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Testimony before the Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia on "One DHS, One Mission: Efforts to Improve Management Integration at DHS"

December 15, 2009

Chairman Akaka, Ranking Member Voinovich, and members of the subcommittee, thank you for this opportunity to discuss DHS, our mission, and the efforts to improve management integration. Significant management challenges exist as the Department of Homeland Security (DHS) continues to integrate its varied management processes, policies, and systems in areas such as financial management, human capital investments, and information technology consolidation. However, we have made significant progress and have put important plans in place.

The work done by the Management Directorate enables the Department to achieve its mission by ensuring that Offices and Components perform as an integrated, cohesive unit that guards against terrorism; secures our borders; enforces our immigration laws; improves our readiness for, response to, and recovery from disasters; and unifies the Department so that we can even more effectively carry out our mission.

Our directorate has four strategic objectives:

- **Provide Structure** – Strengthen unified organizational governance to enhance department-wide communication, decision making and oversight.

- **Optimize Processes and Systems** – Integrate functional operations to facilitate cross-Component synergies and streamline coordination ensuring reliable and efficient support of mission objectives.

- **Foster Leadership** – Adhere to the core values and guiding principles of DHS in performing duties, effecting progress and leading with commitment for the mission.

- **Leverage Culture** – Leverage the benefits of commonalities and differences across Components to promote cooperative intra- and inter-agency networks and implement best practices.

Six years since the Department's creation, our goal is simple: one DHS, one enterprise, a shared vision, with integrated results-based operations. Under Secretary Napolitano's leadership, the Department has taken numerous actions to achieve this goal.

- To trim costs, streamline operations, eliminate duplication, and better manage resources across the Department, Secretary Napolitano launched a Department-wide efficiency review. This effort includes more than two dozen initiatives that will increase efficiency and save taxpayers millions of dollars.

- To ensure that all Department employees operate with the highest ethical standards, Secretary Napolitano directed every incoming employee to receive a personal and comprehensive ethics briefing by the chief ethics officer.

- To increase the capacity of the Department's workforce, Secretary Napolitano issued an action directive requiring cross-component employee rotation and mentoring opportunities.

- To develop strategies to unify the Department's policymaking, enhance inter-component communication and analysis, the Department launched the first-ever Quadrennial Homeland Security Review.

Over the past six years, DHS has made significant progress in management integration with many milestones planned for the months ahead.

Acquisition and Procurement

In March 2003 when the Department was stood up, there were seven contracting activities supporting legacy components. As the quantity and complexity of programs supporting DHS missions continued to increase, the need to evolve and establish additional functions within the Office of the Chief Procurement Officer (OCPO) became necessary. In FY 2008, we established two new divisions to support critical acquisition functions; the Acquisition Program Management Directorate (APMD) and the Cost Analysis Division (CAD). APMD and CAD provide essential competencies that are core to the infrastructure of the Department's acquisition program.

In November 2008, we released an interim acquisition management directive and associated guidebook, Directive 102-01. The interim directive established a revised acquisition review process, including roles and responsibilities of DHS-approving authorities, threshold levels for acquisition, acquisition decision events, and required supporting documentation. The directive established the Acquisition Review Board (ARB) as the Department's highest review body charged with reviewing and approving all programs at key acquisition decision events that are greater than $300 million in life cycle costs.

In FY 2009, the Deputy Secretary chaired 16 major ARBs; the USM chaired 4 major ARBs as well as 8 smaller ARBs including oversight of *American Recovery and Reinvestment Act (ARRA) of 2009* initiatives; and the CPO chaired 2 service contract ARBs. The Department also completed seven portfolio reviews, which augment the ARB process by providing executive-level governance support to Component and Departmental leadership.

I approved the implementation phase for the next Generation Periodic Reporting System (nPRS) on May 6, 2009. After a rigorous data cleansing effort, nPRS successfully met the requirements established under the implementation phase.

We recognize that a successful acquisition program is more than policy and oversight—it requires a talented workforce. We are focused on improving our ability to attract and retain needed resources.

In FY 2009, we successfully hired and placed 52 individuals in the Acquisition Professional Career Program, for a total of 100 participants. The Department increased the size of the contracting and procurement workforce, experiencing a net gain of 129 contracting professionals from 1,152 in FY 2008 to 1,281 in FY 2009. We increased the number of Program Manager certifications issued by 694 from 1,083 through FY 2008 to 1,777 through FY 2009. We also increased the number of Contracting Officers Technical Representative (COTR) certifications issued by 2,116 (from 6,243 to 8,359).

Human Capital

We have also developed a results-oriented strategic human capital plan.

Representatives from across the Department are actively engaged to foster integrated and collaborative Department-wide human capital planning and execution to achieve desired results. Our human capital governance bodies include:

The Executive Steering Committee (ESC) is a committee of Headquarters and Component senior leadership engaged in developing and executing HR strategic direction and business objectives to optimize support for mission priorities. I serve as the committee Chair of the ESC, which meets two times a year.

The Human Capital Leadership Council (HCLC) is a Department-wide council of human capital and development executives that collaborate to meet the Department-wide human capital program priorities and strategic direction established by the ESC. Meeting at least quarterly, and chaired by the Chief Human Capital Officer (CHCO), the HCLC provides direction and resources to the Sub Councils and monitors progress made on the Implementation Plan.

There are three HCLC Sub Councils—the Human Resources Council, the Training Leaders Council, and the Service Excellence Council—which develop policy and programs and optimize structure, processes, and systems to support HCLC strategic and business direction. These Sub Councils are inclusive of the Department's senior leadership and subject matter experts in the functional areas of human capital, learning and development, and service excellence. Each Sub Council is chaired by the corresponding OCHCO executive and meets monthly. The HCLC and Sub Councils contribute to implementing near-term actions outlined in the Implementation Plan and share information, performance indices, and leading practices to serve all DHS. .

Financial Management

To improve our financial management processes, the Department is working to make measurable, demonstrable progress in the development and implementation of long-term plans.

Our Financial Management Community has many initiatives underway to continue to build the 'One DHS' culture, including our commitment to strengthening internal controls and realigning business processes for improved efficiencies and effectiveness.

DHS established financial reporting working groups to uniformly address financial management and business process challenges. In addition, DHS improved a "Component Requirements Guide" that contains approximately 40 standard financial reporting processes. We are moving forward with a financial system modernization effort to improve the quality of and control over DHS financial data, make the financial accounting process more efficient throughout DHS, and reinforce standard business and financial management practices.

We issued the Financial Management Policy Manual this year, which is designed to ensure DHS maintains efficient and transparent operations and our resources are not vulnerable to waste, fraud, and mismanagement.

Components completed the Department's multi-year plan to implement OMB Circular No. A-123, Managements Responsibility for Internal Control, reducing the number of Component conditions that contributed to our material weaknesses in internal controls over financial reporting by more than half. In addition, we completed an assessment of processes that provide internal control over the Balance Sheet and Statement of Custodial Activity.

Information Technology

In March 2003, the IT infrastructure included multiple Wide Area Networks, each with its own Network Operations Center (NOC) and Security Operations Centers (SOC), that had overlapping and redundant system circuitry. We have made progress in consolidating data centers, reducing

the number of independently operated e-mail systems and address lists, and streamlining help desk services; we have achieved a more unified network structure and information exchange across the Department, decreasing costs and improving our ability to operate. We are unifying, consolidating and modernizing. However, we recognize that a successful information technology program is more than connecting servers and running cables – it's also good program management and oversight.

To strengthen acquisition and IT investment management, DHS established the Acquisition Program Management Division (APMD) within the Office of the Chief Procurement Officer and assigned it responsibility for developing and maintaining the Department's acquisition policy.

We also ensure our IT programs are developed in accordance with OMB Federal Enterprise Architecture guidelines through our Enterprise Architecture Board (EAB), which assesses the alignment of IT programs to the Homeland Security mission

In a continuing effort to improve overall IT investment management, the Office of the Chief Information Officer (OCIO) has successfully implemented several key governance processes over the past year. These include the IT Acquisition Review (ITAR), IT Budget Review, and IT portfolio management.

DHS achieved 96 percent Federal Information Security Management Act (FISMA) compliance at the Department level for FY 2009. This includes 93 percent compliance for Certification and Accreditation and tracking and managing the closure of approximately 10,000 security weaknesses. Near real-time visibility was implemented for Security Metrics, as well as daily delivery of Information Security FISMA Reports to Components, resulting in more effective and timely management of more than 9,700 information security weaknesses.

Headquarters Consolidation

The DHS Consolidated Headquarters at St. Elizabeths will serve as the center for leadership activities, operations coordination, policy, and program management in support of the

department's mission execution functions and strategic goals. Consolidating the DHS headquarters will increase effectiveness and efficiency, enhance communication, and foster a "One-DHS" culture that will optimize department-wide prevention, response and recovery capabilities. St. Elizabeths will be a model for economic development and coordination between the federal government, the district government, private industry and the community.

Secretary Napolitano and General Services Administration (GSA) Acting Administrator Paul Prouty held a ceremonial groundbreaking in September to commence consolidation of a new DHS headquarters at the St. Elizabeths Campus. DHS currently operates in more than 46 locations around the National Capital Region. The headquarters consolidation initiative expects to realize more than $700 million in net present value savings over 30 years as compared to renewing leases individually.

INTEGRATION STRATEGY

Working with the Office of Management and Budget (OMB) and the Government Accountability Office (GAO), we created a DHS Integrated Strategy for High Risk Management. The strategy contains a corrective action plan that acknowledges the risks identified by the GAO and outlines a transformation framework and introduces the methods by which the Department will continue to seek improved performance across functional operations and administration.

Each high risk area has an assigned Department-level lead executive responsible for overseeing the initiatives cited in the plan and for ensuring cross-organizational integration, required periodic reporting, measurements, and measures. Many of the initiatives also identify supporting organizations which will participate in the necessary cross-functional activities encompassed in the initiatives.

In addition to updating the Integrated Strategy, we are in the process of developing a detailed, measurable management integration plan similar to that which GAO recommends in its latest draft report "Actions Taken Toward DHS Management Integration, But a Comprehensive Strategy is Still Needed." The plan will further develop the actions and milestones necessary to

accomplish the DHS management integration. We expect to complete this plan by the end of the calendar year and provide a copy to you.

Thank you, Mr. Chairman and members of the subcommittee for your interest in and continued support of DHS management programs. Thank you for the opportunity to testify before the subcommittee about the DHS acquisition program. I am glad to answer any questions you or the members of the subcommittee may have.