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**HEARING: “The Department of Homeland Security at 10 years: A Progress Report on Management”**

WASHINGTON – *Today, Senate Homeland Security and Governmental Affairs Committee Chairman Tom Carper (D-Del.) convened the hearing, “The Department of Homeland Security at 10 years: A Progress Report on Management.” Chairman Carper’s opening statement, as prepared for delivery, follows:*

“At the beginning of each Congress, the Government Accountability Office (GAO) issues its report on ‘High Risk’ government operations that leave the government exposed to waste, fraud and abuse, or which pose management challenges that threaten crucial government services. I have always considered this list as a ‘to do’ list for Congress, and GAO’s updated High Risk list will heavily influence our Committee’s governmental affairs agenda for this Congress.

“We also have just marked the 10th anniversary of the date on which the Department of Homeland Security officially opened its doors. We plan to mark this milestone throughout the year by holding a series of hearings intended to take stock of how far the Department has come in maturing, how well it is doing in executing its core missions, and how we can help them do even better.

“This hearing fits into both of the broad categories that make up this committee’s jurisdiction. First, from a governmental affairs perspective, the Department of Homeland Security’s management challenges appear again on GAO’s High Risk list, although GAO readily acknowledges that progress is being made. Like other agencies across the federal government, the Department has grappled in recent years with a number of issues related to acquisition, to financial management, and to human capital, among others. Unlike some of those other agencies, though, DHS is moving the needle.

“As we all know, sound and effective management practices are, of course, critical to the Department’s ability to carry out all of its homeland security responsibilities, whether we’re talking about cybersecurity, border protection, disaster response, or any of its other missions. As we look back on the past decade I think it is important to remember the circumstances in which the Department was stood up. The Homeland Security Act passed by Congress to create the Department was signed into law on November 25, 2002. The Department opened its doors on March 1, 2003. So in just over 4 months, 22 different agencies from across the government with

different cultures and different management practices and philosophies were merged into the new Department.

“In those early days at the Department, the focus of both the Administration and Congress was on moving quickly to prevent another 9/11-type attack on the homeland. Management took a backseat to those efforts. Former Department of Homeland Security Inspector General Richard Skinner, who is here again today as a witness, confirmed this fact when he testified before our Committee last year that the management foundation of the Department really got shortchanged in those early days. It has taken years to dig out of the hole that the initial lack of a strong management foundation left.

“That said, I want to give credit where credit is due. GAO’s most recent report confirms that there has been considerable progress at the Department in integrating the components that were folded into it, and in strengthening the Department-level management that overlay the components. The latest High Risk report is good news, because GAO acknowledges this progress and has narrowed the areas that remain on the High Risk list.

“The Department also deserves credit for its detailed, aggressive plan to address all of GAO’s concerns in its High Risk report, which I believe is unique among all the agencies on the High Risk list. I want to briefly review some of the major improvements to management at the Department of Homeland Security. In doing so, I would agree with GAO that the committed leadership at DHS has been critical to driving progress in these areas.

“The Department is on the doorstep of having a clean financial audit for the first time. Last year, the Department was able to get its financial systems in good enough order to attempt a full financial audit. That was a major milestone. That leaves the important goal of now passing a financial audit. And I know that the Secretary, the Deputy Secretary and their team are prepared to make the final push to earn a completely clean audit. If they are successful, this will be a major achievement.

“When the Department was stood up 10 years ago, there was no framework for accountability. There was also no guidance on which responsibilities lay with headquarters, and which responsibilities lay with the various components that made up the Department. Whenever that kind of Wild West environment in government exists, there is sure to be a lot of wasteful spending and inefficiency. Now, the Department has made clear who is in charge of what. This new, more disciplined environment will better enable the Department to control costs at the various components and better ensure that all of them operate as a more cohesive, effective and accountable agency.

“The Department used to have an abysmal record when it came to awarding contracts without competition. But departmental leadership has been aggressive in turning that record around. Just last month, a report from the Office of Inspector General showed that spending on noncompetitive contracts in fiscal year 2012 fell by about 89 percent from fiscal year 2008 levels. That means about \$3 billion in contract dollars that were previously spent without competition are now being spent in a manner that gets better value for taxpayer dollars. And the

Department, as government-wide procurement data shows, actually has a better record on competing contracts now than most major agencies.

“The Department has also revamped its processes for identifying technological solutions at the border. The Department has moved away from the SBInet model, which was a mega-contract to a single company to build a ‘virtual fence’ across the Southern border. It was an effort that went forward without the necessary work to identify what the Border Patrol really needed. As a result, it quickly became cost prohibitive and did not deliver the capabilities promised. The Department has now implemented a more rigorous process to identify needs sector by sector along the border, and where possible is using commercially-available technology to drive down costs and enable our Border Patrol agents to become more effective.

“In the area of information technology, the Department is now at the forefront of the federal government’s efforts to consolidate data centers and move services to the cloud. These efforts save money and enable the Department’s employees to achieve better results.

“Finally, there is no doubt that the response to Hurricane Sandy shows how much FEMA has improved since Hurricane Katrina struck the Gulf region in 2005. Simply put, this improvement would not have been possible without better management. For example, when Katrina hit, FEMA did not have necessary contracts in place to get needed assistance to victims in a timely manner. When Sandy hit, seven years later, FEMA was prepared, and as a result there is a dramatic reduction in no-bid contracts compared to the Katrina response.

“These are all significant accomplishments, and our witnesses will discuss other examples today. But I don’t want to white-wash the serious, remaining challenges with DHS management that remain on the High Risk list. The Department still has work to do, as both Comptroller General Dodaro and Deputy Secretary Lute will discuss today. As I like to say, the road to improvement is always under construction. For example, the Department still does not have a comprehensive financial management system that gives the Secretary real-time visibility over the spending of the 22 Department components. The workforce morale at DHS remains the lowest of all major departments. Many major acquisitions have exceeded cost estimates or fall short of promised performance.

“This hearing also provides a timely opportunity to discuss the possible impact of the Fiscal Year 2013 full year Continuing Resolution on the Department. I am concerned about the \$20 million cut that DHS management and the Secretary's office would take under the bill, and I want to hear from our witnesses today about the likely impact of those cuts. I am also concerned that the level of funding for consolidation of the department at St. Elizabeth’s is insufficient to support the next phases, which could bring leadership and operations centers to one location – and realize efficiencies and effectiveness.

“Both the Administration and Congress need to work together to resolve these remaining High Risk areas, and we will. I welcome our witnesses today and look forward to working with you and the dedicated people you lead so that in two years when GAO releases its High Risk list, management challenges facing the Department of Homeland Security are off the list making our nation more secure and putting our finances in better shape, as well.”