, to be able to identify problems with acquisitions, and to be able to, hopefully, correct these issues. I have personally chaired over 35 acquisition review boards in my year on the job.

I stated to this Committee when I was first nominated that in the acquisition area, I had two fundamental concerns: How well do we identify capabilities and build requirements to be able to buy

goods and services, and then how well do we execute upon award of those contracts the management of those acquisitions. I would say to you, and both the IG and GAO have identified this, those were the two fundamental problems that DHS faces, and that is what I have dedicated the bulk of my one year on the job, to address that, and I would love the opportunity to go on in detail, but it is a very comprehensive approach, but that is what I have spent the bulk of my year, that along with financial management, addressing the acquisition liabilities.

Chairman LIEBERMAN. Good. That is a good beginning.

A final question about agency Chief Information Officers. As I am sure you know, a report by the IG at DHS found that the Chief Information Officer of the Secret Service was "not well positioned as a member of the Director's management team" and "does not play a significant role in overseeing IT systems development and acquisition efforts." So this is concerning, that 15 years after the creation of the CIO in the Clinger-Cohen Act, we are still seeing CIOs effectively buried in some agencies' organizational systems. This is particularly true because of the billions of dollars spent on IT investments at the Department and throughout our government.

So I wanted to ask you what, if any, steps you have taken to make certain that component CIOs have the necessary authorities to ensure that IT projects and decisions support individual agencies, but also department-wide objectives.

Mr. BORRAS. Thank you, Mr. Chairman. Certainly, the Under Secretary for Management has a strong role, but I should say the management of IT within the Department of Homeland Security begins first and foremost with the Department of Homeland Security's Chief Information Officer, Richard Spires, who is also, by the way, the Vice Chairman of the Federal CIO Council. We have probably the finest CIO in the Federal Government who is completely focused on better understanding how we manage our IT assets, looking at the relationship between his office, the Departmental CIO, and the component CIOs.

Specifically, with regard to the Secret Service, you raise a very important question as to whether or not the CIO is properly enfranchised to be able to manage the IT investments in the Secret Service, and, I might add, the Secretary has asked me, and as a result I have asked our CIO, to prioritize what we are doing regarding Secret Service IT modernization. That is very important to the Secretary. Therefore, it is very important to me.

We have a brand new CIO at the Secret Service, who our CIO, Mr. Spires, helped interview and helped select. And keep in mind that the CIO evaluates and is responsible for performance measures and indicators for every one of the IT professionals, the CIOs in all of the component agencies.

But we are doing more than that. It is the way that we are now governing the Department's IT investments, partly through my Acquisition Investment Initiatives, that have expanded the use of much more aggressive oversight through the use of executive steering committees. So we are very much focused on the issue you have raised.

Chairman LIEBERMAN. Excellent. Thank you. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Mr. Borrás, I want to follow up on the exchange you just had with the Chairman about IT projects. According to OMB's IT Dashboard, more than half—some 49 out of 90 investments—of the major information technology investments at DHS are in troubled status. That means they are either at risk for a significant cost overrun, a schedule delay, or performance problems. IT spending is a major cost driver at DHS. DHS is slated to spend more than \$6 billion on IT investments in fiscal year 2011 alone. It is very troubling, therefore, that more than half of those projects are in serious trouble.

One critical tool that can help to ensure proper oversight and management of these investments is an effective acquisition review process. I know for the last several years DHS has been trying to strengthen that process. When do you expect that we are going to start seeing significant improvements in the performance of IT projects at the Department?

Mr. BORRAS. Senator, I appreciate the question. I appreciate the leadership this Committee, particularly you and the Chairman, have placed on the proper management of IT investments. It is a \$6 billion investment we are making on an annual basis at the Department of Homeland Security.

I look at GAO's top 15 list of what they call poorly running acquisition investments, and most of those are IT investments. A few things I would say about that: First of all, most of those IT investments that are poorly functioning or have cost overruns, in many cases, they predate the establishment of the Department of Homeland Security, like the Automated Commercial Environment (ACE) program, for example, which has been going on, I believe, since 1993.

So what have we done about ACE? I will give you a perfect example. We are calling it a strategic time-out. We have suspended ACE. What we need to do and why we need strong governance is we need to be able to review these projects, and then we need to be able to make corrective action. It is one thing to identify poorly functioning IT programs. What are we going to do to help it get better, or if it cannot get better, what are we going to do to end it?

In the case of ACE, what we have done is establish a strategic time-out. We are taking a look at instituting a modular approach, which is consistent with Vivek Kundra's 25-point plan for IT. So we have much more modular, agile development. We have put them on a plan to be able to deliver M1, a one module this calendar year. And we are working very aggressively. The CIO and the IT community are working very aggressively. We have stood up an executive steering committee in many of these programs to expand our oversight.

My basic concern within the Department, and I have talked a lot about this, relative to acquisition oversight is MD-102.1 put in place the Acquisition Review Board, which meets at pre-determined acquisition gateposts—during the requirements phase—and my problem is, these are so wide apart, sometimes a year or more apart, how are we providing oversight to an acquisition program, whether it be IT or otherwise, in between? And that is what I have

been focusing on. How do we develop more aggressive oversight in between those milestones?

Senator COLLINS. Well, I would suggest that there is a more fundamental problem, and that is a failure to define requirements well up front, to define what is the need for the procurement, how is it going to be used, could off-the-shelf technology suffice. I am shocked that there is a 1993 IT project that still has not been completed or abandoned. I cannot imagine that the requirements have not changed during that time or that the technology that they started with is not obsolete. So I think it is not enough to monitor along the way, though that is absolutely critical and I commend you for the steps you are taking, but you have to better define what your needs are and establish the requirements up front.

Let me just very quickly touch on one other issue. It is a very quick question. The move to St. Elizabeths, that consolidation of headquarters is the largest Federal construction project since the Pentagon. Is this still a priority for the Department, given your budget constraints?

Mr. BORRAS. Well, it is absolutely a priority, Senator. Again, I know this Committee has supported the Department of Homeland Security tremendously. The good news is that project is meeting its major milestones. The Coast Guard facility that we are building, it is on budget, it is actually slightly ahead of schedule. It is one of the cleanest construction sites I have ever seen, and I have spent 10 years in the construction business. But that is an indication of good management, good planning, good safety. It is a well-run site.

I have been a strong advocate for that. I have met with the Appropriations Committee both in the Senate and the House to strongly advocate for the continuation, the maintenance of our funding stream. We need to meet those major milestones and continue to fund these projects so that we do not have major lapses. I am very concerned about costs increasing as a result of delays.

Senator COLLINS. Thank you.

Chairman LIEBERMAN. Thanks, Senator Collins. Senator Akaka. Senator AKAKA. Thank you, Mr. Chairman.

Mr. BORRAS, I want to commend the Balanced Workforce Initiative to correct the Department's Federal employee contractor mix. As you know, the Committee is vitally interested in the contractors in DHS. Will you please discuss the Department's efforts to ensure that inherently governmental positions are brought in-house and make a comment on whether this initiative is having a positive effect in your workforce. I also gather that your Chief Human Capital Officer has a part in heading the Balanced Workforce Initiative, and I am interested in how it is working out.

Mr. BORRAS. Senator, the Balanced Workforce Strategy, which we developed into an actual program that we manage, actually is managed out of the Office of the Chief Human Capital Officer because we want to maintain the focus on the employee part of it. There are two pieces to that.

One part is we have looked at and we have received—we have worked with OGC, we have worked with OMB, we have worked with OFPP—good, consistent Federal guidance on the definition of inherently governmental and non-inherently governmental. So we have applied that standard.

The second part of it is, and when I joined the Department, this was my concern relative to the Balanced Workforce Strategy, that it not be viewed strictly as a contractor conversion exercise but that we use this opportunity while we were making these assessments on the use of contractors to also look at whether a contract has met its useful life—so evaluating the ongoing need for a contract.

I started my career in the State of Florida, which had strong sunset legislation, and I bring that orientation with me. You have to constantly ask, is this contract still viable? Is it still necessary? Is the requirement from which we initiated this contract, to get to the Senator's point, good requirements, is it still valid? If not, kill it.

So we are doing two things. We have been having a very aggressive approach to do this conversion where we eliminate contractors and we hire Federal employees to be able to manage functions, and we are looking at whether or not the contractor is still viable. So it is a two-prong approach.

Senator AKAKA. Mr. Borrás, over the past several years, the Department has worked to create an integrated financial management tool known as Transformation and Systems Consolidation (TASC), which has grown to include acquisition and asset management. I understand that because of a contractor's protest, the contract for this project is once again halted. What are the Department's plans for moving forward on integrated financial management, and should we expect to see additional changes to the TASC contract?

Mr. BORRAS. Thank you for the question, Senator. The Department is in great need, I would say almost dire need, to have an integrated enterprise financial management system to be able to better manage the Department. We are a Department, as has been said before, of over 200,000 employees, a top line budget of approaching \$56 billion, and we do not have a consolidated, integrated financial management system that allows decisionmakers to be better informed on a timely basis and the Department to be able to respond to Congress for financial information on a timely basis. It is a severe liability for the Department. So getting that initiative in place is fundamental, both to our integrated strategy and to the health of the Department.

Specifically with regard to TASC—the procurement for TASC went out in 2009. This was not the first attempt at trying to create a consolidated management function for the Department. We have had several other failed attempts. This current one has been riddled with protests. There were several protests before we were able to finally award the contract this past November.

I think this speaks very well to the issue that Senator Collins raised about the need to have good requirements and to understand the marketplace and what does that marketplace deliver, whether or not the marketplace can deliver an integrated financial management system, whether one exists in the Federal workplace currently.

GAO in their ruling found that there were missteps along the way, both in terms of how the requirements were interpreted and how it was evaluated, and GAO has sustained those protests. We

are currently taking a look. We are analyzing GAO's statement on those protests, and we are looking at OMB's guidelines—it is very important that we evaluate OMB's guidelines for the implementation of financial management systems. We are looking at both of those things to be able to chart a new course.

So I am not in a position today to be able to specifically identify what the Department's next course of action will be.

Senator AKAKA. Thank you very much for your responses, Mr. Borras. Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thanks, Senator Akaka. Senator Johnson.

Senator JOHNSON. Thank you, Mr. Chairman.

Mr. Borras, in your first round of questioning, you talked about what you learned down at the border, and I was just recently at the border entry down at Nogales, and I have learned a few things myself. I know we obviously are concerned about border security, but one of my concerns is the staffing levels of Customs and Border Protection in those ports. I mean, we are expanding the size of the ports, but I am afraid we are not staffing them to the extent that we need to. I want to get your thoughts on that and to what extent are you involved in that ratio between the Customs Service agents versus the Border Patrol agents.

Mr. BORRAS. Senator, you raise a very important question, and it leads me back to something that I talked about in my policy questions, which is workforce planning. Workforce planning is a major deficit in the Department. One of the reasons why we often have delays in hiring—and I will specifically address your question—is because of the inability to do good workforce planning, to be able to project in the out years, what are your specific workforce needs? How will you staff that? How will you pay for that? How will you introduce that? How will you train the employees? How will you equip employees? Good workforce planning is so key to being able to have a well-functioning, well-run department.

So specifically with regard to the border, the Border Patrol since 2006 has nearly doubled in size. I would say to you from a management standpoint that it is very difficult to even assess whether Customs and Border Protection has been able to sufficiently absorb that tremendous growth in that short period of time. So we are working very closely with Customs and Border Protection. And, in fact, they are adopting some of the same things that I am doing at the departmental level relative to much more in-depth budget reviews, base budget reviews and analysis within Customs and Border Protection because they recognize they have grown so fast, so quickly, and have had to absorb so many people that they have not taken the time to assess the current management health of their organization and if they have adequate resources, as I stated earlier and as you have found out in your work. Do they have the proper facilities to be able to house the employees? Do they have the proper administrative support to support the employees in the field? Do they have the necessary equipment and the replacement equipment to adequately equip our employees on the border? So these are very fundamental questions. This is not something that we currently do extremely well.

The Balanced Workforce Initiative, for example, will migrate to a Workforce Planning Initiative at the conclusion of this run. That

is how important it is. We are going to maintain this focus. We are going to develop at the headquarters level a Department-wide Workforce Planning Initiative because we need to do a better job of managing that.

Senator JOHNSON. But specifically, talk about the ratio of new personnel going into the Customs Service versus the Border Patrol because, again, it seems like we have poured additional personnel into the Border Patrol, and I am afraid we are not putting the resources into the ports of entry.

Mr. BORRAS. I do not specifically know what those numbers are, Senator, but I will be glad to get the information back to you on what those ratios are.

Senator JOHNSON. Thanks. Earlier, you talked about reducing the number of audit qualifications. Can you tell me specifically which ones were removed and how you managed to do that?

Mr. BORRAS. Well, there is an effort that we run—most Federal agencies run it—there are Internal Controls Over Financial Reporting (ICOFR) and there are also Internal Controls Over Operations (ICOOP). When I first joined the Department, I personally chaired those sessions with our staff from the financial audit. These are meetings that we hold with all of the components so that I can begin to assess for myself what were some of the vulnerabilities and liabilities.

For example, in ICOOP, one of the things that we look for is how well are we staffed because if we are improperly staffed, from a diagnostic standpoint, that tells me that we might have a problem with segregation of duties, which is a fundamental tenet of good financial controls.

We also look at the authority matrix. Again, when an organization is understaffed, do they have the good segregation of duties? Do they have the proper authority matrices in place to be able to say who authorizes a certain activity, which can lead to a material weakness.

So I personally chaired these meetings because I wanted to do things. I wanted to better understand the health of the financial operation myself, and I wanted to send a message that this was such a priority to me, I was willing to spend countless hours, Senator, chairing and facilitating these meetings to send the message that we are going to be looking at their financial operations, that it is important to me, and that the staff has my support and backing to be able to address this.

It begins with leadership, Senator, and making that leadership statement and making that leadership commitment allowed the staff, the Chief Financial Officer staff working with the component staff, to begin to specifically drill down on reducing these material weaknesses in our audit findings. I also have new personnel in audit, as well. We are going to continue to do this, and I have announced this publicly within the Department, for our financial grants, as well, which is another area that requires strong, aggressive oversight.

I can get back to you with the specific data on those material weaknesses that have changed, and I can give you a historical sense of how they have evolved over time, over the life of the Department.

Senator JOHNSON. Well, maybe we can do those during those monthly meetings, which I would like to reinstate.

Mr. BORRAS. I would look forward to that.

Senator JOHNSON. Thank you very much.

Chairman LIEBERMAN. Thanks, Senator Johnson. Senator Carper, welcome.

#### OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. Thanks, Mr. Chairman.

Welcome. We are happy to see you. Thank you for joining us today. I understand your family is with you.

Mr. BORRAS. Yes, Senator.

Senator CARPER. And you have already introduced them, have you not?

Mr. BORRAS. Yes, I have.

Senator CARPER. Are they right behind you there?

Mr. BORRAS. Well, yes, I have my wife, Ivelisse, and—

Senator CARPER. Is that your daughter? [Laughter.]

Chairman LIEBERMAN. You do not have to answer that question. [Laughter.]

Mr. BORRAS. I am not going to answer that question.

Senator CARPER. All right. Well, glad you are here. I am happy that your family is willing to share you with all of us and with our country.

A couple of questions, if I could. I am privileged to serve on this Committee and privileged to serve as chairman of a subcommittee that deals with, among other things, Federal financial management. We held a hearing here about a week or two ago, Senator Brown, Senator Coburn, and others, and we focused on major weapons system cost overruns and how much we are overspending for major weapons systems. The amount we were spending in the year 2000 was \$42 billion. Last year, it was \$402 billion.

Former President Bush signed into law a number of years ago in his first term an improper payments law. It basically says that Federal agencies have to start keeping track of their improper payments, mostly overpayments, not so much fraud, just accounting mistakes, and some agencies did. Some did not. The Department of Homeland Security was new. They had a hard time complying with the improper payments law.

Senator Coburn and I authored legislation with the support of Members of this Committee, including Senator Akaka and Senator Lieberman, that said that not only do we want agencies to keep track of their improper payments, we want them to report their improper payments. We want them to stop making improper payments. We want them to go out and recover the improper payments that they have made. We had in the law a directive that says Federal managers are going to be evaluated, at least in part, on whether or not they are complying with that law to report improper payments, to stop making them, and to recover them.

The Department of Homeland Security does not have a good record in terms of collecting improper payments. It is not a little bit of money. We had a hearing in the last month that said the improper payments for the last fiscal year was \$125 billion. That does not include the Department of Defense (DOD). I am not sure if it

includes the Department of Homeland Security. I have asked my staff to check. Apparently, DHS is not reporting improper payments. At least that is what I am told as of now. And so the \$125 billion in improper payments from last year does not include DOD. It does not include DHS. And I do not think it includes Medicare Part D. I am not sure if it includes Medicare Part C, but a big piece of the Federal Government is out there that is not actually reporting.

And here is my question of you, and it may not be a fair question, but I will ask it anyway. When is DHS going to start reporting and complying with the improper payments law?

Mr. BORRAS. Well, two things. First of all, Senator, thank you so much for being here—

Senator CARPER. And we are glad you are here.

Mr. BORRAS. Thank you. I appreciate that. Thank you for recognizing my family.

Senator CARPER. Sure.

Mr. BORRAS. That is very kind of you.

I recently addressed and have been very much focused on this. The major liability the Department of Homeland Security has with respect to financial reporting is the lack of financial systems that allow us to be able to retrieve that information in a timely manner and then report it with any level of fidelity. We simply do not have it.

As you well know and this Committee well knows because you have supported greatly the Department of Homeland Security in their effort to build an integrated financial management system, we do not have a system. Senator, the first memorandum that I signed as Under Secretary a year ago when I joined this Department was to do a data call. That is, to do a manual retrieval of information to be able to report. I had to give the components 60 days to collect the information, 30 days to analyze it, and then we hoped in the next 30 days after that we would know enough about what we could report on.

It is a major deficiency. It is a major liability that I am personally committed to addressing. We do not have good information, for example, as it relates to our grants. Our ability to report on our grants, to look at obligated and unobligated balances, is virtually nonexistent. Again, these are manual retrievals of information that we have to conduct. Within the Coast Guard, we have multiple financial systems. Senator, I am sure you understand and probably are dismayed by the fact that the Coast Guard runs two general ledger systems, and they do not talk to each other.

This is very important to me. This is a major liability. We have addressed this in our integrated comprehensive strategic plan that we have submitted to GAO. It is going to take time to build that capacity in the Department of Homeland Security. We are investigating ways in which we can build some work-arounds to be able to retrieve data. Of course, as you well know, one of the major concerns we all would have is what is the integrity of the data that is in the system right now.

Senator CARPER. Let me just interrupt you. I do not mean to be rude, but I only have so much time, and let me just come back to the question I raised about improper payments. It is a huge prob-

lem. Most agencies are now complying. DOD is not. We are all over them. DHS is not. And we are just going to be, not in an obnoxious way but in a persistent way, all over your Department to make sure that you comply with the law. We need you to help set an example for others, including the Department of Defense. If you can stand up as a new department and comply with the law in a reasonable amount of time, that is a good example for a Department that has been around for 60 years and still is not complying.

Could I ask one more question, Mr. Chairman?

Chairman LIEBERMAN. Please go right ahead.

Senator CARPER. Thanks so much. I will be brief. The Department of Homeland Security has undergone a number of reorganizations, even though it is not that old. Many of the components, such as the Secret Service, the Federal Emergency Management Agency, the Coast Guard, to name a few, are not, as you said, yet fully integrated. Many of their employees do not think of themselves as Department of Homeland Security employees, which has contributed to an increased bureaucracy and a tough way of getting things done.

Secretary Napolitano's new motto, "One DHS," has been, I think, a promising start. You have been in your role now for about a year. I am glad you are there. I think most of us feel that way. Could you discuss for us, just in a couple of minutes, how you have been working to integrate these legacy components into the Department architecture to be one team?

And second, would you talk about a couple of management surprises that you were forced to tackle when starting the job? Just mention one or two. Thank you.

Mr. BORRAS. The first thing I would like to do, Senator, in response to your first question, because somebody did slip me a little note, is say that we are complying with the Improper Payments Information Act and we do report. So DHS does report its improper payments.

Senator CARPER. Since when? Go ahead, whoever is behind you, because my staff just said that you were not. Can you give me some idea—when do you think you started complying?

Mr. BORRAS. Last year.

Senator CARPER. Last year? Good. So for fiscal year 2010?

Mr. BORRAS. Yes.

Senator CARPER. Well, that is good. So part of that \$125 billion was DHS. Well, that is a good start. Now we want to ratchet it down, and the other thing we want to do is recover as best we can some of those improper payments.

Mr. BORRAS. Yes.

Senator CARPER. Thank you for that information. Go ahead and answer my second question, please.

Mr. BORRAS. I do not know that I have necessarily found anything in management that surprised me. Maybe what has surprised me is the extent of some of the problems because I certainly had a good orientation coming in. I read all the GAO reports and the IG reports. I was very familiar with the management deficiencies.

The Secretary prioritized for me getting off the High-Risk List for management integration, focusing on building a common archi-

ture around the Department on how we manage this Department, to start to build an enterprise management function, and that is what we have done, Senator. Before your arrival, I showcased our comprehensive strategic plan, which we submitted to GAO back in January. GAO said it is the most comprehensive document on management that the Department has submitted. It is very specific with specific comprehensive action plan items with timelines on which we will be judged on our progress.

The Secretary constantly talks about the need for One DHS. One DHS does not mean destroying the identity of the Customs and Border Protection or the Secret Service, but how do we unify the Department in ways that are meaningful and that contribute to the Department's health. For me, it is focusing on the acquisition process to make sure that we have standards on how we acquire goods and services in the Department, the way we manage our financial systems, the need for not only financial systems, which I have talked about and which are major deficiencies, but having common skill sets around the Department, and that talks to how we train our financial management community.

And it is focusing on the way we treat our people, our human capital issues, and the way we are building new training in the Department. I mentioned earlier, Senator, that we have eliminated redundant Candidate Development Programs for SES, and now we only have one. We went from four to one.

Again, these are very strategic, small but very important steps toward unifying the Department around a common training architecture, a common financial architecture, a common acquisition architecture, and a common human capital architecture.

Senator CARPER. Well, I applaud those efforts, and I applaud the Secretary, whom I am a big fan of, and I would just urge you to continue to do those things. One of our jobs is to do oversight and to make sure that the things that you all are attempting to do, you actually complete and you tell us what we can do to help.

So thank you. Thank you for your service this last year. My hope is that you will be confirmed to serve not on an interim basis, but on a more permanent basis.

Mr. BORRAS. Thank you, Senator.

Senator CARPER. Very nice to see you. Thank you.

Chairman LIEBERMAN. Well, thanks, Senator Carper.

Thanks, Mr. Borrás. I appreciate your testimony today. I think you have been really quite impressive. Your answers have been informed. I suppose, obviously, you have the benefit of having had a year on the job, but even allowing for that, nonetheless, you show a detailed involvement in the management of the Department, which I have found impressive, and I hope anybody who has any lingering doubts about your nomination will find reassuring.

We are going to leave the record of this hearing open until noon tomorrow for any additional statements and questions. It is my intention to bring your nomination before our Committee at the markup scheduled for next week. I am hopeful, obviously, and confident that at the Committee level, we will confirm your nomination unanimously, and then we will go to the floor, and I hope we are successful there, as well.

Thank you very much. I thank all the family and friends who are with you.

With that, the hearing is adjourned.

[Whereupon, at 11:34 a.m., the Committee was adjourned.]



# A P P E N D I X



**United States Senate**  
**Committee on Homeland Security and Governmental Affairs**  
Chairman Joseph I. Lieberman, ID-Conn.

**Opening Statement of Chairman Joseph Lieberman**  
**"Nomination of Rafael Borrás, Under Secretary for Management, Department of Homeland Security"**  
**Homeland Security and Governmental Affairs Committee**  
**April 6, 2011**  
**As Prepared for Delivery**

Good morning, the hearing will come to order. Today, the Committee considers the nomination of Rafael Borrás to serve as Under Secretary for Management at the Department of Homeland Security.

Mr. Borrás, I think, brings tremendous energy and experience to what is an unglamorous but vitally important job. Everything that the Department does that the public sees depends in some critical way on what might be called the backroom functions that are the purview of the Under Secretary for Management: acquisition of private sector goods and services, for instance; hiring and encouraging the best in human capital; developing and running information technology systems; responsible financial management of the public's dollars. These are among the very important responsibilities of this position.

And in a Department that was created only eight years ago, the Under Secretary for Management serves as a linchpin to bring together the disparate processes and procedures of what were once 22 separate agencies.

I believe that Mr. Borrás' 27 years of experience in the public and private sectors overwhelmingly qualify him for the position to which he's been nominated.

In government, Mr. Borrás has held senior management positions, including Assistant Secretary for Administration at the Commerce Department and Regional Administrator for the General Services Administration, with responsibilities that were quite similar to those he has been asked to undertake as Under Secretary for Management, and that prepared him for the kinds of challenges he would face at DHS. Earlier in his career, he held a position near and dear to my heart – he was Deputy City Manager of Hartford, obviously the Capital city of my home state of Connecticut – and in that position he balanced the city's budget without raising taxes, no small feat during the recession of the early 1990s and left a lot of people in Hartford with very good feelings and memories of his service there.

Mr. Borrás also spent over ten years as a vice president at URS Corporation, a global engineering, construction and technical services firm, which provides services to both the public and private sectors.

When Mr. Borrás was first nominated to be Under Secretary for Management at DHS, in July of 2009, I concluded he was well qualified for the position and supported his nomination, which was reported out of our Committee by a 7-3 vote. Unfortunately others had doubts, and following this Committee's vote in October 2009, a Senate hold was placed on his nomination, so a vote in the full Senate could not be scheduled. President Obama decided it was important enough to fill this position and was confident enough about Mr. Borrás' abilities to put Mr. Borrás on the job through a recess appointment on March 27, 2010.

Now the nominee returns to the Committee with a year of experience under his belt as the Under Secretary. For anyone who had doubts when we first considered Mr. Borrás' nomination, this year should have dispelled them. To make a long story short, I believe Mr. Borrás has proven himself to be a dedicated and highly capable leader in an incredibly challenging position. In other words, he has earned Senate confirmation.

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In his single year as Under Secretary, I believe Mr. Borras has already done much to strengthen the management of DHS and the Department needs him to continue in this position of critical importance.

Let me briefly cite a few of the management accomplishments to which Mr. Borras has significantly contributed since he became Under Secretary for Management.

To begin with, Mr. Borras has made progress in strengthening the Department's acquisition processes. Too often over its eight-year history DHS has been plagued with poorly-planned purchases that led to unsuccessful projects that wasted taxpayers' money. Mr. Borras has built on the efforts of his predecessors, implementing and improving the processes of the Acquisition Review Board (ARB) they created to review major investments across the Department. He is also putting in place a system where high-risk acquisitions are monitored not just by the ARB at certain mileposts – which can be a year or more apart – but more continually through more focused Executive Steering Committees. And he has led efforts to refocus several troubled acquisitions, ensuring that DHS is using its resources wisely in a fiscally difficult time.

Mr. Borras has also played a leading role in reviewing the Department's workforce needs and its use of contractors, ensuring that the Department is using federal employees and outside contractors in a way that is appropriate and cost-effective.

In the budget process this year, Mr. Borras took a cross-department look and helped identify savings and efficiencies that could be achieved by eliminating overlap and redundancies among DHS components. Ultimately, the FY 2012 budget for DHS proposed \$800 million in savings through greater administrative efficiency.

Mr. Borras has also been overseeing the development of the Department's new headquarters on the St. Elizabeth's campus, leveraging his experiences at GSA and working for a major private sector construction and engineering firm. This major project – the largest U.S. government building project in the nation right now – is currently on budget and on time.

And of particular note are Mr. Borras' efforts to address the issues identified by the Government Accountability Office in its "high-risk list." Since the creation of DHS, the implementation and transformation of the Department has been on GAO's "high risk list" that is published at the beginning of each Congress. This year, for the first time, GAO has offered some hope that the Department is on a path to improvement and, possibly, removal from this list in the foreseeable future. GAO found that DHS "has taken action to implement, transform, and strengthen its management functions." They noted, too, that in January of this year, DHS produced an updated Integrated Strategy for High Risk Management, explaining how DHS would address the high-risk designation – a strategy Mr. Borras spearheaded.

Since his appointment, Mr. Borras has also been in charge of managing the relationship with GAO – a relationship that was once fraught with mutual distrust – but which under his leadership appears to have markedly improved.

It is also worth noting that Mr. Borras is highly respected by other senior leaders within the Department. For example, Secret Service Director Mark Sullivan – who is a non-political appointee with 33 years of law enforcement experience – who wrote a glowing letter of endorsement for Mr. Borras and asked – and I quote – that this "dedicated and talented professional" continue as the Under Secretary for Management.

Director Sullivan added: "[Mr. Borras] has taken a proactive approach to enhance his understanding of the Secret Service, our operational requirements, and our contributions to the DHS mission. He effectively communicates with DHS leadership and implements policies to allow components the opportunity to leverage and maximize DHS assets and resources to improve operational effectiveness and efficiency."

That's a very important and influential comment.

As the saying goes: "Nothing succeeds like success." And nothing guarantees future success better than rewarding it when we see it.

Mr. Borras's recess appointment expires at the end of this year. If the Senate fails to confirm him before then, I believe it would be a tremendous loss for the Department. I therefore strongly urge my colleagues on the Committee to support Mr. Borras's confirmation as Under Secretary for Management at DHS so he can continue to bring his expertise and leadership to bear on the challenges that face the Department as it works to become the highly effective and efficient Department we need it to be for the security of all Americans.

**Statement of  
Senator Susan M. Collins**

**Nomination of Rafael Borrás to be Under Secretary for Management, U.S.  
Department of Homeland Security**

**U.S. Senate Committee on Homeland Security and Governmental Affairs  
April 6, 2011**

★ ★ ★

We convene today to consider again the nomination of Rafael Borrás to be Under Secretary for Management at the Department of Homeland Security.

Two years ago, after careful consideration, I opposed the nomination of Mr. Borrás. That was extremely unusual for me as I believe the President should have a great deal of latitude to nominate a person of his choosing to serve in the Cabinet or in a senior executive position, but I had concerns about Mr. Borrás' lack of experience and his compliance with our tax laws.

I would note, however, that I was not the source of the hold.

The Under Secretary for Management oversees the management of more than 200,000 employees, a \$50 billion annual budget, expensive procurement projects, and vital interagency coordination.

Over the past eight years, the Department has struggled to complete the enormous task of integrating thousands of employees and more than two dozen federal agencies - with different missions, traditions, and cultures.

The Government Accountability Office placed DHS on its "high-risk list" again in 2011 and concluded that, "... DHS has not yet demonstrated sustainable progress in implementing corrective actions and addressing key challenges within its management functions, and in integrating those functions within and across the department..."

The Under Secretary for Management at DHS must ensure that there is efficient and effective use of personnel and technology to combat the very real threats we face. To accomplish this goal, the Under Secretary must possess exceptional leadership abilities and a track record of management successes.

Indeed, this is not only my view, it is the law. Four years ago our Committee enacted requirements that the Under Secretary have significant leadership capability, extensive executive-level management experience, a

demonstrated ability to manage large and complex organizations, and a proven record in achieving positive operational results.

Due to a recess appointment, which circumvented the Senate, Mr. Borrás now has a year in a position that requires experience managing large and complex organizations. While Mr. Borrás is admirably committed to public service, I continue to have some questions about whether his experience is sufficient to overcome the challenges DHS faces. I hope these questions can be resolved favorably today. I want to hear his own assessment of what he has accomplished.

At the hearing in 2009, I also questioned Mr. Borrás about a pattern of errors on his taxes. The numerous tax errors are still troubling because they show a lack of attention to detail and a pattern of carelessness.

DHS needs a strong hand at the management helm. I intend to question Mr. Borrás on his accomplishments to date and his plans for addressing the serious management challenges that remain at DHS.

I look forward to hearing from Mr. Borrás and will certainly give this nominee another look and a fair opportunity to present his case for confirmation.

**Introduction by Senator Daniel K. Akaka**  
**Nomination of Rafael Borrás to be Under Secretary for Management, U.S. Department of**  
**Homeland Security**  
**April 6, 2011**

Thank you Mr. Chairman. I am delighted to be here as we consider Rafael Borrás to continue as Under Secretary for Management at the Department of Homeland Security (DHS). I would like to take this opportunity to introduce Mr. Borrás to the Committee once again.

I first met Mr. Borrás in 2009 before his confirmation hearing. I told him then that Elaine Duke was leaving him big shoes to fill at DHS, but that I believed he was up to the task. Now, after over a year on the job, he has demonstrated his ability to improve the focus on management as priority at the Department.

Before coming to DHS, Under Secretary Borrás had over twenty years of federal, local, and private sector management experience. During his tenure as Under Secretary, he has made improving acquisitions and financial management, along with right-sizing the contractor workforce at DHS, top priorities.

I am pleased that he has also been focusing on getting DHS off the Government Accountability Office's (GAO) high-risk list, where it has been since the Department was created in 2003. His office recently sent GAO and the Committee a detailed strategic plan for better management integration at the Department.

I want to emphasize how impressed I have been with Mr. Borrás's engagement with us. Last year, my friend and former Ranking Member, Senator Voinovich, and I held a series of monthly meetings with Under Secretary Borrás to keep our management subcommittee up-to-date on his progress. He has continued to keep the Subcommittee apprised of management issues and has made himself available to the committee and our staff.

I will not go on about his qualifications, except to say that I believe Under Secretary Borrás has demonstrated his ability to lead DHS's management directorate and I support his confirmation. Thank you, Mr. Chairman.

Statement of Rafael Borrás  
April 6, 2011  
Confirmation Hearing  
Rafael Borrás to be Under Secretary for Management  
U.S. Department of Homeland Security

Chairman Lieberman, Senator Collins, Senator Akaka, and other distinguished members of this committee, I thank you for the opportunity to appear before you today as you consider my confirmation. It was a great honor to have been nominated by President Obama and it has been my great privilege to serve as the Under Secretary for Management (USM) at the Department of Homeland Security for a year under a recess appointment. I have worked to earn the trust and confidence of the Secretary, Deputy Secretary, Departmental leadership and employees. It is my sincere hope that through my work this past year, I have earned your confidence as well.

I would like to thank Secretary Napolitano and Deputy Secretary Lute for their support of the Management Directorate, as well as their personal support and encouragement. Additionally, I would like to thank the leadership and the employees of the Management Directorate. The fine work and dedication of the Management Directorate employees has enabled me to build on the progress that has already been made by my predecessors. While I recognize that continued progress to address our management challenges is needed, I strongly believe that we have laid a solid foundation to address the financial, acquisition, and human capital needs of the department.

Furthermore it has been my pleasure over the last year to have had extensive interactions with many members of this committee and their dedicated staff. This Department owes a great debt of gratitude to this committee for its leadership and support in meeting the management challenges associated with weaving together the twenty-two agencies that came together in 2003 upon the creation of the Department of Homeland Security.

Since my appointment, I have led the development and implementation of a comprehensive, strategic management approach focused on maturing organizational effectiveness within DHS. Through this effort, we are focused on enhancing the financial, acquisition, and human capital structures and processes necessary to meet DHS mission goals by integrating and aligning business functional areas at both the Departmental and Component levels. My approach has been built around three key elements:

1. Acquisition Enhancement: Improving upon the current Department acquisition processes and procedures – addressing the “front end” requirements as well as “back end” program management in order to minimize risk, encourage fiscal responsibility, and improve end to end execution across the entire acquisition life-cycle.
2. Financial Enhancement: Improving our financial systems and capabilities in both the management directorate and the components, emphasizing strong financial and analytical discipline throughout the department.

3. Human Capital Management Enhancement: Making sure we have the right people in the right positions at the right time, with the proper workforce balance between DHS and contract employees.

As part of this effort I have:

- Submitted the Department's first comprehensive Management Integration Plan to the Government Accountability Office (GAO), covering all Management Directorate lines-of-business. The plan provided detailed, specific action items to be addressed by the Department to further enhance and improve management operations. GAO has recognized the important progress the Department and the Management Directorate have made in management integration.
- Appointed a new Chief Procurement Officer and new leadership within the Department's acquisition program management and cost analysis offices. Under this new leadership team, we are developing enhanced approaches to risk management and oversight, with a specific emphasis on strengthened acquisition requirements and improved program management for major acquisitions. I have also convened several Departmental leadership forums with component acquisition executives to better refine these risk management strategies.
- Piloted the use of Executive Steering Committees (ESC) to provide ongoing, in depth reviews of key major acquisition programs. These newly chartered ESCs provide additional program oversight in addition to the existing Acquisition Review Boards (ARBs). ESC membership includes both Component and headquarters membership.
- Prioritized sound financial management. Under my leadership we have reduced financial material weaknesses (MW) from twelve to nine, audit qualifications from ten to one, and MW in internal controls from ten to six. I have personally chaired a series of Internal Controls over Financial Reporting (ICOFR) meetings with components to review the current state of our adherence to sound internal controls practices.
- Expanded the Office of Federal Assistance Programs Oversight (FAPO), from four to 23 positions to provide additional resources to ensure compliance with departmental policies regarding federal assistance programs. Also under my leadership, we have issued 11 new policies and procedures to govern financial assistance at DHS and established Financial Assistance Senior Accountable Officials (SAO) at each component which awards financial assistance. The Component SAO is responsible for ensuring publicly reported information is complete and accurate. For the first time, several Components are publicly reporting required financial assistance information.
- Provided executive oversight of the Consolidated Headquarters Project, which includes the St. Elizabeth's campus, and will result in a reduction of the total

number of locations housing DHS and Component headquarters facilities from more than 50 in the National Capital Region (NCR) to approximately ten.

- Overseen the establishment of Balanced Workforce Strategy Program Management Office, providing direction to create tools to assess and make decisions regarding the proper balance and effective use of federal and contractor workforces in achieving DHS missions. From FY 2009 to FY 2010, DHS reduced spending on professional services contracts by 11%, or \$420 million. The Department's FY 2012 budget request includes an additional \$106 million in cuts to contacts across the Department.

While the position of the Under Secretary for Management is the department's "Chief Management Officer," I have also addressed my role as the "Chief Good Government Officer," constantly asking if our actions represent good government practices, as well as making sure that we are responsible in our expenditures of tax payer monies. Whether through the budget process or my regular interactions with the components, I am mindful of our need to be good stewards of the "investments" that the tax payers are making to meet the critical mission needs of the department.

I am committed to continuing to work with this committee in ensuring that this Department meets our most pressing management challenges. My predecessors, Elaine Duke, Paul Schneider and Janet Hale have done an admirable job of building a foundation for sound management practices at DHS. I take it as my responsibility to build upon their efforts, adding value to the department's operators and helping to build a strong departmental management portfolio, in support of the Secretary and Deputy Secretary's leadership to unify DHS.

Once again, I thank you for the opportunity to appear before you. I am thrilled to serve at DHS, and blessed to once again be called a public servant. I hope that I have been able to convey the passion with which I approach the management of DHS, and hope to be able to continue to work with you for years to come.

**BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES****A. BIOGRAPHICAL INFORMATION**

1. **Name:** (Include any former names used.)
  - Rafael Borrás
  - Ralph Borrás
2. **Position to which nominated:** Under Secretary for Management
3. **Date of nomination:** January 26, 2011
4. **Address:** (List current place of residence and office addresses.)
  - Home: REDACTED
  - Office: U.S. Department of Homeland Security, Washington, DC 20528
5. **Date and place of birth:** July 13, 1957, Bronx, New York
6. **Marital status:** (Include maiden name of wife or husband's name.):
  - Married; Ivelisse Baez
7. **Names and ages of children:**
  - Jason Rafael Borrás, (28)
  - Nicole Marie Pultar (Borrás), (25)
  - Chanel Morales, (25), Stepdaughter
  - Carole Allison Crossley, (21), Stepdaughter
  - Patrick William Crossley, (20), Stepson
8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
  - North Miami Beach High School, Florida, 1970 – 1974, June, 1974
  - Miami Dade Community College, 1974 - 1977, A.A., June 1977
  - Florida International University, 1977 – 1981, B.A. -- Political Science, June 1981
  - Florida International University, Public Administration Graduate Program, 1981 -- 1984, no degree
9. **Employment record:** List all jobs held since college, and any relevant or significant jobs held prior to that time, including the title or description of job, name of employer.

location of work, and dates of employment. (Please use separate attachment, if necessary.)

- Administrative Officer, Metropolitan Dade County Government, Miami Florida; December 1982-December 1984
  - Director of Communications, International City and County Management Association, Washington, DC; January 1985-January 1991
  - Deputy City Manager, City of Hartford, Hartford, Connecticut; January 1991-March 1993
  - Deputy City Manager and Commissioner of Human Services, City of New Rochelle, New Rochelle, New York; March 1993-June 1994
  - Consultant, Department of Commerce, Washington DC; August 1994-December 1994
  - Associate Director of Minority Business Development, Department of Commerce, Washington DC; January 1995-January 1996
  - Deputy Assistant Secretary of Administration, Department of Commerce, Washington DC; January 1996-March 1997
  - Regional Administrator, US General Services Administration, Washington DC; March 1997-January 2000
  - Vice President, URS Corporation, Washington, DC; January 2000-March 2010
10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with federal, State, or local governments, other than those listed above.
- Commissioner, Montgomery County (MD) Ethics Commission (2007 – 2010)
11. **Business relationships:** List all positions currently or formerly held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.
- Vice President, URS Corporation, Washington, DC; January 2000-March 2010
12. **Memberships:** List all memberships, affiliations, or and offices currently or formerly held in professional, business, fraternal, scholarly, civic, public, charitable or other organizations.
- Construction Management Association of America, Member (2006 – 2010)
  - International City/County Management Association, Member (1991 – 1994)
  - Connecticut City and Town Managers Association, Member (1991 - 1993)

13. **Political affiliations and activities:**
- (a) List all offices with a political party which you have held or any public office for which you have been a candidate.
- None
- (b) List all memberships and offices held in and services rendered to any political party or election committee during the last 10 years.
- None
- (c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more during the past 5 years.
- None
14. **Honors and awards:** List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.
- National Hispanic Field Service Fellowship for Graduate Studies in Public Administration (1981)
15. **Published writings:** Provide the Committee with a list and two copies of any books, articles, reports, or other published materials which you have written. These items can be provided electronically via e-mail or other digital format.
- None other than short pieces that I authored as the editor of Public Management magazine, a publication of International City/County Management Association (ICMA). Those pieces will be provided to the Committee.
16. **Speeches:**
- (a) Provide the Committee with a list and two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated. Provide a list and copies of any testimony to Congress, or to any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

- On Wednesday, July 29, 2009, I testified before the Senate Homeland Security and Governmental Affairs Committee regarding my nomination to the Under Secretary for Management position. Attached is my statement.
- (b) Provide a list of all speeches and testimony you have delivered in the past 10 years, except for those the text of which you are providing to the Committee. Please provide a short description of the speech or testimony, its date of delivery, and the audience to whom you delivered it.
- As Regional Administrator, I gave informal remarks to different groups and organizations. I have only been able to identify one set of remarks that I have attached – “Building Livable Communities” before the National Field Officers’ Training Workshop on September 15, 1999.

17. **Selection:**

- (a) Do you know why you were chosen for this nomination by the President?
- I believe I was chosen to be a candidate for this nomination as a result of my relevant professional background and experience in the area of public sector management.

I have a 27-year career managing a wide array of administrative functions at all levels of government. My professional experience includes service as a city official, federal government senior executive, and private sector executive. This background makes me well suited to oversee a large government agency portfolio such as DHS, which includes finance, human capital, facilities, information technology, procurement, and security, among others.

Since the President recess appointed me, I have led the development and implementation of a comprehensive, strategic management approach focused on maturing organizational effectiveness within DHS. Through this effort, we are focused on enhancing the people, structures, and processes necessary to meet DHS mission goals by integrating and aligning business functional areas at both the Departmental and Component levels. This has been arranged around three key elements:

- (1) Acquisition Enhancement: Improving upon the current Department process and procedures -- particularly the “front end” requirements and the “back end” program management, with improved governance across the acquisition life-cycle.
- (2) Financial Enhancement: Improving our financial, asset, and acquisition systems in those components with a critical business need, and the

implementation of business intelligence tools to enable near-real time decision making by Department leadership.

- (3) Human Capital Management Enhancement Making sure we have the right people in the right positions at the right time, with the proper workforce balance between DHS and contract employees

As part of this effort I have:

- Submitted the first comprehensive Management Integration Plan to the Government Accountability Office (GAO), covering all lines-of-business. The plan provided detailed, specific action items to be addressed by the department to further enhance and improve management operations.
- Appointed a new Chief Procurement Officer and new leadership within the Department's acquisition program management and cost analysis offices. Directed efforts with this new leadership team to develop enhanced approaches to risk management and oversight, with a specific emphasis on strengthened acquisition requirements and improved program management for major acquisitions. Convened several Departmental leadership forums with component acquisition executives to better refine these risk management strategies.
- Established Executive Steering Committees (ESC) to provide ongoing reviews of major acquisition programs. These newly chartered ESCs provide additional program oversight in addition to the existing Acquisition Review Boards (ARBs). ESC membership includes both Component and headquarters membership.
- Prioritizing sound financial management, under my leadership we reduced financial material weaknesses (MW) from twelve to nine, audit qualifications from ten to one, and MW in internal controls from ten to six.
- Expanded the Office of Federal Assistance Programs Oversight (FAPO), from four to 23 positions to provide additional resources to ensure compliance with departmental policies regarding federal assistance programs.
- Issued 11 new policies and procedures to govern financial assistance at DHS. Established Financial Assistance Senior Accountable Officials (SAO) at each component which awards financial assistance. The Component SAO is responsible for ensuring publically reported information is complete and accurate. For the first time several Components are publically reporting required financial assistance information.

- o Led the ESC for the financial management integration project called TASC (Transformation and Systems Consolidation), which will provide an integrated financial, acquisition, and asset management system solution. Under my leadership, the Department received approval from the Office of Management and Budget to proceed, and awarded a contract for TASC implementation.
  - o Provided executive oversight of the Consolidated Headquarters Project, which includes the St. Elizabeth's campus, and will result in a reduction of the total number of locations housing DHS and Component headquarters facilities from more than 50 in the National Capital Region (NCR) to approximately ten.
  - o Established a Balanced Workforce Strategy Program Management Office, providing tools to assess and make decisions regarding the proper balance and effective use of federal and contractor workforces in achieving DHS missions. At the close of FY 2010, 2,342 positions previously filled by contractors had been eliminated and 1,022 federal workers were on-boarded.
- (b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?
- I believe that both my professional experience and approach to management of large, complex organizations affirmatively qualifies me for appointment to the position of Under Secretary for Management and as the leader of the 1,600 employees of the Management Directorate.
  - I have held positions of significant management responsibility at the U.S. Department of Commerce and the U.S. General Services Administration, both with responsibility for a portfolio of administrative functions similar to the Under Secretary of Management position at DHS. In particular, the Department of Commerce, much like DHS, is a cabinet agency made up of multiple bureaus with each bureau carrying out a distinct but related mission. That experience provides a wealth of similarities pointing to the need for strong and effective management coordination, oversight, and collaboration to uphold financial integrity, maintain consistency with procurement guidelines, identify and eliminate redundancies, and provide well administered personnel practices to enable an effective and productive workforce.
  - I strongly believe that my combination of professional experiences and commitment to public service have qualified me for this assignment.
  - Again, since the President recess appointed me, I have led and directed an active discussion with Departmental leaders, GAO officials, and the DHS Inspector

General related to key management integration at the Department, which is focused on the three key enhancements I mentioned previously.

#### B. EMPLOYMENT RELATIONSHIPS

18. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?
- N/A.
19. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.
- No
20. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization, or to start employment with any other entity?
- No
21. Has anybody made a commitment to employ your services in any capacity after you leave government service?
- No
22. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?
- Yes
23. Have you ever been asked by an employer to leave a job or otherwise left a job on a non-voluntary basis? If so, please explain.
- Yes. I held the position of Deputy City Manager, New Rochelle, New York from 1993-1994. My position was eliminated from the budget and the City Charter in 1994. I was laid off as a result.

#### C. POTENTIAL CONFLICTS OF INTEREST

24. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

9

- In connection with the nomination process, I have consulted with the Office of Government Ethics and the Department of Homeland Security's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official. I am not aware of any other potential conflicts of interest.
25. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.
- None
26. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?
- Yes

#### D. LEGAL MATTERS

27. Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint, to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.
- No
28. Have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, State, or other law enforcement authority for violation of any federal, State, county or municipal law, other than a minor traffic offense? If so, provide details.
- No
29. Have you or any business of which you are or were an officer, director or owner ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.
- In 1989 I was a party in a divorce proceeding in Dade County Circuit Court.
  - In 1994 I was a defendant in a suit in New Rochelle, NY, by Wohl Real Estate, whose services I had enlisted to help locate a rental home. The plaintiff sought a finder's fee even though I found a place to rent on my own. The lawsuit was dismissed.

30. For responses to question 30, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.
- N/A
31. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.
- Since my recess appointment by the President, I have implemented an ambitious series of management integration reforms across the Department's lines-of-business to ensure DHS has the proper structures and enhanced acquisition strategies necessary to succeed, can attract and retain top talent, and build a culture of efficiency. These efforts are designed to mature our capacity to make the Department a leaner, smarter agency better equipped to protect our nation. Management integration enhancements efforts, in addition to those previously described in Section A of this document, include:
    - o The Secretary issued a new DHS Workforce Strategy in December, culminating a process that was initiated under my leadership to update the Department's human capital plan and to establish a strategic framework to improve the workforce experience during FY 2011-2016. This strategy serves as the foundation to ensure the continued growth of DHS employees and our collective ability to prevent and respond to the evolving threats facing America.
    - o DHS began a process to evaluate the number and types of Human Resources Information Technology (HRIT) systems that support our employees. As Under Secretary, I have directed a cross-Component team of HRIT experts to make recommendations for consolidation and improvements in early 2011. I have also established an Executive Steering Committee for the HRIT efforts, which I lead, to provide strong executive level oversight of the development and program management for this important effort
    - o I serve on the DHS Labor-Management Forum, along with the Deputy Secretary and union leadership. The Forum was established in March to support cooperative and productive labor-management relations and includes membership from DHS Components, the American Federation of Government Employees, and the National Treasury Employees Union.
    - o Under my stewardship, DHS awarded more than 31 percent of contract dollars to small businesses, representing \$4.3 billion. DHS awarded more than \$1 billion in contracts to Veteran-owned businesses and \$950 million to women-owned businesses.

- o I have also enhanced efforts to reach out to and interact with the business community. Under my direction, we are expanding our efforts to host industry day programs and share information on potential contracting opportunities.
- o DHS utilized consolidated purchasing tools to save over \$340 million in procuring goods and services. I recently appointed a new Chief Procurement Officer and new leadership within the Department's acquisition program management and cost analysis teams. I have also convened several Departmental leadership forums with Component acquisition executives to better refine risk management strategies.
- o I have chaired or participated in twenty-eight (28) Acquisition Review Boards. Roughly half of the Department's annual budget is spent on procurement and acquisition related activities. ARBs oversee key decision points in the DHS acquisition process. I have been actively involved in enhancing and managing this process, focusing the Department's leadership on a need to strengthen the requirements development process and program management related to our portfolio of major acquisitions.
- o I joined the Department in the midst of the FY 2012-16 Program and Budget Review. To shape the FY 2012 budget submission to the Administration and Future Years Homeland Security Program, I worked with the Deputy Secretary to lead eleven in-depth Program Review Board meetings that evaluated DHS base budgets and programmatic Bottom-Up Review initiatives. I also participated in the Secretary's appeal process one-on-one with Component heads (16 different organizations) and conducted numerous performance measure development sessions with executive leadership throughout the Bottom-Up Review (18 different meetings over the spring/summer).
- o I have made sustainability and environmental management a high priority within the Management Directorate. DHS achieved a 13.6 percent reduction in facility energy use during FY 2010 from the FY 2003 baseline, and purchased renewable electricity equivalent to 4.1 percent of electricity usage during the year. I approved a pilot mobile work and shared workspace program within the Office of the Chief Administrative Officer. The pilot, which I continue to monitor, has resulted in reducing real estate utilization by half for that office.
- o DHS exceeded its goal of issuing 141,000 Personal Identity Verification (PIV) by the end of 2010 and is on target to complete full deployment by September 30, 2011. I have ensured that the Office of the Chief Security Officer has the necessary resources to complete this ambitious project required by a Homeland Security Presidential Directive.
- o I have directed the Chief Information Officer to accelerate the process to transition 24 component data centers to two large-scale, geographically diverse.

physically secure, and scalable data centers. In 2010, five data center facilities were closed. Migration to enterprise data centers standardizes technology and improves security, while reducing space needs and energy consumption.

- c. In conjunction with the Chief Information Officer, I have directed that formal IT program reviews be completed for 81 major DHS IT programs to identify risks and proactively assist system administrators. These portfolio-based reviews serve as the foundation for maturing IT program management and establishing leadership on Enterprise Architecture across the Department. DHS accredited 85 percent of IT systems to federal security standards.
- d. I have diligently worked with GAO on improving the relationship and the coordination process between the two agencies. Under my leadership, we expanded the GAO liaison staff from four to nine employees to further improve our responsiveness and facilitate information sharing with GAO. While the Department's General Counsel initiated the process to improve this relationship, my staff have been tasked with implementing and monitoring our liaison efforts.

**E. FINANCIAL DATA - REDACTED**

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on nomination, but it will be retained in the Committee's files and will be available for public inspection.)

**AFFIDAVIT**

*Rafael Isacacs* being duly sworn, hereby states that he/she has read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of his/her knowledge, current, accurate, and complete.

*Rafael Isacacs*

Subscribed and sworn before me this 23<sup>rd</sup> day of March, 2011

*Stuart A. Connolly*

Notary Public

Stuart A. Connolly  
Notary Public, District of Columbia  
My Commission Expires 1/1/2012



United States  
**Office of Government Ethics**  
1201 New York Avenue, NW., Suite 500  
Washington, DC 20005-3917

**FEB 04 2011**

The Honorable Joseph I. Lieberman  
Chairman  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Rafael Borrás, who has been nominated by President Obama for the position of Under Secretary for Management, Department of Homeland Security.

We have reviewed the report and have also obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. The agency began implementing the ethics agreement upon the nominee's recess appointment.

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Don W. Fox".

Don W. Fox  
General Counsel

Enclosures - REDACTED

January 28, 2011

Mr. Robert E. Coyle  
Designated Agency Ethics Official  
Department of Homeland Security  
Washington, D.C. 20528-0485

Dear Mr. Coyle.

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Under Secretary for Management at the Department of Homeland Security.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

On April 2, 2010, I resigned from my positions with the following entities: URS Corporation and Montgomery County Government Ethics Commission. For a period of one year after my resignation from each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which that entity is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

My spouse is employed by the Montgomery County Department of Health and Human Services, Behavioral Health and Crisis Services. I will not participate personally and substantially in any particular matter involving specific parties in which the Montgomery County Government is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

I understand that as an appointee I must continue to abide by the Ethics Pledge (Exec. Order No. 13490) that I previously signed and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

Sincerely



Rafael Borrás

**U.S. Senate Committee on Homeland Security and Governmental Affairs  
Pre-hearing Questionnaire  
For the Nomination of Rafael Borrás to be  
Under Secretary for Management, Department of Homeland Security**

**I. Nomination Process and Conflicts of Interest**

1. Why do you believe the President re-nominated you to serve as Under Secretary for Management at the Department of Homeland Security (“DHS” or “the Department”)?

I believe I was re-nominated as a result of my relevant professional background, leadership skills, and experience in the area of public sector management.

My professional experience includes service as a city official, federal government senior executive, and private sector executive. This background makes me well suited to oversee a large government agency portfolio such as DHS, which includes finance, human capital, facilities, information technology, procurement, and security, among others.

Since my appointment, I have led the development and implementation of a comprehensive, strategic management approach focused on maturing organizational effectiveness within DHS. Through this effort, we are focused on enhancing the people, structures, and processes necessary to meet DHS mission goals by integrating and aligning business functional areas at both the Departmental and Component levels. This has been arranged around three key elements:

- (1) Acquisition Enhancement: Improving upon the current Department process and procedures – particularly the “front end” requirements and the “back end” program management to minimize risk, encourage fiscal responsibility, and execution across the acquisition life-cycle.
- (2) Financial Enhancement: Improving our financial systems and capabilities in both the management directorate and the components.
- (3) Human Capital Management Enhancement: Making sure we have the right people in the right positions at the right time, with the proper workforce balance between DHS and contract employees.

As part of this effort I have:

- o Submitted the Department’s first comprehensive Management Integration Plan to the Government Accountability Office (GAO), covering all management directorate lines-of-business. The plan provided detailed, specific action items to be addressed by the department to further enhance and improve management operations. GAO has recognized the progress the

Department and the Management Directorate have made in management integration under my leadership.

- Appointed a new Chief Procurement Officer and new leadership within the Department's acquisition program management and cost analysis offices. Directed efforts with this new leadership team to develop enhanced approaches to risk management and oversight, with a specific emphasis on strengthened acquisition requirements and improved program management for major acquisitions. Convened several Departmental leadership forums with component acquisition executives to better refine these risk management strategies.
- Established Executive Steering Committees (ESC) to provide ongoing reviews of major acquisition programs. These newly chartered ESCs provide additional program oversight in addition to the existing Acquisition Review Boards (ARBs). ESC membership includes both Component and headquarters membership.
- Prioritizing sound financial management - under my leadership we have reduced financial material weaknesses (MW) from twelve to nine, audit qualifications from ten to one, and MW in internal controls from ten to six.
- Expanded the Office of Federal Assistance Programs Oversight (FAPO), from four to 23 positions to provide additional resources to ensure compliance with departmental policies regarding federal assistance programs.
- Issued 11 new policies and procedures to govern financial assistance at DHS. Established Financial Assistance Senior Accountable Officials (SAO) at each component which awards financial assistance. The Component SAO is responsible for ensuring publically reported information is complete and accurate. For the first time, several Components are publically reporting required financial assistance information.
- Provided executive oversight of the Consolidated Headquarters Project, which includes the St. Elizabeth's campus, and will result in a reduction of the total number of locations housing DHS and Component headquarters facilities from more than 50 in the National Capital Region (NCR) to approximately ten.
- Oversaw the established a Balanced Workforce Strategy Program Management Office, providing tools to assess and make decisions regarding the proper balance and effective use of federal and contractor workforces in achieving DHS missions. From FY 2009 to FY 2010, DHS reduced spending on professional services contracts by 11%, or \$420 million. The Department's FY 2012 budget request includes an additional \$106 million in cuts to contacts across the Department.

2. Were any conditions, expressed or implied, attached to your re-nomination? If so, please explain.

No.

3. If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain the procedures and/or criteria that you will use to carry out such a recusal or disqualification.

I have consulted with the Office of Government Ethics and the DHS's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest or related issues will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Department's designated agency ethics official. I am not aware of any issues which may result in a conflict or interest or the appearance of a conflict of interest.

4. What specific background and experience affirmatively qualifies you to be Under Secretary for Management?

I believe that my professional experience, leadership abilities and approach to management of large, complex organizations affirmatively qualifies me for appointment to the position of Under Secretary for Management and as the leader of the 1,600 employees of the Management Directorate.

I have held positions of significant management responsibility at the U.S. Department of Commerce and the U.S. General Services Administration, both with responsibility for a portfolio of administrative functions similar to the Under Secretary of Management position at DHS. In particular, the Department of Commerce, much like DHS, is a cabinet agency made up of multiple bureaus with each bureau carrying out a distinct but related mission. That experience provides a wealth of similarities pointing to the need for strong and effective management coordination, oversight, and collaboration to uphold financial integrity, maintain consistency with procurement guidelines, identify and eliminate redundancies, and provide well administered personnel practices to enable an effective and productive workforce.

Additionally in my current position, I am afforded a unique perspective to address the internal and external management challenges facing the Department and have made progress in addressing some of these key challenges.

Both my city government and private sector experience have also provided me with complementary budgeting, finance, acquisition, and human capital skills and abilities that have prepared me to lead the DHS Management Directorate.

I strongly believe that my combination of professional experiences and commitment to public service have qualified me for this assignment.

5. Have you made any commitments with respect to the policies and principles you will attempt to implement as Under Secretary for Management? If so, what are they, and to whom were the commitments made?

As articulated previously, I have pursued a strategic approach to management integration. I have adopted this strategy after careful consideration with the Department's senior leadership, consultation with external stakeholders, and based on the input from within the Management Directorate.

My commitments are limited to those in the Oath of Office I pledged upon my recess appointment. I will execute the office of the Under Secretary for Management in an earnest and forthright manner, building upon the accomplishments of my predecessors, and dedicating my utmost to serve the Nation.

## **II. Role and Responsibilities of the Under Secretary for Management**

6. After nearly one year as Under Secretary for Management, what do you now regard as the major internal and external challenges facing the Directorate for Management in DHS? How have you worked to address these challenges?

Over the past year, we have made steady progress to address some of the Department's key management challenges, many which have been lingering since the Department's founding in 2003. The leadership of the Secretary and Deputy Secretary has played an instrumental role in establishing Department-wide mission goals and objectives. The Quadrennial Homeland Security Review (QHSR) process established mission goals and priorities which provide a framework to drive future management-related strategies.

As Under Secretary for Management (USM), I oversee policy and operations for each Department-level line-of-business (LOB) including finance, procurement, program management, information technology, human capital, asset management and security. In this position, I am afforded a unique perspective to address the internal and external management challenges facing the Department.

In January 2011, I issued the "Integrated Strategy for High Risk Management" to address GAO's "high risk" designation in the "implementation and transformation" category. Our management strategy was developed collaboratively with leadership teams from Headquarters and Components and addresses many of the Department's unresolved management issues. While there continues to be fundamental challenges across our management functions, I am pleased that GAO has recognized the Department's "progress."

I wanted our integration strategy to present a common language and discipline that reflects the faces of our workforce—from senior executives in Washington to border patrol agents in Texas. I am committed to strengthening the management discipline and rely heavily on my LOB Chiefs to ensure Department-level policies, programs and best practices maximize value.

For the Management Directorate to be effective, each LOB Chief (e.g., CXO) must forge a solid business relationship with their Component counterparts. We seek to balance oversight responsibilities with the need to support each Component's mission. Since each CXO reports directly to me, I am able to review key management initiatives to ensure they add value and are not duplicative or overly burdensome. Further, I regularly reinforce the importance of a collaborative and value-added leadership approach to address the internal challenges facing the Department.

Having just completed a year in the USM position, I have seen a heightened spirit of teamwork and awareness among the Chiefs, which has resulted in a more integrated, solutions-based approach to address challenges. Building stronger horizontal lines of communication and authority strengthens the Directorate and, ultimately, the Department's management functions.

The aforementioned GAO report "Integrated Strategy for High Risk Management" establishes a solid framework to unify the Department, and we will continue to work collaboratively with GAO as we implement the corrective action plans (CAPs).

7. What are the highest priority items you have been focusing on since becoming Under Secretary for Management? What has been the biggest surprise to you about the Department, and what do you hope to accomplish during your tenure as Under Secretary?

A large part of my first few months was devoted to forging relationships with my colleagues and learning what changes were needed to improve the value of the Management Directorate. I also held several town hall-type meetings with employees at both the Headquarters and Component-levels to share my vision and understand their needs.

Throughout these interactions, I have been encouraged by the degree of dedication to the Department's mission and the technical expertise of the front-line workforce. I have come to realize that there is a correlation between my Directorate's value and the quality of the services we provide.

Developing the "Integrated Strategy for High Risk Management" was an important piece of the Department's overall strategic framework. This plan provided a roadmap and sets forth my management priorities, if confirmed. Key priorities include:

1. Improving the department's financial systems and capabilities.
2. Strengthening acquisition management, especially in the program management arena.

3. Standardizing how the Department prioritizes investments, makes trade-off decisions, rationalizes technical requirements, allocates resources and develops implementation strategies.
  4. Enhancing business intelligence to inform critical budget and programmatic decisions.
  5. Implementing the strategies in the Department's Human Capital Management Plan.
8. What specific proposals have you made to cut costs and eliminate waste at the Department?

Upon my arrival to the department, I joined the Deputy Secretary in chairing the Program Review Budget (PRB) process, a series of in depth budget reviews conducted with each of the DHS components. These meetings focused on the development of the FY 2012–2016 budget submission, examining current services budgets as well as recommended areas for additional investments. As part of these reviews, I focused on identifying areas of redundancy and overlap between DHS components, looking for efficiencies and potential savings. I also focused on identifying lower priority acquisition areas that could be eliminated or reduced.

To that end, the FY 2012 budget request proposes nearly \$800 million in administrative savings and efficiencies across the Department. Reflecting the current economic climate, the Department is preserving essential frontline security operations and bolstering our operational strength by decreasing administration and overhead in the FY 2012 budget.

9. You had a significant role in the producing the Department's budget to the Office of Management and Budget (OMB). What, if any, program cuts did you propose to OMB?

The Department's FY 2012 budget request to OMB included a number of cuts to programs proposed in previous budgets. Under my direction, the components reviewed their base budgets to ensure that non-recurring and/or one-time costs were identified. Examples of these types of reductions are the one-time HSPD-12 start-up costs, component data center O&M from the components that will have migrated to the DHS consolidated data center by FY 2012, and TSA's Technology Recapitalization Plan for the EDS Program.

10. You previously served as a Regional Administrator for the General Services Administration and as a Deputy Assistant Secretary with the Commerce Department. How have you been able to use your management experience from those jobs in your current position?

Both of my previous federal government senior executive positions provided me with a solid foundation of professional experiences that have proved highly valuable as I joined DHS. Upon joining DHS, I have focused on my three major priorities, financial management, acquisition, and human capital, all of which were areas of concentration at both the Department of Commerce and GSA. For example, at the Commerce Department, I was heavily involved in the acquisition of a new financial system, designed

to consolidate 13 existing financial systems. At GSA, I was a customer of a GSA-wide financial systems consolidation effort, which provided me a perspective not unlike a component at DHS. Both of these experiences have proved to be enormously helpful in overseeing and managing the DHS financial systems consolidation effort.

Similarly, my extensive experience with public buildings construction programs at GSA have proved to be of immense value in providing executive oversight for DHS of the St. Elizabeth's project. From understanding the essential elements of construction schedules, construction contracting, working with GSA, and being highly attentive to the needs of tenants, my work at DHS, in collaboration with GSA, in overseeing the St. Elizabeth's project has been helped greatly by my tenure as Regional Administrator at GSA.

11. What is your view of the role of Under Secretary for Management and how has that changed since you have been at the Department?

Prior to my joining DHS, I had a great deal of respect for the position and an appreciation for the role that the Under Secretary for Management (USM) plays at the department. Since becoming the USM, I have carefully considered how my actions impact not only the immediate state of the Department, but the long term consequences my decisions have on the future of DHS. I have often defined my USM role as both the department's chief management officer, as well as the chief "good government" officer. I believe the USM, in support of the Secretary and Deputy Secretary, should maintain focus on the principles of good government, be mindful of spending the taxpayers money wisely, look for efficiencies in operations, evaluating risk with respect to the investment of public dollars, and be a vocal proponent for quality management practices.

12. In your biographical questionnaire, you state that you "have a 27-year career managing a wide array of administrative functions at all levels of government." However, your response to question 9 on the Biographical Questionnaire shows that you only held a government position for almost eleven years. Can you explain how you reached the 27 years in your response?

I began my professional career in 1982 working for Metropolitan Dade County Government. Since then, I have worked for the International City/County Management Association (the professional association for city and county managers), the cities of Hartford and New Rochelle, the Department of Commerce, GSA, ten years in the private sector working with public agencies at the local, state, and federal level, and finally to the present (2011) with my current tenure at DHS. The entirety of my professional career has been spent working with and for the public sector, either directly managing or involved in the business of public sector management.

**III. Policy Questions***General Management*

13. There seems to be consensus that DHS needs to do a better job knitting itself together into a single, cohesive department. How do you envision or define what such a "transformed" DHS would like look?

Soon after my arrival in March 2010, the Secretary asked me to re-energize previous efforts to transform DHS into a more cohesive, well functioning Department. Integrating the Department's people, structures and processes to achieve the Department's mission goals is essential to our long-term organizational effectiveness, and meets a stated goal of the Congress for the maturation of DHS. In a transformed state, the Secretary's strategic priorities, currently defined in the Quadrennial Homeland Security Review (QHSR) and the Bottom-Up-Review (BUR) will drive operating budgets and a Department-wide approach to major policy choices.

- a. What specific actions or steps has DHS taken in this area since you were appointed? What has been your role in planning and implementing these actions or steps?

I have taken a number of steps to expand and deepen management integration across the Department since my arrival just about one year ago.

Over the past 12 months, DHS has made tremendous strides in integrating and reforming our acquisition, financial and human capital management. However, we know that success will require additional hard work and continued support and flexibility as we navigate this large management enterprise.

In collaboration with the Office of Management and Budget (OMB) and the Government Accountability Office (GAO), the Department created an initial integration strategy in January 2010. The intent of this initial strategy was to address several high-risk management issues identified by GAO and outline steps to improve performance across functional operations. The seven initiatives were the Department's first integration strategy and represents long-term, cross-cutting efforts that will lead to management integration over time.

Soon after my arrival at DHS, I conducted a thorough review of this strategy, which included several meetings with GAO to get their feedback. In July of 2010, I established an Office of Management Integration and directed it to develop a more comprehensive, strategic management approach to management integration. This group is working within the Management Directorate and the Components to build a broader strategy to enhance the people, structures and processes necessary to meet our mission goals, as well as to integrate and align both the Departmental and Component levels.

As a result of an intensive six month process, in January, 2011 I issued a comprehensive transformation strategy to respond to GAO's "high risk" designation in the transformation category. This strategy was developed in collaboration with Headquarters and Component leadership and addresses many of the GAO's recommendations that have been unresolved since 2003.

I consider our "Integrated Strategy for High Risk Management" to be the cornerstone of our transformation strategy. As mentioned earlier, GAO considers our strategy to show "important progress" and we have moved from the development of a plan to the execution of a plan. We are mobilizing our resources to implement outcome-based corrective action plans, which are spelled out in our "Integrated Strategy for High Risk Management" plan.

- b. What specific actions or steps does the Department need to take in order to fulfill your view of a "transformed" department?

As mentioned in the previous response, my office submitted a comprehensive plan to GAO entitled, "*Integrated Strategy for High Risk Management*." The plan contains detailed corrective action plans (CAPs), with milestones. These CAPs provide strategies to integrate and transform our structures, processes and people. I have asked each CXO to track progress and provide me with quarterly updates. Some of the planned actions in FY 2011 and 2012 include:

- 1) In collaboration with the Office of Policy, I have asked the CFO to begin piloting the aforementioned Integrated Investment Life Cycle model. This model will standardize the way the Department prioritizes investments, makes trade-off decisions, rationalizes technical requirements, allocates resources and develops implementation strategies. This model is a significant step toward transforming the Department.
  - 2) By Quarter 4 of this year, I expect a robust acquisition business intelligence capability to be deployed to provide timely and accurate empirical data to improve decision making around DHS acquisitions.
  - 3) I am also considering the realignment of APMD to a direct report to me to enhance the importance of its cross-cutting efforts. I will consult with Congress prior to any realignment.
- c. What role do you see the Directorate for Management playing in unifying DHS into a single entity? Can it do so with its current authorities and in its current structure?

The Secretary has delegated to the USM the authority to oversee policy and operations for procurement, program management, information technology, human capital, asset management, and security. We are working with our General Counsel to update and strengthen these delegations and will identify any gaps in statutory authority that may hinder my ability to effectively manage the Department.

I am committed to strengthening the “M” (management) role through my delegated authority and will continue to integrate policies and best practices through each of the CXO functions to their counterparts in the Components. The aforementioned report provided to GAO, “Integrated Strategy for High Risk Management,” establishes a solid framework to unify the Department and we will continue to work collaboratively with GAO as we implement the CAPs.

14. What kind of relationship do you think the elements of the Directorate for Management should have with their companion offices in the various DHS components and what steps will you take to develop those relationships?

Clarity is needed to define how the CXOs exercise their oversight functions with respect to the DHS components. Currently, my staff is working with OGC on a complete revision of the Delegation from the Secretary regarding Line of Business operations. For the Management Directorate to be effective, each CXO must forge a solid business relationship with their Component counterparts. We seek to balance oversight responsibilities with the need to support each Component’s mission needs.

15. How do you think the Directorate for Management is viewed by the various components of DHS – is it a help, a hindrance, a non-factor, or all of the above? What can you do as Undersecretary for Management to improve in any areas where the Directorate is not providing a sufficient level of support to the components?

Based on feedback from the Secretary and Deputy Secretary, as well as most Component heads, the perception of the Management Directorate is generally positive. We are encouraged by GAO’s preliminary feedback on our comprehensive integration strategy.

In any large organization, whether the public or private sector, there are always there are always entities that want to operate with greater independence. Generally speaking, I find that DHS Components are open to feedback, even critical feedback, if our intent is to “add value” and support their success.

My experience as a Regional Administrator at GSA has been very helpful to guide my formation of a vision and strategy to improve Management across the Department. Having walked in their shoes, I am able to relate to some of their unique operational challenges. This experience has helped me build credibility and trust with many of the Component leaders and they, in turn, have provided candid feedback about the value of the services, policies and other initiatives provided by the Management Directorate.

I continue to meet regularly with Component leadership to foster better working relationships. These meetings, along with focused attention by all my direct-reports, have helped to improve the working relationships between the Management Directorate and the Components. I have also visited many of the component’s operational field offices to gain a better understanding of the Department’s operational needs, as well as getting the opportunity to meet with the men and women who serve DHS on the frontline.

16. The Under Secretary for Management at DHS has overall responsibility for performance measurement at the Department. In the past, the Department has struggled to develop appropriate measures to assess how well it was meeting its varied goals.
- a. What are some of the most significant challenges in identifying appropriate measures to gauge the performance of the Department and its components? What have you done to address these challenges?

Last year the Department engaged in its first-ever Quadrennial Homeland Security Review (QHSR), which produced a new set of strategic missions, goals, and objectives for the Homeland Security enterprise. Subsequently, the Department conducted a Bottom-Up Review, to fully document the unique span of activities DHS conducts and how they contribute to mission accomplishment.

To ensure that the outcome of the Department's activities were focused on and measured against achieving the new QHSR strategic mission and goal, DHS did a holistic review of its activities and performance measures. DHS evaluated each of the 189 performance measures historically reported in its Annual Performance Report to Congress and the American public. Led by the Deputy Secretary and myself, the aim was to ensure an honest and transparent portrayal of the success Homeland Security programs within the new strategy. DHS identified areas where improved measures are needed and convened over 15 teams, involving every DHS component organization to develop and implement new measures in all mission areas, as well as to support management lines of business and the ability to mature and strengthen the Department. As a result DHS created a consolidated, smaller, more meaningful set of 85 measures displayed in the Annual Performance Report that are aligned with the Department's strategic priorities as outlined in the QHSR.

The Department annually reviews and works to improve its performance measures, and I will continue to ask that we make progress by identifying gaps, targeting analysis in these areas, and displaying the results each year in the DHS Annual Performance Report.

- b. Have you reviewed any of the sets of performance measures that the Department and/or its components currently use? If so, what is your opinion on the usefulness of these measures?

The Deputy Secretary, myself and leadership from across DHS reviewed the entire suite of performance measures currently used by the Department. The Department's 2011 performance measures increase our ability to measure success in achieving QHSR goals and objectives. I believe they represent a significant improvement over our legacy performance measures.

- c. Is there staff specifically devoted to performance measurement and management and to you intend to maintain them?

Under the Chief Financial Officer, a dedicated performance management staff is embedded within the Office of Program Analysis and Evaluation (PA&E). They assist DHS components in developing and implementing the necessary performance measures to demonstrate accountability to Congress and the American people. Within each of DHS's major component organizations are additional subject matter experts and performance analysts that perform this function. To integrate these efforts DHS maintains a Performance Improvement Council that routinely shares best practices and guides ongoing measure development efforts. We will continue to leverage this professional community to articulate how vital homeland security outcomes are achieved.

- d. What actions have you taken to improve how the Department is able to assess its performance and to use the results to improve its performance? What additional actions, if any, do you intend to take?

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The Department annually reviews and works to improve its performance measures, and I will continue to ask that we make progress by identifying gaps, targeting analysis in these areas, and displaying the results each year in the DHS Annual Performance Report.

Further, the recent legislation modernizing the Government Performance and Results Act is a tremendous opportunity to enhance use of performance information to manage programs and drive improvements. I am currently examining how we can effectively implement the Act and better use performance information. We recognize that in a fiscally constrained environment, it is vital that government demonstrates its

return on the American taxpayer's investment and is committed to doing so in a transparent and easily understood manner. I will plan additional activities, as needed, based on our implementation of the Act.

17. The Government Accountability Office (GAO) first designated DHS's implementation and transformation as high risk in 2003 because of the difficulty of transforming 22 disparate agencies into one department. In addition, many of these individual agencies were facing their own management and mission challenges before they were moved into DHS. Most importantly, the failure to effectively address DHS's management challenges and program risks could have serious consequences for our homeland security. DHS Transformation remained on the High Risk List in 2005, 2007 and 2009. However, in its most recent High Risk Update GAO found that DHS had developed and started to implement an *Integrated Strategy for High Risk Management* and corrective action plans for specific management functions like financial, acquisition, information technology, and human capital management.

- a. What steps, if any, have you taken to implement these plans?

Among my most important priorities has been to address GAO's designation of DHS as a High Risk agency. The previously referenced plan, "Integrated Strategy for High Risk Management," contains detailed corrective action plans and milestones. These initiatives also align to GAO's criteria to be removed from their High Risk list. These CAPs provide strategies to integrate and transform our structures, processes and people and I have directed each CXO to track progress and provide me with quarterly updates. As previously mentioned, I am pleased that GAO has recognized the progress we have made while I have been serving as USM to address their recommendations.

- b. What additional resources do you believe are necessary to fully implement the plans and to move DHS transformation off GAO's High Risk List?

The President's FY 2012 budget request provides the resources required to address management challenges in administrative services, financial management, human capital, information technology, procurement and departmental security. As we mature and strengthen requirements, we will address additional resource as needed.

18. The Department's management chiefs – Chief Financial Officer (CFO), Chief Information Officer, Chief Human Capital Officer, etc. – report through their respective components but are overseen by the Under Secretary for Management. For example, the CFO at Immigration and Customs Enforcement (ICE) reports to the ICE Assistant Secretary for Management, not directly to the DHS CFO.

- a. What do you think of this management structure? Does it need to be modified to be more effective?

Clarity is needed to define how the CXOs exercise their oversight functions with respect to the DHS components. Currently, my staff is working with OGC on a

complete revision of the Delegation from the Secretary regarding Line of Business operations.

- b. Are there different considerations with respect to the different chief positions – for example, would direct line authority be more helpful with respect to certain of the management chief positions than others?

By statute, 41 U.S.C. § 414(a) specifies that the Chief Acquisition Officer have direct line authority to Component counterparts.

19. The Integrated Wireless Network (IWN) project began in 2003 to create a nationwide, consolidated, interoperable wireless communications system for employees of DHS, the Department of Justice (DOJ), and the Treasury Department. Despite the hundreds of millions of dollars spent, a December 2008 GAO report found that IWN is no longer being pursued as a joint development project. Specifically, GAO found that the departments could not agree on a common outcome or purpose to overcome their differences in missions, cultures, and ways of doing business. Instead of moving forward jointly on IWN, the departments and their subcomponents are moving forward with independent efforts to modernize their own wireless communications systems.

- a. Since your appointment, have you reviewed the status of IWN and determined whether the independent investments of DHS components will be interoperable with other systems? If not, do you intend to do so?

I have been briefed on the status of IWN, but have not determined whether the independent investments of DHS components will be interoperable with other systems. I intend to do so.

- b. What steps have you taken or do you plan to take to pursue interagency coordination to ensure that employees of different federal agencies are able to communicate with each other during a disaster?

The existing Wireless Working Group provides a forum for Components to discuss projects and pilots, and obtain requirements input and participation from other agencies. This working group enables oversight and department coordination, as well as providing an opportunity to gain support for a mutually beneficial outcome.

- c. In the DHS response to the GAO report on IWN, the reason given for abandoning the joint IWN program was “because DOJ and DHS have different regional priorities -- a common system will not work at a national level...” Is it possible for DOJ and DHS to use the same interoperable communications system in cities where they both have a presence?

While I am not a communications expert, based on previous experience with interoperable communication systems, I believe this is technically possible.

- d. Would Customs and Border Protection (CBP) agents and other agencies such as ATF benefit from using the same communications system?

CBP agents and other agencies could benefit from interoperable communications systems. Interoperability is not necessarily a requirement to use the same system, but does require that systems are able to communicate with each other.

- e. Even assuming the IWN solution would not work across the country in all regions for DHS, do you believe that DHS could realize some cost savings by working jointly with DOJ, Treasury, and other U.S. government components to develop an interoperable communications system that would operate in some regions?

I do believe that a joint venture between DHS and other federal agencies could provide potential cost savings. With proper coordination and the appropriation of funds between all involved parties, the financial burden could be leveraged across multiple agencies as compared to a single Department.

- f. In response to the GAO report on IWN, the DOJ stated that the agencies involved in IWN do not have sufficient funding to deploy an interagency interoperable communication system at this time. Even if DHS is not yet ready to deploy upgraded interoperable communications equipment as part of IWN, because of scarcity of funding, do you believe that DHS can complete planning with DOJ on how they will jointly deploy an interoperable communications system?

Completion of planning activities would require funding for dedicated resources, which we do not currently have budgeted.

- g. Even if there is a breakdown in coordination between departments, has DHS not at least embraced interoperability within its own department by pursuing common radio communications systems among DHS components, such as CBP, ICE, and the Coast Guard, that should result in cost savings, efficiencies, and improved interoperability, and instead deployed different communications systems for these components that are not interoperable?

A high-priority goal for DHS is to create "One DHS", which would include compatible communications systems, policies, and procedures across Components and with other agencies.

20. In your response to question 17 of the biographical questionnaire you indicate you have led the development and implementation of improved financial, asset and acquisition systems within DHS and the components. Please provide greater detail about these new initiatives and what your role was in their creation and implementation.

One of my highest priorities is to better align and integrate our business structures, processes and systems, especially in the disciplines of financial management, asset management and acquisition management. While we appreciate GAO's most recent

comments that the Department has made “important progress,” there is still much work to be done in the coming months. My enhanced strategy centers on the integration of four (4) key functional disciplines:

- Strategic integration of investments;
- Acquisition management;
- Financial management;
- Human capital management.

#### Acquisition Management

Enhancing the enterprise-wide acquisition framework (e.g., procurement and program management) is a key part of the Department’s enhanced integration strategy. In FY 2010, acquisition management represented nearly \$18 billion of the Department’s \$55 billion budget. There are five enhanced integration initiatives within the acquisition management discipline. These initiatives address each of the proposed outcomes identified by GAO in their September 29, 2010 letter:

- Rationalize the requirements development process (structures/processes);
- Improve and streamline governance (structures);
- Solidify the Component Acquisition Executive (CAE) structure (structures);
- Enhance business intelligence (processes/systems); and
- Expand the Acquisition Corps concept and strengthen PM training (people).

Corrective Action Plans for each of these initiatives have been developed and I will track progress on these plans on a quarterly basis. The Department has begun to implement many of the enhancement initiatives.

Over the coming months, we will test the strategic phase of our investment life-cycle. The end goal is to improve the linkages between requirements development, resource allocation, procurement and program management. The enhanced integration strategy will rely heavily on enhanced business intelligence tools, more nimble governance structures and having the right contracting and program management professionals to oversee critical programs.

#### Financial Management

Today, strategic analysis is often conducted too late in the Planning, Programming, Budgeting and Execution (PPBE) cycle, generally after operational units have developed and submitted their budgets. The intent of my efforts is to mature the strategic phase so mission needs drive budget submissions. In the new environment, the decision boards will have timely information to make trade-off decisions, prioritize programs and ensure resources are properly allocated.

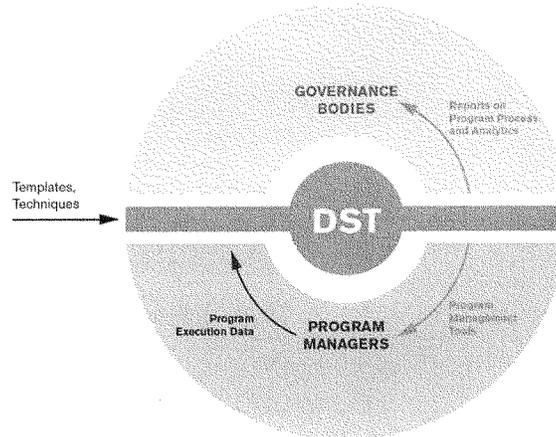
### Human Capital Management

The vitality and magnitude of the Department's mission is achieved by a diverse and well trained workforce composed of more than 230,000 employees working in a variety of occupations. The very nature of the DHS mission requires agility of operations. To accomplish integrated human capital management, the Department has embarked on a strategy that will:

- Build an effective, mission-focused, diverse and inspiring cadre of leaders;
- Recruit a highly qualified and diverse workforce;
- Retain an engaged workforce; and
- Solidify a unified DHS culture of mission performance, adaptability, accountability, equity and results.

21. In that same question you reference "the implementation of business tools to enable near-real time decision making by Department leadership." Please describe the business intelligence tool you alluded to in your response.

Having timely, accurate measures of program health to support program governance is a central tenet of effective program management and execution. By implementing and using a program execution business intelligence tool, which I refer to as a Decision Support Tool (DST), we will enable the information flow on program health needed to transform the process. The figure below shows the relationship between program strategy, outcomes and mission goals, and performance metrics for a specific program. When fully deployed, governance boards will use the DST to obtain performance data across the phases of the program governance process and to help determine "go/no-go" decisions at various touch points in the process. The goal is to strengthen accountability and to develop a common language and discipline for all program investments.



To implement the tool and to make it useful to governance bodies and program managers, we will need to undertake three strategic actions. Our initial phase will utilize data from existing systems (such as nPRS) to provide customized reports, enabling decision makers to view metrics such as cost, schedule, performance, and risk by mission objective, function, and other portfolio views. Second, we will migrate from existing reporting systems to a new tool or upgrade the existing tool set to provide a better structure for providing reports. We envision that the enhanced tool will rely more upon existing tools that programs commonly use and will provide capabilities, such as risk management tools, that program managers can use for managing their programs, as well as for reporting.

Third, we will focus on improving the underlying data in the reports. The Acquisition Program Management Division (APMD) will provide data, templates, organization of the data, and questions to help program managers to complete reports in a uniform way. While the nPRS system already provides reporting on cost and schedule, the way that each program reports the data is inconsistent, making it difficult to assess each program's health individually and in relation to others. APMD will help program managers provide data correctly and will assist them with using the DST tool.

With the standard data, the tool will better enable analysis of the health and risk of individual programs and portfolios for decision makers. It will store key data for historical use and allow trend analysis of data over time to monitor the effectiveness of program actions.

22. Last year, DHS's Chief Information Officer Richard Spires established a goal of completing the data center consolidation in 2014. You indicated in your biographical questionnaire that your efforts have accelerated that transition. When do you anticipate that DHS's consolidation efforts will now be completed?

There have been great successes in our data center consolidation with five centers consolidated, five centers currently under consolidation, and work in progress to disestablish five more centers. The CIO is making every effort to achieve the FY 2014 goal.

Since my appointment, I have worked to ensure that we maintain our existing funding sources, transitioning this effort to a Working Capital Fund which will hopefully allow us to accelerate our efforts. Additionally, I have asked the CIO to develop a robust oversight plan, aggressively managing the work of the individual components to ensure better coordination of our respective consolidation efforts.

23. In regards to financial management, you noted that under your leadership DHS "reduced financial material weaknesses from twelve to nine, audit qualifications from ten to one, and MW in internal controls from ten to six." Please describe what measures you took to reduce material weaknesses since your appointment?

DHS has made significant progress since 2005 to improve internal controls over financial reporting, and we continue to work toward completing a full-scope audit on the financial statements. Secretary Napolitano and I are committed to eliminating material weaknesses and obtaining a qualified audit opinion on the Consolidated Balance Sheet and Statement of Custodial Activity in FY 2011. I constantly speak about the need to achieve a clean audit and work closely with the DHS CFO and component CFO's to apply leadership visibility on our work in this area.

Since my appointment in March 2010, I have initiated a more-comprehensive strategic management approach to build on previous efforts and establish a framework to measure progress over time. As part of this new approach, we developed a Balance Sheet Strategy that outlines management's approach to ensure corrective actions are in place. Our approach focuses on implementing controls to make progress toward a qualified balance sheet opinion. I have also personally chaired numerous Internal Controls Over Financial Reporting (ICOFR) meetings with components, emphasizing strong financial controls adherence.

At my request, DHS staff has implemented a more-robust risk management processes to address the findings and recommendations noted in the auditor's report. As part of this process we address financial management and business process challenges and share best practices and lessons learned by identifying subject matter experts in critical risk areas and leveraging their expertise through cross-Component working groups. We also develop targeted risk assessments to identify where problems are likely to occur due to changing operations and use the results of the risk assessment to decide how to allocate resources as well as determine what type of management involvement is needed.

We are actively engaged with senior management and staff at each Component to ensure continued progress across the Department. For example, we have a strong partnership with U.S. Coast Guard senior financial managers to develop corrective action plans to address their material weaknesses. As a result of this partnership, the U.S. Coast Guard Commandant issued a memo supporting our Department-wide goal of obtaining a qualified balance sheet opinion in FY 2011 to the Coast Guard financial community.

#### *Human Capital Management*

24. According to the Partnership for Public Service's Best Places to Work rankings for 2010, the Department of Homeland Security ranked 28 among 32 federal agencies in terms of overall employee satisfaction and commitment. Likewise, although its scores have improved from recent years, DHS has not scored well in the Office of Personnel Management's (OPM) 2010 Federal Employee Viewpoint Survey in terms of merit-based compensation and leadership, among other areas. As Under Secretary for Management, what steps have you taken and what additional steps do you intend to take to improve morale at DHS and make the agency a world class employer?

On December 21, 2010, the Secretary signed the DHS Workforce Strategy for Fiscal years 2011-2016, which serves as the Department's roadmap to support and enable our workforce. The strategy advances workforce-focused programs and resources to help meet the needs of our employees so they can address the evolving homeland security challenges we face. It was developed by a cross-Component working group to align with and support the mission areas outlined in the Quadrennial Homeland Security Review and the organizational and programmatic activities in the Bottom Up Review.

The strategy centers around four key goals:

- Building an effective, mission-focused, diverse and inspiring cadre of leaders;
- Recruiting a highly qualified and diverse workforce;
- Retaining an engaged workforce; and
- Solidifying a unified DHS culture of mission performance, adaptability, accountability, equity and results.

Progress on the goals, objectives and associated performance measures outlined in the strategy are tracked and reported regularly. DHS Components are developing annual operational plans that detail Component-specific actions in support of these goals and objectives.

- a. What do you believe are the principle challenges facing the Department in the area of human capital management?
- Creating a Balanced Workforce. In its initial stand-up of operations, DHS relied significantly on contractors to satisfy immediate needs, but also to provide continuing services typically performed by federal personnel. While such heavy reliance on contractors made sense in a start-up environment, operating in that manner today is not the most efficient and effective way to carry out the DHS mission.
  - Developing Leaders. Having a well-trained and coordinated pipeline of future leaders is important to ensure continuity in the case of a transition or emergency, especially in a department that must be prepared for any challenge, and will improve employee morale and reduce costs associated with high levels of turnover.
  - Integrating Human Resources Information Technology (HRIT) Systems. The consolidation of 22 agencies under one unified organization in 2003 brought with it the challenge of consolidating and modernizing a broad portfolio of legacy HRIT processes and systems. DHS has more than 300 HRIT systems currently in place, with varying levels of functionality. One of my key priorities is to develop a unified HRIT approach that will reduce duplication of efforts and allow processes to be automated. I chair an Executive Steering Committee managing this effort.

- Improving the Hiring Process. DHS loses many talented jobseekers to the private sector due to a burdensome and highly-technical hiring process. I have directed the DHS Chief Human Capital Officer to ensure that DHS adheres to President Obama's May 11, 2010 Memorandum Improving the Federal Recruitment and Hiring process and further continues efforts to make the DHS hiring process applicant-friendly and efficient in order to enable us to hire the top talent necessary to fulfill the DHS mission.

b. What do you believe should be done to meet those challenges?

- Creating a Balanced Workforce. The DHS Workforce Strategy for Fiscal Years 2011-2016 calls for the implementation of a consistent planning framework to identify workforce skills, including foreign language skills, necessary to meet mission goals, reduce risk and achieve an appropriate balance of federal employees and contractors.

The Balanced Workforce Strategy (BWS) is designed to ensure the Department has the appropriate mix of federal employees and contractors to fulfill our mission in a manner that is cost-effective and ensures appropriate federal oversight. Under my oversight, a Balanced Workforce Program Management Office has been established within the Office of the Chief Human Capital Officer to lead the Department's efforts and assist Component working groups with implementation. In addition, the CHCO has formed a senior-level working group of budget, procurement, human resources, and general counsel experts to improve communications and oversee the integrated development of the BWS.

- Developing Leaders. The DHS Workforce Strategy for Fiscal Years 2011-2016 includes three objectives to improve leader development:
  - Implement succession planning to ensure continuity of leadership.
  - Institute a Department-wide leader development program to enhance leadership skills for DHS employees at all levels.
  - Achieve a diverse leadership cadre.

A Program Management Office has been stood up within the Office of the Chief Human Capital Officer to implement a Department-wide leader development framework and ensure that we meet our objectives. This group is working collaboratively with representatives from across the Department to ensure consistent and high-quality leader development activities are implemented.

- Integrating Human Resources Information Technology (HRIT) Systems. The Office of the Chief Human Capital Officer and the Office of the Chief Information Officer are working together to develop a unified HRIT approach that will align human resources information technology to increase timeliness and efficiency of human capital operations in our Department. The HRIT activities support improving program and project management outcomes, consolidating and modernizing HR systems, and improving operational support for enterprise HR

systems. I chair the Executive Steering Committee that is monitoring progress and making key decisions with respect to these initiatives.

- Improving the Hiring Process. DHS has been working to implement the President's Hiring Reform efforts and expand involvement of managers in the hiring process. In November 2010, DHS launched a new reporting strategy for time-to-hire. Components will be reporting quarterly on all hiring actions, including non-Delegated Examining Unit hires. DHS has also developed hiring reform training for managers and we are monitoring the quality of candidates and time to hire to ensure that we continue to improve and streamline our processes.

- c. What has been your role in addressing the human capital challenges facing DHS?

I consider addressing our human capital challenges to be a high priority, and I work closely with the Secretary, Deputy Secretary and the Chief Human Capital Officer to address workforce matters. For example, I established an HRIT Executive Steering Committee, bringing together the senior human resources and information technology leaders from the components, including the Human Capital Officer and the Chief Information Officer, to identify our HR system requirements and develop and implement a plan to deliver them.

- d. How have you worked with DHS's Chief Human Capital Officer to address the concerns mentioned in the 2008 Federal Human Capital Survey?

The CHCO and I take the employee surveys very seriously and use the results to inform action-planning efforts that improve employee engagement and satisfaction. Together, we are building on our improved scores by continuing with an aggressive Department-wide action planning process. We established Component employee-led advisory councils, supervisory skills enhancement training, career boosting programs, focus groups, recognition programs, and improved communication.

In FY 2010, DHS introduced an automated survey analysis/action planning tool throughout the Department that enables the Components and the Department to analyze survey data, create action plans, and track and report progress on those plans. DHS will continue to use employee surveys to measure quantitative progress and make action-planning adjustments as needed.

25. In 2009, the Office of the Chief Human Capital Officer and the Office of Security struggled to keep pace with hiring in a number of components within DHS, creating a backlog in the hiring and on-boarding process as well as the process for conducting suitability reviews and security clearance investigations. You have previously indicated that the Efficiency Review Initiative would look at decreasing the time necessary to fill vacant positions and reducing the cost of security background checks.

- a. Please describe the progress of this initiative and whether you consider it to be successful.

The Office of Chief Security Officer has streamlined a number of processes to reduce hiring timelines. Those process changes include focusing on pre-employment/risk assessment checks to on-board applicants quickly, reciprocity of existing investigation/adjudications, expanding a DHS wide Personnel Security management tracking system, and partnering with the Office of Chief Human Capital Officer to create a timeframe by which applicants must complete their security paperwork.

Significant progress has been made in the entry-on-duty (EOD) process by bringing on board applicants faster and putting them to work prior to final adjudication. The Secretary's Efficiency Initiative focused on the front end process for suitability and security processes. In the efficiency metrics, DHS Personnel Security Offices/Divisions make pre-employment determinations within a 15 day timeframe. DHS HQ Personnel Security Division has improved the process. For FY 2009, it took an average of 33 calendar days to EOD. For FY 2010, the EOD number was cut in half to 12 calendar days and for FY 11 to date, it only takes an average of 7 calendar days to EOD. I believe we have demonstrated considerable progress in reducing our EOD.

- b. What percentage of hires across the Department are hired within the Office of Personnel Management's 80-day standard set forth in OPM's End-to-End Initiative?

41% of hires in the last quarter of 2010 were within OPM's 80-day target. Challenges in meeting that 80 day target include the large number of positions at DHS that require security clearances and the large number of employees that attend required academy training in batches to maximize the efficiency of the training. Such employees have to wait until their class starts to begin work. We continue to work with OPM on end-to-end hiring issues.

- c. If confirmed, what further work will you do to improve DHS' ability to hire as quickly as possible?

The Chief Security Officer and Chief Human Capital Officer have worked aggressively to identify and overcome the barriers associated with hiring. They have identified and implemented improvement initiatives that have significantly reduced hiring timelines and have established a foundation upon which we are continuing to build. If confirmed, I will continue to support their efforts. I will also expand the use of the department-wide Integrated Security Management System (ISMS) for on boarding personnel and, to the extent possible, use automated staffing system functionality and improve processes by sharing best practices among human resources and security staff.

I have asked the Chief Human Capital Officer to focus not only on filling jobs quickly, but also on improving the quality of hires. We are continuing to improve the quality of job announcements. We are fully implementing the President's Hiring Reform Initiative, and are also working to improve opportunities for Veterans in

DHS. Secretary Napolitano set a goal of having 50,000 Veterans employed in DHS by the end of 2012, and I am confident we will meet that ambitious goal. We are also working closely with OPM and other agencies to significantly improve the USAJobs system so we can obtain department-wide information regarding applicant flow, timeliness, and the end-to-end hiring process.

26. What is your approach to managing staff, and how has it developed in your previous management experiences?

My approach to managing staff is, in my view, consistent with my overall management and leadership philosophy. I am open and communicative with staff. I value input, seek collaboration, and expect professionals to behave professionally. Early in my career I had the opportunity to manage seasoned professionals who expected from me consistent leadership, clear direction and decisiveness. I have proceeded to manage staff around those expectations.

27. While at DHS, what actions have you taken that demonstrate your style and approach in the area of labor-management relations?

I have served as the Deputy Secretary's designee to represent her for the National Council on Federal Labor-Management Relations (NCFLMR) and the DHS Labor Management Forum when she is unable to participate. I have actively participated in the NCFLMR meetings and relayed information concerning our involvement with implementing Executive Order 13522. I have co-chaired the DHS Labor Management Forum on behalf of the Deputy Secretary, along with Ms. Kelley and Mr. Gage. My approach is to work collaboratively with labor and to consider their input.

28. Over the past eight years, Congress has enacted a number of workforce flexibilities for agencies to use in the recruitment and retention of highly qualified applicants.

- a. What do you believe to be the value of workplace flexibilities?

Workplace flexibilities, such as flexible work schedules, telework, job sharing, and part-time work arrangements, are critical to attracting and retaining a diverse highly qualified workforce. This is especially true of the new generation of employees, who expect their employer to help them to balance their work and family lives. Telework is a superb example of a workplace flexibility that can help us in multiple ways. It can improve morale and retention, provide greater capacity to act in the event of emergencies, and help us reduce the cost of office space by reducing our footprint. We must be open to new approaches including where and how work gets done, resulting in increased organizational performance, improved business continuity, and cost savings. While the majority of our employees are not eligible to telework because of the nature of their work, we can certainly offer them flexibilities in work schedules to accommodate their personal needs. DHS continues to increase the usage of these workplace flexibilities among our eligible employees by maximizing new technology and ensuring more efficient use of office space.

- b. Do you believe that there are any specific workforce flexibilities needed to help DHS build a modern workforce?

Overall, DHS continues to find the recruitment, relocation, and retention incentives to be valuable management tools in attracting and retaining high quality employees in difficult-to-fill positions, such as cyber security, law enforcement, and criminal investigation. Components have used the incentives strategically to solve specific recruitment challenges or retain employees who were vital to accomplishing the Department's mission sets.

29. What is your opinion about the desirability and feasibility of extending the use of pay-for-performance in the federal government and how has it changed, if at all, since your appointment?

The idea that federal employees should be paid based on their contributions is sound. Since my appointment I have been impressed with the quality of the DHS workforce and the dedication to the mission that exists in the Management Directorate and across DHS. Where I have seen difficulty is in the performance management side of the equation. We have to improve our ability to identify performance requirements and how we evaluate employee performance before we will have the information we need to base pay decisions on individual performance. I have directed the DHS Chief Human Capital Officer to focus on both the processes and the technology we use to support performance management in FY 2011 and FY 2012.

30. According to your responses to the biographical questionnaire, you "established a Balanced Workforce Strategy Program Management Office." In testimony to this Committee in September 2010, Deputy Secretary Jane Hall Lute stated that the "[i]n March 2010, the Program Management Office under the Chief Human Capital Officer was stood up...<sup>1</sup>" Please describe what your role was in establishing this office.

Although the Balanced Workforce Program Management Office (PMO) was stood up on March 28, 2010, just days before I was appointed USM, I have worked closely with CHCO Jeff Neal and the PMO leadership to oversee this initiative over the past year. For example, I ensured that the initiative not only focused on the conversion of contractors, but that processes and tools were developed to allow DHS to determine ways to reduce expenditures on professional service contracts by sun-setting contracts that are no longer necessary. In conjunction with CHCO, I have ensured that necessary resources were

<sup>1</sup> U.S. Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Government Management, the Federal Workforce, and the District of Columbia; Implementation, Improvement, and Sustainability: Management Matters at the Department of Homeland Security, Testimony of the Honorable Jane Hall Lute, Deputy Secretary, Department of Homeland Security, September 30, 2010, [http://hsgac.senate.gov/public/index.cfm?fuseAction=Files.View&FileStore\\_id=8d315644-1a78-4efa-b8e9-64fe73bb4db3](http://hsgac.senate.gov/public/index.cfm?fuseAction=Files.View&FileStore_id=8d315644-1a78-4efa-b8e9-64fe73bb4db3), accessed March 2011.

available, policy guidance to Components was expedited, and that an effective Balanced Workforce Strategy was implemented.

*Acquisition Management*

31. Improving the acquisition workforce has been noted as a key acquisition management priority at DHS. How will you make sure that DHS hires, retains, and trains a sufficient and capable workforce to support and manage DHS's acquisition portfolio?

Ensuring that DHS is the employer of choice for acquisition professionals is key to ensuring our success of hiring and retaining top talent. We are doing that through our continuous efforts to build an acquisition enterprise that enables acquisition professionals to effectively manage acquisition programs and contracts. We are focusing on four major acquisition workforce initiatives as a means of attracting, retaining, and developing our workforce: the acquisition intern program; assessing workforce needs; identification of certification and training requirements for all acquisition functional areas; and a centralized acquisition training fund.

- **Acquisition Professional Career Program:** The Acquisition Professional Career Program (APCP), an entry level career development program, serves as the pipeline for providing talented, trained acquisition professional to DHS components. The three year program recruits high caliber individuals into the following acquisition career fields: contracting, program management, systems engineering, logistics, business cost estimating and acquisition information technology.
- **Assessing Workforce Needs:** Ensuring that DHS has the in-house competencies necessary to effectively execute our acquisition and contracting programs is critical. Therefore, in FY 2010, DHS conducted a survey of the major acquisition programs and acquisition oversight offices to identify gaps in the acquisition workforce. Based on this assessment, DHS identified a need to increase the acquisition workforce capacity by 150 positions to ensure operational requirements are properly developed and to provide greater oversight and accountability.
- **Acquisition Certification Programs:** Strengthening the capabilities of our workforce will remain a top priority for DHS. We have implemented an aggressive set of Acquisition Workforce Certification Programs for the following seven acquisition career fields: contracting, program management, test and evaluation, business cost estimating, acquisition financial management, and logistics. Currently under development is a certification program for systems engineering and we plan to develop a certification program for IT program managers.
- **Centralized Acquisition Training:** Last, DHS strives to continually hone the skills of its acquisition workforce with our centralized acquisition training

program. Our training program includes certification training and continuous learning classes. In FY 2011 we are offering 346 courses on relevant acquisition topics. The Department also leverages the contract certification classes offered by the Federal Acquisition Institute and partners with the Defense Acquisition University to assist with the delivery of program management training, and tap the private sector for the training development and commercial off-the-shelf training.

These initiatives combined not only contribute to a stronger acquisition program but are features of the DHS acquisition enterprise that attract and retain acquisition talent.

32. DHS has relied heavily on contractors to perform a range of functions, including policy analysis, budget planning, program management, and acquisition support. At times this heavy reliance on contractors has put at risk the Department's ability to maintain control over its programs. The Department currently is undertaking a Balanced Workforce review to determine the appropriate mix of contractor and federal employees. What have you done to advance this review? What challenges have you encountered in working with components to conduct this review?

Last July, I introduced the new Balanced Workforce Strategy to more than 100 component representatives during an all-day training session on the Strategy. At that time, I communicated to the components that the BWS was an important Secretarial and Departmental initiative and, as we developed and implemented the Strategy, we were relying on component support and cooperation. I also stressed the importance of management integration in successfully implementing the Strategy, specifically emphasizing the crucial roles played by procurement and acquisition, human capital, budget and finance, and legal experts working together. I have received regular reports on the progress of the reviews.

Through the Chief Human Capital and Procurement Officers, I am apprised of relevant developments as the Strategy is implemented and discuss information pertaining to the Strategy with the Deputy Secretary and Secretary, as well as members of their respective staffs.

Overall, I have been very pleased with components' support in conducting these reviews.

33. In your biographical questionnaire, you state that you have been "improving upon the current Department process and procedures," in regards to the acquisition process. Please detail what substantive changes you have made to the acquisition process and procedures put in place by your predecessors."

The Secretary and Deputy Secretary have asked me to lead continued efforts to improve the overall program management process, especially strengthening the capabilities of the development process to better support the Department's strategies and priorities, and enhancing program execution. To that end, I have held a series of strategic meetings with the CPO, CIO, DHS Component Acquisition Executives (CAEs), Heads of Contracting

Activity (HCAs), and other program management professionals to gain valuable insight into systemic weaknesses that hamper our ability to deliver programs successfully. These meetings produced important suggestions regarding needed improvements to our program management process. Based on these meetings and our program review, we developed a comprehensive action plan to implement a series of improvement initiatives beginning in calendar year 2011. This plan is part of the Department's continuing process of maturing and integrating our management capabilities and involves actions at all levels, across numerous operating and support units.

We have developed a course of action that emphasizes initiatives related to improving program execution. We want to move away from any tendencies to stress procedural compliance over critical thinking and accountability for results. To support this shift, we will direct our main efforts at growing and deepening the skills needed to deliver our programs, and providing mechanisms and tools to support program managers. We will develop future guiding documents that will describe our emerging plans to rationalize and strengthen the planning and capabilities development process.

We will improve and streamline the governance of program execution by creating a scalable, tiered governance structure that establishes clear and distinct roles and responsibilities from the program level up to the enterprise level. I am considering the realignment of APMD to a direct report to me to enhance the importance of its cross-cutting efforts. I will consult with Congress prior to any realignment.

34. On January 28, 2011, Committee staffs were briefed by DHS officials that DHS's original estimate of 210,000 contracted workers reported to Congress was significantly overstated due to contractor error.

- a. What is the current estimate of DHS's contracted workers?

In 2009, the Department contracted for services to provide an estimate of contractor work-year equivalents, and the resulting number provided to the Department was approximately 210,000. Several months after the Balanced Workforce Strategy (BWS) Departmental Working Group was formed, it reviewed information provided by the firm (LMI) that developed the algorithm and identified a significant math error that caused the number of contractors to be significantly overstated. The Department worked with the firm to re-examine the algorithm and assumptions. The firm informed the Department that the 210,000 contractor work-year equivalent estimate was overstated by 100,000 or more.

- b. What measures has DHS instituted to ensure that a significant error of this magnitude does (not) occur again?

We do not intend to contract for, or undertake our own internal process for, estimating contractor work-year equivalents. In November 2010, OMB issued a policy memorandum requiring agencies to compile an inventory of service contractors. We expect to obtain a viable number for contractor work-year

equivalents when the OMB process, which will require contractors to provide actual numbers of contract workers, is fully in place later in 2011.

35. In pre-hearing responses submitted to the Committee in 2009, you indicated five areas in acquisition management that would be your priorities: 1) overall acquisition management, with a concentration in strengthening program management; 2) risk management; 3) the pre-planning acquisition process; 4) developing realistic cost estimates and schedules; and, 5) building and sustaining a quality acquisition workforce. What progress have you made in these areas, and what are your next steps? Has your experience at DHS led you to any changes in these areas of priorities?

My priorities for acquisition management have remained consistent. The Department's acquisition management framework is growing stronger through the refinement of our policy, processes, procedures, and placement of people with the right skill sets in the program offices. The goal is that every major program is implemented in the most responsible and efficient manner possible. Our enterprise-wide acquisition framework is a key element of integration strategy, and I have taken a number of steps this past year to strengthen it.

The first step I took to strengthen acquisition management was to implement the finalized version of Management Directive 102-01, *Acquisition Management* (D 102-01). Among other things, it formalizes the role of the Acquisition Review Boards (ARBs) in the oversight and governance process, as it assesses a program's progress and determines the criteria for further execution. The implementation of this directive has resulted in productive interactions between program offices and Department leadership allowing us to mitigate or avoid unnecessary costs, review schedules and evaluate performance risks.

Among the specific changes I have made include providing standardized structure to the ARB presentation materials, focusing on 6 key areas that all programs must report progress on. These include cost, performance, schedule, risk, funding profile, and staffing. Obviously, other areas are discussed, but standardizing the front end of the ARB has resulted in better focus on the key components of program execution. Additionally, I have formalized the role of S&T's Testing and Evaluation group in to the ARB process, institutionalizing the rigor of proper test procedures and plans in the acquisition process.

Another step in strengthening acquisition program management is managing risk. We are developing a risk management element within our decision support tool as well as a standard criterion to evaluate program risks. This module will provide for a centralized means to track risks both at the Department and Component level. ARBs, portfolio reviews, and day to day contact all aid in identifying risks faced by programs. As critical risks are identified, steps are taken to place a program on a path to successfully deliver capability to users.

36. Improving the acquisition workforce has been a priority of DHS over the last several years, but significant gaps remain. Over half of the DHS procurement workforce is currently eligible for retirement. Moreover, DHS needs to develop a long-term strategy for bringing in a broader range of skilled employees needed to plan and oversee contracts, such as program managers, systems engineers, and financial managers. What specific steps have you taken to develop a long-term plan to recruit, train and retain a skilled acquisition workforce?

DHS has long recognized that our acquisition workforce, particularly our contracting workforce, is being sustained by an aging workforce. As a result, DHS established the Acquisition Professional Career Program in 2008. APCP is a three-year development program that recruits high caliber individuals into the following acquisition career fields: contracting, program management, systems engineering, logistics, business cost estimating and acquisition information technology. Program participants rotate through component acquisition program and contracting offices, obtaining hands-on acquisition experience within their acquisition career specialties. During the program, participants receive acquisition as well as leadership training and obtain certification levels commensurate with their experience. Upon graduation, participants are assigned to component contracting and acquisition program offices as members of the DHS acquisition team. I have fully endorsed this approach, as the Department's succession plan for ensuring the Department sustains a high level of acquisition expertise. The program currently has 220 participants. I expect this program, once fully implemented, to deliver 100 trained and certified new acquisition professionals to the DHS acquisition workforce every year to help offset losses from retirements and transfers to non-DHS agencies. To further strengthen the capacity and capability of the Department's acquisition workforce, I have directed that we create the Department's first full acquisition human capital plan. The plan will provide a baseline to help identify the recruitment, hiring, training, and certification needs of the DHS acquisition workforce. I have also asked our CHCO, Jeff Neal, to begin a workforce planning initiative to address the Department's overall workforce issues.

37. In its June 2010 report, "Department of Homeland Security: Assessments of Selected Complex Acquisitions," GAO reported that more than 40 major acquisition programs have not been reviewed by the Department's Acquisition Review Board (ARB), and that over half the acquisition programs reviewed by GAO have proceeded to acquisition without approved key planning documents that set operational requirements and establish program baselines. In order to ensure that acquisitions meet mission needs, the Department must have a well-functioning ARB process to assess progress and status at critical points in the acquisition life cycle. What have you done to improve this process and to ensure that major acquisitions undergo review by the ARB?

Currently, programs are required to be reviewed by the ARB at the time they reach a major Acquisition Decision Event. As a result, not all major programs will be reviewed by the ARB every year. I see this is a significant liability, and as a result I have directed that we focus on strengthening program oversight in between ARB gateposts by requiring the use of Executive Steering Committees (ESCs). This additional layer of program

governance, along with the use of the DST, will provide additional visibility and accountability of on-going programs.

Additional details are provided in the response to the next question (question 38.a.)

38. The DHS acquisition review process requires executive decision making at key points in an investment's life cycle, including program authorization. In November 2008, GAO reported (GAO-09-29) that the process has not provided the oversight needed to identify and address cost, schedule, and performance problems in major DHS investments. Specifically, GAO reported that 45 of 48 major investments requiring milestone and annual reviews did not adhere to the Department's investment review policy. Billions of dollars have been invested in these major programs without the benefit of a complete acquisition review.
- a. The GAO review raised concerns in large part due to DHS's lack of adherence to its acquisition review process, not because of major deficiencies in the process itself. In your tenure as Under Secretary for Management, what steps have you taken to ensure that the Department complies with its acquisition review process?

The acquisition review process is vital to enabling DHS to deliver mission services in an efficient and effective manner. For this reason, I have done a number of things to ensure adherence to the acquisition review process including;

- Increasing the number of Acquisition Reviews being conducted and improving the rigor of assigning programs oversight as Major Acquisitions (Level 1 and Level 2), including using my Acquisition Professionals to assess the status of every major program in the Acquisition Life Cycle and then assigning those programs to ARBs at the appropriate time.
  - Increasing the quantity, detail, and formality in Acquisition Decision Memoranda so that efforts are better documented and more visible.
  - Creating the Component Acquisition Executive Council, at which I emphasize the importance of the acquisition process.
  - Implementing an enhancement to the review process wherein I become involved well before the scheduled ARB in order to work out issues.
  - Leading the Department's Acquisition Summits, which involved the Department acquisition leadership, where I re-enforced the importance of acquisition and the acquisition process.
  - I am considering the realignment of APMD to a direct report to me to enhance the importance of its cross-cutting efforts. I will consult with Congress prior to any realignment.
- b. What has been your role in the acquisition review process?

I serve as the Department's Acquisition Decision Authority and thus the Chair of the Department's Acquisition Review Board (ARB). It is my responsibility to ensure governance of acquisition activities are carried out consistent with best practice and

Departmental policy (including my directorate's Acquisition Management Directive 102-01). With respect to ARBs:

- o Since GAO-09-29 came out, all of the Programs designated as High Risk by GAO, OMB or USM have either been to a formal ARB (20 of 22) or been reviewed by my Acquisition Program Management Division and Acquisition Review Team (2 of 22 programs did not require an ARB, so were reviewed as part of component portfolio reviews).
- o All major acquisition programs that have reported a program breach have been formally reviewed at an ARB, and have been provided specific direction in Acquisition Decision Memorandums signed by me.
- o All 7 Level 1 Programs and all 13 of Level 2 Programs whose schedule require an Acquisition Decision Event (ADE) in FY 2011 are slated for ARBs.

We have completed more than 35 ARBs, the highest number of ARBs for any 11 month period.

39. Since the publication of the GAO report on TASC in December 2009, have there been significant changes in the Department's integrated financial acquisition strategy?

Through extensive efforts with the CFO, CPO, CIO, CAO and DHS Components over the past year we have made significant progress in DHS's integrated financial acquisition strategy.

The Department has clearly defined and documented its strategy, plan and concept of operations in the TASC program management documentation. To help ensure the success of the program, the Department formulated a number of cross-functional oversight and management mechanisms for TASC, including the TASC Executive Steering Committee (ESC) which I chair, that serves as the governing board regarding strategy, policy, funding and risks for the TASC program.

The TASC procurement strategy was a single-award IDIQ contract allowing multiple contract types for task orders (Firm Fixed Price, Time & Materials, Cost plus Award Fee, and Cost plus Fixed Fee).

On November 19, 2010 DHS issued a contract for the TASC program. However, on March 9, 2011 DHS received the decision from the GAO that while two protests to the TASC contract had been dismissed, one had been upheld. In light of the GAO ruling a stop work order was issued for the TASC IDIQ contract and for the first task order on that contract. We are currently assessing GAO's findings and recommendations to determine the appropriate way forward.

40. Poor acquisition planning and, in particular, poor definition of requirements for procurements can lead to a number of problems during the acquisition cycle. What additional improvements in the requirements process should DHS put in place so that

DHS components have a clear understanding of what they need to buy before they embark on a major procurement?

I recognize, and have long addressed, that the accuracy of requirements definition is essential throughout the acquisition cycle, but most critical during the planning phase. I have prioritized strengthening our front end process, providing greater rigor and oversight of the development of requirements. To that end, I have directed that we formally incorporate the role of S&T in the development of all technology requirements for the Department. This will add a much needed infusion of technology expertise, independent of the Components, which will assist the Department in making better technology “buy” decisions.

We are also in the process of establishing a requirements council to review and validate acquisition program requirements, establish standards, and eliminate unnecessary redundancies. What I am calling the Capabilities and Requirements Council (CRC) will perform “trade-off” decisions, reconcile disagreements across program offices and ensure DHS strategic priorities are met. The CRC will be focused on closing capability gaps based on key functional areas (e.g., screening, law enforcement). This will be accomplished by aligning requirements on the basis of broad portfolios, validation of investment strategies, approving analyses of alternatives and Operational Requirement Documents.

This governance model will further enhance the implementation of Management Directive 102-01, Acquisition Management (D 102-01), which established the overall acquisition lifecycle framework including a pre-planning and planning acquisition process.

To support DHS Component awareness, understanding, and use/adaptation of proven best practices, we plan to establish a Requirements Center of Excellence (RCOE), which will provide DHS program managers with proven tools, processes, and standards, as well as expert support. The RCOE will establish a more defined and repeatable approach to requirement definition to ensure that our process guidance explains the information needed for success. It will support the use of best-in-class requirements management and execution tools and standardizes operating models for how to best use the tools.

41. Do you believe that DHS should make greater use of independent verification and validation to help DHS assess its technical, managerial, and financial oversight of major procurements?

Yes, DHS should make greater use of independent verification and validation (IV&V) in our major procurements. At DHS, IV&V is a recommended best practice for our major acquisition programs, but is not mandated for all types of programs. As part of our on-going acquisition improvement initiative, we are looking to formalize the use of IV&V in all relevant DHS programs. IV&V participation in all aspects of complex acquisitions is a value risk mitigation strategy, which is a key component of my acquisition priority focus and vision for improving acquisition at the Department.

42. Contractors are prohibited by law from performing “inherently governmental functions.” However, it is not unusual for contractors at DHS to provide services that, even if they do not technically meet the definition, closely support inherently governmental functions. What steps have you taken to strengthen DHS’s own ability to perform those tasks at the core of its operations, whether inherently governmental or closely supportive of inherently governmental functions? What additional steps, if any, do you believe need to be taken?

In March 2010, the Department established the Balanced Workforce Program Management Office to develop a process to determine whether work should be performed by contractors or federal employees. A key component of the process, known as the Balanced Workforce Strategy, is to ensure that requirements for the contract work be examined to determine if they are inherently governmental, or closely associated to inherently governmental. The BWS tool that we developed also includes questions on how closely the work relates to one of DHS’s core mission requirements, and asks for an assessment of how likely “scope creep” may occur. These items then enable the responsible component officials to assess whether the work is closely associated and should be performed by a federal worker or, alternatively, be subject to enhanced governmental oversight to ensure that contractors are not engaged in work that is inappropriate. We have also included the Office of General Counsel (OGC) in every aspect of the Balanced Workforce Strategy, enabling us to ensure that our process is consistent with current laws and regulations.

I recently asked that we undertake a “lessons learned” from the pilot implementation of the Balanced Workforce Strategy. In my view the most important next step is for the Department to determine how to assess the proper contractor/workforce balance as new requirements are identified, prior to a contract beginning its steps through the acquisition process. We have begun work, with our components, on developing this aspect of the Balanced Workforce Strategy in order to incorporate it appropriately into the Department’s acquisition planning process. Our goal is to implement this aspect of review by the close of FY 2011.

- a. What would you suggest are the key considerations in determining the appropriate role of contractors in supporting DHS missions?

While contractors have an important and appropriate role to play in supporting the Department’s mission, DHS is most inclined to use contractor support when requirements are not inherently governmental, where requirements are unlikely to lead to possible mission risk, and when requirements are time-limited in nature. In addition, there are a variety of services which the Federal government will most likely never undertake internally, such as credit reporting or activities that are extremely specialized or unlikely to be needed on a recurring basis. Lastly, services that are not risky for mission performance, such as snow removal or general maintenance, are most likely appropriate for contractor performance.

- b. What do you believe is the appropriate role for contractors in supporting acquisitions, and how do you plan to ensure contractors are used properly in this role?

DHS follows the policy guidance in Federal Acquisition Regulation Subpart 7.5, Inherently Governmental Functions, in determining and overseeing the role of contractors in supporting acquisitions. FAR 7.503 prohibits the use of contracts for the performance of inherently governmental functions. I completely support this prohibition. Our acquisition planners work closely with OGC to ensure proposed requirements do not include the use of contract support to perform inherently governmental functions.

43. Do you believe that the Under Secretary for Management should be the Chief Acquisition Officer of the Department? Do you recommend any changes to the role of the Under Secretary for Management with respect to acquisition?

The USM's position serves as the Department's Chief Acquisition Officer (CAO). I fully support that designation and believe it is necessary to discharge the duties of the USM. At this time, I am examining if a statutory reinforcement is needed.

44. Improving the acquisition workforce has been a priority of DHS over the last several years, but significant gaps remain in the Department's acquisition workforce. A GAO report (GAO-09-30) found that while DHS has made significant strides in increasing the number of contract specialists within DHS, there is still a shortage of these specialists in many DHS components. Nearly one-third of DHS contract specialists will be eligible to retire by the end of 2012. Moreover, DHS needs to develop a long-term strategy for bringing in a broader range of skilled employees needed to plan and oversee contracts, such as program managers, systems engineers, and financial managers. What steps have you taken to address the long-term challenge of bringing these skills to DHS? Are there additional steps you believe should be taken?

See response to question 36.

Additionally, I have advocated for an additional \$24.2 million and 150 positions to increase the capacity and capability of the Department's acquisition workforce. The 150 positions represent the minimum number of positions required to start filling the gaps to ensure successful program execution, including risk mitigation. This number is based on a survey conducted in FY 2010 of the major acquisition programs and acquisition oversight offices to identify gaps in the acquisition workforce. Based on this assessment, 126 positions will reside in acquisition program offices and 24 positions will reside in Component Acquisition Executive offices.

45. According to the Department's Office of the Chief Procurement Officer, DHS has significantly improved its record in recent years of the percentage of contracts awarded competitively, and awarded 86% of contracts competitively in FY2010, the highest level ever achieved by DHS. What have you done, and what do you plan to do, to make sure that DHS continues to improve its record in competing contracts?

Upon my appointment as USM, I met with the acting CPO and directed him to put maximum effort to improve our percentage of competitively awarded contracts. I am proud of the effort that our CPO office has made, which resulted in a significant improvement in this area. To maintain and potentially improve on our achievements in the area of competition, I will continue to provide active leadership support.

Under this program, the DHS Competition Advocate works with each component to establish annual competition goals and identifies and resolves barriers to competition. The DHS Competition Advocate, who is a Senior Executive in the Office of the CPO, establishes competition goals for each contracting activity, continuously monitors progress against those goals, and works closely with the HCA to take corrective action should there be significant deviations from those goals.

I will also continue supporting the DHS Competition and Acquisition Excellence Awards Program, which is a means of renewing and increasing acquisition workforce interest in competition and related innovative procurement practices. These awards recognize and reward individuals and teams for outstanding contributions to the enhancement of competition and the use of innovative and best procurement practices.

Finally, I will assure through oversight reviews by the CPO, DHS components perform adequate market research, as outlined in the comprehensive DHS Market Research Guide, including providing adequate rationale for any noncompetitive contract awards. I have asked the CPO to continuously assess program requirements to ensure they are not defined in a way that limits competition.

46. DHS has been actively working to ensure that small businesses have a fair opportunity for DHS contracts. In FY2010, 31 percent of DHS contract dollars went to small businesses. While in FY2009, it was 31.5 percent and in FY2008, it exceeded 32 percent. This is well above the government-wide goal of 23 percent. What has been your role since your appointment as Under Secretary for Management in the Department's small business goal achievement?

I have a long history and track record of supporting small business contracting. I often begin my remarks at procurement events by making the statement that "small business is big business for DHS." I have taken a keen interest in our small business program and small business achievements. I regularly meet with the Department's Office of Small and Disadvantaged Business Utilization (OSDBU), Kevin Boshears and his staff, to review progress and offer assistance to their effort. Additionally, I have issued written guidance to DHS senior leadership stressing the importance of the small business program and goal achievement. I am regularly briefed by the CPO and the Director of the Office of Small and Disadvantaged Business Utilization on this important issue. I also represent DHS on a White House Task Force on Small Business.

*Information Technology Management*

47. Although DHS has in place the department-wide Enterprise Acquisition Gateway for Leading Edge Solutions (EAGLE) platform for acquiring information technology (IT) services, the IT contract for DHS headquarters consolidation was issued under the General Services Administration's Alliant contract. Why did the Department choose not to use the EAGLE platform for this contract? What do you see as the ideal application in the department for the EAGLE platform?

The procurement for IT services for the DHS headquarters consolidation at St. Elizabeth's, referred to as the DHS Technology Integration Program (TIP), is being conducted by GSA FEDSIM on behalf of DHS. GSA FEDSIM manages Alliant and chose to use one of its own contracts for the procurement. Moreover, the potential period of performance for task orders under the current EAGLE contracts would end in FY 2015, shy of the FY 2018 performance needed on the TIP procurement. DHS is currently working on the replacement contracts for EAGLE but they will not be available in time to fulfill the requirements for this project. In looking at various options for TIP, it was determined that the GSA Alliant vehicle best fit our needs.

48. In December 2010, OMB unveiled its "25-Point Implementation Plan to Reform Federal IT Management." The plan seeks to strengthen IT management throughout the federal government and also bring more accountability to federal IT projects. However, as noted in the plan, government officials have been trying to adopt best practices for years with only limited success.
- a. During your time as Under Secretary for Management at DHS, what have you seen as the greatest obstacles to improving management of IT projects at the department? What steps have you taken to remove these obstacles and improve IT management?

By their very nature, IT programs are risky ventures, and those programs that have faced the greatest challenges often have poor or undefined requirements, unrealistic cost estimates, overly ambitious schedules, and lack adequately trained personnel to manage the program.

In FY 2010, our CIO conducted in-depth program reviews of 91 major IT investments resulting in the identification of 22 high-risk programs. Systemic issues of these high-risk investments included a lack of a proper oversight and governance structure, lack of experienced government personnel to properly staff the program management office, lack of solid requirements management, and a lack of the use of best practices in managing these programs.

To address these findings, I authorized the creation of an Executive Steering Committees (ESCs) to oversee these 22 high-risk programs. We are also establishing the Program Management Center of Excellence to identify Subject Matter Experts to serve as resources for struggling program managers. The CIO is establishing a Process Asset Library (PAL) which will include best practices across the IT

community to serve as resources to all IT program managers, including templates, artifacts, and processes and procedures. In response to the *25-Point Implementation Plan to Reform Federal IT Management* we are also committed to the implementation of the TechStat Process. This process reviews those high-risk programs to address weaknesses and provide corrective actions on an ongoing basis. CIO Spires held our first Tech-Stat review on Wednesday, March 30, 2011.

- b. What additional improvements does DHS need to make to its internal investment review processes to ensure more effective management of large-scale and high-risk IT projects?

As previously discussed, I have asked my team to work with the Office of Policy to develop an analysis and governance capabilities structure across the DHS functions. This functional view, which aligns to the 13 identified “segments” of the enterprise architecture, provides DHS the ability to look across Component capabilities in areas such as people and cargo screening, incident response, domain awareness, and business areas such as financial and human capital management. Through this analysis and governance, I believe that DHS can more effectively align like or similar investments, reduce redundancy in its IT investments, and better leverage its existing investments.

Regarding IT infrastructure, DHS also continues its commitment to the “Cloud First” policy and consolidation of data centers; having closed five data centers to date and is successfully migrating applications to its two new secure enterprise data centers.

49. In your pre-hearing questionnaire submitted to the Committee in 2009 you identified the insufficient number of qualified IT acquisition staff as an issue at DHS and discussed your plan to improve this situation by focusing on recruitment, development, retention and recognition of qualified personnel. What progress have you made in your effort to improve the IT acquisition workforce at the Department?

First, I have made sure that our efforts to recruit and hire qualified IT acquisition staff are aligned with our overall acquisition workforce strategies. I asked the CHCO to work closely with the CIO and CPO, as well as component representatives to ensure that our departmental recruiting efforts were aligned. As a result, CIO completed an IT Strategic Human Capital Plan in 2010, and established an IT Steering Committee to implement a comprehensive approach to IT employee recruitment, development, retention, and recognition and to promote excellence in IT delivery across the Department.

In FY 2011, the committee began implementing action plans to achieve the established IT Human Capital objectives. These actions have been tailored to address the unique specializations and competencies necessary for IT acquisition. The IT Steering Committee is carrying out the action plans in phases and is currently focused on the first two actions: IT Talent Acquisition and Branding, and IT Employee Development and Retention. Upon successful implementation, there will be a standard enterprise approach for identifying, attracting, recruiting, interviewing, selecting, and onboarding IT

acquisition workforce. Additionally, there will be a standard career-path framework that aligns with well-defined competencies, including IT acquisitions, and supports the development, and retention of a highly skilled workforce.

50. The Transformation and System Consolidation (TASC) initiative is the Department's most recent attempt to acquire an integrated financial, acquisition, and asset management system for DHS. GAO, the DHS Inspector General, and the DHS Chief Information Officer have identified a number of shortcomings in the initial planning for TASC. Last year OMB identified TASC as a high-risk project and temporarily halted the project from moving forward while OMB assessed whether TASC met new guidelines for IT financial systems issued by OMB on June 28.
- a. Across the government, many efforts to modernize financial systems have experienced substantial cost overruns and lengthy delays in deployment while also falling short of planned functionality once deployed. What has been your role in the TASC project, and what are you doing to prevent TASC from meeting the same fate that so many financial system modernization projects have met?

After my appointment as USM, I began working with OMB and the newly formed Financial Systems Advisory Board to review the TASC program and illustrate how TASC aligns with OMB's new policy. The TASC procurement was issued in 2009, and due to legal proceedings, had not been awarded. TASC was specifically designed to segment work into small, manageable projects with individual task orders targeted for clear and concise deliverables. This mirrors OMB's policy regarding the use of small, manageable segments with clear deliverables.

To oversee the TASC initiative, I formed a TASC Executive Steering Committee (ESC) to help ensure the success of the program, which I chair. The ESC serves as the governing board regarding strategy, policy, funding and risks for the TASC program and ESC members are expected to address issues such as program approach and Component migration scheduling. Membership includes the CFO, CIO, CPO, CAO and leadership from nine DHS components.

On November 19, 2010 DHS issued a contract for the TASC program. However, on March 9, 2011 DHS received the decision from the GAO that while two protests to the TASC contract had been dismissed, one had been upheld. In light of the GAO ruling a stop work order was issued for the TASC IDIQ contract and for the first task order on that contract. We are currently assessing GAO's findings and recommendations to determine the appropriate way forward.

- b. GAO has raised a concern that the TASC initiative will rely too heavily on contractors to define the system. What actions are you taking to ensure that the Department itself defines its needs for the system?

I share GAO's concern regarding overreliance on contractors and have carefully reviewed our implementation and staffing plans to ensure that the TASC PMO had

adequate and qualified personnel to oversee the TASC contract. I directed our TASC PMO to launch a comprehensive effort to develop program management processes and procedures that will serve as the basis for providing oversight of the contractor, managing system and user testing, and training, among others. The PMO will oversee all program activities with support from an IV&V team.

- c. Under the current approach, DHS plans to implement TASC component-by-component, beginning with FEMA then move to ICE and Coast Guard. While this incremental approach can help manage risk and control costs, getting all of the components on the integrated system could take years. What is DHS's plan for implementing TASC department-wide in a timely manner?

I have been working closely with the CXOs and DHS Components over the past year to ensure the TASC program management office is prepared to effectively manage the execution of the TASC contract and has a well-functioning governance structure in place to serve as the core oversight and advisory body for the program.

The modernization of the Department's financial, acquisition and asset systems remains a key priority for me and DHS. The Department realizes the vital importance of successful migration to a new integrated system and continues to work together toward that goal in a timely and responsible manner.

- 51. IT management remains a challenge for the Department, as legacy systems are integrated into a single infrastructure. For FY2012, DHS requested nearly \$6.2 billion for IT spending, more than any non-intelligence agency except the Department of Defense and the Department of Health and Human Services.

- a. What approach is the Department currently taking to improve its management of IT projects?

See response to question 48.a.

- b. What do you believe are the key challenges for the Department with respect to IT management and what have been your priorities in this area during your time at the Department?

I have previously stated my view of the challenges with respect to IT management in my response to question 48.a.

Key challenges focus on the need for improved IT project management, rationalized IT governance, and an expanded MD 102.1 to better align with the specific needs of managing an IT project.

Establishing a rationalized governance structure is a key opportunity for the Department. Governance is critical to enabling successful acquisition programs, especially for IT programs because it drives alignment among key decision makers in

an organization and establishes accountability. Governance also must be viewed as a full life-cycle process to address the inherent evolution of IT programs.

My priority is to support the CIO in implementation of the DHS IT Strategic Human Capital Plan (SHCP), establishing clear, non-redundant roles, responsibilities, and authorities; and to create partnerships between the business, IT, procurement, finance, etc., entities to establish accountability.

- c. What is the current relationship between the Under Secretary of Management and the Chief Information Officer, do you believe it needs to be changed in any way?

I have a strong, professional working relationship with the CIO and all my direct reports. I do not believe the current relationship requires any changes to accomplish the Directorate's mission.

- d. What do you see as the relationship appropriate relationship between the Chief Information Officer and the component Chief Information Officers?

As I mentioned earlier, each Line of Business Chief (including the CIO) must forge a solid business relationship with their Component counterparts – balancing oversight responsibilities with the need to support each Component's mission. I support the Clinger-Cohen Act, which aims to "reform acquisition laws and information technology management of the Federal Government." The Clinger-Cohen Act was enacted to ensure that agencies improve the initial capital planning process for large acquisitions to develop realistic cost, schedule, and performance goals that are tied directly to agency strategic mission goals within available budget resources. This requires a strong collaboration between the Component CIOs and the DHS Headquarters Office of the Chief Information Officer (OCIO).

At DHS, the CIO oversees the CIO Council, whose membership consists of the Component CIOs, Component Deputy CIOs, the DHS Deputy CIO, and the executive leadership of Headquarters OCIO. CIO Council has been an effective vehicle for facilitating collaboration and creating a DHS culture that embraces IT reform.

52. Having sufficient, qualified IT staff is essential for good IT management. In the past, DHS has experienced problems recruiting and retaining qualified IT personnel.

- a. Do you believe DHS has a sufficient number of qualified IT personnel with the appropriate mix of critical knowledge, skills, and abilities?

The DHS IT Strategic Human Capital Plan (SHCP), 2010-2012, addresses employee recruitment, development, retention, and recognition to ensure excellence in IT delivery across the Department. As part of this effort, DHS analyzed its workforce demographics including occupational series, technical professions, age, tenure, grade distribution, retirement eligibility, and separations. As a result, the DHS IT Strategic

Human Capital Implementation Plan was developed and is being executed to establish a world-class IT workforce at DHS. It will take time to adequately staff up to the right mix of personnel for IT, but we are moving in the right direction.

- b. To the extent that you believe there are deficiencies in the existing quality and quantity of IT personnel at DHS and what is your strategy for addressing such deficiencies?

As part of our plan, CIO is standardizing and expanding recruitment, retention and training practices that have been effective; revising practices that have not been effective; and identifying opportunities for sharing best practices and/or partnering with other DHS components to include the following:

- Recruitment programs to increase the skill level and diversity of the applicant pool, such as targeted outreach efforts and other focused recruitment activities targeted to IT career fairs.
  - Programs to improve employee retention, including retention of institutional knowledge, training, career-development opportunities, and various forms of employee recognition programs.
  - Programs and techniques to facilitate the continuity and stability of agency programs when experienced employees retire, such as knowledge transfer, retention of institutional knowledge, training, and mentoring.
- c. Do you believe that DHS has made sufficient progress in implementing their human capital plan with respect to IT personnel?

Yes, I applaud the efforts of the CIO and believe they have made significant progress at this time.

- d. In the past, DHS has had challenges in recruiting and retaining qualified project managers for their IT projects. What steps have you taken during your time at the Department to ensure that IT projects are being properly managed?

See response to question 48.a.

53. For several years, GAO has reported on information security weaknesses at DHS and its component agencies and has designated information security as a government-wide high-risk issue. The Department has reliably improved its Federal Information Security Management Act (FISMA) grade, but more work remains to be done.

- a. What is your strategy for implementing an effective information security program within DHS and its component agencies?
- DHS has implemented a 5-year Information Security Strategic Plan to lay out the short- and long-term goals and objectives necessary to improve the Department's information security program. The strategy implements a Defense in Depth (DID) approach to ensure multiple control layers to protect the Department. These layers

include perimeter controls, network controls, system controls, endpoint controls, and information/data controls.

- In FY 2011, the DHS CIO has implemented a series of High Priority Initiatives (HPIs) to demonstrate measurable gains in moving the Department forward. Each of those HPIs address various elements of the DID controls.
  - Each year, the DHS Chief Information Security Officer (CISO) implements a Information Security Performance Plan to establish the metrics and communicate the status and progress of security priorities, including but not limited to FISMA, with Component CIOs and senior management (including myself).
- b. What do you see as the different roles and responsibilities of the Under Secretary for Management, the Chief Information Officer, the Chief Information Security Officer, and the Director of US-CERT in protecting DHS's systems and networks?

The following are the different roles and responsibilities for the abovementioned positions:

**The Under Secretary for Management**

- Oversees the CIO, CISO and overall Information Security Program to ensure that the Information Resources of the department are fully capable of supporting the Department's mission and complies with relevant public law, policy and regulations.
- Ensures that the security of information systems is an integral part of the life cycle management process for all information systems developed and maintained within DHS Components.
- Ensures that DHS information security oversight responsibilities and FISMA reporting requirements are met.

**The DHS Chief Information Officer**

- Oversees the development and maintenance of a Department-wide information security program.
- Appoints a DHS employee to serve as the DHS CISO.
- Serves as the Authorizing Official for DHS enterprise information systems.
- Participates in developing DHS performance plans, including descriptions of the time periods and budget, staffing, and training resources required to implement the Department-wide security program.
- Ensures that all information systems acquisition documents, including existing contracts, include appropriate information security requirements and comply with DHS information security policies.
- Ensures that DHS security programs integrate fully into the DHS enterprise architecture and capital planning and investment control processes
- Reviews and evaluates the DHS Information Security Program annually.

- Ensures compliance with applicable information security requirements.
- Leads the DHS Contingency Planning program.
- Reports to the DHS Under Secretary for Management on matters relating to the security of DHS systems.

**The DHS Chief Information Security Officer**

- Implements and manages the Department-wide Information Security Program and ensures compliance with FISMA, OMB, and other Federal requirements.
- Issues Department-wide information security policy, guidance, and architecture requirements for all DHS systems and networks. These policies incorporate NIST guidance, as well as all applicable OMB memoranda and circulars.
- Facilitates development of subordinate plans for providing adequate information security for networks, facilities, and systems or groups of information systems.
- Serves as the principal Departmental liaison with organizations outside DHS for matters relating to information security.
- Reviews and approves the tools, techniques, and methodologies planned for use in certifying and accrediting DHS systems, and for reporting and managing systems-level FISMA data. This includes Security Assessment plans, Contingency Plans, and security risk assessments.
- Consults with the DHS CSO on matters pertaining to physical security, personnel security, information security, investigations, and Sensitive Compartmented Information (SCI) systems, as they relate to information security and infrastructure.
- Develops and implements procedures for detecting, reporting, and responding to information security incidents.
- Ensures preparation and maintenance of plans and procedures to provide continuity of operations for information systems
- Chairs the CISO Council. This Council is comprised of all Component CISOs, and is the Department's coordination body for any issues associated with information security policy, management, and operations.
- Performs annual program assessments for each DHS Component, performs periodic compliance reviews of selected systems and applications, and publishes monthly compliance scorecards.
- Delegates specific authorities and responsibilities for maintaining a high degree of compliance to Component CISOs and ISSMs, as appropriate
- Reports annually to the Secretary on the effectiveness of the Department information security program, including progress of remedial actions. This report provides the primary basis for the Secretary's annual FISMA report to both OMB and to the United States Congress.

- Assists senior Department officials concerning their responsibilities under FISMA

The US-CERT does not directly engage in the DHS Information Security Program, but provides for overall oversight and protection of all government information systems by:

- Operating an Operations Center;
- Administering the National Cyber Alert System to disseminate important cybersecurity warnings and alerts;
- Acting as a trusted third-party to assist in the responsible disclosure of vulnerabilities;
- Coordinating with the law enforcement and intelligence communities and providing the general public with cyber alerts and information (available at [www.us-cert.gov](http://www.us-cert.gov));
- Conducting malware analysis and recovery support for government agencies and providing agencies with access to comprehensive digital media analysis capabilities;
- Disseminating actionable situational awareness reports and detection information on emerging cyber threats and vulnerabilities and conducting cyber analysis based on situational reporting;
- Providing on-site incident response capabilities to Federal and State agencies and collaborating with domestic and international computer security incident response teams;
- Facilitating information sharing efforts aimed at improving the Nation's cybersecurity posture; and
- Developing and participating in regional, national, and international cybersecurity exercises.

54. In the last few years, there have been several incidents where government computers – including those at DHS – were stolen or lost, potentially compromising the information contained on them. Certain DHS components, in carrying out their missions, must maintain personal information on U.S. citizens.

- a. What steps have you taken to minimize the risk that the personal information contained on DHS computers and in DHS information systems is not compromised?

Incidents that involve or may involve Personally Identifiable Information (PII) are subject to strict reporting standards and timelines.

All DHS portable computers are required to have disk encryption in accordance with policy. All BlackBerry Devices have the same level encryption and the ability to be remotely erased.

The DHS Privacy Office is responsible for implementing the Department's privacy incident response program based on requirements outlined in OMB Memorandum 07-16, Safeguarding Against and Responding to the Breach of Personally Identifiable Information, May 22, 2007 (M-07-16).

Through close collaboration, the DHS Chief Privacy Officer, the DHS CIO, the DHS CISO, the DHS EOC, and Components ensure that all DHS privacy and computer security incidents are identified, reported, and appropriately responded to, in order to mitigate harm to DHS-maintained assets, information, and personnel in the future.

- b. What procedures are in place for responding to situations where personal data had been compromised – for example if a computer containing personal information about U.S. citizens was lost or stolen? If the Department has not instituted any procedures, please provide an explanation for why this has not been done.

Incidents that involve or may involve PII are subject to strict reporting standards and timelines. DHS has published Privacy Incident Handling Guidance which provides a “playbook” for specific remediation based on the exact incident.

55. In its IT Management Letter for the FY2008 DHS Financial Audit (OIG-09-50), the Department’s Inspector General found that “IT control weaknesses limited DHS’s ability to ensure that critical financial and operational data were maintained in such a manner to ensure confidentiality, integrity, and availability.” What steps have you taken you address these weaknesses and what additional steps do you believe need to be taken?

Under my direction, the DHS CIO and CFO have aligned the FISMA framework with DHS’ internal control assessment process, which is governed by OMB to improve financial systems security at the Department. Major activities under this integrated approach include:

- Issuing an Internal Control Playbook Management Assurance Process Guide each year.
- Performing annual internal control assessments of selected DHS Components.
- Updating annually the CFO Designated Systems List based on a systems mapping performed during the OMB A-123 assessment processes.
- Issuing the DHS Information Security Performance Plan, which includes the requirement to ensure key financial system security controls are tested annually.
- Providing root cause analysis training to DHS Components and assistance with addressing deficiencies.

56. The Inspector General also noted in the FY2008 IT Management Letter that: “DHS lacks an effective agency-wide method of tracking the remediation progress made on findings at various components. In addition, while the components have made improvements in addressing the root cause of IT weaknesses, we found that focus is often placed on the tracking of response to audit recommendations, instead of on developing the most effective method of addressing the actual control weakness.”

- a. During your time at the Department, what have you done to track the remediation progress of the component agencies?

I have developed a strong working relationship with the OIG to ensure we understand and promptly address outstanding OIG recommendations, as well as the IT findings. I have brought in a new Senior Liaison to the IG and GAO, and have directed him to aggressively track progress on all findings. With respect to IT, the CIO has taken a number of steps to track the remediation progress of our components. The CIO has my full support to ensure the OCIO has the tools necessary to identify and track IT audit recommendations.

- b. What steps have you taken to ensure that proper focus is placed on addressing the root causes of IT weaknesses throughout the department, instead of concentrating on tracking the responses to audit recommendations?

I believe it is important that the Department does not see this work as a “check the box” activity. Although not unique to IT, addressing the root cause of an IT issue supports my general focus around management challenges at the Department. In order to maintain this focus on IT remediation, the CIO has:

- Provided root cause analysis training to financial systems security professionals at Components and DHS Headquarters;
- Modified the scope of DHS OMB A-123 Information Technology General Control assessments to perform verification and validation procedures to ensure POA&Ms address root causes of financial system security control deficiencies identified from the financial statement audit and FISMA annual assessments; and
- Required DHS Component CIOs and CFOs to provide remediation status briefings to the DHS CIO, CISO, and CFO, which detail actions taken or planned to remediate IT weaknesses identified.

57. The Department either has committed or plans to commit itself to major information technology investments that total more than \$1 billion dollars, including U.S. Customs and Immigration Service’s (USCIS) business transformation project and the department-wide financial information technology consolidation. USCIS is making efforts to streamline and modernize how it conducts business and interacts with the public. In past reports, GAO has found that USCIS’s efforts “have been unfocused, conducted in an ad hoc and decentralized manner, and, in certain instances, duplicative.”<sup>2</sup> In 2008, USCIS announced the awarding of the contract to modernize its case-management system to IBM. This five-year, \$500 million contract is the cornerstone of USCIS’s business transformation project. Additionally, the Department is in the process of entering into a procurement to conduct its TASC initiative, which is intended to migrate and consolidate the financial systems of all of its components so they are all operating on common platforms using commercially available software. The Department previously attempted this same mission through the eMerge2 project, spending about \$52 million before cancelling the project due to a lack of adequate planning and progress.

<sup>2</sup> U.S. Government Accountability Office. “USCIS Transformation: Improvements to Performance, Human Capital, and Information Technology Management Needed as Modernization Proceeds,” pg. 2 (July 17, 2008). <http://www.gao.gov/new.items/d071013r.pdf>.

- a. What has been your approach to overseeing this and all of the Department's major information technology investments? What do you see as the Under Secretary for Management's role? The components'?

Understanding the challenges of TASC, eMerge2 and the CIS Transformation project, I found it beneficial to the Department and the investments that I assume a strong leadership role in these investments. For example, with respect to TASC, I chair the ESC providing oversight to this initiative. I have asked the CIO to work aggressively with USCIS on their transformation initiative, and regularly review progress. As chair of the ARB, I have the discretion to call an ARB meeting on any acquisition program at any time. I have exercised that prerogative on several occasions in order to ensure effective oversight of significant programs..

As the Chief Acquisition Officer for DHS, I strongly believe that the USM must lead the transformation of our overall acquisition effort. I have personally engaged in a review of the existing processes and structures in the acquisition area, and building on the work of my predecessors, I am directing an acquisition enhancement effort, which includes IT. Working in alignment with the CIO, we are strongly focused on end to end improvement of our IT investments.

All of my initiatives are conducted in partnership with the Component executive leadership, who represent the business user.

- b. What steps have you taken to ensure that requirements for major information technology investments are set early in the procurement process and that procurement contracts are fixed price to the maximum extent practicable?

In support of the 25 Point Implementation Plan, the DHS CIO has implemented a governance structure that requires Program Managers to deploy working business functionality within the first 12-18 months with subsequent releases every 6 months. This structure allows users to immediately benefit from the functionality, while identifying changes in scope, cost or performance earlier in the project.

- c. During your time at the Department, what steps have you taken to ensure that these initiatives stay on time, on budget, and achieve the planned objectives?

As the Chair of the Acquisition Review Board, all investments seeking my approval must demonstrate adherence to the 25 Point Implementation Plan to Reform Federal IT. This includes adherence to the Department's governance structure, the ability to release initial functionality within the first 12 - 18 months, use shared services where possible, involvement of certified Program Management personnel, sufficient federal oversight of contractors, and an acquisition strategy that supports fixed price contracts and the implementation of COTS products when possible.

*Miscellaneous*

58. Last summer DHS issued revised protocols for interacting with GAO, including providing GAO with direct access to designated program officials for requesting information and calling for components to streamline their review processes for providing requested documents and information to GAO.

a. In your view, how well has DHS been implementing these revised protocols?

During my time at DHS I have seen great effort put toward improving the Department's interactions with GAO and I feel those efforts have been very effective. The CFO's GAO/OIG Liaison Office has taken great steps to improve communication about past and upcoming audits with Component personnel and their senior leadership. In addition to increasing communication with Component Audit Liaison personnel, the CFO has also identified Senior Component Accountable Officials (SCAOs) at the Chief of Staff level or higher who have responsibility for and authority over the Component's audit and review activities. These SCAOs are charged with ensuring that audit requests from GAO and the Inspector General are given the attention and resources they require. Our Deputy Secretary has also been a champion for this reform and established reoccurring meetings with all SCAOs to discuss the status of current audits and the Department's implementation of audit recommendations.

b. Do you think the revised protocols have helped to improve relations between DHS and GAO?

The revised protocols signed by Secretary Napolitano last June have definitely improved relations between DHS and GAO. After implementing the protocols, DHS received a letter from then Acting U.S. Comptroller General Gene Dodaro expressing his appreciation for the significant steps that DHS had taken for responding to GAO's requests for information and interviews. Specifically, he said the signing of the new protocols were "clearly milestones on the road towards improving the working relationship between our respective agencies." He also said that, "GAO should be able to carry out its responsibilities to Congress and the American public in a more efficient and effective way" as a result of DHS's effort to provide GAO with more timely information.

DHS has significantly reduced its backlog of 60-day response letters to GAO reports issued during 2008 through 2010 by 92 percent, and we are current with the FY 2011 letters.

c. What will you do as Under Secretary for Management to monitor implementation of these revised protocols and ensure that GAO receives timely access to documents and information needed for its reviews?

Per the Secretary's direction, I have overall management responsibility for DHS relations with GAO and for implementation of our revised protocols. For example, I am responsible for ensuring that there are sufficient resources within DHS dedicated to the management of the Department's relations with GAO. In conjunction with the OGC, I also ensure appropriate training of the Departmental Audit Liaison, Component Audit Liaisons, Designated Program Officials, and other DHS employees who work with GAO. Lastly, I serve as the Department's designated audit follow-up and resolution official, responsible for ensuring that processes of audit follow-up, resolution, and corrective action are documented and in place.

Finally, I personally engage with GAO on a regular basis to follow up on DHS commitments, maintain an open and productive line of communication, and share updates or brief on new initiatives. I have made a personal commitment to Comptroller General Dodaro and his senior staff to be open, accessible, and responsive to GAO's needs.

59. The President's FY2010 budget supported the "termination of outdated systems," such as the terrestrial-based Long Range Navigation system (LORAN-C) operated by the Coast Guard. The Coast Guard estimates that LORAN-C termination saved \$36 million in FY2010 and \$154 million over the following four years. However, decommissioning LORAN-C appears to leave most government agencies and sectors of critical infrastructure without a proper back-up position, navigation and timing that the Global Positioning System (GPS) currently provides. The decision to eliminate the nation's primary back-up to GPS makes GPS a more desirable target to terrorism, and increases the vulnerability of the United States' cellular communications, financial services, and power grid networks. To review any potential gap created by the decommissioning of the existing LORAN infrastructure, the Department's Office of the Chief Information officer is working to complete a study related to the need for a nationwide backup for GPS. The report is in the interagency process; DHS expects to have its analysis completed and a decision reached on the need for a nationwide backup for GPS by mid-April 2011.
- a. Will you push for a timely release of a report that addresses the threat posed by the lack of a GPS backup system on the United States' cellular communications, financial services, and power grid networks?
- Yes, the report required under P.L. 111-281, section 219, has been submitted for interagency review.
- b. DHS surveyed critical infrastructure sectors and relevant federal agencies on the need for a GPS backup, but reported insufficient responses from the various sectors. Can you provide a list of federal agencies and critical infrastructure sectors that responded to this survey? If so, please provide that list.

**Agencies Responding:**

U/S for S&T  
 U/S for NPPD, CS&C (NCS) NCS reported on behalf of the IT/Communications  
 sector as quoted in the NSTAC Report  
 U/S for NPPD, IP  
 U/S for NPPD, CIO  
 A/S for Policy  
 A/S for Health Affairs  
 General Council  
 A/S for Legislative Affairs  
 A/S for Public Affairs  
 Inspector General  
 U/S for I&A  
 Director, Operations Coordination  
 Director, Counternarcotics Enforcement (CNE)  
 Director, FLETC  
 Director, DNDO  
 Director, National Cyber Security Center  
 A/S TSA  
 Commissioner, US CBP  
 Director, USCIS  
 A/S, US ICE  
 Director, USSS  
 Administrator, FEMA  
 Commandant, USCG  
 DOT Research and Innovative Technology Administration  
 DOT Federal Railroad Administration  
 DOT Federal Transit Administration  
 DOT Maritime Administration  
 DOT Saint Lawrence Seaway Authority Development Corporation  
 DOT Federal Aviation Administration  
 JPDO Director, NEXTGEN  
 DOT Federal Highway Administration  
 DOT Federal Motor Carrier safety Administration  
 Mississippi DOT  
 New Hampshire DOT  
 A/S of Defense for Networks and Information Interchange (DISA reported on behalf  
 of NII)  
 Deputy U/S of Agriculture for Natural Resources and Environment  
 Deputy A/S of State for Science, Space, and Health  
 Deputy A/S of the Interior for Water and Science  
 Deputy Associate Administrator, Space Communications and Navigation, NASA  
 Deputy Assistant Administrator for Satellite & Information Services, NOAA, DOC  
 (NIST)  
 Director, C4 Systems, Joint Chiefs of Staff  
 Director, Space Acquisition, Office of the U/S of the Air Force

Director, Space Policy, National Security Council  
Associate Deputy Director of National Intelligence for Technical Collection

**CIKR Sectors Reporting:**

Agriculture and Food  
Banking and Finance  
Chemical  
Commercial Facilities  
Communications  
Critical Manufacturing  
Dams  
Defense Industrial base  
Emergency Services  
Energy  
Government Facilities  
Healthcare and Public Health  
Information Technology  
National Monuments and Icons  
Nuclear Reactors, materials, and Waste  
Postal and Shipping  
Transportation Systems  
Water

- c. Were there any notable agencies or critical infrastructure sectors that failed to respond to the survey?

No, not to my knowledge.

- d. Do you believe there is a need for DHS to develop a nationwide backup for GPS, to support secure and resilient critical infrastructure?

DHS, in coordination with other Federal agencies, is currently evaluating the need for a national backup capability.

60. The St. Elizabeths headquarters project is the largest federal construction project since the Pentagon and, as such, involves multiple federal agencies, the District of Columbia, numerous non-governmental stakeholders, and Congress. Coordination of these many players continues to be a challenge and has slowed the timeline for St. Elizabeths and other DHS consolidation projects.

- a. How will you ensure this project remains a priority for the Department?

This program is a top priority of the Secretary, the Deputy Secretary, and myself as it directly relates to improving mission effectiveness and more efficient management of the Department's critical resources. Congress has appropriated over \$1 billion dollars to begin the project, and construction is well underway on the U. S. Coast Guard

Headquarters. At completion the campus will be a model for effectiveness and efficiency.

I am committed to the success of this project. I regularly meet with the project team composed of DHS and GSA staff to review the current status, identify areas needing my involvement, and review cost and schedule information. I approved the upgrade to the SES level for the leader of CAO's HQ Consolidation Initiative. The Program Office is staffed with engineers, architects, environmental specialists, program managers, real estate, financial management, communications and security specialists to administer the program. I also recently hired a seasoned professional to serve as our lead urban affairs executive in working with the District and other agencies. I have, and will continue, to press for the resources necessary to complete this critical project on time and within budget.

- b. If DHS receives no funds for FY 2011, when will the St. Elizabeths headquarters project be completed and when will the first DHS tenants be able to move in?

If DHS and GSA should receive partial or no funding in FY 2011 the program will have to re-examining its baseline.

Should both DHS and GSA receive future year appropriations in accordance with the schedule, and subject to the President's priorities, the St. Elizabeth's Campus is planned to be completed in FY 2016.

Phase 1 of the St. Elizabeth's development is the U. S. Coast Guard Headquarters. Occupancy is planned by the end of FY 2013, subject to DHS and GSA receiving sufficient FY 2011 and FY 2012 appropriations to address USCG specific needs and critical campus infrastructure improvements.

61. Recently, GSA has had to restart a major information technology contract that was protested and thus extend the timeline for those DHS agencies consolidating outside St. Elizabeths?

- a. Please explain how a delay in the schedule for the DHS headquarters consolidation will impact the Department's budget, logistics and impede its ability to fulfill its mission.

Without consolidation, the Department will be forced to address space requirements on an ad-hoc basis without the opportunity to strategically realign the portfolio for improved effectiveness and efficiency. Instead of reducing the number of locations, buildings and the proximity of components to each other, the net result may be an expansion of buildings, and locations with increased dispersion and higher administrative/overhead costs.

The President's FY 2012 budget request for Headquarters Consolidation assumes full funding of the FY 2011 request. Should the Congress not fund the FY 2011 request,

the St. Elizabeth's project costs would increase by approximately \$220 million (\$130 million GSA, \$90 million DHS) in escalation alone plus an additional \$69 million for loss of the integrated construction sequencing between Phase 1 (USCG Headquarters) and Phase 2A (DHS Operations Centers and DHS Headquarters). The schedule would also be adversely impacted with the Phase 1 completion delayed by 1 year (FY 2014), and the Phase 2A completion by 2 years (Phase 2A –FY 2016). Further, it is likely that Phase 3 completion would also be extended by 2 years (FY 2018). Without full funding of the President's FY 2012 request, the cost and schedule impacts will be even greater. Similarly, if funding is not provided in FY 2011 for the Mission Support Consolidation lease, costs will increase \$22 million in escalation and short-term lease extensions and holdovers.

- b. Please describe your involvement in ensuring that the next contract award(s) GSA makes on behalf of DHS for the St. Elizabeth's are not plagued with industry protests of the award decision? What impact did previous protests have on cost and schedule for St. Elizabeth project?

Under my direction, the Management Directorate in cooperation with the GSA has taken significant steps to reduce the potential of a protest by instituting a comprehensive executive oversight process to monitor the procurement. Given the current economic environment and the overall value of the procurement, there is no failsafe solution to prevent the risk of a protest on the Technology Integration Program (TIP) or any other contract. However, I am confident the actions we are taking will position DHS and GSA for a successful execution of the new TIP. The new TIP Task Order Request (TOR) was issued to the 59 Alliant Government Wide Acquisition Contract (GWAC) contractors on March 15, 2011 (on schedule). Proposals are due on April 18, 2011 and the Department is on schedule for a summer 2011 award.

One of my primary concerns with the original TIP contract cancellation was the potential for adverse impacts to the ongoing construction contracts that require IT and security integration. Accordingly, my staff worked with GSA to quickly implement a "bridging strategy" that would ensure that necessary design decisions and infrastructure installations were made in a timely fashion while maintaining consistency with the overall statement of objectives for the campus enterprise architecture. We have established a DHS and GSA joint working team for IT and security to manage the bridging effort and the resulting improvements will be incorporated as part of the TIP contract baseline. As a result, there are no impacts to the schedule or the budget from the re-procurement effort.

**IV. Relations with Congress**

62. Do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Yes, I do.

63. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

Yes, I do.

**V. Assistance**

64. Are these answers your own? Have you consulted with DHS or any interested parties? If so, please indicate which entities.

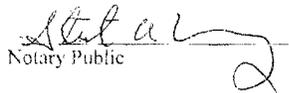
These answers are my own. I have consulted with staff in the Management Directorate and the Department for updates on various programs and projects, to confirm dates of events, and to properly cite any specific statutes or directives. I have not consulted with any other entities or interested parties.

**AFFIDAVIT**

I, Rafael Bordinas, being duly sworn, hereby state that I have read the foregoing Pre-Hearing Questionnaire and that the information provided in the answers therein are, to the best of my knowledge, current, accurate, and complete.



Subscribed and sworn before me this 30<sup>th</sup> day of March, 2011.

  
Notary Public

Stuart A. Connolly  
Notary Public, District of Columbia  
My Commission Expires 1/1/2012



U.S. Department of Homeland Security  
**UNITED STATES SECRET SERVICE**

*Washington, D.C. 20223*

March 31, 2011

The Honorable Joseph Lieberman  
Chairman  
Committee on Homeland Security and Governmental Affairs  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

I am writing in support of Rafael Borrás for the position of Under Secretary for Management (USM) at the Department of Homeland Security (DHS).

I have been in federal law enforcement for 33 years, of which 28 years have been with the Secret Service. I became Director of the Secret Service five years ago as a non-political appointee. In my position, I have had the opportunity to partner with Rafael on several initiatives of mutual interest to DHS and the Secret Service.

In my opinion, Rafael is the consummate professional, and truly exemplifies the public service principles of honor, integrity, and commitment. His 27 years of private and public sector experience have provided him the necessary foundation to develop critical short-term and long-term strategies to lead the Department's nearly 230,000 employees. He is dedicated and works tirelessly in his role as USM to fulfill the DHS mission.

He has taken a proactive approach to enhance his understanding of the Secret Service, our operational requirements, and our contributions to the DHS mission. He effectively communicates with DHS leadership and implements policies to allow components the opportunity to leverage and maximize DHS assets and resources to improve operational effectiveness and efficiency.

Rafael is an individual of the highest character and would make an excellent choice to continue as the USM at DHS. Once again, I encourage you to consider this dedicated and talented professional.

Sincerely,

  
Mark Sullivan

April 9, 2011

Joseph I. Lieberman, Chairman  
Committee on Homeland Security  
and Governmental Affairs

Susan M. Collins, Banking Member  
Committee on Homeland Security  
and Governmental Affairs

Dear Chairman Lieberman and Banking Member Collins,

I am writing on behalf of Rafael Borrás, nominee to be Under Secretary for Management at the Department of Homeland Security.

During the past year, Mr. Borrás has demonstrated a broad range of executive and business skills that are critical to formulating solutions to the management challenges facing the Department of Homeland Security, whether it involves fiscal matters, grants management, acquisition management, or information technology. His experience in both the public and private sectors have proved invaluable to grasping the complexity of the department's operations, and to overcoming the many difficulties associated with those operations. Mr. Borrás is a tenacious, enthusiastic, conscientious leader committed to the mission of the department and to taking its management programs to a higher level. With his know how and devotion to excellence, I am confident that he will succeed.

I have no hesitation recommending Mr. Borrás as Under Secretary for Management. He will most certainly provide the strong leadership needed to make the Department of Homeland Security a more effective and efficient organization.

Should you need further information, please contact me at (202) 247-7864

Sincerely yours,

-s-

Richard Skinner  
Former Inspector General  
Department of Homeland Security

Committee on Homeland Security and Government Affairs  
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Questions for the Record from Senator Joseph I. Lieberman

1. **You have described to the Committee your new initiatives for improving acquisition management, including a new Integrated Investment Life Cycle Model and the creation of Executive Steering Committees to oversee high-risk programs and to provide continuous monitoring of acquisitions in between their major milestone reviews before the Acquisition Review Board. How will these new initiatives be applied to the Transformation and Consolidation (TASC) program? In what ways will these new initiatives mitigate risks early on in the development and implementation of TASC, as opposed to identifying problems after they have occurred?**

Enhancing the Department's acquisition framework has been a major priority during my first year as Under Secretary for Management and is a key component of my management integration strategy. This strategy involves enhancing the front end requirements phase of acquisition, as well as improving the program execution phase to improve program performance, minimize risk, and improve cost/schedule performance.

With respect to TASC, the requirements phase concluded before I arrived, however, we have applied much of the new thinking around acquisition improvement to the program execution phase of the initiative, beginning with enhancing the department's oversight of TASC. A department wide Executive Steering Committee (ESC), comprised of representatives of all DHS components and key headquarters functions meet regularly with the Program Management Organization (PMO) staff to review and approve cost, schedule, and performance measures, monitor staffing levels, and resolve potential roadblocks arising from Systems Engineering Life Cycle (SELC) reviews. The TASC ESC also receives reports from the Independent Verification and Validation (IV&V) Team.

Although the TASC initiative has been slowed by a Government Accountability Office (GAO) protest ruling, we have already experienced positive results from the utilization of the ESC, which has included substantive reviews and modifications of the TASC PMO staffing model, modifications to the SELC protocols to support modular development of TASC, and adjustments to the integrated master schedule (based on input from the components). All of these substantive inputs would not have been possible without the expanded oversight forum that the ESC model brings to the execution of large, enterprise level acquisition programs.

2. **The Department has estimated that TASC may cost as much as \$450 million, and others have suggested that the cost may exceed \$1 billion. What steps have you taken to develop realistic lifecycle costs for TASC, and what is the Department's most current estimate? What safeguards are being built into the development of**

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**TASC to ensure that the Department does not pay such a large sum of money for a system that does not work, and that will allow the Department to shift strategies should initial efforts fail?**

The Department's approach is to implement the TASC system in manageable, discrete segments. The Department's estimate for the first planned implementation at FEMA is estimated at \$82.4M, which includes all contract costs, as well as government technical, program management and oversight support. This is a significant reduction to the original cost estimate. The Executive Steering Committee (ESC), working with the TASC PMO, was able to guide the development of a more cost efficient current estimate for TASC. Additionally, based on our reviews, the ongoing operations and maintenance costs will be significantly less than what FEMA is paying today to manage its current systems. We estimate that a positive return for the implementation of TASC at FEMA will be realized in approximately four years.

With respect to the management of the risks associated with TASC, I chair the TASC ESC, which is composed of leaders from the Components and senior executives from the CFO, CPO, CIO, CHCO, and CAO. The ESC augments the Acquisition Review Board (ARB) and provides more frequent oversight on issues like program strategy, policy, funding and risk. The TASC program manager provides me with regular briefings on actual cost, schedule and performance progress. Because the CFO reports directly to me, I am able to closely monitor the program's progress and direct changes when necessary. Additionally, the TASC initiative must still appear before the ARB for all acquisition reviews throughout its life cycle. ESC's cannot approve progressing through the major acquisition decision events which are the purview of the ARB. All TASC ARB meetings are chaired by the Deputy Secretary, to avoid any conflict with my role as Chair of the TASC ESC.

Due to the recent GAO opinion on the TASC contract award, the Department is considering options for the best path forward to implement the consolidated financial management system.

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**Questions for the Record from Senator Tom Carper**

1. **Mr. Borrás, the Department of Homeland Security has not yet been declared auditable as far as its financial statements. By what date will the Department achieve auditability? Please provide the plans that the Department has developed to reach this goal.**

In FY 2010, the Department increased the auditable balance sheet balances to approximately ninety percent. The Secretary has stressed her commitment to achieving a qualified audit opinion on the Consolidated Balance Sheet and Statement of Custodial Activity in FY 2011. I have asked the CFO to expand the audit scope to all financial statements in FY 2012, and have set an aggressive goal to obtain a qualified audit opinion on all statements in FY 2013 and a clean audit opinion by FY 2014.

In January 2011, I submitted the Department's first comprehensive management integration plan to the GAO. The plan contains action items and schedules to achieve the Secretary's goal of a qualified opinion on the September 30, 2011, balance sheet. We developed a Balance Sheet Strategy document that outlines material line items and corrective actions to ensure controls are in place to prevent and/or detect and correct material misstatements. As part of this strategy, we solicited, coordinated, and incorporated initiatives, objectives, key strategies, and risks from multiple offices within the Department and the Components.

Our efforts are focused on eliminating remaining disclaimer conditions at the USCG, continuing to reduce material weaknesses and significant deficiencies in internal controls over financial reporting, and improving the risk management processes to detect and prevent new audit qualifications and material weaknesses.

We are working closely with Components to mitigate the risk of new material weaknesses or audit qualifications as we increase the percentage of DHS assets and liabilities to which we can assert. We also continue to work with USCG to implement its Financial Strategy for Audit Readiness (FSTAR) so that USCG can assert to all material balance sheet line items to support our immediate goal of obtaining a qualified opinion on the balance sheet. The Commandant is committed to the Department-wide goal, and has delivered messages emphasizing the importance of audit readiness throughout the Coast Guard.

2. **What programs and agencies within the Department are undergoing stand-alone audits? Of these, which have received a clean audit opinion, and which have not? For those that have not, what are the target dates for each agency to meet this goal, and program or agency specific plans to meet these goals?**

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Stand-alone audits within Components have helped to validate that strong controls exist within some individual financial reporting entities. In 2009, ICE and USCIS received clean opinions on audits of their Balance Sheets. That same year, CBP and FLETC underwent full-scope audits and received clean opinions.

In FY 2010, we revised our audit strategy, ending stand-alone audits to instead focus resources on obtaining a qualified audit opinion on the Consolidated Balance Sheet and to remediate and improve corrective action plans. Since CBP is one of the largest collectors of tax revenue for the U.S. Government, maintaining an unqualified financial statement audit opinion strongly demonstrates the proper stewardship of these tax revenues. I am happy to report that CBP received a clean opinion on its full-scope audit in FY 2010.

3. **Mr. Borrás, the Department has reported \$188 million in improper payments for Fiscal Year 2010. However, only 18 programs, representing roughly a third of the Department's budget, reported improper payments based on the Department's risk assessment. What steps is the Department taking to assure the accuracy and completeness of its improper payment estimates and improve underlying controls?**

To assure the accuracy and completeness of our improper payment estimates, the Department's CFO issues detailed guidance early in the fiscal year followed up by training, rigorous oversight, and management review. Senior management attention throughout the process is a critical success factor. Component CFO Staff work with program offices to ensure that payment test plans reflect program specific requirements. The Department independently reviews Component-reported results to ensure their accuracy.

The improvement of underlying controls applies to all DHS programs that have been confirmed as high risk by payment sample testing. Formal corrective action plans for these programs are reported in the DHS Annual Financial Report. Corrective action tracking is performed with results briefed at risk management meetings hosted by the DHS CFO. I believe the success of these efforts is demonstrated by the drop in estimated improper payments for our high risk programs.

4. **Under the recently enacted Improper Payments Elimination and Recovery Act (P.L. 111-204), much more of the Department's budget will require improper payments estimation. How has the Department prepared for this new set of requirement under the Act? Has the Department considered expanding its use of Recovery Audit Contractors to fulfill the requirement to recover improper payments?**

The Department began preparing for the Act as soon as passage seemed imminent. The CFO staff continues to be actively engaged with the Office of Management and Budget (OMB) to ensure that we are fully aware of all changes in this next phase of the battle to

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reduce improper payments. Specifically, we have attended all OMB working group sessions on developing the new implementing guidance.

Additionally, we have updated our guidance on reducing improper payments and repeatedly briefed senior management and staff on the changes contained in the Act, the Executive Order to Reduce Improper Payments, and related OMB and Department of Treasury Implementation Guidance. The Deputy CFO has repeatedly stressed the importance of reducing improper payments at DHS CFO Council meetings, at the Annual CFO Symposium, and at multiple risk management meetings with Component CFOs. Also, the CFO directly contributes to the Association of Government Accountants (AGA) Intergovernmental Partnership Work Group, which is developing a Fraud Prevention Tool Kit. This Tool Kit will include a section on preventing fraud in high-priority programs and helps the Department remain alert to State-related improper payment issues (as discussed in the Federal-States Partnership Section of the Act relating to grants).

In FY 2010, the Department used Recovery Audit Contractors to test all contract payments at Components who annually issue \$500 million or more. Also included were all cross-serviced Components. We have frequent discussions with the OMB to ensure that we expand our use of Recovery Audit Contractors in a cost effective manner of greatest benefit to the Federal government. One key issue is the sharp drop in new amounts identified for recovery despite our expansion in the use of recovery audit contractors. In FY 2010, Recovery Audit Contractors identified only \$38,000 in new claims which was not a cost effective result. A government-wide issue is how to use recovery audit contractors to analyze grant payments particularly at State-Administered Programs. We are prepared to move forward in this area, once government wide solution is identified.

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Additional Questions for the Record from Senator Susan Collins

1. **At your confirmation hearing, you were asked a series of questions relating to the Department's initial overestimation in February 2010 that there were 210,000 contract employees at DHS. Staff from the Department met with Committee staff in January and advised us that this estimate was overstated by 100,000 contractors or more.**

**As I mentioned yesterday, it is clearly good news that the number of DHS contract workers is at least 100,000 less than originally estimated. However, it is nonetheless extremely troubling that it took almost a year for the Department to identify the miscalculation – that itself was made by a contractor. Frankly, this demonstrates management weakness at DHS, and it shakes our confidence in all of the information the Department provides to us.**

**When DHS staff briefed Committee staff, they provided information that the Balanced Workforce Office Departmental Working Group identified concerns with the original 210,000 estimate and that after their meeting with the contractor, they determined that the contractor estimate was at least 100,000 too high.<sup>1</sup>**

**Yet, in your answer to us yesterday, you gave the impression that you, in fact, discovered the error based on your private sector experience.**

**I am still concerned, because as I mentioned, the Department needs to have management mechanisms in place to prevent such a gross error from occurring in the future, and while we appreciate your efforts, one person is not a structural fix. What exactly was your role in discovering this error?**

Prior to my appointment as Under Secretary for Management (USM), I had been generally aware of the estimate of the number of DHS contractors. After my appointment as USM, I questioned, based on my private sector experience on pricing and manpower analysis, the validity of the 210,000 estimate. After we began implementing the Balanced Workforce Initiative, I reviewed regular progress reports on the initiative which was to ensure we have the right people in the right positions at the right time, with the proper workforce balance between DHS and contract employees. On September 9, 2010, I attended a meeting with the Senate Appropriations Committee staff, along with CHCO Jeff Neal. At that meeting, when asked about the contractor estimate, I stated that I had little confidence in the estimate that placed DHS contractors at 210,000. Following that meeting, I asked the CHCO and CPO to conduct a more thorough review of the information used to develop the estimate.

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<sup>1</sup> DHS Homeland Security handout "The Balanced Workforce Strategy: Lessons Learned: Tier One Pilot" January 28, 2011, p. 3.

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The CHCO and CPO had the staff on the Balanced Workforce Departmental Working Group (DWG), which included representatives from CFO and the Office of General Counsel, look into the detailed algorithms and methodology used to develop the estimate. In late September 2010, the DWG met with the contractor to gain more insight into the calculation. As your staff correctly noted from the Balanced Workforce briefing they received in January 2011, it was during these discussions that the DWG expressed strong concerns over the contractor's methodology, and identified an arithmetic error in the calculation. To be clear, a DHS career employee on the DWG found the specific arithmetic mistake when questioning the contractor on their methodology. On October 19, 2010, the contractor formally replied to DHS and indicated the estimate had been grossly exaggerated in large part due to the DHS discovered arithmetic mistake. Subsequently, the contractor agreed to return its payment to DHS based on this error. Throughout this process, both the CHCO and CPO kept me apprised of the DWG's activities, findings, and ultimate resolution.

In summary, many individuals were surprised by the unusually large number of estimated contractors, and I am sure that many questioned the validity of the estimate. However, in my role as USM, I specifically directed the CHCO and CPO to initiate a more thorough review of the contractor estimate. That review resulted in the DWG identifying the error in the calculation, that the contractor validated and subsequently refunded the government. The Department is well served by its dedicated career employees.

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Questions for the Record from Senator Scott P. Brown

1. **Taxpayers are no doubt demanding accountability. Next to the Department of Defense (DOD), the Department of Homeland Security (DHS) is largest federal department that still has yet to pass an unqualified financial audit. DOD has continually set deadlines to be audit ready, just to break it later and set a new deadline, currently 2017. DHS recently failed its most recent audit.**

**a. What is DHS's deadline for being audit ready?**

DHS has a strong commitment to strengthening Department-wide financial management. The results of the FY 2010 financial annual audit demonstrated steady progress toward sound financial results. The Department has reduced the number of material weakness conditions over financial reporting by half since FY 2005 and is making progress to overcome just one remaining disclaimer condition in order to get an audit opinion on the balance sheet. To demonstrate our continued commitment, the Department is focused on obtaining a qualified audit opinion on its FY 2011 Consolidated Balance Sheet and Statement of Custodial Activity.

DHS has formalized Department-wide uniform processes and procedures to strengthen accounting and financial reporting. Each year, we publish the DHS Component Requirements Guide, which provides standard financial reporting processes. In addition, we provide the DHS Internal Control Playbook, the annual plan to design and implement Department-wide internal controls to support the DHS mission. We also provide Department-wide policy on a range of topics through the online Financial Management Policy Manual and use cross-component working groups to address financial management and business process challenges.

**b. What is the biggest problem preventing an unqualified audit? A lack of uniform processes and procedures across the Department? Delays in implementing new financial management systems?**

The disclaimer of opinion is largely due to material weaknesses in financial reporting processes at the U.S. Coast Guard. To obtain a qualified opinion, the Coast Guard needs to provide assurance that all balance sheet items (except Property, Plant and Equipment, Environmental Liabilities) are accurate for FY 2011. We are working closely with the Coast Guard and enjoy the full support of the Commandant and the entire Coast Guard leadership on this matter.

**c. How will the most recent delays and restructuring of DHS's financial management system (TASC) affect the Department's progress towards an audit?**

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DHS is executing plans to obtain a qualified opinion on the Consolidated Balance Sheet and Statement of Custodial Activity without TASC. Recent delays will not affect our 2011 audit progress. The Department is implementing mitigating controls for system deficiencies to achieve the qualified audit opinion. As DHS moves toward a full-scope financial statement audit, sustaining the conditions necessary to obtain an unqualified opinion will be challenging without modernizing systems in those Components with material weaknesses in the systems security and functionality areas.

2. **The Government Accountability Office (GAO) has continually mentioned the ongoing human capital management challenges at the Federal Protective Service (FPS), both in its High-Risk report and other independent investigations. Recently, a contracted FPS security officer at a Detroit Federal Building left a package in a lost and found area for 3 weeks before it was eventually discovered to contain explosive materials. This is beyond alarming and highlights some significant problems at FPS. What is your responsibility in addressing these weaknesses at FPS and what actions have you taken in response to the Detroit incident?**

As you know, the Federal Protective Service (FPS) has a federal force of approximately 1,500 employees and approximately 15,000 contractors. Following the Detroit incident, FPS began a review of the full facts of what occurred, and is determining any appropriate contractual actions that should be taken against the company who provides the guard force for the facility.

I have directed the Chief Procurement Officer to ensure that any necessary remedial action is taken to address this matter. More broadly, FPS is taking a variety of actions with both the federal and contractor workforces to ensure similar situations do not occur elsewhere. For example, FPS is reaching out to each contractor that provides protective security offices to ensure that contractual requirements and training are provided.

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Questions for the Record from Senator John McCain

1. **The Government Accountability Office (GAO) recently released a report entitled “Preliminary Observations on Border Control Measures for the Southwest Border.” It states the Border Patrol only has “operational control” of 44 percent of the southern border, and of that only 15 percent is “air tight.” The report states, “As of February 2011 CBP did not have an estimate of the time and efforts that are needed to secure the southwest border as it transitions to a new methodology for measuring border security.” As the Under Secretary for Management, how would you ensure that CBP is able to prepare such an estimate and report to Congress on this needs assessment?**

As the Under Secretary for Management, my performance, analysis, and evaluation staff are helping to guide CBP and the Department through the transition to a new methodology to measure border security. My priority is to ensure that the relationship between resource requirements and performance outcomes is clear. It is also important to be objective and transparent about assumptions, methods, and results.

2. **As you well know, SBInet was a complete failure that wasted \$780 million in taxpayer money and resulted in only 53 miles of coverage by a “virtual fence.” The Department is now embarking on a plan to spend \$750 million to procure new technology to secure the Arizona-Mexico border.**

**a. Will such procurements be done using fixed price contracts competitively bid?**

Yes, it is our intent to purchase all technologies competitively using firm-fixed price contracts. The Chief Procurement Officer (OCPO) and Chief Information Officer (CIO) are working closely with CBP’s acquisition, and IT staff and acquisition strategies are being developed for the new technologies. Based on preliminary market research, we believe the technologies are commercially available.

**b. The GAO found that a lack of robust oversight, compliance with all applicable acquisition rules, defined milestones and staffing all lead to cost and schedule overruns and performance risks. What measures do you have in place now to ensure we won’t see this new procurement doesn’t suffer the same fate at SBInet?**

SBInet was procured before the Department had an acquisition framework in place. Since January, 2010, DHS has implemented a framework that all components are required to adhere to. I am pleased to report that CBP is adhering to all required Departmental acquisition program management policies and procedures. The DHS framework provides a template for planning and executing acquisitions; incorporates

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proven acquisition practices for program management, systems engineering, contracting, sustainability and support, test, and evaluation. Further, the strategy incorporates critical steps for requirements-planning and resourcing.

One of the CBP Commissioner's priorities is to establish better governance of its acquisition efforts, including the integration of its technology with CBP's missions and goals. On July 9, 2010, CBP established the Office of Technology Innovation and Acquisition (OTIA) to ensure this priority is achieved. Among other things, this office is responsible for strengthening CBP's expertise and effectiveness in acquisition and program management. The Assistant Commissioner for OTIA also serves as the Component Acquisition Executive (CAE) and is the single responsible official within CBP to ensure acquisition programs comply with DHS and CBP regulations and policies.

With respect to CBP's current approach, CBP will adhere to the reviews and decisions made by the Department's Acquisition Review Board throughout the acquisition life cycle of any planned investment. In between the ARBs, program managers will be required to brief CBP leadership on a biannual basis to report progress against established acquisition baseline thresholds and objectives, and identify any pertinent risks. Additionally, an Executive Steering Committee (ESC) will be established to provide guidance, oversight, and support throughout the lifecycle of the program.

Finally, CBP will seek to acquire proven technologies to help control cost, schedule, and performance risks. Once the new technologies are received, they will undergo an operational assessment by the Border Patrol to ensure the needs-identified as part of the re-assessment of SBInet-are being met along the Arizona border.

- 3. Since the creation of DHS, it has relied on contractors for support services and other inherently governmental functions. Recently DHS has made the reduction of contractor labor a priority as part of a balanced workforce strategy.**
- a. What has been the total reduction of contractor labor at DHS over the course of the past year? What is the current percentage of full term employees versus contractors?**

Presently, the Administration does not have a reliable method to capture the total number of contract workers. In November 2010, OMB issued a policy memorandum requiring agencies to compile an inventory of service contractors. We expect to obtain a viable number for contractor work-year equivalents when the OMB process, which will require contractors to provide actual numbers of contract workers, is fully in place later in 2011.

From fiscal year 2009 to fiscal year 2010, DHS reduced spending on professional services contracts by 11 percent, or \$420 million. The Department's fiscal year 2012 budget request includes an additional \$106 million in cuts to professional services

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contracts across the Department. As of March 26, 2011, the total DHS federal full-time employee workforce numbered approximately 221,000 people, including USCG active duty military personnel.

**b. What will be the estimated cost savings to DHS as a result of further reductions in contracted services this year?**

Currently, DHS estimates FY 2011 savings will be approximately \$57,055,000.

