



TESTIMONY OF
The Honorable Rafael Borrás
Under Secretary for Management
U.S. Department of Homeland Security

Before the
U.S. House of Representatives
House Committee on Homeland Security
Subcommittee on Emergency Preparedness, Response, and Communications
and Subcommittee on Cybersecurity, Infrastructure Protection and Security
Technologies

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Cannon House Office Building

Chairman Bilirakis, Chairman Lungren, Ranking Member Richardson, Ranking Member Clarke, and other distinguished members of the Committees, I thank you for the opportunity to appear before you today.

As Chief Acquisition Officer, I oversee the policies, processes and procedures used to acquire and oversee over \$18 billion in goods and services each year. During my tenure, I have focused significant attention on improving the analysis and rigor for all phases of the acquisition life cycle, from the requirements-development phase through implementation. This includes applying a more disciplined approach and requiring more detailed analysis before authorizing programs to proceed to the next phase of the life cycle. Historically, we have sometimes let urgency outweigh prudence when making investment decisions. This has sometimes resulted in well documented programmatic failures.

When I first arrived at DHS over two years ago, the organization was in the process of strengthening its acquisition policies and procedures. I directed our program management function to ensure any new procedures be steeped in established management principles and balance risk mitigation with the need for rapid deployment. I wanted an oversight process with clear and logical approval “gateposts” and business intelligence which could “flag” programs that were off track. Finally, I asked that risk be a significant factor at all acquisition decision events, especially at the planning phase when strategies are developed. While the preference is to seek “existing” technologies, I understand the Department’s mission may sometimes require development of higher risk, emerging technology.

In the past year, we have solidified a vast majority of our policies and procedures and worked with each Component so they understand the rigor expected for all new programs. For some existing programs that were not subject to the rigors of our new policies and procedures, we asked that they provide additional documentation before they could proceed to the next phase of implementation.

Today, I am here to discuss how the Management Directorate is supporting the success of the BioWatch program and how our maturing acquisition and oversight procedures are minimizing risk.

BioWatch Gen-3 Investment and Acquisition Oversight Activities

Dr. Garza provides a detailed description of the history and objectives for the BioWatch program. I will, therefore, not repeat this information to the committee. It is clear that the program has a long history and its opportunity for success relies both on emerging technology and well-coordinated partnerships with industry, other federal agencies and state/local governments. The technical requirements for this technology are complex and I am pleased that our Science and Technology (S&T) Directorate is working closely with the Office of Health Affairs (OHA) on the technical strategy for the third generation (Gen-3).

As indicated by Dr. Garza, there have been some schedule delays in the acquisition of Gen-3 technology for the BioWatch program because earlier generations were governed by outdated,

less rigorous standards. I am confident that our technical, acquisition and oversight environments are sufficiently settled so future generations of BioWatch equipment will be well supported.

S&T is in a unique position to evaluate new and emerging technologies against capability gaps, which will increase technological expertise and assist the Department in making better technology “buy” decisions. S&T and OHA are working closely to pursue this highly specialized detection technology while the Office of Program Accountability and Risk Management (PARM), which reports directly to me, is positioned to offer high quality acquisition management support.

In October 2009, the Deputy Secretary led an Acquisition Review Board to review its Phase 1 testing, which resulted in authorization for the program to proceed; however, OHA was required to provide a quarterly report to the Deputy Secretary and to my predecessor. The July 2010, program review examined initial performance of the BioWatch Gen-3 Assay Evaluation Test and resulted in the authorization to execute the remainder of the BioWatch Gen-3 Phase 1 test events.

I conducted program reviews of BioWatch in December 2010, April 2011, and August 2012.

The first Acquisition Review Board was a program review focused on challenges with BioWatch Gen-3 testing, which highlighted vendor failure during Phase I testing. The April 2011 review focused on the constraints of testing due to the testing environment in Chicago. All work under the BioWatch Gen-3 Phase I testing contract was completed at a cost of about \$50 million.

These reviews resulted in additional requirements for the BioWatch Gen-3 Program, including: the development of an acquisition plan; the completion of program planning through

development of a lifecycle cost estimate; the creation of a concept of operations; and the creation of an integrated logistics support plan. All of these requirements were conditions precedent to the program progressing to its next acquisition milestone.

In February 2012, the program requested I convene an ARB to obtain approval to release the BioWatch Gen-3 Phase II performance testing solicitation. Since the program had not completed the conditions set forth in prior program reviews, the BioWatch Gen-3 request was denied. Both the Program Management and Cost Estimating COEs worked with BioWatch Gen-3 on program and cost challenges to assist them in getting ready for this milestone. OHA submitted the required acquisition documentation for the program to the Department for review in July 2012.

The BioWatch program presents challenging acquisition issues under the most optimal circumstances, but this form of acquisition is not unique. There are no current, active procurements for BioWatch Gen-3. The first and second generations are in the operations and maintenance phase – and were prior to my tenure – while third generation technology is within the acquisition lifecycle and is currently working through technology demonstration and planning. As chair of the Acquisition Review Board, I will continue to monitor the progress of the program and will not allow Gen-3 to proceed unless it is meeting actions from the ADM.

I directed the BioWatch program to refine the developmental and operational test and evaluation sub-phases earlier this month based partially on the findings from a study conducted by the Government Accountability Office (GAO) and an independent assessment commissioned by the Secretary and carried out by the Homeland Security Studies and Analysis Institute (HSSAI). I

granted contingent approval to release two competitive solicitations. The first is to conduct an Analysis of Alternatives (AoA) and the second to conduct system performance testing. This is contingent upon the Chief Procurement Officer's approval of the Acquisition Plan and the Acquisition Review Board's approval of a Gen-3 Integrated Master Schedule. Prior to the award of the BioWatch Gen-3 performance testing contract, the program must be reviewed again by the ARB to determine if the program is able to meet the revised targets in the program plan.

Conclusion

DHS has worked diligently to improve its acquisition processes and these efforts have produced more effective governance and significant improvements to future and current acquisitions. The BioWatch program is an example of the successful application of the Department's improved acquisition oversight process. The program has accepted feedback from the Department and been open to revising strategies to ensure that risk is balanced against benefits. I will continue to evaluate the risk of this program in my role as the Department's Chief Acquisition Officer and will only provide authorization to proceed when pre-established criteria are met.

While there is still much work to do, the Department has made significant strides to improve acquisition and investment management for the Department's portfolio of major programs. I believe we are making progress to shifting the paradigm so investment decisions are more empirically driven and there is qualified technical expertise to support program managers at each phase of the life cycle.