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NOMINATION OF ELAINE C. DUKE

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

ON THE

NOMINATION OF ELAINE C. DUKE TO BE UNDER SECRETARY FOR MANAGEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY

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CONTENTS

	Page
Opening statements:	
Senator Akaka	1
Prepared statements:	
Senator Lieberman	13
Senator Voinovich	14

WITNESS

FRIDAY, JUNE 20, 2008

Elaine C. Duke to be Under Secretary for Management, U.S. Department of Homeland Security:	
Testimony	3
Prepared statement	15
Biographical and professional information	18
Letter from U.S. Office of Government Ethics	30
Responses to pre-hearing questions	31
Responses to post-hearing questions	77

NOMINATION OF ELAINE C. DUKE

WEDNESDAY, JUNE 20, 2008

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

The Committee met, pursuant to notice, at 10:07 a.m., in room 342, Dirksen Senate Office Building, Hon. Daniel K. Akaka, presiding.

Present: Senator Akaka.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. This hearing will come to order. Aloha, good morning, and welcome to all of you.

Today, the Committee on Homeland Security and Governmental Affairs meets to consider the nomination of Elaine Duke to be Under Secretary for Management at the Department of Homeland Security (DHS).

Ms. Duke is a native of Ohio and a graduate of Southern New Hampshire University, but most importantly, she received her M.B.A. from Chaminade University in Honolulu. So let me say aloha pumehana to you and congratulations, Ms. Duke, on your nomination.

Ms. Duke has over 25 years of experience in Federal service. Most recently, she has served as Deputy Under Secretary for Management at the Department of Homeland Security, and prior to that as Chief Procurement Officer for the Department. I would also like to point out that she spent a considerable part of her career serving in Hawaii, first at Hickam Air Force Base and subsequently at Pearl Harbor Naval Shipyard. The depth of her experience is extraordinary and the Nation is grateful for your service.

As you know, implementing and transforming the Department of Homeland Security has been on the Government Accountability Office's high-risk list since 2003. I believe that DHS represents the most serious management challenge in the Federal Government today. That concern, shared also by Senator Voinovich, is one reason why we introduced "The Effective Homeland Security Management Act," known as S. 547, which would establish a Deputy Secretary of Homeland Security for Management with a term appointment. We have not yet succeeded in that important goal, but we were able to strengthen your management authority by designating your position as the Chief Management Officer for DHS.

I want to also commend Ms. Duke and her accomplishments over the course of her tenure as the Department's Chief Procurement

Officer. Already, you have made significant progress in integrating procurement operations across the Department, and equally important, you have recruited new acquisition workforce talent through the Acquisition Professional Career Program. I understand that the intern program is working and some of the first acquisition interns are attending this hearing today. I want to extend my welcome also to them. Just having you here makes me feel happy and great. I want to congratulate you on being selected for this challenging program and thank you for your service to this country. This is a program that we need to expand.

However, I remain concerned about the Department's heavy reliance on outside contractors. As you know, the Department does not know how many contractors it currently employs or in what capacity. DHS still struggles to provide sufficient project management and oversight, particularly with large acquisitions, such as SBInet. I look forward to working closely with you to ensure DHS improves its acquisition and builds up its workforce, and I am glad to see that you are focused on that issue, as well.

Ms. Duke, I appreciate your work to make sound management practices a priority at DHS. The Department has done an admirable job in assessing the critical skills of its workforce and developing succession plans for the upcoming presidential transition. This was not an easy task and continues to be a work in progress. But the Department is to be commended for the attention it has shown to the importance of strategic planning and comprehensive workforce assessment.

In addition to the short-term transition planning, DHS has a long-term workforce challenge as baby boomers retire. DHS must attract the next generation of employees equally committed to the Department's mission and with the needed skills. Veterans preference, diversity, and collaboration with unions and employee organizations must be cornerstones of the strategy. In looking at the interns that are present here, I would tell you, as far as diversity is concerned, that program certainly is meeting the criteria. I am pleased that during your staff interview, you emphasized your dedication to diversity recruitment, and it shows. So I look forward to hearing more about your plans today.

A key element of the Department's recruitment and retention strategy must be improving employee morale. Past Federal Human Capital Surveys have highlighted systemwide employee problems at DHS that must be addressed. As Under Secretary for Management, your duty is to be the voice for strategic human capital management and to ensure that workforce needs are met. I look forward to working with you in this effort.

I am also pleased that you are willing to continue serving at DHS through the presidential transition. As the transition draws closer, continuity of leadership is increasingly important. Your long career of civil service will provide you the credibility you need through the transition, and your management experience will be valuable to keeping the Department focused on its mission. If confirmed, I would certainly hope that the next Administration would consider keeping you in your position.

Again, I look forward to working closely with you, and as they say in Hawaii, my door will be open to you, to people who work

with you, and to DHS, as well. And so I thank you very much, and again, congratulations. What I witness here today, for me, is such a great improvement and it looks good for the future.

I want to thank you very much for being here, Ms. Duke. I would like for you, for the record, to introduce your family.

TESTIMONY OF ELAINE C. DUKE,[1] TO BE UNDER SECRETARY FOR MANAGEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY

Ms. DUKE. Thank you, Mr. Chairman. It is a privilege to be here before you as you consider my presidential nomination to be the next Under Secretary for Management at the Department of Homeland Security. I have with me here today my husband, Harold Hanson, and my son, Jason. My older son, Brian, is not able to be with us, but all three of them have been so supportive throughout my career and I thank them this morning.

I am deeply honored that President Bush has nominated me to serve this great country and its people in this capacity. I am grateful to Secretary Chertoff and Deputy Secretary Schneider for all the support they have given me to date.

I would like to thank this Committee and your staff for the thoughtful oversight of the Department of Homeland Security and your great willingness to work with the Department so effectively in protecting our country. If confirmed, I commit that I will continue to work with you and your Committee, other government departments and agencies, businesses large and small, and the public to protect the homeland for present and future generations.

I would also like to acknowledge and extend my appreciation to the management staff, many of whom are with me here today, and a special thank you to the first class of the DHS Acquisition Professional Career Program interns here today. They are our future, and I am very proud to serve with them.

I consider the Under Secretary for Management a critical position in the Department of Homeland Security and am humbled that I am being considered for it. I recognize that this country will count on the Under Secretary for Management to ensure continuity of mission critical functions through the upcoming change of Administration. I believe that my proven ability to successfully lead, manage, and perform the functions of the Department business lines has demonstrated I have the skill set and experience to meet the challenges of this considerable responsibility. Should I be confirmed, I will bring my passion for good government with me to this new position.

Thank you very much for this opportunity to appear here today, and I am happy to answer your questions, Mr. Chairman.

Senator AKAKA. Well, thank you very much, Ms. Duke. I am sure you know now that our Committee rules require that all witnesses be under oath, and therefore I ask that you stand and raise your right hand.

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

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[1] The prepared statement of Ms. Duke appears in the Appendix on page 15.

Ms. DUKE. I do.

Senator AKAKA. Thank you very much. Let the record note that the witness responded in the affirmative.

Again, I want to welcome you here. You have filed responses to a biographical and financial questionnaire, answered pre-hearing questions submitted by the Committee, and had your financial statements reviewed by the Office of Government Ethics. Without objection, this information will be made a part of the hearing record, with the exception of the financial data, which are on file and available for public inspection in the Committee offices.[1]

I again thank you for being here and for introducing your family, as well. I want to tell you that besides being happy to have you here, I can see that you have a lot of strong support with you, and certainly you know you have support from here, as well.

I will begin with the standard questions to you. 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?

Ms. DUKE. No, Mr. Chairman.

Senator AKAKA. 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?

Ms. DUKE. No, sir.

Senator AKAKA. 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?

Ms. DUKE. Yes, Mr. Chairman.

Senator AKAKA. Thank you very much for your responses.

Ms. Duke, one issue of great concern to the Oversight of Government Management, the Federal Workforce, and the District of Columbia Subcommittee that I chair is how to attract the next generation of Federal workers. You have demonstrated that already. I held a hearing in May on how to improve recruiting and hiring practices. Some of the concerns expressed at that hearing were agencies who are not taking advantage of e-recruitment tools; agency managers are not engaged in the recruitment process; the hiring process takes too long; there is a lack of communication in the recruitment and hiring process; candidates cannot just submit a resume and cover letter to apply for a position; and agencies need to invest more in human resource professionals. And again, I repeat this came out in that hearing.

I would appreciate it if you could give your assessment of these concerns and how you think DHS should meet this challenge.

Ms. DUKE. Yes, Mr. Chairman. I agree with you that human capital is our biggest challenge in management, both filling our existing vacancies and planning for succession in the future, since we do have a large portion of the Federal workforce retiring in the next 5 years. There are several approaches we need to take to this.

One is better recruiting from the colleges, universities, and also Department of Defense (DOD). We have looked at mid-career military leaving. It is a great way to not only attract people with won-

[1] The biographical information of Ms. Duke appears in the Appendix on page 18.

derful experience—the non-commissioned officers in the military have great leadership experience—but they also bring to us a diverse population who are also veterans, and that is something we are very much expanding this year, including building a partnership with Defense and going over to Germany where they are outprocessing the military coming out of Afghanistan and Iraq and working on placing them right out of DOD.

So we have started that, but one of the areas I want to work on, if confirmed, is doing it more centralized for DHS. Recruiting through colleges and Department of Defense is time-intensive, and we have to make sure that as we are recruiting, we are recruiting for the whole Department, not just pieces of it, so we can draw and attract more efficiently the new college graduates and separating veterans.

In terms of workforce, I believe within DHS we have a challenge in the Human Capital Office in terms of having the right number of people and the right skill set to do the human capital function. We have an increase in the President's budget for the Human Capital Office and this Committee has always been supportive and I would ask you for your continued support in that area.

The Human Capital Office has a huge role not only in leading the Department in human capital, but also doing the staffing for the 3,000 employees at headquarters, including many of the senior executives in the Department, and that is an area we really want to make sure we have our career senior executives in place. As you may know, we have nearly a 20-percent vacancy rate right now, and that is a near-term effort we are focusing on so that we can have those employees in place before the election in order to have a robust Senior Executive Service (SES) to help us better withstand the transition of our political employees.

Senator AKAKA. Thank you very much for that. I am glad you mentioned about veterans and the military. With that, of course, comes a little more maturity and experience that is brought to the workplace. Diversity, of course, is another thing that is needed.

Ms. Duke, you previously mentioned that, if confirmed, you would address employee concerns, especially those identified in the recent DHS employee survey about communications and performance management. Can you explain in greater detail what you understand employee concerns to be and what actions you would take to address them?

Ms. DUKE. One of the areas in performance that we improved on was employees understanding their performance plans, and I think in large part that has to do with moving more employees to the system that allows them to input into their performance appraisals and have clear standards linked to the strategic plan; this is done through the ePerformance tool that is online. We have about 20,000 employees now on that. So they can go online at any time and see their performance, the input of their supervisors and input themselves. So we have improved on clarity and understanding.

The areas that we, I will say, have the most challenge in is satisfaction with pay and appropriately dealing with poor performers. Our employees think that we don't effectively deal with poor performance in the workplace and we have to work on better distinguishing between good performers and good performers in rewards.

The other area related to your question is employees thinking they have a fair rating.

So what we are doing in this area is we did some looking at why this is the case and we did some focus groups with the leaders in DHS headquarters and found that we have some basic challenges in supervisors knowing how to supervise the Federal workforce. And so we are starting with, I will call it Supervision 101 training that we will have ready in about a month and actually making sure our supervisors know how to appropriately deal with good and poor performers in the workplace. Good performers—what type of awards and rewards are available for them to use so they can utilize them effectively. And in terms of poor performers, what actions should a supervisor take if an employee is either performing poorly or has conduct problems so that they actually do take those steps. That is one of the actions we are looking at, and I think that is going to be a good baseline.

We have changed our senior executives' performance plans to focus more on being a supervisor as one of their performance elements, everything from managing performance to ethics in leadership to managing diversity, and I think that letting our employees know, especially our most senior executives, that really is one of their key objectives, not just meeting the mission, is going to really set the tone for our Department.

Senator AKAKA. I authored a provision in the Post-Katrina Emergency Management Reform Act of 2006 establishing a Homeland Security Rotation Program for mid-level employees. I know the Department issued a directive on the program last year. I wonder if you are aware of it and if you could comment on how it is working.

Ms. DUKE. It is working, but in pockets right now, and it is something that we really should use as a more systemic tool for unifying the Department. Some of the areas it is working in is our formal programs. Our acquisition interns here today rotate through three components to complete their program. They spent a year in each of three components. Our fellows and our Executive Leadership Development Program all have rotational assignments.

But those are pockets of programs and not institutional. The way we are working on institutionalizing it is: The President issued an Executive Order last fall on the National Security Professional Program and we have identified all of our employees that are National Security Professionals at the mid-grades and upper grades. We are currently developing policies stating that to be selected in a senior executive position that is a national security position, which is virtually all of our senior executive positions, those employees would have to have either rotational experience or experience in a joint program. And I think that way, it is going to be not just these specialized programs that you are selected with, but really making the joint and/or the multiple agency experience a condition to be able to effectively lead the Department.

Where we are on that right now is we have identified the employees and the target positions. We have identified the initial training that these employees should have on the national security framework. And now the next step is to identify the types of rotational positions we should have, not only within the Department, but throughout the Federal Government.

Senator AKAKA. Diversity of the workforce is an important concern of mine, as I know it is with you. At the Committee's business meeting next week, I hope we will report out the Senior Executive Service Diversity Act, which I introduced to help ensure that the senior levels of the Federal Government reflect the Nation. And also, I am glad to hear what you said about maybe some of the revisions that may be done in the SES level, as well, for better management.

Could you please elaborate on your efforts and plans to increase diversity at the Department?

Ms. DUKE. Our plans to increase diversity are under two umbrellas. One is to have a career path growth within the Department that is more comprehensive. When you look at our diversity numbers, we have much better diversity at the pay grades below 13. We have a little less diversity at the 14 and 15 levels. And then we are most under-represented in several areas at the Senior Executive Service level. So what we have to do is find out how can we grow those diverse candidates that are in the 13 and below and make them positioned so they can be very competitive for the 14s, 15s, and Senior Executive Service.

So that is one area we are doing. What we are doing in that are some of the development programs I already talked about. We are going to, by the end of this fiscal year, have an information session open to all DHS employees. So if they are in a career field that doesn't have much growth, we are going to talk to them about the career fields in DHS that have growth, more senior positions, have opportunities so that they can look at maybe—it may require them to change career fields, like some of our TSA Officers have changed to Border Patrol Agents. But it allows them to know what opportunities are in the Department where there is more growth and higher grade levels. So those are some of the initiatives we are doing to growth within.

Another thing we have done recently is we have added an Equal Employment Opportunity representative to our ERC, which is our Executive Resources Committee that selects all our senior executives, to make sure that we have a concern for diversity just day to day. It is not just an initiative.

The second area we want to work on is casting the net wider, if you will. We have made a concerted effort this year to really look at where we are recruiting, to go to areas where we can get more diverse candidates. We are advertising in newspapers and periodicals that have a larger minority population, going to historically black universities and other minority institutions so we can cast the net wider so that we can bring in a more diverse pool of applicants. I think that is the two cures to it, recruiting more broadly and then also making sure that we have opportunities for our diverse younger population to grow within the Department.

Senator AKAKA. In a hearing I held last November, I learned that Customs and Border Protection (CBP) officers receive as little as 2 weeks of on-the-job training following their graduation from the Federal Law Enforcement Training Center. I understand that CBP officers now are hired exclusively through the Federal Career Intern Program, which is designed to bring in entry-level employees in fields where a long period of training and development are

needed. Agencies are responsible for providing at least 2 years of formal training under the program. How do you justify using the Career Intern Program to hire these employees?

Ms. DUKE. That is an issue that was just brought to my attention earlier this week. The way Border Patrol is hiring its Border Patrol agents right now is they usually start at the 5 or 7 level, and then their journeyman level is an 11. So they are hired as 5, 7, 9, 11, which with successful performance they would graduate at the 11 level.

We are now hiring them with an exam that has been accredited. The one piece I will work on for you and this Committee is making sure that while they are hired through the intern program and are in a development program pay grade-wise, that they actually are getting the aspects of an internship, which means on-the-job and formal training so that it really is an intern program, and I commit to you to continue looking at that and seeing if that authority is being appropriately used.

I will say, though, that right now, with the huge hiring effort in Border Patrol, we are now making initial job offers to all applicants that do pass the exam. Now, again, that is a conditional job offer. They still have to go through security and other checks. So we are capturing the veteran and the diverse population. But we do have to make sure that the intern piece of the program is built in.

Senator AKAKA. I have been looking into ways to speed up the Federal hiring process and during our recent hearing I was really amazed at what is in the process now and why it takes so long to hire anyone. However, it appears that DHS may hold a record. It takes 6 to 8 months to hire Border Patrol agents and CBP officers. Why does it take so long and what do you plan to do to speed up the process?

Ms. DUKE. This is one of our biggest challenges, I agree with you, Mr. Chairman. Two pieces of the hiring process. One is the HR, or bringing the person through the selection process. The second is the security process. What we are doing to try to streamline the hiring process is to take advantage of all the flexibilities we have. We have direct hire under a few of the critical career fields, not as many as we would like, but where we do have it, we have to make sure we are taking advantage of it, in the intelligence area, acquisition, and information security specialists.

One of the things we suffer from is, I think, because we are a new department, hiring should be a repeatable process. It should be very regular. We don't have that yet, and that is something we are developing. We just implemented, about 2 weeks ago, a process where we look at every step of the human resources piece of the process and target days to get people through the different stages of the process, and that is, I think, going to be key. It is a very elementary step, but it is going to be important to measure our human resources people performance against each step of the HR process.

The second area where we have had challenges is getting security clearances. Every one of our employees have to go through clearance and suitability. In the Federal Government, there is reciprocity of clearances, so if somebody already has a clearance, we do accept it. We have not to date had any reciprocity of suitability,

so even if someone is moving from, say, an employee to a contractor or a contractor to employee within DHS, they have to go through the suitability process again. That is something that we are looking at and trying first to build reciprocity within the Department.

And then we are also on a Federal working group to look at how can we have reciprocity of suitability at least in some of the major career fields. There might be certain ones, like intelligence officers, where you might want to specifically look at them again. But we do have support from Charlie Allen, who is our Under Secretary for Intelligence and Analysis. So I think that the reciprocity of security clearances and suitability is going to really shorten that process, too.

Senator AKAKA. Ms. Duke, the Government Accountability Office has often commented on DHS's over-reliance on contractors. Secretary Chertoff testified earlier this year that the Department plans to convert several contractor-held positions to career over the next fiscal year. Can you tell us which positions are an especially high priority for in-sourcing and how many you anticipate converting?

Ms. DUKE. The biggest area we are converting—this is more of a problem for headquarters, the non-Gang of Seven. Within TSA, CBP, FEMA, those components that came into DHS, it is not as much of an issue. I think where the most risk is some of the headquarters departments, where we grew so quickly, there wasn't an anticipation in our budget that we would be 3,000 people and have the mission, and so that is the biggest challenge.

The area where we are converting most of the positions this year is the National Protection and Programs Directorate (NPPD). There are two areas we are looking at building. One is where we don't have the corporate knowledge or the subject matter expertise within the Department to really drive the mission forward. Some of the critical areas are critical infrastructure, cyber security. And then the second area is where we don't have enough Federal employees to appropriately manage the contracts. I would put both of those into the category that this Committee called inherently governmental services, and the NPPD has nearly 300 positions that they are currently filling under Federal employees rather than contractors.

Some other areas we are looking at is in Intelligence and Analysis (I&A). We are looking at lessening our reliance on intelligence officers. That is a really hard area to recruit, but we are redoubling our efforts, and I am meeting weekly with Charlie Allen, the Under Secretary, to try to improve our efforts there. He has a hard competition because he is competing against CIA and FBI and some very great agencies.

The other area we are working on is some areas in management. We have certain areas in security where we have our counterintelligence and other areas, and some of the areas in information technology where we want to have a little more robust workforce so that we make sure that we do have the core competencies within our Federal employees.

So altogether, there are about 400 positions in headquarters that we are targeting for this year.

Senator AKAKA. Ms. Duke, as I said in my opening statement, one project underway at DHS continues to cause concern and that is the SBInet. While Congress has been informed that DHS did not pay anything over the $20 million cap on Project 28 (P–28), I remain concerned about the delivery delays and software problems. We have been told that work may begin soon on securing the Northern border under the same SBInet contract with Boeing.

Given the numerous concerns over the SBInet contract and the significant differences between the Northern and Southern border, could you see a scenario in which you might want to issue a separate request for proposals for the Northern border?

Ms. DUKE. I think there are many pieces of securing the border that we will not do under the Boeing contract. We are not doing the fence on the Southern border. Unmanned Aerial Vehicles (UAVs) are going to be a large part in the current plan of securing the Northern border because of the threat and the terrain. Those are not going to be bought under the SBInet contract with Boeing. So there are many areas, both on the Southern and Northern border, that are not appropriate for the Boeing contract.

Each time we have a new task, the program office is responsible for doing a cost-benefit analysis and looking at whether that specific task should be bought under the Boeing contract or not, so that is a requirement we have imposed and the program office is required to do and we are overseeing.

In terms specifically of the P–28, the main issue on P–28 was the Common Operating Picture (COP), the software. The challenges under that were driven by—I think we underestimated the complexity of integrating commercial elements. So going in, both the government and Boeing thought that we were buying already commercially proven technology, all we are going to do is integrate it, and that would be easy, and that is what the P–28 demonstration project did prove to be incorrect. It did show us that the integration piece is difficult and it is important.

How we are dealing with that is we are working on building the pieces demonstrated in P–28 into what we call the 0.5 version of the Common Operating Picture. That will be tested before it is deployed, and then the eventual delivery of a Common Operating Picture will be the 1.0, the fully operational version, meeting CBP's full operational requirements.

One of the things we are doing as part of this process is we have Lincoln Laboratories, an independent federally funded research and development center, looking at the alternatives to our Common Operating Picture. So Lincoln Labs—and it is supposed to be done, I believe in about a month—is looking at not only the COP that we are developing to 0.5, but also looking at other alternatives of commercially available software or some being used proprietary in DOD and making sure that before we deploy to the Northern border, or more on the Southern border, for that matter, that we have the right software choice.

So I do share your concerns, Mr. Chairman, on slowing down, but I also think it is important to get the COP right. That is the heart. That is how the Border Patrol is going to command and control incidents and that is a key piece of the system and we have to get it right, and I believe that until we have manageable risk on tech-

nology, we might have to, as we have done this fiscal year, just deal with a little bit of schedule slippage.

Senator AKAKA. Ms. Duke, when Deputy Secretary Paul Schneider was the Under Secretary for Management, he also held the role of Chief Acquisition Officer. If confirmed, could you explain how you see acquisition authorities and responsibilities being managed?

Ms. DUKE. Yes. If confirmed, I would be the Department's Chief Acquisition Officer. One of the biggest initiatives I started when I was the Chief Procurement Officer and would really drive as the Chief Acquisition Officer is to make sure that we are managing acquisition as a system. When the Department was set up, the Chief Procurement Officer had authority over procurement, which is really just the business piece. If you flow-chart out the acquisition process, awarding the contract is at the tail end of a process that could be years, and that is what the Under Secretary of Management through the Chief Procurement Officer had authority for.

What we have done is we have grown that functional authority to the entire acquisition process, and what I mean by that is not just the business deal, the contract piece, but program management, test and evaluation, systems engineering, all the elements that really make a good program. This Committee has recognized that one of our major problems in acquisition is good requirements. We need those good requirements up front out of the Program Office. You can't build those in at the end of the process in a contract.

What I would do as the Chief Acquisition Officer, if confirmed, is continue to build that authority. We have gone out and asked each component to have a single point of contact that would be the accountable person for acquisition in each of the components that has major programs. So I think that would take the Chief Acquisition Officer of the Department and give that person accountable contacts within each of the major components to make the focus.

The other big area that I think is going to drive acquisition improvements is our focus on program managers, making sure that they are certified and making sure that they have managed the program cost schedule and performance as their performance evaluation criteria.

Senator AKAKA. When GAO reported to Congress on its high-risk list last year, it said this about DHS, "DHS has not linked its goals to resource requirements in its strategic plan and does not involve all stakeholders in its strategic planning process. Moreover, DHS lacks not only a comprehensive strategy with overall goals and a time line, but also a dedicated management integration team to support its management integration efforts."

Could you comment on what steps the Department has taken to address these issues raised by GAO and what more needs to be done to correct this problem?

Ms. DUKE. Well, we have developed corrective action plans for each of the areas in the GAO report, and each of those corrective action plans is focused on the area, the flood program, those type of things, and those corrective action plans do have milestones and deliverables required to drive the program off the high-risk list.

The other thing we are doing in terms of the strategic plan is the Department has decided—the strategic plan is managed by Assistant Secretary Stew Baker. We have met with Deputy Secretary

Schneider and we are going to put the performance objectives in the strategic plan as recommended by GAO. You may know that we did have a strategic plan that we sent to OMB and it was rejected because it did not have the goals, just like GAO said. So we are in the process of putting the goals in the strategic plan. We are meeting with all the stakeholders. We have three of the five goals done, and we would expect to have that plan very soon. It will definitely be this summer.

Senator AKAKA. Well, I really thank you for your responses. There are no further questions at this time, Ms. Duke, but there may be additional questions for the record which we will submit to you in writing. The hearing record will remain open until the close of business today for Members of this Committee to submit additional statements or questions. Your full statement will also be included in the record.

I know you are anxious for your nomination to move forward. It is my hope that the Committee will vote on it in the near future and that your nomination will be considered expeditiously in the full Senate. I want to tell you that I will do all I can to bring that about as soon as we can. I look upon your nomination as one that we need.

I thank you so much for your responses. Your responses show your experience and that you understand the problems that we need to work on and that we need to work on those problems together and as quickly as we can, because DHS, as you know, is a huge Department. It has the critical mission of protecting the security of our country, so we need to work on it as quickly as possible.

Again, I want to thank you. It is good to meet your family and your interns here, as well as others who are supporting you in your position. So thank you again.

Ms. DUKE. Thank you, Mr. Chairman.

Senator AKAKA. Aloha and best wishes. This hearing is adjourned.

[Whereupon, at 10:53 a.m., the Committee was adjourned.]

APPENDIX

PREPARED STATEMENT OF SENATOR LIEBERMAN

I am pleased to support Elaine Duke's nomination as Under Secretary for Management at the Department of Homeland Security and I also want to take this opportunity to commend her for her more than quarter of a century in public service.

Thomas Jefferson once said that: "A nation that rests on the will of the people must also depend on individuals to support its institutions in whatever ways are appropriate if it is to flourish. Persons qualified for public office should feel some obligation to make that contribution."

Ms. Duke has chosen to make that contribution in one of the most underappreciated but, in the end, vitally important areas of government service—contracting and procurement—making sure the taxpayers are getting their money's worth for each from every dollar of government spending.

Until joining DHS, Ms. Duke's career spanned the breadth of government and the width of our nation—from Charleston, S.C., to Hawaii to Washington with stints in the Air Force, the Navy, the Railroad Administration and the Smithsonian Institute.

At DHS, Ms. Duke has been part of the team charged with the daunting mission of merging 22 separate federal agencies with different missions, procedures and cultures into one effective agency dedicated to preparation and response to disasters whether natural or at the hands of our terrorist enemies.

Of course there have been problems.

Some of the Department's largest acquisition programs—Deepwater, SBInet, and radiation detection portal monitors—have also been the most troubled and need better leadership.

Also, the Department's heavy reliance on contractors to perform basic services raises serious questions about whether DHS is building sufficient internal capacity and institutional knowledge. DHS still has insufficient capacity to develop requirements and evaluate the technical feasibility of contractors' proposals.

In addition, the remainder of this year the Department must take great care to ensure that it is prepared for the transition to a new Administration—the first time DHS will have been faced with this challenge. Historically, terrorists have viewed governmental transitions as a time of vulnerability, and I know Ms. Duke and other leaders in the Department are working hard to make sure that a smooth transition occurs.

I look forward to working with Ms. Duke on these and other issues going forward.

Ms. Duke herself spoke of the enormity of the task DHS faces in an interview where she said: "The geographic footprint [of DHS] is worldwide. We have about 208,000 employees, and the budget for Fiscal Year 2007 was $42.8 billion. The organizational structure is made up of a headquarters with both the traditional headquarters activities and four distinct directorates with operational focus. That's the National Preparedness Directorate, Science and Technology, the Under Secretary of Management, and FEMA [Federal Emergency Management Agency]. We also have six operational components: the Transportation Security Administration (TSA), Customs and Border Protection, U.S. Secret Service, U.S. Customs and Immigration Service, Immigrations and Customs Enforcement, and the United States Coast Guard."

She went on to say: "I think that the focus is on how you bring people together, how you stay focused on a solution, how you cut through obstacles and know when enough talking is enough and when it's time to make a decision."

Our Nation is lucky to have women and men of Ms. Duke's dedication who are ready to answer Jefferson's centuries old call to duty and use her talents to make her special contribution.

PREPARED STATEMENT OF SENATOR VOINOVICH

Mr. Chairman and Ranking Member Collins, I commend you both for convening today's hearing to consider the nomination of Elaine Duke to be the Department of Homeland Security's (DHS) Under Secretary for Management.

A strong Under Secretary for Management at DHS is imperative because the Homeland Security Act of 2002 combined 22 agencies and 180,000 employees into a new entity. This effort amounted to the federal government's largest restructuring since the creation of the Department of Defense in 1947. In 2003, the Government Accountability Office (GAO) noted issues with this restructuring, and while progress has been made, implementing and transforming DHS remains on GAO's 2007 high-risk list of programs susceptible to waste, fraud, abuse, and mismanagement.

As the former Chairman and now Ranking Member of this Committee's Oversight of Government Management Subcommittee, I take GAO's concerns seriously and am committed to ensuring that the Department of Homeland Security has the proper management structure. That is why last year I included language in the Implementing Recommendations of the 9/11 Commission Act of 2007 that clarifies that the Under Secretary for Management is the Chief Management Officer and principal advisor to the Secretary on the management of DHS and has responsibility for DHS's strategic management and annual performance planning, the identification and tracking of performance measures, and the integration and transformation process in support of homeland security operations and programs. The Implementing Recommendations of the 9/11 Commission Act of 2007 also sets qualification standards for the Under Secretary of Management, requiring that the nominee have extensive management experience, leadership skills, a demonstrated ability to manage and a proven record.

I believe Elaine Duke has these qualifications, and I am pleased to support her nomination as Under Secretary for Management of DHS. Ms. Duke, who grew up in my home state of Ohio, has been with DHS since its creation in 2002 and has served in various leadership roles including as the Department's Chief Procurement Officer and Deputy Under Secretary for Management. I believe this prior service has equipped her with the skill set necessary to serve as DHS's Under Secretary for Management.

As we consider this nomination for DHS's first Under Secretary for Management, I think it is an opportune time to raise two ways that I think we can continue to improve DHS's management structure.

First, I remain convinced that the Under Secretary for Management should serve a fixed five year term. Such a term would provide management continuity at DHS during times of leadership transition. The need for such continuity is clearly apparent today because we are only six months away from the largest leadership transition DHS has ever faced, when a new President will appoint entirely new leadership. As that new leadership is vetted and confirmed, I think it is of the utmost importance that management with institutional knowledge remains in place at DHS to oversee the Department's expenditure of funds, procurement activities and human resources.

Second, I remain concerned about the management of DHS's procurement programs. In 2005, the DHS's Office of Inspector General (OIG) noted vulnerabilities with DHS's procurement management. The OIG pointed out that DHS has a Chief Procurement Officer as well as seven procurement offices that were transferred to DHS with their legacy agencies. I question whether maintaining multiple procurement offices in a Department that purchases billions of dollars worth of goods and services each year is the best and wisest way to manage our resources and oversee procurement activities.

Mr. Chairman, in announcing GAO's 2007 high-risk list, Comptroller General Walker stated an "array of management and programmatic challenges continues to limit DHS's ability to carry out its roles under the National Homeland Security Strategy in an effective risk-based way." I believe Elaine Duke's nomination is an important step towards addressing the management and programmatic challenges DHS continues to face, and I am proud to support her nomination today. Thank you for calling today's hearing.

TESTIMONY OF
ELAINE C. DUKE
U.S. DEPARTMENT OF HOMELAND SECURITY
NOMINEE FOR THE UNDER SECRETARY FOR MANAGEMENT
BEFORE THE SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

THE CONFIRMATION HEARING FOR ELAINE C. DUKE

JUNE 20, 2008

Thank you Mr. Chairman, Ranking Member Collins and members of the Committee. It's my pleasure to appear before you today as the President's nominee for the Under Secretary for Management position in the Department of Homeland Security (DHS).

For the past six months I have been of the Department's Deputy Under Secretary for Management. I am responsible, through business line chiefs, for the Department's $42 billion budget, expenditure of funds, accounting and finance; acquisition and procurement; human resources and personnel; information technology systems; facilities, property, equipment, and other material resources; personnel and physical security; and identification and tracking of performance measurements. I have spent most of my twenty-five years of public service in acquisition, including serving as the Department's Chief Procurement Officer. It has been my honor and privilege to serve the Federal Government, and I look forward to continuing my tenure with DHS.

In August 2002, I became the Assistant Deputy Administrator for Acquisition for the Transportation Security Administration (TSA). At the time, the President had just publicly announced his intention to create the Department by consolidating a sizable group of disparate Federal agencies and organizations, including TSA. Throughout the following years, I witnessed first-hand the development, formation and institutionalization of the Department -- an experience not lost on me as I lead the Department's transition effort during the upcoming 2008 Presidential Election. As the Deputy Assistant Administrator for Acquisition, I played a key role in establishing the business standards and processes for TSA. I set in place sound acquisition policies in TSA that were commended by the Government Accountability Office.

I did this while simultaneously awarding and administering a contract and financial assistance workload of over $7 billion to meet the legislative mandates of the Aviation and Transportation Security Act.

I transitioned into the Department's Chief Procurement Officer position in January of 2006. In this position, I provided leadership over the Department's acquisition and financial assistance programs, which have grown to $15 billion in contracts, and $18 billion in grant awards. I demonstrated positive results in delivering mission achievements and provided crucial strategic and acquisition leadership for the Department. While serving as the Chief Procurement Officer, I not only reinforced, developed and implemented acquisition policies, but I also created an oversight program for the Department, while initiating the establishment of a centralized acquisition professional program. Realizing that obtaining qualified acquisition professionals at the right time with the right skill-set was a serious challenge for the Department, I championed the creation of the Acquisition Career Program to re-build the federal acquisition workforce for the 21st century. I also began expanding the role of the Chief Procurement Officer from procurement to leadership of the entire acquisition process. This expanded role includes requirements, program management, cost estimating, test and evaluation, and logistics. It gives the Chief Procurement Officer oversight over the full acquisition system, not just the procurement piece. This system accountability will deliver better acquisition programs.

In October of 2007, I was appointed as the Department's first Deputy Under Secretary for Management because of my proven ability to successfully lead, manage, and perform the functions of the Department's business lines. As the Deputy Under Secretary for Management, I have led the Department's efforts to execute Secretary Chertoff's five goals, most notably the fifth goal to strengthen and unify DHS' operations and management. My strategy to meet this management goal includes:

1. Providing structure to strengthen unified organizational governance and enhance department-wide communication, decision making and oversight;
2. Optimizing processes and systems to integrate functional operations and facilitates cross-Component synergies and streamlines coordination to ensure reliable and efficient support of mission objectives;
3. Fostering leadership that adheres to the core values and guiding principles of DHS in performing duties, effecting progress and leading with commitment for the mission; and
4. Leveraging culture and the benefits of commonalities and differences across Components to promote cooperative intra and inter-agency networks and implement best practices:

We have made considerable progress in management of the Department over its first five years, yet challenges remain in each business line. We have improved our Federal Information Security Management Act score to at B+ this year; yet we still must strengthen our Enterprise Architecture and gain the systems efficiencies of a Department. We have strengthened our internal controls by systemically monitoring progress under the DHS Internal Controls Playbook; but have yet to obtain a clean audit opinion. We have improved our transparency and leaped to number five of 24 agencies in the

Mercatus Center rating for effectively communicating performance results in a way that taxpayers can understand; yet we must still improve our performance metrics in our Future Year Homeland Security Program. We have improved our competitive contracts to over 70 percent; yet we must continue to build our acquisition workforce and effectively manage our acquisition programs. We have strengthened the functional authority and policy of each of the chiefs; yet we must continue to drive policy implementation and oversight within each component.

I am honored by this nomination and that you are considering my confirmation. I recognize that the Under Secretary for Management is critical to the success of the Department. While serving as the Deputy Under Secretary for Management, I learned that our most significant effort is to continue transforming the Department of 208,000 employees from a merger of 22 agencies into a unified force which protects our country. This Department must operate seamlessly, effectively, and efficiently, and if confirmed, I will execute that responsibility with the support of the Secretary and Deputy Secretary. I will do this by making strong business decisions a part of every mission area. I am committed to providing financial and human resources and enabling technology, strong processes and superb management. It is toward this effort that I devote my focus, time, and energy, and will continue to, should I be confirmed.

I recognize that the importance of the Under Secretary for Management position is even stronger in light of the upcoming Presidential transition. I believe it is important for the Under Secretary for Management to be the leadership continuity within the Department, and to ensure that our business maturation continues seamlessly in the next Administration. I also believe that the Under Secretary for Management will provide critical operational leadership during the period of potential heightened vulnerability during the transition. If confirmed, and desired by the next Administration, I will provide additional operational continuity by fulfilling the intent of the 9/11 Act, Public Law 110-53. This law states "The incumbent serving as the Under Secretary of Homeland Security for Management on November 4, 2008, is authorized to continue serving in that position until a successor is confirmed, to ensure continuity in the management functions of the Department.", with the stated Sense of Congress "...that the person serving as the Under Secretary of Homeland Security for Management on the date on which a Presidential election is held should be encouraged by the newly-elected President to remain in office in a new Administration until such time as a successor is confirmed by Congress."

Thank you for your leadership and continued support of the Department of Homeland Security and its management programs. I look forward to working together with you in shaping the future and success of DHS with energy and enthusiasm. I am humbled and honored to be here today, and I will be pleased to respond to any questions that you may have.

REDACTED

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. **Name:** (Include any former names used.)
   Elaine Costanzo Duke
   Former Names: Elaine Costanzo, Elaine Costanzo Spangler

2. **Position to which nominated:**
   Department of Homeland Security, Under Secretary for Management

3. **Date of nomination:**
   April 2, 2008

4. **Address:** (List current place of residence and office addresses.)
   Residence:
   Office: Department of Homeland Security 3801 Nebraska Avenue Washington DC 20528

5. **Date and place of birth:**
   June 26, 1958; Cleveland Ohio

6. **Marital status:** (Include maiden name of wife or husband's name.)
   Married to Harold Vincent Hanson

7. **Names and ages of children:**
   Brian Martin Duke, Age 22; Jason Allan Duke, Age 20

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
   Chaminade University of Honolulu, 6/92 – 5/93, MBA, May 1993
   New Hampshire College (now Southern New Hampshire University), 9/79 – 12/81, BS in Business Management, December 1981
   The University of New Hampshire, 6/80 – 12/80
   Tidewater Community College, 12/78 – 6/79
   Kent State University, 9/76 – 12/78
   North Olmsted High School, 9/72 – 6/76, High School Diploma

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.)
   Employment Record is Attachment 1

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.
None

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.
None

12. **Memberships:** List all memberships, affiliations, or and offices currently or formerly held in professional, business, fraternal, scholarly, civic, public, charitable or other organizations.
As part of my professional duties within the Department of Homeland Security, I am an ex-officio board member of the National Defense Industrial Association (NDIA) Washington Chapter Board and I was previously a member of the National Contract Management Association (NCMA) Board of Advisors.
In my personal capacity, I am a member of Christ United Methodist Church and was the co-president of the Thomas Jefferson High School for Science and Technology Boys Lacrosse Parents Association, and member of the National Italian American Foundation.

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.
Presidential Meritorious Rank Award
Transportation Security Administration Silver Medal for Customer Service
Department of Army Commander's Award for Public Service
National Contract Management Association Hub O'Brien Scholarship
Naval Facilities Engineering Command Scholarship to the Naval Postgraduate School

15. **Published writings:** Provide the Committee with two copies of any books, articles, reports, or other published materials which you have written.

None

16. **Speeches:**
This information is provided in Attachment 2. Please note that I have no official records of my speeches and presentations, so the information provided is compiled from a search of my personal and government computers, as well as a review of public information. All my speeches and presentations have been in my official capacity as a Federal employee. Principally, my speeches and presentations have been to inform industry and the public regarding issues of interest from DHS. The forums have been predominately meetings and conferences in the DC metro area. They were hosted primarily by associations such as National Contract Management Association, Professional Services Council, National Defense Industrial Association, and small business associations.

(a) Provide the Committee with 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 copies of any testimony to Congress, or to any other legislative or administrative body.

(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.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?
I believe I was chosen for this position because of my management experience and demonstrated results throughout my Federal career. Because of my Federal career, I am in a unique position to ensure an orderly transition to the next administration. If confirmed, and desired by the next administration, I can fulfill the intent of the 9/11 Act, Public Law 110-53, which states "The incumbent serving as the Under Secretary of Homeland Security for Management on November 4, 2008, is authorized to continue serving in that position until a successor is confirmed, to ensure continuity in the management functions of the Department.", with the stated Sense of Congress "...that the person serving as the Under Secretary of Homeland Security for Management on the date on which a Presidential election is held should be encouraged by the newly-elected President to remain in office in a new Administration until such time as a successor is confirmed by Congress."

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?
I have 25 years of management experience within the Federal government. I am extensive experience in the leading and performing the functions of the Department's business lines. This makes me well qualified to serve as the Chief Management Officer and principal advisor to the Secretary on matters related to Management of the Department. I have demonstrated results in transforming

organizations such as the stand-up of Transportation Security Administration. I have led strategic management in both line and matrix environments, and currently serve on the President's Management Council

B. EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?
   If I am confirmed by the Senate, I will continue my employment with the Department of Homeland Security. I will resign from the Board of the National Defense Industrial Association.

2. 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

3. 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?
   If confirmed, I intend to retain my right to be reinstated to a career Senior Executive Service (SES) appointment under 5 U.S.C. 3593(b) and 5 CFR 317.703.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?
   I have been informed by the DHS Chief Human Capital Office of my reinstatement rights to career SES.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?
   Yes

6. 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.
   No

C. POTENTIAL CONFLICTS OF INTEREST

1. 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.
   None

2. 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

3. 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

1. Have you ever been disciplined or cited for a breach of ethics for 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

2. 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

3. 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.
No

4. For responses to question 3, 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.
Not applicable

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.
I have been a career civil servant since I graduated from college, beginning my federal career in April 1982. I am committed to public service and helping ensure the successful operations of the Department of Homeland Security by continuing to institutionalize best management practices throughout the Department.

E. FINANCIAL DATA

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 your nomination, but it will be retained in the Committee's files and will be available for public inspection).

AFFIDAVIT

Elaine Costanzo Duke 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.

Elaine Costanzo Duke

Subscribed and sworn before me this 3RD day of April, 20 02

Notary Public

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

Attachment 1
Employment Record for Elaine Costanzo Duke

Note that all work experience is as a career civil servant with the Federal government. I began my career in 1982 as a GS-7, and was promoted to the Senior Executive Service in 2002.

Deputy Under Secretary for Management, Department of Homeland Security
October 2007 – Present, Washington DC

- Serve as the full deputy to the Under Secretary for Management, with responsibility for providing all line of business functions to the Department in direct support of the homeland security mission.
- Lead the Management Directorate through the six functionally integrated line of business chiefs: Chief Financial Officer, Chief Information Officer, Chief Human Capital Officer, Chief Procurement Officer, Chief Administrative Services Officer, and Chief Security Officer

Chief Procurement Officer, Department of Homeland Security
January 2006 – October 2007, Washington DC

- Led the Office of the Chief Procurement Officer and held technical authority for the eight contracting offices throughout DHS in awarding over $15 billion in contracts and $18 billion in financial assistance principally to state and local governments
- Developed and implemented an acquisition oversight program for the Department, and initiated a centralized acquisition professional program

Deputy Chief Procurement Officer, Department of Homeland Security
October 2004 – January 2006, Washington DC

- Led the Department jointly with the Chief Procurement Officer (CPO), in setting acquisition policy and managing Department-wide $13 billion contract and $14 billion financial assistance programs

Assistant Administrator for Acquisition, Transportation Security Administration
August 2002 – October 2004, Arlington, VA

- Senior acquisition executive for Transportation Security Administration (TSA) responsible for developing and implementing TSA's acquisition program
- Awarded $3.5 billion in contracts and financial assistance annually, and administered a contract and financial assistance workload over $7 billion
- Established a robust acquisition system that encompassed program management (cost, schedule, and quality) governance, contracting, and investment review for TSA's 100+ major programs , with acquisition policies that were commended by the General Accountability Office

Deputy Director, Office of Contracting, Smithsonian Institution
January 2000 – August 2002, Washington DC

- Managed the Institution's contracting and property management programs through a staff of 60 contract specialists, attorneys and support personnel
- Using commercial practices, awarded and administered contracts for services, facility renovation, construction, museum exhibit design and fabrication, collections purchases, intellectual property, travel, and information technology

Director, Office of Contract Policy and Administrative Services, Naval Sea Systems Command (NAVSEA) April 1998 – January 2000, with concurrent assignment as **Deputy Director, Hull, Mechanical and Electrical Division** August 1999 – January 2000, Arlington, VA

- Developed and implemented contract policy and for NAVSEA Contracts Directorate and the Command's field contracting organizations
- Developed and executed the Directorate's budget and metrics program, and was a member of the Civilian Management Council and Source Selection Committee
- Managed the Electrical Branch, SEA 0242, supervising a staff of contracting officers responsible for the procurement of research, development, and production contracts for various ship electrical components

Director, Office of Acquisition and Grants, Federal Railroad Administration January 1997 – April 1998, Washington DC

- Chief of the Contracting Office for the Agency with programmatic responsibility for the Agency's contract and grant programs, totaling $90M annually

Head, Business Management Branch, Naval Facilities Engineering Command (NAVFAC) May 1993 – January 1997, Alexandria, VA

- Developed and implemented BRAC contracting strategies for caretaker services, realignment construction, and cohesive strategies for base closure
- During this assignment, I was detailed to serve as the **Director for Redevelopment, Office of the Assistant Secretary of the Navy (Installations and Environment)** Detailed February 1996 – November 1996, Arlington, VA
- Program Manager for the closure of 13 bases, including Mare Island Naval Shipyard, Charleston Naval Shipyard, and Alameda Naval Air Station
- Coordinated the efforts of Congress, state and local government officials, the Navy, and other interested parties to facilitate conversion of the closed bases to civilian reuse

Deputy Director, Contracts Department, Navy Public Works Center Pearl Harbor
May 1990 – May 1993, Aiea, HI

- Responsibility and authority concurrent with the Department Head
- Contracting officer responsible for administrative and technical leadership of over 120 contracting, engineering, and quality assurance personnel

Head, Purchase Division, Pearl Harbor Naval Shipyard
February 1990 – May 1990, Pearl Harbor, HI

- Led 23 contract specialists and purchasing agents in procuring non-standard stock supplies, services, and nuclear materials in support of the Shipyard's mission
- Served as the Command's Small and Disadvantaged Business Utilization Specialist

Director, Maintenance Service Contract Division, Navy Public Works Center Pearl Harbor July 1987 – February 1990, Aiea, HI

- Contracting Officer for the administration and quality assurance of over 50 service and construction contracts

Contracting Officer, Hickam Air Force Base March 1987- July 1987, Honolulu, HI

- Team Chief for service contract administration
- Command Quality Assurance Program Coordinator for the Command

Chief, Installation Services Administration/ Contract Negotiations, Pacific Air Forces Contracting Center, Japan August 1984 – March 1987, Tachikawa, Japan

- Initially, lead negotiator in the Services Branch responsible for purchasing equipment maintenance and services
- Promoted to branch head and contracting officer for Air Force's utility and service contracts
- Contracting officer for single service assignment contracts supporting the U.S. Army
- Established a contingency contracting officer program to support Army field operations and exercises throughout Japan

Contract Specialist/Administrator, Charleston Air Force Base
April 1982 - August 1984, Charleston, SC

- Administered construction, architect-engineer, and service contracts in support of base operations

Attachment 2 – Question 16

16. Speeches. Please note that I have no official records of my speeches and presentations, so the information provided is compiled from a search of my personal and government computers, as well as a review of public information. All my speeches and presentations have been in my official capacity as a Federal employee. Principally, my speeches and presentations have been to inform industry and the public regarding issues of interest from DHS. The forums have been predominately meetings and conferences in the DC metro area.

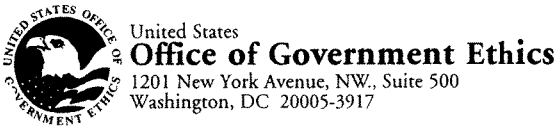
Date:	Location:	Event Description:	Audience:
Nov. 8, 2007	Bethesda North Marriott Hotel and Conference Center Bethesda, Md	Government Contract Management Conference	National Contract Management Association
Nov. 7, 2007	Ronald Reagan Bldg. Washington, DC	DHS Industry Day	DHS potential vendors
Sep. 20, 2007	O'Donnell's of Kentlands Gaithersburg, Md	September 2007 Chapter Meeting	National Contract Management Association
Sep. 7, 2007	City Club of Washington Washington, DC	Acquisition Management	Government Advisory Panel for the Acquisition Management Shared Interest Group (SIG)
Apr. 25, 2007	Tysons Corner, McLean, Va	Local meeting	National Contract Management Association
Mar. 13, 2007	National Press Club Washington, DC	Equity International Conference presentation on DHS procurement procedures and priorities,	General Public
Mar. 22, 2007	Washington, DC	First Annual VIP Awards Reception for Government and Industry	American Small Business Coalition
Jan. 17 , 2007	Army-Navy Club Washington, DC	Executive Policy Roundtable	Homeland Security and Defense Business Council
Dec. 5, 2006	Sheraton Premiere at Tysons Corner Vienna, Va	Government Contract Management Conference	National Contract Management Association

Attachment 2 – Question 16

Date:	Location:	Event Description:	Audience:
Nov. 11, 2006	Tivoli's Restaurant Rosslyn, Va	Monthly meeting	Contract Services Association
Nov. 6, 2006	Hilton McLean Hotel at Tysons Corner McLean, Va	10th Annual Small Business Conference	National Defense Industrial Association
Oct. 17, 2006	Portland, Maine	Regional Council Small Business Matchmaker Event	General Public
Apr. 27, 2006	Hilton McLean Tysons Corner, McLean, Va	Fedsources' 21st Annual Federal Outlook Conference	National Contract Management Association
Mar. 29, 2006	1539 Longworth Washington, DC	Discussion on doing business with DHS	Constituents of Congressman Bennie Thompson
Jan. 19, 2006	Army-Navy Club Washington, DC	Speech on key DHS procurement opportunities, and how the DHS reorganization is proceeding	National Defense Industrial Association
Dec. 15, 2005	Marvin Center, GWU Washington, DC	AFFIRM Luncheon	The Association for Federal Information Resource Management (AFFIRM)
Sep. 21, 2005	Georgetown University Washington, DC	Panel on contract management	Managing Contracts Panel – Senior Executive Association
Jun. 7, 2005	Washington, DC	High Performance Procurement: An Evaluation Framework for Improving the Procurement Function	Federal Acquisition Conference and Exposition
May 22, 2007	Marriot Hotel Bethesda, Md	Minority Business Round Table Event	MBRT membership
Apr. 13, 2005	Doubletree Hotel Arlington, Va	"Managing Transitions: Making the Most of Change"	Chiefs of the Contracting Offices and procurement professionals

Attachment 2 – Question 16

Date:	Location:	Event Description:	Audience:
Mar. 25, 2005	Ronald Reagan Bldg. Washington, DC	McGraw Hill and Aviation Week's Fifth Annual Homeland Security Summit and Exhibition	General Public
Mar. 16, 2005	Washington Convention Center Washington, DC	Defense Today conference on various contracting mechanisms at DHS	General Public
Feb. 16, 2005	1310 Longworth Washington, DC	Unraveling the Government Contracting Process: Focus on How Business Can Help Disaster Victims	Constituents of Bob Ney and Representative William Lacy Clay
Nov. 11, 2004	Sheraton Premiere, Tysons Corner, Vienna, Va	Chamber Meeting	Fairfax Chamber of Commerce
Sep. 24, 2003			National Contract Management Association



April 8, 2007

The Honorable Joseph I. Lieberman
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510-6250

Dear Mr. Chairman:

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

We have reviewed the report and have also obtained advice from the Department of Homeland Security concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated April 3, 2008, from Ms. Duke to the agency's ethics official, outlining the steps Ms. Duke will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of her confirmation date with any action she agreed to take in her ethics agreement.

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

Sincerely,

Robert I. Cusick
Director

Enclosures

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

I. Nomination Process and Conflicts of Interest

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

   I believe I was nominated for this position because of my management experience and demonstrated results throughout my Federal career. I have a formal education in business, with a Bachelor of Science in Business Management, and a Master's of Business Administration. This is coupled with 25-years of experience in business, management, and leading people in the Federal environment. Because my career is in the Federal Executive Branch, I am in a unique position to ensure an orderly transition to the next administration. If confirmed, and requested by the next administration, I can fulfill the intent of the 9/11 Act, Public Law 110-53, which states, "The incumbent serving as the Under Secretary of Homeland Security for Management on November 4, 2008, is authorized to continue serving in that position until a successor is confirmed, to ensure continuity in the management functions of the Department", with the stated Sense of Congress "...that the person serving as the Under Secretary of Homeland Security for Management on the date on which a Presidential election is held should be encouraged by the newly-elected President to remain in office in a new Administration until such time as a successor is confirmed by Congress."

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

   No.

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

   I have 25-years of business management experience within the Federal government and have extensive experience in the leading and performing the functions of the Department's business lines. This makes me well qualified to serve as the Chief Management Officer and principal advisor to the Secretary on matters related to Management of the Department. I have demonstrated results in transforming organizations such as during the stand-up of Transportation Security Administration. I have led strategic management in both line and matrix environments, and have a demonstrated track record of building coalitions to drive results.

4. 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?

No.

5. 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.

If confirmed I will continue to be recused from participating in any acquisition to which my husband's employer, Columbia Group, is an interested party. I have a recusal letter currently in place that will carry forward should I be confirmed. Appropriate DHS contracting officials have been notified of the recusal, and therefore do not include me on any correspondence, briefings, or decisions that would create an actual or appearance of a conflict of interest.

II. Role and Responsibilities of the Under Secretary for Management

6. What is your view of the role of Under Secretary for Management?

The role of the Under Secretary for Management (USM) is to be the Chief Management Officer for the Department, the principal business/management advisor to the Secretary and Deputy Secretary, as well as the operational management lead for the Department. My view is that the USM should ensure that good business practices are built into each operational decision. As the operational management lead, it is necessary that the USM coordinate and reinforce the functional authority and responsibilities of each of the six business chiefs. In this role, the USM can ensure that each business line is functioning effectively and that there is appropriate integration across the business lines. I also think the USM is the leader for effective transition of the Department of Homeland Security into the next administration. The mission effectiveness of the Department cannot be diminished during the time of change, and USM plays a leadership role to ensure that is the case.

7. What do you regard as the major internal and external challenges facing the Directorate for Management in DHS? How will you as Under Secretary for Management address these challenges?

The major internal and external challenges facing the Directorate for Management in DHS are ensuring that each of the business lines – acquisition, security, administration, budget and finance, human capital, and information technology – position the Department to meet its mission goals with optimum levels of interoperability, efficiency and best business practices. The key word in this

challenge is "optimize". The Directorate for Management must, in both its policies and practices, allow for the right amount of flexibility and autonomy for each component to efficiently execute its individual piece of the homeland security mission. At the same time, it must impose the correct amount of standardization and integration to make sure that all efficiencies that enhance mission operations and demonstrate fiscal responsibility are put in place. I believe interoperability of mission, communications, and awareness are key to effectively protecting the homeland in an integrated fashion – without gaps or unnecessary redundancies. This is a major reason for the creation of the Department.

If confirmed, I will lead the Directorate for Management in continuing to reach this balance, both across the entire Department and also among the other Federal agencies joined with the Department in our homeland security mission. This can be done in a collaborative yet decisive way. The joint and individual missions within the Department are too complex to manage by dictatorship. I will work through councils, boards, and with leadership of the individual components to ensure the best decisions are made. However, we will work with agendas and clear plans of action that will enable us to move forward. The collaboration will be action focused, not a forum for discussion without clear purpose and direction.

8. What are the highest priority items you intend to focus on if confirmed as Under Secretary for Management? What do you hope to accomplish during your tenure as Under Secretary?

Should I be confirmed, my highest priority is to accomplish the Secretary's goal: Strengthen and the unify DHS operations and management. DHS must balance centralized, integrated activities across decentralized operations which are distinctly unique. In order to meet this challenge, the Department must drive operational success by coordinating four critical management objectives: provide structure, optimize processes and systems, foster leadership, and leverage culture. Below is a brief description of each of the four critical management objectives mentioned above:

***Provide Structure* – Strengthen unified organizational governance to enhance department-wide communication, decision making and oversight. This will be done by developing DHS internal controls and executing oversight. In providing structure, we will implement critical internal controls for operations and management to ensure consistency and continuity within organizations; realign and delegate authorities that will improve the efficiency and delivery of homeland security programs for the American public; and issue employee performance plans that are results-focused with clear expectations and aligned with Departmental mission priorities.**

***Optimize Processes and Systems* – Integrate functional operations to facilitate cross-component synergies and streamline coordination ensuring reliable and efficient support of mission objectives. This will be done by increasing functional**

integration authorities where necessary, improving information sharing, and decreasing administrative costs. In optimizing processes and systems, we would incorporate stakeholder perspectives on key decision points; develop internal and external communications plans; and increase coordination of operations that accomplish the Department's mission priorities. Using information technology systems, we will streamline administrative processes and support communication networks.

***Foster Leadership* – Adhere to the core values and guiding principles of DHS in performing duties, effecting progress and leading with commitment for the mission. This will be done by strengthening and maintaining existing leadership within the organization, and identifying, supporting, and developing potential leaders. In sustaining leadership we will continue building a 21st century workforce by identifying skill gaps, improving hiring and retention programs, clearly defining roles and responsibilities, and providing training across the Department.**

***Leverage Culture* – Leverage the benefits of commonalities and differences across Components to promote cooperative intra- and inter-agency networks and implement best practices. This will be done by implementing best practices and providing inter- and intra-agency representation on policy issues. We will implement best practices and drive unification with consideration for the different strengths that each organization and its employees may offer the Department. In particular, we will strengthen acquisition management by reducing risk, monitoring program performance, and building a robust acquisition workforce. We will strengthen the role of the Chief Information Officer and underscore the importance of information technology (IT) security, unified enterprise architecture, and an integrated IT investment review process. We will unify IT infrastructures by reducing the number of data centers and networks and by deploying a new range of security services. We will strive to consolidate our Headquarters facilities. Finally, we will incorporate best practices for departmental transition planning in order to deliver a strengthened and unified DHS to the next Administration.**

Specific initiatives under this strategic agenda I hope to accomplish during my tenure should I be confirmed include:

- **Preparing for and leading the transition of the Department to the next Administration. I would ensure that the senior career executives are ready from both an operational and incident management perspective to carry the Department through potential heightened threat during the transition. I would continue to improve and implement management practices and processes that would allow the Department to operate seamlessly (information technology, records management, staffing, etc.) so the leadership can focus on the mission. I would make sure that there is a complete knowledge transfer to the next administration, including key near- and long-term decisions and policy issues.**
- **Workforce: recruitment, retention, and development of a highly qualified, diverse workforce to meet our critical mission needs. I will focus on reducing**

the vacancy rates across the Department, but especially in the senior executive service and at Headquarters. The key actions under this initiative would include making the staffing process more efficient and making recruiting more effective and efficient. I will also continue efforts underway to respond to the current DHS employees' concerns as identified in the DHS Human Capital Survey as the primary way to improve retention.

- **Acquisition: completing the design and implementing the new investment review process, and initiating the pilot of the joint requirements process.**
- **Financial Management: continuing to improve financial controls across the Department. Two key initiatives in doing this are: completing the financial system (TASC) acquisition and accomplishing the corrective action plans under the FY 2008 Internal Controls Playbook.**
- **Information Technology: enhancing the ability of the Chief Information Officer (CIO) to drive change through systems by revising the management directive resulting in strengthen the CIO's functional integration authority.**
- **Acquisition: continuing to enforce the ability of the Chief Procurement Officer (CPO) to manage the acquisition process. This requires finalizing the CPO's functional authority management directive as well as the investment review process management directive and guide.**

9. You were named Deputy Under Secretary for Management at DHS in October 2007. What do you consider your most significant accomplishments in the months since then?

I consider the following some of my most significant accomplishments since becoming the Deputy Under Secretary for Management eight months ago:

- **Expanding the functional authority of the Chief Procurement Officer (CPO) from procurement to the entire acquisition function. This is significant because procurement functional authority only provided policy and oversight of the contracting (business deal) portion of the acquisition program. With the expanded authority, and new staff with the program management skills to execute that authority, the CPO can provide policy and oversight for the entire acquisition system. This will lead to better control of program cost, schedule, and performance control.**
- **Restructuring the USCG Deepwater program. This includes using the organizational change within USCG to bring the Deepwater program under the acquisition organization and the recent hiring of senior career executives with the right acquisition experience to take more effective control of the program. Since I have been Deputy Under Secretary, this change has allowed us to develop a full and open competitive acquisition strategy for the FRC-B acquisition that will lead to a fixed price contract directly with the chosen shipbuilder. It has also led to finalizing the National Security Cutter (NSC) requirements and contracting strategy.**
- **Transition Planning. Since becoming the DUSM, we have partnered with NAPA and the Council for Excellence in Government to provide advice and**

support in preparing for the upcoming change in administration. I have set up a transition team within my office, led by USCG ADM John Acton. I planned and led the DHS Leadership Conference in April, attended by the top 200 executives within DHS as well as the first transition training for career executives, a three day incident management focused course held at the Federal Law Enforcement Training Center.

- **Strengthened the Planning, Programming, Budgeting & Execution process in DHS. Made the Director of CFO's Program, Analysis & Evaluation Division the Department's Agency Performance Improvement Officer. The Agency Performance Improvement Officer has significant authority under the November 13, 2007 Executive Order 13450: Improving Government Program Performance, to lead strategic plan execution, annual performance plans and measurement, program assessment, and annual performance reporting under a single office in DHS.**
- **Acquisition Program Improvements. Developed the strategy that will lead to the Secretary's certification and production decision for the critical Defense Nuclear Detention Office (DNDO) Advanced Spectroscopic Portal (ASP) program. A key element of this strategy which I negotiated was the stand-up of an independent operational test and evaluation authority within the Under Secretary for Science & Technology. The roles and responsibilities are identified in a tri-party memorandum of agreement signed by DNDO, S&T, and MGMT.**
- **Established the DHS Diversity Council. This Council, which I chair, is composed of high-level executives from every Component and major Headquarters office. It will provide a sustained, consistent focus on diversity so DHS can ensure it have the best workforce possible. The Council has issued a DHS Diversity Strategy and FY 08 Diversity Action Plan. The goal is to integrate diversity in the DHS organizational culture – not become a stand alone program.**
- **Acquisition Workforce. Hired the first cadre of acquisition interns under the Acquisition Professional Career Program.**
- **Contract Competition. In the first half of this fiscal year, DHS has competed 72% of its prime contracts. This is four points over the FY 2008 goal of 68% goal, and also demonstrates an increase over the FY 2007 performance of 69%.**
- **DHS Internal Controls Playbook. Improved the FY 2007 effort by expanding the Internal Controls Playbook from just financial controls to related controls throughout the six business lines that can control financial risk in the Department.**
- **Developed enhanced Counter-Intelligence Capabilities. This included increasing counter-intelligence awareness training available to Headquarters and components by 5% and extended to non-HQ components, increasing personnel assigned to the Technical Security Counter-Measures Program, and expanding capacity for critical security sweeps.**

III. Policy Questions

General Management

10. One of the most basic, and most significant, challenges DHS has faced since its inception is how to integrate some 22 agencies and 200,000 employees into a new, cohesive Department, with a shared purpose, identity and culture.

    a. What is your view of the progress DHS has or has not made to date in meeting this challenge?

DHS has made a great deal of progress in its first five years in maturing our Department into one with a shared purposed, identity and culture. The FY 2007 Highlights Report and DHS Annual Performance Report summarize the accomplishments of the Department and performance measurement of mission. In general, they demonstrate that the components individually and Department collectively have joined together to meet our mission objectives.

DHS has improved integration and performance in several management focus areas which have all been independently validated. For example, the Department-wide work of the CIO has yielded a leap in FISM compliance, improving its grade to a "B+" in 2007, up from a "D" in 2006, according to the House Oversight and Government Reform Committee. The CFO's focus on programmatic performance metrics has also been recognized. According to the Mercatus Center, for 2007 DHS is ranked 5th of 24 agencies in effectively communicating performance results in a way that taxpayers can understand. This is an improvement from 21st of 24 agencies in 2006. Additionally, we expect yellow or green progress scores in all eight of our President's Management Agenda (PMA) initiatives this year.

Operationally, DHS is in the process of further unifying its operations and planning. The Secretary has announced changes to our Office of Operations Coordination. It has been renamed the Operations Coordination and Planning Directorate (OCPD). The OCPD will help DHS work better jointly as we develop strategic plans for addressing operations, special events, and emerging threats. OCPD will be staffed at the executive level with 50% DHS headquarters operations staff and 50% detailees from operational components of DHS. This integration of operations planning and coordination is a dramatic step forward in making DHS an integrated Department.

    b. What is your view of the role of the Under Secretary for Management in meeting this challenge? If confirmed, what steps would you take to foster the integration and cohesiveness of the Department?

If confirmed, I will continue to foster the integration and cohesiveness of the Department as its Chief Management Officer. One step I would take is to ensure the revised DHS Strategic Plan is finalized, and that it contains clear goals and outcome objectives. I believe the strategic plan is a good document to refer to in calibrating our priorities and actions. I will manage the Strategic Plan, and ensure the Department measured its progress against the Plan's goals and objectives.

I will also lead the DHS Management Council, compromised of the senior management executives of all the Department's components. This Council sets the agenda and works issues for the management functions (six business lines) throughout the Department. I believe this "board of directors with the USM as chairman" helps build cohesiveness by reinforcing joint ownership of success.

I also believe the efforts we have begun for Joint Requirements Council, Program Review Board, and Acquisition Review Board are critical to operating jointly. If confirmed, I will ensure that these policies are finalized and that the boards and councils operate effectively in the Department.

I will also continue to use transition planning as a tool to build cohesiveness and camaraderie among the Department's senior executives. This was started at our DHS Leadership Conference, and we built upon it at the recent Transition Conference at the Federal Law Enforcement Training Center. Planned transition training and initiatives will further develop the executive core of DHS.

I will also continue to refine the Future Year Homeland Security Program to tie resources to achieving results. The Department has made great progress in this area, and continued emphasis will increase those successes.

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

My approach to managing staff is to identify priorities, define outcomes, give latitude in achieving those outcomes, and holding people accountable for results. This approach was developed in my previous management experiences as the scope and breadth of my area of responsibility has increased. With this broadening scope, I have learned that I have to find the right balance between delegation and accountability. I best serve the organization by setting the priorities, and ensuring they are accomplished, while giving appropriate latitude in the process. I think it is important for staff to take ownership of their job and to believe they are accountable for meeting the mission through their daily work. I think that this accountability not only leads to better results, but also to higher employee morale. It is important to provide opportunities for staff to obtain more responsibility and achieve their professional goals, but make sure they understand they own their own career.

12. The Department's management chiefs whom you would oversee – Chief Financial Officer, Chief Information Officer, Chief Human Capital Officer, etc. – report through their respective components. For example, the CFO at 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?

There are essentially two ways that the management chiefs could function. The current model is functional integration, by which the component business lines direct report to the component heads and have a "robust dotted line" to the Department business chiefs. The alternative model is that the component business lines report directly to the Department business chiefs, and have a customer, or dotted line, responsibility to the mission components. There are advantages and disadvantages to each of the models. The biggest advantage of the current functional integration model is that it gives the mission component heads all the resources and tools necessary to accomplish their mission. I believe this model is effective with the appropriate consideration of good business in every mission decision/program. I do not believe this organizational structure needs to be modified to enhance the effectiveness of the management chiefs. Also, I think there would be significant risk to effect such a major organizational change in light of the upcoming change in administration and associated potential for increased threat.

I do think that the details of the functional authority of some of the management chiefs needed to be enhanced from the original model. In some cases, such as the Chief Information Officer (CIO), this has been done already to some degree. Last year, we implemented a CIO review of all component IT requirements over $2.5 million, and it proved to be a positive enhancement to the current model. The authority of the CIO needs to be further strengthened in a few key areas to better provide for an integrated, secure DHS system. This should be accomplished with changes to the existing management directive (MD). Additionally, the Chief Procurement Officer (CPO) functional authority MD is being appropriately modified to expand the authority of the CPO from just procurement to the entire acquisition process. The expanded MD is currently under Departmental review and will be issued in its final form in the next few months. The Chief Financial Officer (CFO) directive was recently revised to greatly expand the authority of the CFO over the hiring and performance evaluations of DHS employees working in this business line. I believe the strengthening of the chiefs' functional authority by the directive revisions will make the business model more effective. If confirmed, I will continue to ensure that the functional authority of each chief is sufficient to manage the Department well.

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

There are two principal reasons for the authority of the business chiefs. First, is the Department role of policy and oversight throughout the Department. In this area, each chief must similarly ensure consistent policy through a centralized policy, decentralized execution model. Each chief must similarly perform oversight of the components to ensure the business functions are executed in accordance with statute, regulation, and policy. These roles are similar for each of the chiefs.

The second principal reason for the authority of the business chiefs is to optimize efficiency and standardization throughout the Department. The necessary strength for this authority does vary by chief. This is necessary to drive interoperability as well as fiscal responsibility. This role does differ between the chiefs. For the CIO, information technology systems are the backbone of both interoperability and efficiency, and the CIO role in must be very strong in driving requirements to ensure it is carried out effectively. In regard to the Chief Human Capital Officer (CHCO), many of the functions such staffing are standardized federal processes with decentralized execution. Others, such as recruiting and a learning management system, benefit greatly in effectiveness and efficiency by CHCO-led, Department-wide efforts. Therefore functional integration authority in this area does not need to be as strong.

13. What is the role of the Under Secretary for Management in preparing for the Presidential transition in January 2009? If confirmed, what steps do you intend to take to ensure that the Department is able to continue functioning effectively throughout the transition to a new administration, a time of potential vulnerability?

The Under Secretary for Management will lead the Department into and through the Presidential transition in January 2009. Section 341(a)(9)(B) of Title 6, United Stated Code vests the Under Secretary for Management (USM) with the responsibility for managing the Department's transition. If confirmed, I will take this role.

The transition effort is centrally coordinated through my office. I have assembled a core transition team of four individuals who through my leadership and direction are carrying out the day to day transition efforts. In addition, I established a team consisting of 45 senior level employees located within the components who are serving as either a Senior or Deputy Transition Officer to help execute transition efforts. This team will be lead by USCG RADM John Acton, who is reporting this month.

The Order of Succession for the position of the Secretary was updated on August 13, 2007, when the President signed an Executive Order. In October 2007, we completed a component-level succession order and delegation of authority for each component head position within the Department. If confirmed, I will validate this Order of Succession before the transition.

Additionally, we have begun Succession Planning for critical homeland security positions within components to provide continuity at the time of transition. For departing senior level political appointees we have identified interim acting career executives. These senior government executives have already participated in a three-day training session at the Federal Law Enforcement Training Center, and will have a series of workshops over the next six months on tabletop scenarios planned by the Center for Excellence in Government for the Department. This will help ensure our senior career employees, incoming appointees and leaders of other agencies critical to homeland security are prepared to respond should a national incident occur. In concert with FEMA and other parts of DHS, CEG will utilize the National Response Framework and deliver multiple table top exercises during the time of the presidential election campaign, inauguration, and subsequent appointments of Senate-confirmed positions. With these exercises, participants will not only practice their roles but also build relationships and camaraderie with other key decision makers in a variety of emergency scenarios. We are also working closely with the Homeland Security Council at the White House to ensure other departments with homeland security roles are integrated with our transition efforts.

The Senior and Deputy Transition Officers that have been identified are working closely with my core transition team to evaluate internal processes and develop briefing materials for the incoming transition team. I believe it is particularly important to evaluate our internal processes to make sure we have an effective staffing process during the anticipated surge of incoming and exiting staff. Other management processes I will focus on will be to ensure orderly transition include updating Directives and strengthening records management.

In addition to focusing on internal administrative processes, we are also focusing on management processes that include the budget and our major investments. For the fiscal year 2010 budget planning process, we have established a Performance Review Board consisting of the most senior career civil servants throughout the Department. This group is leading the current budget process, and will ensure it continues seamlessly during transition.

In summary, we have a comprehensive transition plan in place to ensure that we are prepared for not only the 2009 Administration change but also to respond to an incident should one occur during this period. If confirmed, I will continue these efforts to lead the Department through the transition.

14. As you know, the Administration has requested funding for a DHS Headquarters that would bring together many of the Department's components at a single facility on the St. Elizabeth's campus in Washington, D.C.

    a. Please explain, from a management perspective, what you believe would be the benefits of a unified Headquarters.

The most significant benefits of a unified Headquarters would be a more rapid unification of the Department, and more effective accomplishment of our homeland security mission. The Department has been tasked with unifying 22 cultures, missions, and organizations. The geographic dispersion of the DHS offices makes this more difficult. It is a well proven principle that informal communications are most effective in driving an organizational culture. The lack of collocation minimizes informal communications within DHS, and does not allow DHS to take advantage of the trust which is built through regular personal relationships.

Our mission demands an integrated approach to protect our homeland. Yet, the Department's legacy facilities are dispersed in 40 locations and 70 buildings throughout the National Capital Region (NCR). This impacts our mission in the areas of critical communication, coordination, and cooperation across the Department.

The current Headquarters at the Nebraska Avenue Complex (NAC) does not have the capacity to adequately support the necessary mission execution functions to effectively manage the Department. In particular, the National Operations Center (NOC) facility is wholly inadequate to support effective command and control and incident management responsibilities. Our prior attempts to address the most urgent discrepancies with the NOC through reprogramming of internal funds have been disapproved by the Congress, due to the planned movement of the NOC to St. Elizabeth's.

A consolidated DHS Headquarters also has a significant long term positive effect on the DHS budget. GSA determined consolidating 4.5 million gross square feet of office space at St. Elizabeth's will result in a significant future cost avoidance, once the project is funded and underway as compared to individually replacing leases. In addition DHS expects to achieve further efficiencies by reducing administrative overhead, eliminating redundancies, and sharing common campus services.

An adequately sized and functionally appropriate consolidated Headquarters would be a large step forward in helping the Department unify DHS operationally, administratively, and culturally.

b. If confirmed as Under Secretary for Management, what steps would you take to ensure that the Department is prepared to adequately plan, execute, and manage this anticipated relocation while providing seamless continuity of services?

The FY 2009 President's budget request for the DHS Consolidated Headquarters at St. Elizabeth's includes funding to establish a project team (11 FTE/21 positions) to manage the DHS requirements for planning, design, lease migration, outfitting (furniture, fixtures and equipment) and transitions to the new campus. I believe this request will provide DHS with the ability to manage this project. This team will work with GSA, the individual components and Headquarters offices throughout all phases of planning, design, execution, delivery and move-in. This is a highly

complex multi-phase effort requiring specialized skills and the continuity of a dedicated workforce. This team would be dedicated to the relocation project, while the existing staff would ensure seamless continuity of the existing administrative services, including current facilities management, mail, and transportation.

c. What does the Department need in order to successfully complete this effort?

In addition to staffing for the project management office discussed in question 14b above, DHS must have the funding to proceed with this project. As you know, the FY 2008 Omnibus Appropriation did not fund the GSA and DHS request to begin construction of the first phase of development, the USCG Headquarters. The lack of FY 2008 funding has delayed the overall development schedule by a year and has increased the estimated total cost (GSA and DHS) by approximately $185 million. This is a large project that requires a dedicated funding stream over a period of years and it is imperative that we get started with the FY 2009 budget.

Finally, I believe that given the scope and complexity of this project, it would be helpful if Congress authorizes the entire project. Full authorization will allow DHS and GSA to efficiently direct funds received to functional project segments and to address any changes in occupancy priorities in an effective manner.

15. As Deputy Under Secretary for Management, what has been your level of involvement with DHS Continuity of Operations (COOP) planning and readiness? Do you think DHS is prepared to continue to support critical management functions in the event of significant disruption caused by a natural disaster or terrorist activity? What would be your recommendations to improve COOP readiness?

I have been very involved in DHS Continuity of Operations (COOP) planning and readiness as Deputy Under Secretary for Management (DUSM). The Departmental lead for COOP is with the Chief Administrative Officer, one of the six chiefs reporting to DUSM.

From a planning perspective, my most significant effort implementing the guidance in Homeland Security Presidential Directive 20 / National Security Presidential Directive 51 (HSPD 20/NSPD 51), *"National Continuity Policy"* and National Communications System Directive 3-10 (NCSD 3-10), *"Minimum Requirements for Continuity Communications Capabilities"*. During my tenure as DUSM, Federal Continuity Directives (FCD) 1, *"Federal Executive Branch Continuity"*, and Federal Continuity Directive 2, *"Federal Executive Branch Mission Essential Function and Primary Mission Essential Function Identification and Submission Process"* were published. I have overseen efforts to update the Department's COOP plans to comply with FCD 1, and to identify and analyze the Department's Mission Essential Functions (MEF) and Primary Mission Essential Functions (PMEF) in compliance with FCD 2. The DHS effort under FCD 2 has resulted in the Department's first comprehensive look at what functions must be carried out in a COOP situation.

The Department's plan includes individual component mission essential functions (MEF), as well as the overarching Departmental essential functions. DHS has identified 11 areas it has nominated as Federal Primary Mission Essential Functions (PMEF). The DHS results will be submitted to the Homeland Security Council (HSC) this week. Should I be confirmed, I will continue to refine the DHS MEFs, as well as provide representation to the HSC for the planned Federal-wide PMEF effort.

From a readiness perspective, my most significant effort has been planning and conducting the Department's successful participation in exercise Eagle Horizon 2008, the continuity element of National Level Exercise 2-08 conducted last month. Management had over 40 "injects" specifically designed to test the COOP readiness of the business functions of the Department. I personally participated, as did each of the business chiefs, in this exercise at both the COOP and Continuity of Government (COG) level.

b. Do you think DHS is prepared to continue to support critical management functions in the event of significant disruption caused by a natural disaster or terrorist activity?

Since the creation of the Business Continuity and Emergency Preparedness office within the Office of the Chief Administrative Officer (OCAO) two years ago, much has been accomplished to increase our preparedness. The recent work to identify Management Mission Essential Functions (MEF) for the Department was a critical step in ensured the Department is prepared. Like many start up efforts in the Departmental Headquarters, there is more work to do.

c. What would be your recommendations to improve COOP readiness?

The next step is to refine the plans underpinning the MEF, and continue to test both the effectiveness of the plans and DHS' ability to execute them quickly and effectively. We learned a great deal from Eagle Horizon, and have developed an aggressive Corrective Action Plan (CAP) to manage improvements addressing the lessons learned. I believe a key element of this is a robust and repetitive internal test, training and exercise program.

Human Capital Management

16. What do you believe are the principal challenges facing the Department in the area of human capital management? What do you believe should be done to meet those challenges? What do you see as your role, if confirmed, in addressing the human capital challenges facing DHS?

I believe the principal challenge facing the Department in the area of human capital management is recruiting and retaining the high caliber career civil servants

necessary to carry out our critical homeland security mission. My role, if confirmed, would be to lead specific efforts to meet this challenge, including:

- ***Cast the net wider* - We need to improve our recruiting efforts to reach a wider, more diverse, and nontraditional candidate base. This includes reaching out to widely separate geographic locations, educations institutions, and mid-career individuals looking for employment such as veterans, and using advertising media that attract the youngest generation in the workforce.**
- ***Increase developmental opportunities* – This is an important step for existing DHS workforce through programs such as the career paths and the DHS Fellows Program.**
- ***Improve our hiring process* – We need to attract and hire the best candidates. This is especially important for the Headquarters offices. To meet this challenge, we must obtain the resources (dollars and people) to properly execute the staffing function, set up an efficient process, and execute.**
- ***Make better use of incentives* – Things such as recruiting incentive, payment of relocation expenses, and tuition reimbursement go along way with employees.**
- ***Address the concerns of the current employees* - This was raised in the recent DHS Employee Survey and especially focused on the areas of communications and performance management.**
- ***Consolidated DHS Headquarters site* – Adequate facilities for the DHS workforce will improve employee morale and allow DHS to accomplish its mission more effectively.**

In addition to the specific challenges facing DHS, there are human capital management changes faces the entire Federal government. I believe these are prompted by the conversion of retirement systems from CSRS to FERS, aging Federal workforce, and the culture of the current generation(s) entering the workforce. If confirmed, I would work with Office of Personnel Management to see how the current policies can adapt to these changes, while still complying with current statute.

17. What actions in your past executive experiences demonstrate your style and approach in the area of labor-management relations?

My past executive experiences demonstrate a style of mutual respect in the area of labor-management relations. My initial executive experiences were in environments such as public works and shipyard environment, with strong collective bargaining unit and union presence. Employees are our most valuable resource. Organizations that represent our employees are there to support the interests of the employees; therefore they provide an important service. I respect this role. On a more individual level, my style to individual labor and management is the same – mutual respect. Both working level and supervisory employees are united to fulfill our mission in protecting the homeland. I deal with individuals

expecting positive, professional relationships, and normally that is the self-fulfilling prophecy.

I believe it is important to work with labor on specific issues, such as the design of the DHS Human Resources Management System. Coupled with that, I believe it is important to have an ongoing relationship, maintaining an open dialogue. One example is the DHS Law Enforcement Council which brings together law enforcement entities at the highest level from throughout the Department discusses issues such as best practices, quality of life, and training and includes union representation on a periodic basis.

18. FEMA currently has Cadre-on-Call Response Employees (CORE) employees that serve in temporary positions. The President's FY2009 Budget seeks financial support for the conversion of CORE employees to permanent full-time positions. How do you believe that FEMA should implement this conversion?

FEMA has 390 four-Year CORE positions to be converted in FY 2008. This should be done by competitive selection consistent with the competitive appointment provisions of Title V. Selections should be done by July 31 to allow completing of necessary clearances and final action by the end of the fiscal year. All existing CORE employees should be encouraged to apply and their experience considered in the selection of the permanent employees. To date, of the 390 4-Year CORE positions to be converted this year, 287 CORE incumbents are already on-board and have been serving in their current positions for several years. These individuals collectively bring to FEMA hundreds of years of disaster response and emergency management knowledge and experience. The CORE incumbents, current FEMA employees and the general public are eligible to apply for the new positions. FEMA will follow the same selection and qualification standards and procedures as those established by the U.S. Office of Personnel Management (OPM) and used in filling General Schedule (GS) positions in the competitive service. These competitive selection procedures were chosen as a means of selecting the best qualified candidates for FEMA's disaster response and recovery workforce. We are expediting the process by minimizing the open period to 5 working days, to ensure the conversions are completed this FY. Absent legislation which permits FEMA to directly convert the approximately 300 positions scheduled in FY 09 from CORE to permanent, the same process will be followed next fiscal year.

19. The Department has been active in contracting out certain government functions. While contracting out can be an effective means of fulfilling the some responsibilities of government, it is critical that the Department have sufficient staff on board with the necessary skills to establish policy, maintain a strong institutional memory and effectively manage acquisitions and contract oversight in order to ensure quality, economy, and timeliness. What do you believe should be done to ensure that the Department maintains a career workforce sufficient to achieve these objectives?

On March 6, 2008, I signed the annual DHS Federal Activities Inventory Reform (FAIR) Act data call to heads of the DHS offices and components. Traditionally,

this data call only addresses the Department's inventory of in-house inherently governmental and commercial resources. This year, I requested a review of the categorization of jobs to ensure the right ones are categorized as inherently governmental, meaning they would have to be performed by Federal employees. This initiative requires that all DHS organizations work within the requirements of the DHS Workforce Planning Guide and review current contracted work to determine if and when portions are being filled by contractors should be considered for in-sourcing by Federal personnel. This is a step taken in meeting the Secretary's fifth goal: Strengthen and further unify DHS operations and management capabilities. It considers that some work that was contracted out in the earliest days of the Department's origin may not be appropriate for recurring performance by Federal employees.

We are also reviewing our contract work to ensure that inherently governmental work is not performed by contractors, and that DHS has the inherent knowledge within its Federal employees to sustain the Department's operations. I consider this an important piece of our human capital planning effort. Two specific areas where such an assessment has resulting in designating certain functions to be performed by Federal employees are National Protection and Programs Directorate (NPPD) and Intelligence and Analysis (I&A).

If confirmed, I will continue this work to ensure the DHS has the Federal workforce necessary to accomplish its mission.

20. DHS contractor employees may work side by side with DHS employees, and also perform the same or similar functions as their government counterparts.

    a. What are your views on ensuring that DHS provide certain safeguards to prevent apparent and actual personal conflicts of interest of DHS contractor employees?

I strongly support measures to safeguard and prevent the appearance of or actual personal conflicts of interest by DHS support contractor employees. DHS has implemented the use of Non-Disclosure Agreements executed by contractor employees who perform work on DHS support service contracts. DHS communication is planned for release to our acquisition community to reinforce the need to protect source selection information, communicate appropriately with vendors, and maintain strict compliance with competitive practices to ensure no inappropriate competitive advantage is secured by vendors with whom we routinely interact. Additionally, as a Department we are emphasizing that management attention must be focused on service contracts which involve contractor employees providing advice, opinions, recommendations, ideas, reports, analyses, or other work products which have the potential to influence the authority, accountability, and responsibilities of Government officials. Contracting Officers are keenly aware of the need for scrutiny and an enhanced degree of management oversight, to include ensuring sufficient and qualified government employees are assigned to

monitor contractor activities, where services closely support the performance of the DHS mission along side of government employees.

I also strongly support a more aggressive management of service contracts given the blended (contractor and Federal employees working closely together) workforce that DHS has to accomplish its mission. The Office of the Chief Procurement Officer is completing a major overhaul of the Department's Contracting Officer's Technical Representative (COTR) training which I began while serving as the CPO. One change in the COTR training is to expand on ethics and organizational conflict of interest training that is specifically geared to the blended workforce. Another is heightening the awareness of program officials and COTRs to the distinctions between personal services and the services of independent contractor personnel. Further, additional emphasis will be placed on ensuring that COTR oversight includes the discouragement of an environment or performance that amounts to or gives rise to unauthorized personal services, and that COTRs are fully aware of their performance assessment responsibilities.

Another initiative I undertook while CPO and has continued, is an increased expectation for monitoring the nature and manner of contractor personnel activity in our blended workforce. With the growth of the "blended" or "multi-sector" workforce, it is more important than ever for DHS contracting officers to be vigilant in avoiding the inclusion of "inherently governmental" functions in performance work statements and, absent specific authority, establishing personal services contracts. It is also very important to direct special management attention to contracts that have a pronounced potential for influencing the authority and accountability of Government officers. DHS contracting officers shoulder a heavy responsibility for avoiding, neutralizing or mitigating any occurrences of organizational conflicts of interest that may occur due to increased contractor participation in agency operations. In a memorandum distributed in July 2007 regarding performance-based acquisition requirements, I advised the Component Heads of Contracting Activity that requirements for services must be clearly defined with appropriate performance standards and, to the maximum extent practicable, structured as performance-based. This applies also to contracts for services that involve the "blended workforce." Components should avoid using an acquisition strategy involving time and material or labor hour contracts for service-type requirements where less risk prone contracts types are more appropriate.

b. What are your views on requiring DHS contractors to provide contract clauses that prohibit contractor employees' participation in a DHS procurement affecting a personal financial interest or requiring contractor employees performing certain functions to complete a financial disclosure form?

I strongly support the present efforts at the Federal level by the Federal Acquisition Regulation (FAR) Council as recommended by the Acquisition Advisory Panel (SARA Panel). These efforts include reviewing and investigating the need for changes to the federal acquisition regulations in the critically important areas of

Personal Conflicts of Interest (PCI), Organizational Conflicts of Interest (OCI), and Protecting Contractor Confidential and Proprietary Data. In view of the rise in the level of Federal contracting for services, and particularly in the context of multi-sector workforce, additional measures to protect PCI, OCI and other forms of personal data appear to be needed. The SARA Panel reported in January 2007 that achieving greater government-wide consistency would be beneficial through the use of appropriate levels of integrity, ethical guidelines and contract clauses. Two Federal Register notices of advanced rulemaking were released in March 2008 to gather public opinions on whether the existing rules and regulations are adequate or whether new, uniform, government-wide policy and clauses are required. Issues such as financial conflicts of interest, impartiality concerns, misuse of information, misuse of apparent or actual authority, and misuse of property are all areas of potential personal conflicts of interest for contractor employees, and could result in harm to the public and loss of public confidence were the specific areas which the FAR council is seeking public input.

21. Advocates of personnel flexibilities (such as performance-based pay, pay banding, and other flexible authorities) believe such flexible authorities are needed to achieve a more responsive human resources management system. Concerns, however, have been raised that such flexibilities can increase the risk of arbitrary and unfair action and politicization in the workplace.

    a. Do you believe these concerns have any validity?

    I believe that flexibility does introduce risk because it allows for discretion. Discretion if used correctly can greatly enhance performance. However, if used incorrectly, and can be detrimental.

    b. What can be done to address these concerns?

    In addressing these concerns, I believe managers have to be concerned with two related but different problem sets. The first is perception of the employees, the second is actual facts.

    If employees perceive that performance and pay decisions are made in an unfair manner then the concerns have validity regardless of metrics that might show otherwise. To deal with perception, I believe the single most important action is communication. Direct, regular, multi-media (in person, small groups, large groups, policy, Q&As, for example) communications at every stage of this change is critical. Labor involvement is also critical in ensuring the perception of a fair system.

    The second area is the actual system. The Performance Management System must be fair, credible, and transparent by design. Within the DHS Performance Management System currently being implemented for non-bargaining unit employees within the Department, employees work with their managers and

supervisors in developing three to five performance goals that facilitate their ongoing skill development and personal growth and achievement of the organization's goals. Employees provide feedback throughout the rating cycle to their supervisors using an automated tool that ensures transparency in the process.

Another key component of the system is training for supervisors. Since I have been DUSM, I have directed an initiative to train DHS Headquarters supervisors on the basics of supervising a Federal workforce. This is targeted at ensuring a better performance management system, specifically two areas of concern from the recent employee survey about performance ratings and linking rewards and performance ratings to actual performance. One of the areas in DHS that needs the most improvement according to the employee survey is dealing with poor performers. I believe DHS leadership must know how to manage performance, and then be held accountable for doing so.

22. In April 2008, GAO issued a report on diversity in the Senior Executive Service (SES) of the federal government. The report showed that DHS ranked 23rd out of 25 agencies surveyed with respect to the percentage of minorities in its SES ranks, and 20th out 25 with respect to the percentage of women in the SES.

a. Do you believe that lack of diversity is a problem at the Department?

I believe DHS could benefit from a sustained effort integrated into the core management of the Department, resulting in a more diverse workforce. The Department has renewed its commitment to diversity with good cause as we recognize diversity as a management and mission imperative for success.

b. If confirmed, how would you address the issue of diversity at DHS?

If confirmed, I would continue the efforts I started as DUSM. This strategy incorporates a multifaceted approach to recruitment, training and development, retention, and succession planning. It requires perseverance and continued emphasis to produce results.

I established and chair the DHS Diversity Council, composed of high level executives from all our components and major Headquarters offices. Under the aegis of the Council, we have issued a DHS Diversity Strategy Statement and an FY 08 Diversity Action Plan. We are drafting an action plan for FY 09/10. The initiatives under the Council fall into three major areas:

- **Casting the net wider to acquire the best talent: To recruit, hire, develop, and retain the most qualified, diverse workforce at entry, mid-career, and senior levels. This includes the Department's commitment to recruit at Minority Serving Institutions (MSIs), Historically Black Colleges and Universities (HBCUs), Tribal**

Colleges and Universities, and Hispanic Serving Institutions. Relative to hiring, we require each component to conduct the broadest outreach based on the demographics of its organization. Additionally, we are working with veterans outreach and have established a Veterans Outreach Advisory Council and website for job seekers.

- **Career Development for Current Employees: To provide a pipeline for advancement into senior managerial and leadership positions by ensuring that scholarship, internship and other learning and development opportunities exist for all employees within the Department.**

- **Domestic Capacity Building & Research: To ensure that Historically Black Colleges and Universities (HBCU's) and other Minority Servicing Institutions (MSI's) are given the appropriate opportunity to participate in the grants process for research efforts that originate within DHS.**

The Department now has an executive level Director for Recruiting and Diversity in our Office of the Chief Human Capital Officer.

Additionally, I have directed a review of our SES hiring procedures to identify potential best practices that would integrate attention to diversity into our current processes without violating merit principles. The first step has been to add an Equal Employment Opportunity (EEO) representative to the Department's Executive Review Board.

In terms of accountability, last year, the Secretary implemented a "Diversity Advocate" objective into all executives' performance plans, and this year, my office is issuing additional guidance on rating executives' performance in this area.

If confirmed, I will build on and expand these efforts to ensure that diversity becomes an integral facet of DHS' organizational culture; and not a stand alone program.

23. There have been reports of low morale in various components of the Department since its inception. An Office of Personnel Management (OPM) survey in 2006 found continued significant low ratings for job satisfaction among DHS workers. A 2007 follow-up survey by the Department found modest improvements in some aspects of job satisfaction, but no changes in other areas.

    a. What do you think are the reasons for low employee morale at DHS?

    One thing to keep in mind is that employees did not enter DHS "morale neutral". Many came from agencies that were split into pieces, others from autonomous agencies into a Department. I think it is reasonable to believe some of the morale issues may have been inherited by the Department for these reasons, as well as from the merger of 22 disparate entities which became DHS. The human tendency toward resistance to change caused by such a merger

certainly could be the root cause of some of the low employee morale. However DHS is now five years old and that should be overcome with proper leadership.

Another general cause is for the low score is that DHS is a large agency, with over 200,000 employees who work for a diverse array of Components with distinct missions. Larger agencies and businesses alike generally score lower on employee surveys than their smaller counterparts. The report from the 2007 DHS Employee Survey indicates that there are substantial variations in positive response rates across the Department. While our larger components tend to have a greater impact on the overall DHS score (the Transportation Security Administration, Customs and Border Protection and Immigration and Customs Enforcement make up 80 percent of the weighted responses), we have smaller components — the Federal Law Enforcement Training Center, Office of the Inspector General, U.S. Coast Guard, Science and Technology Directorate and U.S. Secret Service — with scores that are quite positive. That is why we are placing a tremendous amount of importance in the steps taken by individual components to improve morale.

In additional to these general findings, the employee survey results gave us specific areas that must be addressed to improve employee morale. The two major areas are recognizing the best performers and dealing with poor performers. The employees have sent a clear message through the survey that DHS needs to improve on rewarding the high performers, linking promotions to merit, and taken sound steps to deal with poor performers in the workplace. These all relate to a good performance management system that is effectively managed by the DHS supervisors and its employees.

b. What steps will you take to improve employee morale?

Employees told DHS that they are most satisfied with the work they do, knowing the work they do is important, knowing how the work relates to the Department's priorities, and cooperating with the people they work with to get the job done. This is an excellent foundation from which we must improve morale overall.

After receiving the results of the 2006 Federal Human Capital Survey, the Department called together component representatives and launched a massive action planning initiative. The goal was to identify and implement plans and programs focused on remedying deficiencies identified in the survey results.

Each individual operating component developed an action plan as did the Department for Department-wide initiatives. At the Department-level we focused on three specific areas — communication, leadership and performance management. The components focused their efforts on issues which where particular to their individual components. These are but a few examples - Customs and Border Protection conducted 125 focus groups to try to gain a

more granular understanding of the issues concerning employees, Citizenship and Immigration Services implemented an employee rotational assignment training program, and TSA implemented career ladders to enable Transportation Security Officers to segue into Customs and Border Patrol Agent and Border Patrol Officer positions.

Each quarter, the components report progress against their planned actions. In May, DHS CHCO completed the 4th quarterly review of the action plans developed after the 2006 FHCS. Concurrently, we received the results of the 2007 DHS Employee Survey. While these are different surveys, the 45 questions under the four Human Capital Assessment and Accountability Framework Indices (HCAAF) remain the same. Therefore the results from 2006 can be compared to the results of 2007 in the HCAAF areas. This is a good way to determine (1) if the action plans are still targeting the right areas, meaning the areas of lowest morale, and (2) if the action plans have yielded any positive results in the last 10 months.

Therefore as DUSM, I directed that in the next quarterly progress report, the action plans must be reviewed against the results of the 2007 survey. Specifically, each report must address if the most current results indicate we are targeting action on the right areas of interest, and if it appears that after 10 months, the actions are producing results.

If confirmed, I will continue this effort, including making modifications to existing initiatives as warranted and also developing new initiatives in concert with further analysis of the survey results. I believe this modulated action is necessary because improving morale is a long term effort, not a 10 month project. Therefore we should not start over each year with new action plans addressing the results of the new survey. Rather we should adjust the existing plans based on significant changes in survey results. The modified action plans for each operating component and the Department-wide effort are due on July 1st.

I will also continue the specific initiative undertaken to help address performance management weaknesses at DHS headquarters. After receiving the survey results, I discussed the results with DHS managers and supervisors. I learned that some supervisors do not deal with poor performers because they do not have the basic skills to do so. The same was true with understanding the civil service performance and award system. Therefore I directed the CHCO Chief Learning Officer to develop a basic supervision course for DHS headquarters supervisors. The purpose of this course is to arm supervisors with the basic tools and processes for rewarding good performers and dealing with poor performers in the workplace.

24. Recent press articles indicate that the turnover at the Department has been significant, particularly among senior personnel. What steps do you believe the Department should take to prevent loss of essential expertise, particularly in preparation for the upcoming presidential transition?

First and foremost, we must fill our vacancies, especially in the executive ranks. We currently have a 20% vacancy rate in our senior executive positions, and that gap for career employees must be closed before the transition so we can effectively perform during the transition.

DHS must regain its Office of Personnel Management (OPM) certification for the pay system, and work toward a permanent certification. DHS has been conditionally certified, but on an annual basis. So each year, there is a gap in time of 6 months or more when DHS is applying for recertification, and cannot pay its incoming senior executives more than $158,500. With a certified system, an agency can pay up to $172,200. This is a significant obstacle in attracting the best candidates. Currently, DHS has submitted its request for recertification to OPM and is awaiting a decision.

DHS must make more consistent use of current OPM incentives, such as tuition reimbursement, and master's programs such as National Defense University, to facilities employees' growth while in DHS.

Another way to preserve essential expertise is documentation and policy. In preparing for the transition, DHS will create operating procedures, manuals, and other documentation to preserve the types of expertise that can be encapsulated in such documentation. Additionally, we will continue the significant efforts already underway to ensure all necessary Directives are updated and implemented prior to the close of this fiscal year. Directives are a key component in ensuring consistent application of DHS policy and business practices across the Department.

Obviously, much of the expertise that is essential to accomplishing our mission can not be adequately captured in procedures manuals or briefing books. Through succession planning initiatives, we are working to ensure at least one or two career "backup" employees are gaining exposure to areas of expertise where the number of experienced and knowledgeable employees is limited. For example, in October we completed a component-level succession order and a delegation of authority for each component head position within the department. We identified at least one (usually two or more) backups for each component head position. Going beyond the top leadership positions, we identified critical positions throughout the Department and initiated succession planning for each critical position, including identifying an interim acting career executive for each non-career employee. Should I be confirmed, I will continue to update and refine our succession planning initiative.

Financial Systems and Financial Management

25. Through its Transformation and Systems Consolidation (TASC) project, DHS plans to migrate and consolidate the many financial systems across the Department to common platforms. The department's previous department-wide financial systems project known as EMERGE was cancelled midstream due to a lack of progress.

    a. How will the new plan yield large scale economies and efficiencies?

    The Transformation and Systems Consolidation (TASC) project strategy leverages existing Financial Systems Integration Office (FSIO) compliant financial management capabilities to standardize a single accounting structure, centralized reporting and functionally integrated business processes. TASC will yield economies of scale by significantly reducing the number of integrations to the core accounting system for applications including but not limited to the Federal Procurement Data System-Next Generation suite of services, eTravel and the Central Contractor Registration. TASC will seek efficiencies across the Department to produce timely, accurate and useful financial information and to ensure the integrity of internal controls and to support clean audit reports. Success in achieving these goals rests upon an integrated core financial management system that meets FSIO and DHS-specific requirements and complies with the requirements within the Chief Financial Officers Act, Office of Management and Budget (OMB) Circular A-123, OMB Circular A-127 as well as other federal standards.

    b. Do you believe that the various financial management functions spread throughout the department, in order to perform most effectively, will eventually need to be completely consolidated into one as was proposed in EMERGE?

    At this time, the Department remains focused on TASC and the consolidation of financial systems. I believe the financial systems consolidation will yield efficiencies and improved internal controls. I do not anticipate the need to completely consolidate all financial management functions in the foreseeable future.

26. DHS represents a sizable portion of the Federal budget, yet reliable financial reporting is not yet available.

    a. When do you think the department will achieve a clean or unqualified opinion on its financial statements with no associated material weaknesses reported?

    The Department has dramatically improved its financial management and stewardship of taxpayer dollars. The FY 2007 Annual Financial Report, the principal financial statement of accountability for DHS, shows achievements in every area of measurement, and that our corrective actions are working. The

number of organizations with no material weaknesses increased from four to seven, system security weaknesses were reduced from six to three, and the number of component conditions that contributed to FY 2007 material weaknesses was reduced from 25 to 16. Overall, audit disclaimer conditions were reduced by 40 percent. I cannot predict when the Department will achieve a clean opinion with no associated material weaknesses, but I can commit that if confirmed, a continued effort to achieve this end will be one of my management priorities.

b. If confirmed, how would you work with the department's financial management staff to develop and execute a plan to achieve improved audit opinions?

As DUSM, I partnered with the Department's Chief Financial Officer to develop the latest edition of the Department's Internal Control Playbook. The Internal Control Playbook is our plan to design and implement Department-wide internal controls. The Playbook is designed to drive the Department to better internal controls and unqualified audit opinions with no material weaknesses.

The current plan focuses on addressing disclaimer conditions at the U.S. Coast Guard (USCG), Federal Emergency Management Administration (FEMA), Office of Health Affairs (OHA), and with Department-wide Intra-governmental Account Balance Activity.

Progress on correcting material weakness conditions at the U.S. Coast Guard (USCG) represents a long-term challenge, highly dependent on financial management systems improvements and strengthening the USCG control environment. The Department's CFO and USCG Commandant have partnered to sponsor an Audit Readiness Planning Team (ARPT). The ARPT is a cross-functional team comprised of senior DHS and Coast Guard financial management experts tasked to enhance existing corrective actions with a risk-based strategy that traces each financial statement line item through key processes and systems, addresses material weaknesses and key control gaps, corrects opening balances, and identifies required resources. The ARPT will deliver a multi-year, USCG-wide plan to achieve financial statement audit readiness.

Although the USCG corrective actions are long term in nature, the Department's CFO is determining the extent of audit work required at the USCG to achieve a Department-wide qualified opinion on its Balance Sheet in the near term, that is, between FY 2009 and 2010. Once this landmark milestone has been achieved the Department's remaining financial statements will be subjected to financial statement audit. At the component level, in FY 2007, CBP obtained and FLETC obtained an unqualified opinion on all-financial statements and TSA received a qualified opinion on its Balance Sheet.

If confirmed, I will work with the CFO to build on our success by strengthening internal control over operations processes (i.e. traditional management controls). This effort will support the Secretary's priority to *Strengthen and Unify DHS*

Operations and Management **and will be another significant step in the maturation and transformation of the Department. Our goal is to implement a single, comprehensive, and integrated management approach to organize and focus Department-wide internal control efforts.**

27. DHS has acknowledged that it has not been in compliance with the requirements of the Improper Payments Information Act (IPIA) but plans to subject many additional programs to reporting under the Act this fiscal year.

    a. Will you commit to continued improvements in the department's IPIA reporting if confirmed?

Yes, I commit to continued improvement in the Department's IPIA reporting if confirmed.

    b. How would you work with the department's financial management staff to develop and implement aggressive improper payments reduction goals and associated program integrity improvements?

The Senior Management Council (SMC), which I chair as DUSM and would continue to chair if confirmed, is responsible for developing an overall strategy and methodology for identifying and evaluating the risks and controls associated with management and program operations. I utilize the SMC to provide recommendations to the Secretary on program integrity as reported in the Secretary's annual assurance statement. The SMC also sponsors the Internal Control Coordination Board, which is co-chaired by a member of my staff and the Department's financial management staff. Through these governance structures, staffs from my immediate office and the financial management staff have been working together to implement aggressive improper payments reduction goals and program integrity improvements.

We will continue our work throughout the Department on IPIA. The Department's risk assessment process for FY 2008 has categorized 15 programs as high risk and our plan is to conduct sample testing of at least 10 of these programs. In FY 2007, the review of payments focused on payments to contractors, direct assistance payments, and travel payments. In FY 2008, the DHS expanded the scope of the sample review to include intra-governmental payments, payroll, and purchase card payments. To further improve our efforts in this area, the DHS CFO has issued guidance to DHS agencies improving sample test procedures. In addition, the DHS CFO reviewed components' testing procedures and will begin to independently validate the results of components' sample testing. We intend to place a special emphasis on implementing the improper payments process at FEMA and the testing of their high-risk programs. Specifically, we are developing a multi-phased strategy to test FEMA's high-risk grant programs for significant improper payments.

28. In its fiscal year 2007 financial report, DHS reported recovery auditing activity for some Department components. Others did not report any recovery activity at all. How do you think the Department should use the recovery auditing tool to collect improper payments it makes?

I think recovery auditing can be a very effective tool for identifying improper payments. The independent review and contingency-based contracts allow the government to incur costs only once recoveries are made. Recovery audit contractor recommendations have improved operations.

In FY 2008, the DHS CFO ensured that ICE and USCG signed audit recovery contracts early in the fiscal year to support timely reporting of FY 2007 disbursements for themselves and the agencies they cross-service. DHS Headquarters actively participated in entrance conferences in which year-end deliverable schedules were discussed in detail. In addition, the DHS CFO worked with U.S. Customs and Border Protection (CBP) which did not participate in audit recovery last year but will do so this year. CBP has issued a recovery audit contract to examine their FY 2007 disbursements.

At the end of these audits, reports will be prepared to provide components with lessons learned and recommendations for reducing improper payments. These reports will form the basis for reporting on recovery audit efforts, and inform future decisions on expanding the use of recovery auditing in the Department.

Acquisition Management

29. What would you say are your top accomplishments as DHS Chief Procurement Officer in improving the management of DHS acquisitions? What do you consider to be the most significant remaining weaknesses in acquisition management at the Department?

My top accomplishments as the DHS Chief Procurement Officer include:

- **Developing and obtaining the budget for the DHS Acquisition Professional Career Program. I developed this program to provide a pipeline of new, college graduates into the contracting career field. The program has some unique characteristics that will ensure its success. Those include centralized funding management of the interns throughout their program, structured on-the-job and formal training program, mentors, and rotations each of the three years to a different component of DHS so they graduate with experience in three different mission areas. At the end of the internship, these professionals will be placed in one of the contracting offices in DHS. There is a shortage of contracting professionals throughout the Federal government, and this program helps DHS address that shortage effectively.**

- **Expanding the functional expertise and setting the groundwork for expanding the authority of the Chief Procurement Officer from procurement**

to acquisition. When I was selected as the Department's Chief Procurement Officer, one of the most urgent challenges I was facing were the significant increases in contract spending with a shortage of acquisition personnel, and mission urgency that was driving aggressive schedules. I consider one of my top accomplishments to be the establishment of the Acquisition Program Management Division (APMD) of OCPO in August of 2007. The division was established to improve oversight and execution support for DHS acquisition programs. To date, APMD has performed Quick Look assessments of 37 level one programs and has overseen Deep Dive reviews of the SBInet and ASP programs. Currently, the APMD team is focused on an aggressive Investment and Acquisition process re-engineering effort to replace Management Directive 1400. APMD has restarted the Investment Review process and is establishing revised investment and acquisition decision procedures that include Acquisition Decision Memorandums (ADMs). APMD is collaboratively assisting programs in strengthening their Acquisition Program Baselines (APBs). APMD is also establishing a new periodic reporting system to monitor acquisition execution at the project level.

- **Working with the USCG to implement the Blueprint for Acquisition Reform, including reforming the Deepwater program. This comprehensive effort included organizational realignment, hiring senior executive service program managers and contracting head, restructuring the Deepwater contract, completing the "swamp drain" associated with the National Security Cutter (baselining requirements, renegotiating price, settling all outstanding technical direction and change orders), and planning to acquire certain assets outside the Deepwater program when it is in the best interest of the Government.**

- **Formalizing the procurement oversight function into a management directive, then making oversight a regular part of DHS business through quarterly reporting, annual reviews, and scheduled onsite assessments.**

- **Leading FEMA in building its acquisition program post-Katrina. The rebuilding including human resources and preparedness contracting. Some specific outcomes of this initiative include a contract administration guide for field offices, more than doubling of resources devoted to acquisition, adding a senior executive business manager at FEMA headquarters, awarding over 70 preparedness contracts, and developing a Federal-wide contingency contracting officer program.**

- **Mandating an overall assessment of contractor usage and service contract management across the Department. This is to ensure adequate Government oversight and that the mix between DHS and contractor employees is properly balanced. The goal is to optimize the balance of effectiveness and**

efficiency while ensuring accountability and appropriate oversight of contractor performance.

- **Making good business practices a more integral part of mission decision making in the Department, and that business risk is evaluated with mission risk in key decisions.**

30. In the area of acquisition management, what should be DHS's top three priorities for FY09? What should be the top five priorities over the next few years?

Earlier this year the Chief Procurement Officer established his top priorities for FY 2008. They are very similar to the priorities I had when in that position. I believe we should continue these into FY09. The top three priorities for FY08 in the area of acquisition management are:

1. Quality contracting. While we have made significant improvements in this area, more remains to be done to ensure quality contracting over the entire life cycle of the contract, from preparing the statement of work to closeout of the contract. Making good business deals for the government and performing effective contract administration are key to facilitating the Department's ability to meet its acquisition-related mission requirements, even in the face of urgent requirements.

2. Quality Acquisition Management. Program success is not accomplished through good contracting alone. Improving the quality of program management throughout the Department is necessary to deliver capabilities to meet the Department's mission on schedule and within budget. We are in the process of strengthening program management, including related functions such as cost analysis, logistics, systems engineering, and test and evaluation by implementing a number of initiatives that range from conducting "Quick Look" reviews of Department Level 1 acquisition programs as a rapid assessment tool to identify high risk areas, to re-engineering the DHS requirements and investment review processes.

3. Quality People. Without a highly skilled and motivated acquisition workforce, neither of the first two priorities can be met. In order to build a world class acquisition workforce, a number of initiatives are underway that range from creating a pipeline of acquisition professionals from an entry level (the Acquisition Professionals Career Program), providing centralized hiring through the use of Department-wide vacancy announcements and exercising re-employed annuitant authority and funding an Acquisition Training Program to deliver unified training of personnel.

I believe these priorities will continue to be the top priorities over the next few years. There are many initiatives under each that should continue to be expanded and strengthened. I believe the additional two priorities for the next few years, to bring the number of priorities to five include:

- **Strengthening of the requirements process and integrating it into the Planning, Programming, Budgeting, and Execution system; and**

- **Continuing of our efforts to support an enterprise IT architecture and improve information technology contracting. This is essential to improve interoperability and communications throughout the Department, and must be done in an integrated manner to be effective.**

31. 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?

There are three areas we are building in DHS in order to strengthen the requirements and acquisition process. The first is a more robust Planning, Programming and Budgeting process. DHS has added a Program Review Board (PRB) to this process. The PRB consists of senior executives throughout the Department and helps the Deputy Secretary in determining priorities, ensuring interoperability, reducing redundant projects, and measuring the effectiveness of program.

The second area is a robust investment review process. DHS CPO has a draft revision to the Management Directive 1400, which govern the Department's investment review process. The new program, governed by an Acquisition Review Board (ARB), is much stronger in several key areas. It integrates information technology reviews into the single process. It also governs all major acquisition programs, not just developmental capital investments.

The third area included in the strengthening of requirements is a new Joint Requirement Council (JRC) under the Office of Strategic Planning, Assistant Secretary for Policy. This initiative is beginning with a pilot of two programs this year. It will be looking at groupings (portfolios) of similar programs, such as people screening programs, and doing a bottom up review. That includes examining the mission need, and developing requirements to meet that need.

These three initiatives are coordinated by the Under Secretary for Management, and if confirmed, I will ensure they will individually and jointly will be a top priority for the Department. They will provide a system that analyzes needs and gaps in requirements (JRC), provides resources to meet those requirements (PRB), and manages the acquisitions to ensure cost, schedule and performance metrics are met (ARB).

32. To what extent has DHS relied on independent verification and validation to help DHS assess its technical, managerial, and financial oversight of major procurements? Do you believe that DHS should make greater use of independent verification and validation to help ensure that DHS makes the right decisions in planning procurements, and that the products and services procured by DHS actually fulfill DHS requirements?

While I was Chief Procurement Office, DHS awarded a large suite of indefinite delivery indefinite quantity contracts under the program name Enterprise Acquisition Gateway for Leading Edge Solutions (EAGLE) to provide users throughout DHS a mechanism to acquire information technology support services on a competitive and as-needed basis. IV&V services represent one of the five categories of services available on EAGLE. To date, 19 IV&V related task orders have been issued under EAGLE by seven different DHS agencies. This includes the recent US Citizenship Information Services (USCIS) award of a large five year task order to obtain an IV&V IT lifecycle capability for all of its IT acquisitions, including support for the USCIS Transformation Solutions Architect acquisition. IV&V task orders have also been issued in support of a variety of program offices, including the Chief Financial Officer's Resource Management Transformation Program Office and the Chief Information Officer's Enterprise Architecture Program Management Office. Eagle IV&V orders have a value of $102 million including options.

The DHS CIO uses IV&V to:

- **Support legislatively mandated reviews of various large programs;**
- **Increase visibility into selected DHS Component's acquisition processes;**
- **Provide oversight to reduce overall project risk;**
- **Ensure the process of determining whether the requirements for a system or component are complete and correct;**
- **Ensure the products of each development phase fulfill the requirements or conditions imposed by the previous phase; and**
- **Ensure the final system or component complies with specified requirements.**

The DHS/CBP SBI program is in the process of procuring Independent Verification and Validation (IV&V) services under the DHS EAGLE contract vehicle. The IV&V effort will be applied to all software on the SBI program and will follow the Institute of Electrical and Electronics Engineers (IEEE) Standard for Software Verification and Validation (IEEE Std. 1012 – 2004). We expect the SBI IV&V contract to be awarded in October 2008.

The Automated Commercial Environment (ACE) program is another CBP example where IV&V has been used to improve the delivery of capability matched to business requirements.

IV&V services have also been obtained through other contracting methods, including the GSA Schedule award of a contract for USCIS for IV&V services in

support of its Background Check Services (BCS) and Biometric Storage Systems (BSS) programs.

I believe independent verification and validation is an important aspect of acquisition management, and should be used for major programs, especially information technology programs. Should I be confirmed, I will continue to broaden the use of IV&V. I believe the goal of IV&V (to ensure that deployed Federal systems are capable of performing its intended user defined functions and is testable, reliable, maintainable, usable, and easily enhanced) is an important piece of major acquisition programs. IV&V is particularly useful when focused on mission critical software because it provides additional reviews, analyses, and in-depth evaluations of life cycle products that have the highest risk. When applied to a Federal information technology program, IV&V works independently from the program/project management development life cycle, but works in coordination with the other Federal and commercial software assurance disciplines that support the program.

Congress has realized the value of independent oversight for the Department of Homeland Security (DHS) Component information technology projects. An integral part of this oversight is the introduction of IV&V into the Component programs. As a result, Congress included conditional language in the appropriations bill that requires the DHS Chief Information Officer (CIO) to certify that an IV&V agent is under contract for select critical and high risk Component programs.

33. Insufficient requirements planning at DHS results, in part, from its heavy reliance on contractors to perform core Departmental missions, such as policy planning and acquisition. Without an intrinsic capability to set its own requirements and measure contractor performance, DHS runs the risk that its decisions will be influenced by contractors, rather than made independently from contractors. When you testified before our Committee on October 17, 2007, you indicated that each DHS office had been directed to assess its contracting needs and consider whether or not those needs would be more appropriately filled by government employees.

    a. What is the status of this review?

When I testified in October, then Deputy Secretary Michael Jackson had directed all offices to assess their contracting needs and consider whether or not those needs would be more appropriately filled by government employees. In the planning for the FY 2009 budget, nearly 350 positions were expressly identified as being more properly performed by DHS employees because they either had inherently government responsibilities (policy decisions, necessary for maintaining and inherent level of program knowledge), or were necessary to provide appropriate oversight and management of related services contracts.

b. If confirmed as Under Secretary of Management, what will be your personal role in preventing DHS from being overly reliant on contractors?

If confirmed, my personal involvement would include:

- **Adding to the initiative to manage service contracts better by providing more emphasis on the oversight and management of these contracts by both the contracting officer and contracting officer technical representative. This also includes the initiatives I have begun to ensure that contract requirements to clearly describe roles, responsibilities, and limitations of selected contractor services as part of the acquisition planning process;**

- **Completing the analysis directed in my March 6, 2008 memo regarding the Annual DHS Federal Activities Inventory Reform (FAIR) Act inventory. This memo requires a bottom up review of all positions to ensure that no inherently governmental work is being performed by contracts, and that DHS has the inherent knowledge within its own employees to sustain the Department's operations;**

- **Further maturing the budget review process to ensure major programs have built into the budget the Federal employees and related costs to execute the program in a responsible manner; and**

- **In concert with the DHS Chief Human Capital Officer, and the Chief Procurement Officer I have initiated staffing studies related to the skill sets of individuals and staffing levels of acquisition programs under the purview of the Department. I will use the outcome of this study will provide me with recommendations for the number and skill sets of federal employees required to successfully manage long term projects and programs at the Department.**

34. Your predecessor stated in June 2007 testimony before the Subcommittee on Oversight of Government Management that as Under Secretary for Management, he was DHS's Chief Acquisition Officer.

    a. Are you of the same mind?

    Yes. In accordance with provisions of the Service Acquisition Reform Act of 2003 (SARA) as codified at Title 41 U.S. Code, Chapter 7, § 414(a)(1)(A), Office of Federal Procurement Policy, the head of each executive agency with a designated Chief Financial Officer (i.e., CFO agencies), appoint or designate a non-career employee as the agency's Chief Acquisition Officer (CAO), whose primary duty is acquisition management. In DHS, the non-career employee whose primary duty is acquisition management is the Under Secretary for Management.

b. To what extent has this position been institutionalized and incorporated into management directives?

This has been institutionalized by practice. Additionally, the Secretary has delegated all acquisition authorities to the Under Secretary for Management. This specific title will be further reinforced by DHS Directive 252-07, Acquisition Line of Business (which will replace Management Directive 0003), which is expected to enter Departmental final review and clearance this month. Directive 252-07 explicitly states that the Under Secretary for Management is the Chief Acquisition Officer.

c. What authority would you use as Under Secretary for Management to enforce acquisition decisions at the component agencies?

If confirmed, I will use my delegation from the Secretary as the primary foundation to enforce acquisition decisions at component agencies. I will implement this authority through the Chief Procurement Officer. The draft Directive 252-07 mentioned in my answer to b. above includes several authorities that will facilitate enforcement of acquisition decisions at DHS Components. Under the Directive, the Under Secretary for Management will serve as the Acquisition Decision Authority, and will lead with clear lines of authority accountability and responsibility for acquisition decision making.

The Directive also establishes the position of Component Acquisition Executive (CAE). The CAE will be responsible for acquisition functions (excluding contracting). Each CAE will be recommended by the Component head in collaboration with the Chief Procurement Officer, and will be designated by the Under Secretary for Management.

Contracting will remain the responsibility of the Head of Contracting Activity (HCA) for the Component. Each HCA will be designated by the DHS Chief Procurement Officer, who is also the Senior Procurement Executive, and report to the Under Secretary for Management. Within the concept of functional authority, the CAE and the HCA will report to their respective Component head, with a dotted line relationship to the Chief Procurement Officer.

In addition to the policy and delegation authorities, DHS is proposing an amendment to Section 701 of the Homeland Security Act of 2002 (6 U.S.C. § 341) to accomplish several important changes to the authority of the Under Secretary for Management. The changes would establish in statute that acquisition is a responsibility of the Under Secretary for Management, and that the Under Secretary for Management serves as the Chief Acquisition Officer. This would give the Under Secretary for Management authorities commensurate with the Department of Defense Under Secretary (Acquisition, Technology & Logistics) to direct matters related to acquisition.

35. Many experts have noted that the federal acquisition workforce faces tough challenges with respect to recruiting and training individuals for the acquisition workforce.

    a. How do you plan to build upon the DHS's current Acquisition Career Professional Program in order to improve the recruitment and retention of the acquisition workforce?

    This year DHS received funding for the Acquisition Professionals Career Program, a developmental program modeled after highly successful Department of Defense (DoD) programs that aim to attract new talent to fill entry level acquisition positions and develop our future acquisition leaders. We began this program in FY08 and I have a goal of 300 participants by FY 2011 to fill critical acquisition positions. To support the program and provide necessary mentorship to the new professionals, the component organizations will bring in re-employed annuitants.

    We are funding an Acquisition Workforce Training program to deliver unified training of personnel by developing their knowledge, skills and abilities to make good business deals. We have adopted a three-tiered approach to acquisition training. We receive contracting certification training from the Federal Acquisition Institute; formed a partnership with the Defense Acquisition University (DAU), and continue to purchase commercial off-the-shelf training. DHS, in partnership with DAU, and commercial vendors are tailoring and modifying the courses for contracting and program management in order to make the training relevant and applicable to DHS and its acquisition programs.

    The Chief Procurement Officer is implementing an aggressive set of Acquisition Workforce Certification programs for Contract Specialists, Contracting Officer's Technical Representatives and Program Managers. The DHS Program/Project Management Certification Program incorporates education, training, and experience requirements as outlined by the Office of Federal Procurement Policy as well as the additional requirements in the Defense Acquisition Workforce Improvement Act for Program Management. DHS is continuing to expand the identification of additional career fields such as Test and Evaluation and Business Cost Financial Estimating. DHS will develop certification standards for other acquisition career fields, including logistics and systems engineering as soon as possible. I believe this professionalism and recognition of the importance of the acquisition career fields will not only deliver better results, but will attract and retain the best professionals.

    A third element is using the hiring and retention flexibilities DHS has more consistently. For the contracting career field, we have the ability to direct hire, and also to hire reemployed annuitants. For all acquisition career fields are working to more consistently consider incentives such as tuition reimbursement, repayment of education loans, recruitment, and retention bonuses. Additionally, I believe good use of the performance management system, including providing

performance bonuses and targeted awards for the best performers contributes greatly to retention.

b. What plans, if any, do you have to increase the number of full time employees employed in the Office of the Chief Procurement Officer, the Office of Procurement Operations, and the offices of the various DHS components?

While the Office of the Chief Procurement Officer has filled all allotted FTE, it continues to be a challenge to obtain qualified acquisition specialists in a timely manner in the contracting activities. Competition for seasoned acquisition and procurement professionals is intense within the Washington, D.C. area in both the public and private sectors. To resolve these personnel shortages we are intensifying our human capital planning efforts to first determine what the appropriate number of acquisition and procurement professionals is and the level of requisite skills.

We have made considerable progress toward staffing the contracting function with the right number and type of professionals, and as stated above will continue to work on this initiative. However, more recently, we have begun a concentrated effort to build the other acquisition professions in DHS. These include program management, systems engineering, cost estimating, logistics, and test and evaluation. Each of these functions brings unique capabilities to a major acquisition program office, and is necessary to achieve our acquisition goals. As a first step, we are using the Air Force modeling program to conduct staffing reviews of our major programs and determine where the major skills and personnel gaps exist. This will help the Department better define its acquisition workforce needs. As part of the program reviews being conducted by the Chief Procurement Officer, we are looking at this aspect of program performance, as I see it as one of the root causes for poor performance in terms of cost management, schedule adherence, and/or program performance.

We have begun to centralize recruiting efforts by sponsoring DHS-wide vacancy announcements and fully exercising all the flexible hiring authorities granted to the Department such as: re-employed annuitants, direct hire, the federal career intern program, and all veterans hiring authorities. We are also exploring capitalizing on existing recruiting and retention tools that would potentially include: recruitment bonuses, re-imbursement of permanent change of station, tuition reimbursement, retention bonuses, and a robust awards and recognition program.

Information Technology Management

36. Having sufficient, qualified information technology (IT) staff is essential for good IT management. DHS, however, has experienced problems recruiting and retaining qualified IT personnel.

a. What are your views on whether DHS has sufficient IT human capital with the appropriate mix of critical knowledge, skills, and abilities?

My view is that DHS needs to continue to build its in-house information technology workforce. There are nation-wide shortages of this skill set, and the need for it within DHS will only continue to grow.

The Office of the Chief Information Officer is currently staffed at 77% of its allocated level. Although the current staff has the appropriate mix of critical knowledge, skills, and abilities, the workload exceeds the staffing levels. The DHS Chief Information Officer is working closely with the Chief Human Capital Officer to hire and retain its employees.

DHS has completed a competency assessment and developed a gap closure and improvement plan that identified activities to address deficiencies. DHS is working to close the gaps in four competencies identified by Office of Management and Budget (OMB) as critical IT functions in our recruitment efforts. They are as follows: IT Project Management, IT Security, Solutions Architecture, and Enterprise Architecture.

b. To the extent that you believe there are deficiencies in existing IT human capital at DHS, what would be your strategy for addressing such deficiencies?

To a large extent, the strategy would be the same as I have previously discussed for the recruitment and retention of acquisition professionals. This would include:

- **Addressing the hiring process and using direct hire authority more for information technology and information security specialists;**
- **More consistently use the additional hiring and recruitment flexibilities;**
- **Streamlining the staffing and security clearance process so we do not loose good candidates due to lead time delays;**
- **Focusing more intensely on training for information technology professionals, ensuring that training is focused on developing critical competencies;**
- **Strengthening the information technology certification requirements; and**
- **Working across the components to address workload distribution and resource allocation.**

c. Do you believe that DHS has made sufficient progress in implementing their human capital plan with respect to IT personnel?

I believe that the Chief Information Officer and Chief Human Capital Officer have developed a good plan. It focuses on closing of competency gaps in identified critical areas, and has used best practices in determining what activities and efforts which work best within the IT community.

I believe that the information technology personnel are absolutely critical to DHS successfully meeting its mission, and therefore we need to put considerable attention into executing the plan. While progress has been made, much work needs to be done to ensure the staffing gaps continue to be addressed.

37. Currently out of DHS's 71 major IT projects, 42 are on OMB's Management Watch List. The Management Watch List is a tool used by OMB to help monitor and track IT spending, and incorporates several criteria for determining those projects which require additional scrutiny.

    a. OMB has listed 22 DHS IT projects that do not have a project manager that has been validated as qualified. Government-wide, only 43 projects have been evaluated in this manner, meaning that DHS is responsible for more than half of all IT projects that has been evaluated as not having a qualified project manager.

        i. In your view, why is DHS having difficulties recruiting or retaining qualified project managers?

DHS, and the Federal government in general, has challenges in recruiting and training qualified program managers for information technology programs. In both industry and the government, the competition for qualified program managers is intense. The Office of Personnel Management recognized the Federal-wide shortage of the professionals when it granted direct hire authority to all agencies. The salaries and benefits that can be offered are not competitive with industry so it is difficult to recruit professionals who have already achieve Project Manager (PM) Level Certification. That necessitates "growing our own" to at least some degree, with is not an instant process. It requires a resource investment in course work, and documentation of relevant experience all of which is processed through an Acquisition Review board. DHS has several program managers in the process of final certification, and continues to work towards meeting OMB goals for certified program managers.

        ii. For these 22 projects, is the Department taking additional steps to ensure they are being properly managed, or to find a qualified manager?

The Department is taking the following steps to ensure the projects on the watch list are properly managed. First, each program managers was issued specific guidance to include the requirements and approach to remediate issues. Then, progress on the remediation of issues is reviewed with the DHS Capital Planning and Investment Control (CPIC) Administrator Group twice a month, and is monitored at the Chief Information Officer Council on a regular basis.

The DHS Chief Information Officer leads significant outreach activities in order to mitigate future issues that would put additional program on the Watch List. This

includes conducting CPIC briefings to 94 program managers and their staffs related to preparing the FY 2010 budget.

DHS will also continue to increase recruiting and staffing efforts to find qualified project and program managers. As I stated earlier, recruiting and staffing (decreasing the vacancy rate) will be one of my priorities if confirmed, and information technology personnel would be a priority within that goal.

iii. What is DHS's plan for recruiting additional qualified project managers?

Attracting talented IT professionals does continue to be a challenge at the Department. The Chief Information Officer is working with the Chief Human Capital Officer to continue to develop incentives for attracting talent, and to ensure a timely hiring process. Additionally, the DHS Chief Information Officer is working with the Chief Procurement Officer to improve program management training and certification classes and process.

As with acquisition professionals, we must fully use all currently available flexibilities in hiring and retaining information technology professionals. Additionally, we must cast a wider and more non-traditional net in our recruiting efforts. This includes recruiting in non-traditional geographic locations, using non-traditional media for advertising, and attempting to reach groups with significant potential such as recently separated veterans, colleges, universities, and minority institutions outside the Capital beltway area.

b. The Management Watch list has 9 items that have been listed as having "weak security," as evaluated against OMB standards, including such critical projects as DNDO's Joint Analysis Center. What steps is DHS taking to improve the security of these projects?

The Management Watch list systems are in the DHS Federal Information Security Management Act (FISMA) inventory, and program officials are accountable for FISMA compliance. The Department publishes a monthly FISMA scorecard for tracking FISMA compliance at the system level, including those systems on the watch list. The specific scorecard metrics include: certification and accreditation, privacy requirements, weakness remediation, as well as system monitoring. The systems owners are required to produce a number of artifacts that represent actions taken to ensure that the system and these are reviewed by the DHS Chief Information Officer prior to approval. Also, the Chief Information Security Officer briefs the Chief Information Officer every two weeks on the information security of the Management Watch list programs. Then, these information security briefs are brought to the Chief Information Officer Council for review and remediation.

c. Overall, what is the Department's approach to improving its management of IT projects, in light of the significant number of projects on OMB's Management Watch List?

The DHS Chief Information Officer has implemented several initiatives to improve the management of IT investments including:

- **Improved Periodic Reporting with nPRS. This is an automated monthly reporting system that is being piloted in DHS. It will be used for all acquisition programs, including information technology acquisition programs. nPRS provides visibility into project-level issues and standardizes tracking of performance against plan and baseline across the Department. The Office of the Chief Information Officer will have the ability to monitor project performance, using Earned Value and cost/schedule/performance reporting. This tool also provides a Probability of Program Success (PoPS) analysis, a predictive tool to help manage risk.**

- **Implemented an Integrated IT Governance Process that ensures integration of currently stove-piped governance processes surrounding IT programs, projects and investments. It also aligns the Chief Information Officer's governance to the Department's Investment (Acquisition) Review Process and other Department-wide investment and requirements management initiatives. The streamlining of governance processes allows for a shift from performance reporting towards overall improved performance management. For example, integrating the Enterprise Architecture Board reviews with the Department-wide Investment (Acquisition) Review Board reviews allows for a more robust review process that provides accountability for IT spending and project management.**

- **Established a Portfolio Management Program to ensure more efficient and effective use of Federal funds by providing cross-agency reviews of investments and acquisitions with similar capabilities/functionalities. It also validates alignment with the Department's overarching IT strategies. The review findings are used to eliminate investment duplications and to provide decision support for enterprise-wide technology targets.**

- **Improving the IT Budget Review process by eliciting the participation of component-level Chief Information Officers, subject matter experts (SMEs) and portfolio managers to coordinate and prioritize high-performing, mission-critical programs in support of Department-wide strategic goals and objectives.**

38. 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. If confirmed, what would be your strategy for implementing an effective information security program within DHS and its component agencies?

The Department recently received a B+ for the 2007 FISMA grade as recently reported by the United States Congress. This is up from a D in 2006 and an F in 2005. If confirmed, I will ensure that the tenants of the information security program, which have demonstrated results, are used to continue driving better information security in the Department.

To date, the Department has implemented the base of a multi-year strategy for improving IT security. The initiatives in place include:

- **Establishing a Department-wide IT systems inventory in 2005;**
- **Implementing a comprehensive certification and accreditation program in 2006; and**
- **Improving the Plan of Attack and Milestones (POA&M) tracking process and focused weakness remediation efforts in 2007.**

If confirmed, I will continue to build on this foundation with enhanced security operations in 2008 to include:

- **Making the Enterprise Security Operations Center (SOC) more robust and integrating the seven component SOCs under single Concept of Operations (CONOP);**
- **Establishing a classified threat awareness and analysis capability to address threats posed by sophisticated actors;**
- **Enhancing computer forensics capabilities;**
- **Implementing OneNet security enhancements to better protect common IT infrastructure; and**
- **Migrating to Trusted Internet Connections with improved monitoring and policy enforcement capabilities, using Einstein sensors deployed and monitored by the United States Computer Emergency Readiness Team (USCERT).**

39. In the last few years, there have been several incidents where government computers – including at DHS's – 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 will you do to minimize the risk that the personal information contained on DHS computers and in DHS information systems is not compromised?

DHS has taken a number of steps to protect privacy data on DHS laptops and information systems. If confirmed, I will work to improve these efforts by making information security a more mainstream concept. I believe it is important that all

employees and contractors have regular training and reminders about information security to prevent lapses due to carelessness.

The Chief Information Officer has provided to the Privacy Officer information on all DHS systems as to their use of Privacy Data, and the Privacy Officer has reviewed the information and designated over 220 systems as containing privacy data which requires the systems to enforce additional security controls. These systems are monitored by the Chief Information Officer.

All DHS laptops, regardless of whether they contain privacy data or not, are required to have disk encryption using NIST/FIPS approved implementations. All DHS data transfer is encrypted using the same standards.

The Inspector General has inspected the DHS security compliance systems and has reported that they are effective in enforcing these policies. I will continue to work with the Inspector General to ensure there are regular reviews of information security, keeping emphasis on this critical area.

b. What would be your response if you learned that personal data had been compromised – for example if a computer containing personal information about U.S. citizens was lost or stolen?

If I learned that personal data had been compromised, I would follow the DHS operating procedures. The first step I would take is to notify the DHS Security Operations Center (SOC) within 15 minutes of learning of the compromise. The SOC would then pass the information to senior Department officials and the US-CERT within 60 minutes. Remediation would then be immediately implemented to the extent possible and as appropriate for the specifics of the compromise.

In addition to the protocols described above, I would determine if the compromise was caused possibly by the intent, neglect, or carelessness of a DHS employee or contractor. If so, I would notify the Inspector General. I would work with the employee's supervisor and the SOC to determine if disciplinary or administrative action were appropriate. If a contractor, I would work with the contracting officer and SOC to determine appropriate actions against the contractor and/or individual(s) involved.

40. In a recent report by DHS's Inspector General, entitled "DHS Needs to Prioritize Its Cyber Assets," the Inspector General found that the Management Directorate was not coordinating efforts to secure internal cyber critical infrastructure. The Inspector General recommended that "the Department should develop a process to coordinate internal efforts to protect these assets in accordance with Homeland Security Presidential Directive 7."

a. How is the Department currently complying with HSPD-7's provisions regarding cyber critical infrastructure?

I have identified three major steps necessary to comply with HSPD-7's provisions regarding cyber critical infrastructure. The first step is to identify the Department's Mission Essential Functions (MEF), those functions that the Department must continue to perform under a Continuity of Operations (COOP) scenario. That step has been completed. The next step is to identify the information technology systems that support MEFs and other critical operations. The CIO, along with individual MEF business owners, will support CAO in identifying those systems. The third step is to ensure the security of those systems from both a cyber and physical security perspective. The Chief Security Officer (CSO) will provide lead support to CAO on the physical security aspect, while the CIO will provide lead support on the cyber security aspect.

b. As Deputy Undersecretary for Management, what steps have you taken to implement the Inspector General's recommendations?

The Inspector General made two recommendations in this report: to assign responsibility & provide resources, and develop a process to coordinate among the business chiefs.

I have assigned the Office of the Chief Administrative Officer, Business Continuity and Emergency Preparedness the responsibility for the prioritization of the cyber assets and overall compliance with HSPD-7. The CAO has been directed to establish an internal Critical Infrastructure/Key Resources program for the Department and to develop a process to coordinate the identification, prioritization, assessment, remediation, and protection of DHS internal CI/KR.

I have designated the Chief Information Security Officer in the Office of the Chief Information Officer, as well as Chief Security Officer as key members of the team to identify and manage internal critical cyber infrastructure.

Each of the three chiefs has resources to meet the current requirements of HSPD-7. The CAO has included additional resources in its FY 2010 budget plan.

c. What additional steps do you intend to take?

I intend to complete the process I have described under my answer to question one. Then, I intend to continually update both the assessment of the critical infrastructure, and the measures needed to provide the necessary cyber and physical security. Cyber is a rapidly evolving threat, and it will be necessary for the Department to continually adapt both its offensive and defensive strategies.

d. Many different offices in the Management Directorate will need to play a role to prioritize and secure the Department's cyber assets. How do you believe these responsibilities should be divided among the offices?

The CAO has been assigned the responsibility to manage the Department Critical Infrastructure Protection (CIP) program. This includes cyber critical infrastructure protection priorities. While the CAO will lead the efforts in this area, the Chief Information Officer will also make significant contributions to program efforts. The CIO will support in identifying systems supporting Mission Essential Functions, developing cyber security measures for those systems, and evolving the protective measures over time. The CSO will be responsible for physical security of the critical infrastructure assets, and coordinating that physical security with the cyber security measures. The CSO will also be responsible for evolving the physical security measures over time as the threat and technology change. The OCAO will ensure the proper coordination among Directorate of Management.

IV. Relations with Congress

41. 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.

42. 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.

V. Assistance

43. 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. In preparing them, I consulted with the business chiefs within and staff supporting the Management Directorate for specific facts so that I could answer the questions precisely and completely.

AFFIDAVIT

I, Elaine C Duke, being duly sworn, hereby state that I have read and signed the foregoing Statement on Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Elaine C Duke

Subscribed and sworn before me this 9th day of June, 2008.

Lydia Stampkey
Notary Public

Senator Susan M. Collins
Additional Questions for the Record
Nomination Hearing of Elaine C. Duke
June 20, 2008

1. According to the Acquisition Advisory Panel, about $142 billion or 40% of the government's contract spending in fiscal year 2004 was done under interagency contracts. Much of this is attributed to the explosive growth of the GSA Schedules Program, Government-Wide Acquisition Contracts (GWAC), and Multi-Agency Contracts (MAC), as well as the use of assisted acquisition services under the franchise funds authority. What is your view on the overall trend in the government's dependency on interagency acquisition, both in direct acquisition and assisted acquisition setting, and how do you plan to position DHS within this context?

RESPONSE:

Interagency contracting is an effective way to buy goods and services if done appropriately and responsibly. As the Acquisition Advisory Panel noted in its report, the Government Accountability Office (GAO) found that interagency contracts are high risk in certain circumstances, with valid reason. The combination of downsizing the federal acquisition workforce in the late 1980s and 1990s and the substantial increase in contract dollars resulted in departments throughout the Government relying on interagency contracting as a quick and easy way to contract for goods and services. That is not bad in itself. However, issues arise with accountability for oversight and management of the cost, schedule and performance of the work purchased under interagency agreement. Too often, neither the agency funding the contract nor the agency with the contract assumed the same level of accountability for ensuring a fair and reasonable price with quality goods and services delivered on time that they would have exercised if the contract had been both awarded and funded by them.

The Department receiving the appropriation from Congress retains accountability for the ultimate expenditure of the appropriation. Therefore, the Department must ensure that its interagency contracting, whether through interagency agreement, GWAC, MAC, or other contracting tool, is done effectively. As the Chief Procurement Officer (CPO), I took steps to ensure the Department of Homeland Security's (DHS) interagency contracting was done responsibly, and that initiative continues today. The CPO has been actively engaged with the Office of Federal Procurement Policy's (OFPP) working group tasked with developing government-wide policy on interagency contracting. The working group's efforts culminated on June 6th with the publication of OFPP's comprehensive guide to interagency contracting which was immediately distributed to DHS components for their implementation. Last fall, concurrent with OFPP's government-wide working group's efforts, OCPO initiated its own Department-wide working group for the purpose of updating DHS' Management Directive on interagency contracting. The results of that effort, a revised Management Directive and an accompanying

Instruction with detailed and straight-forward guidance, are now in the final Departmental clearance. I expect to execute the Management Directive shortly. The OFPP Guide and the DHS Directive & Instruction are intended to complement each other. Upon publication, OCPO will provide training to DHS employees.

Additionally, OCPO is revising its investment review process through a significant update to the Investment Review Directive, MD 1400. The new directive will treat the interagency agreement process as one of the "mechanisms" (like capital investments, services contracts, or grants) by which a particular acquisition can create capability for DHS users. As such, selecting the interagency acquisition "mechanism" to provide a proposed capability would occur after it is identified and analyzed by the requiring component; and approved for development and execution by DHS leadership. This revised process will reinforce the up-front visibility and control of the Department and components into the creation of interagency agreements. Used together, I am confident the OFPP Guide and the two revised DHS Directives and Instructions will provide a consistent process for proper use and administration of interagency acquisitions. Should I be confirmed, I will continue to provide oversight to ensure compliance with these policies.

2. The Acquisition Advisory Panel recommended that Multi-Agency Contracts (MAC) and certain large-dollar single agency Indefinite Delivery, Indefinite Quantity Contracts, referred to as "enterprise-wide contracts" be centrally coordinated to avoid unnecessary duplication. The Panel also observed that while proliferation of contract vehicles dampens the potential benefits of interagency contracts, some competition among interagency contract vehicles is desirable and even fundamental to maintaining the health of government contracting. Do you agree with this view? And if so, do you believe DHS' enterprise-wide contracts, such as EAGLE that is worth $45 billion over seven years for IT services, are consistent with the Panel's recommendation and why?

RESPONSE:

I agree with the Acquisition Advisory Panel recommendation. Central management of enterprise-wide contracts is important to ensure consistency and appropriate use of the contract vehicle. EAGLE meets these principles. Both EAGLE and its companion contract for information technology products, FIRST SOURCE, were awarded by the Office of Procurement Operations (OPO). OPO is the headquarters contracting office reporting directly to the CPO. OPO has the Enterprise Solutions Office (ESO) within OPO that is responsible for the overall management of EAGLE and FIRST SOURCE. While task orders can be placed directly from the other contracting offices in DHS, the ESO has complete visibility, authority, and oversight for matters relating to the award and administration of these contracts. It also serves as the ombudsman for industry to resolve any issues related to these contracts. The Department's Strategic Sourcing Program is designed to optimize cross-departmental acquisitions through collaboration of the components. For example, the Weapons and Ammunition Commodity Council resulted in the award of two contracts for weapons valued at $49M over five years that maximized

efficiencies through standardization. Other strategically sourced contracts included express mail, acquisition support services and copiers. I believe these contracts are in line with the Panel's recommendations.

I also agree with the Panel's recommendation that some competition among contract vehicles is healthy. There are several reasons for my agreement with this recommendation. First, while a vehicle may seem to have the ability to provide the product or services required by a department, it may not provide the ideal solution. Most MACs or Indefinite Delivery Indefinite Quantity (IDIQ) contracts have some limitations. For instance, they may only allow for fixed price task orders, or they may have a schedule of prices that only includes certain labor categories, services, or products. If an agency tries to "force" its requirement into the structure of a particular contract vehicle, it incurs too much risk in terms of cost and possibly even performance or delivery. Often the "forcing" is done by including products and services on the task order that were not priced in the original competition. This is tantamount to awarding those items in a sole source environment. Therefore, a reasonable number of options allow contracting officers the ability to choose contract vehicles that best meet the requirements of the particular acquisition.

Second, having the additional options that MACS, IDIQs and other interagency agreements permits industry to have reasonable and more frequent opportunity to participate in the marketplace. While having too many of these vehicles drives up proposal costs for businesses, too few overly restrict the marketplace. A healthy number of contract vehicles gives industry regular opportunities to enter the federal marketplace. It ensures that prices stay competitive, and that businesses can adapt to changes within their own structure, and also to the changing needs for the Federal government.

Third, a healthy number drives efficiencies in the organizations holding the contracts. There are fees charged for using MACs, GWACs, and even GSA schedule contracts. Competition among the vehicles gives the awarding agencies an incentive to be efficient in the way it operates, keeping the fees charged to using agencies competitive.

Finally, many of the MAC or IDIQ vehicles serve to meet our socioeconomic goals. For instance, DHS' FIRST SOURCE contract is 100% set aside for small businesses. A healthy number of contracts allow departments to more effectively engage the various sectors of industry in government contracting. DHS is currently putting in place a multiple award IDIQ contract that will provide program support services for the Department. This procurement effort will be set-aside for Service-Disabled Veteran Owned Small Businesses.

3. The Under Secretary for Science and Technology (S&T) manages the Department's Testing & Evaluation (T&E) policy and procedures. This requires thorough review of Level 1 and Level 2 acquisitions and ensuring that appropriate operational tests and evaluations are conducted. The Management Directorate is also responsible for making

wise technology investments. How is your office coordinating with the S&T Directorate to make sure that technology investment decisions have been fully vetted?

RESPONSE:

The Under Secretary for Management has overall responsibility for the policy and oversight of the DHS acquisition program, executed principally through the Chief Procurement Officer (CPO). Current, CPO is currently building the Acquisition Program Management Division (APMD), which was first established in August 2007. This division will have subject matter experts from the key non-procurement acquisition career fields including program management, logistics, cost estimating, systems engineering, and test and evaluation (T&E). Currently, APMD has one test and evaluation specialist. APMD will provide oversight and support all aspects of the DHS acquisition program under the leadership of the USM as the Department's Chief Acquisition Officer and the CPO as the Department's Senior Procurement Executive. The Under Secretary for Science and Technology (S&T) does however have specific authorities and expertise regarding T&E.

The CPO APMD Division works closely with the Test and Evaluation and Standards Division (TSD) Director on major acquisition programs to ensure this critical area is well managed. The TSD Director is a member of the DHS Program Management Council (PMC). The PMC is a DHS-wide group of acquisition professionals led by the APMD Director. This board advises the USM and CPO on policy, metrics, and other matters related to acquisition. In addition, the APMD Director is the Vice-Chair of the DHS Test and Evaluation Council, the Departmental forum for policy and other matters related to T&E. This overlap of leadership between the two boards ensures consistency and continuity in the DHS policies, procedures, and operations related to T&E.

The TSD Director is also a member of the APMD team and provides oversight to programs with a significant T&E requirement. The APMD consults with the TSD Director on the adequacy of the program's proposed approach to meet testing requirements. As part of program oversight, the TSD Director verifies that programs are in compliance with T&E policy, ensures the adequacy of test and evaluations plans, and reviews T&E evaluations that support investment review decisions.

Finally, the TSD Director serves as the Director, Operational Test & Evaluation (DOT&E) for DHS reporting to the Under Secretary for Management. This new function for DHS provides the essential autonomy of operational test and evaluation results necessary for major investment decisions. The first DHS program to fall under DHS DOT&E oversight is the Advanced Spectroscopic Portal (ASP) program in the Domestic Nuclear Detection Office (DNDO). The DOT&E signs the test and evaluation master plan ensuring it is adequate to meet operational test requirements. The DOT&E also oversees the operational test process with the end user, in this case Customs and Border Protection (CBP). To ensure coordination

and agreement on the roles and responsibilities, DHS has executed a Memorandum of Agreement signed by DNDO, CBP, S&T, and me in my capacity as Deputy Under Secretary for Management (DUSM).

To ensure that research and development of new technology investments have been fully vetted, I am also a member of S&T's Technology Oversight Group. This board semiannually reviews S&T's technology investment portfolio with the operational users, to ensure the investments will lead to technologies that will meet mission needs.

Should I be confirmed, I will become the Department's Chief Acquisition Officer and ensure this collaborative effort continues and that the acquisition program takes full advantage of the T&E expertise in S&T.

4. According to a recent National Academy of Public Administration report, DHS currently has a 20% vacancy rate in its senior executive positions and has the highest turnover rate, at 72%, of career executives of any Cabinet department. In anticipation of the departure of non-career leadership at the Department during the Presidential transition, what is DHS doing to identify gaps and to mitigate the risks from changing leadership?

RESPONSE:

DHS is actively managing the overall vacancy rate and attrition challenges. We are ensuring that all applicants for Senior Executive Service vacancies continue to move through the staffing process. Both the Deputy Secretary and I receive a weekly report of all Senior Executive Service vacancies. Reducing the vacancy rate has been a challenge due to attrition; however DHS has made modest progress with the recent concerted efforts. The senior executive vacancy rate has been reduced to 18% as of the last pay period. If confirmed, I commit to continue focus on finding the right talent to fulfill the DHS mission.

In anticipation of the departure of non-career leadership, DHS has developed a multi-faceted approach to identify and mitigate the risks during the 2009 Presidential change in Administration. We created an initiative to fill the Deputy or number two positions with senior career executives. This initiative resulted in converting the Deputy Administrator of Transportation Security Administration from a political appointment to a career position. We also created three deputy under secretary positions within the Department. Currently, all the number two positions throughout the Department now have senior career executives, except for the Deputy Under Secretary for Intelligence & Analysis. Using the competitive process, we expect to make a selection for this position by the end of this month.

In addition to addressing succession risk of the top leaders within each component, in the Summer of FY 2007, DHS initiated a wider succession planning effort for other critical positions throughout the Department. Critical is defined as those in positions responsible for a major program, having significant budget responsibility, or requiring unique competencies. This information on critical positions has been

reviewed and updated twice at the component level to ensure it is relevant and current.

Another aspect of mitigating risks during the transition is ensuring that Department senior executives are ready to respond in case of an incident during the transition period and can assume the day-to-day operational role upon the departure of their politically appointed leaders. In February 2008, my office held a DHS Leadership Conference where senior leaders, primarily career executives, received examples of front-line collaboration between department components and other agencies to bring greater effectiveness to homeland security programs. As a capstone exercise, attendees participated in an Improvised Explosive Device scenario led by the National Exercise Program component.

Next, from May 13-15th we held a DHS Transition Readiness Conference which provided three day incident management training for the top 120 career executives in DHS. This training was held at the Federal Law Enforcement Training Center, and was a major step to ensure we have a cohesive career executive team positioned to lead incident response. The Department also engaged the Council for Excellence in Government (CEG) to help ensure our senior career employees, incoming appointees and leaders of other agencies critical to homeland security are prepared to respond should a national incident occur during transition.

In concert with the National Exercise Program, the Office of the Under Secretary for Management and other parts of DHS, CEG will use the National Response Framework and deliver response awareness seminars during the time of transition. Through these response awareness seminars, DHS is working to ensure operational preparedness between and among the external agencies with whom DHS interfaces on homeland security matters. This same program will be used to train the new political appointees on incident management in DHS.

5. The Under Secretary for Management will play a pivotal role in leading DHS through the coming Presidential transition. Understanding the importance of a continuity of leadership and the Under Secretary for Management's role during the transition, Congress in the "Implementing Recommendations of the 9/11 Commission Act of 2007" authorized the incumbent serving as the Under Secretary of Homeland Security for Management on November 4, 2008, to continue serving in that position until a successor is confirmed. If confirmed, would you consider remaining at DHS through the transition until a new Under Secretary for Management is confirmed?

RESPONSE:

Yes. I intend to remain until a successor is confirmed or until the next Administration asks for my resignation.

6. The Inspector General released a report on June 17, 2008 titled "Logistics Information Systems Need to Be Strengthened at the Federal Emergency Management Agency" The Report is quite critical of the capabilities of FEMA's logistics systems and found that FEMA's existing IT systems do not support logistics activities effectively. FEMA's logistics systems do not track disaster goods from initial shipment to final delivery. FEMA personnel are using alternate methods, such as ad hoc IT systems and paper forms. FEMA employees expend unnecessary time and effort to track, receive and ship disaster goods. These findings are particularly troubling since FEMA has taken steps and made substantial investments to improve its logistics capabilities after experiencing severe problems with the delivery of commodities to victims in the aftermath of Hurricane Katrina. We cannot afford to allow this weakness at FEMA to continue. What steps will you take to correct these deficiencies?

RESPONSE:

Improving FEMA's logistics program is a major priority for the Department. The Deputy Secretary and I are personally involved in overseeing FEMA's effort to improve its logistics program. The first step the Department took was designating a National Logistics Coordinator so there are no more isolated logistics operations. The National Logistics Coordinator is a senior career executive at FEMA headquarters responsible for the full logistics system including business processes, command and control, policy, planning, and management. The National Logistics Coordinator works with a Resource Management Group composed of all key Federal and nongovernmental partners.

I am working with FEMA on one of the top priorities within the logistics system: delivering critical commodities such as blankets, tarps, food, water and ice where and when it is needed. FEMA has entered into formal agreements with Defense Logistics Agency (DLA) and General Services Administration (GSA) to ensure coordinated, responsive management of the commodity portion of the logistics system. FEMA is developing a network of distribution centers consisting of five FEMA centers, two GSA, and 16 DLA centers. Additionally, over 20 American Red Cross distribution centers are in the coordinated program. Finally, FEMA has set up a distribution system run by the United States Army Corps of Engineers for critical ice and water distribution capable of delivering up to 3 million pounds of ice and up to 198,000 liters of water within the first 24 hours.

I am also working with FEMA to improve the visibility of logistics when responding to a disaster. There are four areas with improved asset visibility this fiscal year, targeted at ensuring we have uninterrupted visibility from origin to destination. Those four areas are:

- **Disaster Asset Requests – FEMA is now providing visibility between FEMA headquarters and all its regions. Last year movement between only two regions and FEMA headquarters could be tracked.**
- **Orders – FEMA now has total asset visibility specialists trained to provide nationwide order visibility into what has been ordered by all parts of the FEMA logistics system.**
- **Shipments – FEMA has in transit visibility of shipments in all regions as well as those from DLA.**
- **State Partnership - FEMA has trained regional total asset visibility specialists in the state emergency operations centers.**

I am, and will continue if confirmed, monitoring the progress of FEMA's total asset visibility capabilities. The improvements in this area have focused both on systems and people, however full capability is not yet achieved. Phase 1 is in place for the FY 2008 hurricane season and provides an integration of FEMA headquarters, regions, and field sites, and as well as in transit shipment visibility. However Phase 2, which will be implemented FY 2009-2011, is a more comprehensive system and software replacement. It will enable comprehensive logistics management for all assets, and interoperability with federal, state, and industry partners. I will increase interoperability and exchange of information among all groups involved in disaster operations. The requirements to deliver the Phase 2 solution are under development, and award of the necessary contract(s) is anticipated in second and third quarters of FY 2009. While there will be new contracts necessary for the full logistics system, the system is designed to reduce FEMA's dependence on contractors in key "nearly inherently governmental" functions such as total asset visibility specialists, program management office, distribution and logistics management center staff, and training and quality assurance.

This strategy is consistent with the four recommendations of the Inspector General Report OIG-08-60 dated May 2008. Both FEMA and I concur with the recommendations. The plans FEMA has provided to me to date will address the Inspector General findings, and will provide a sound logistics solutions. If confirmed, I will continue to monitor FEMA's progress toward completing the FY 2008 solution and finalizing the plans for the Phase 2 solutions. I will ensure that the plans are completed, that the requirements result in a sound logistics system, and that the plans are carried through to final implementation.

7. A GAO report in October 2007 on the Department's progress five years after its establishment noted concerns about the government's increasing reliance on contractors and raised serious questions about how to ensure that the government retains the core capabilities needed to perform its mission, that contractors do not perform functions that properly should be performed only by government employees, and that contractors are used in a cost-effective way. Can you identify any Department functions that you consider to be inherently governmental, which have been provided by contractors in the

past, and how do you plan to enhance the Department's ability to perform these functions?

RESPONSE:

The October 2007 GAO report relied heavily on contract data that included contracts related to the ongoing DHS stand-up of new and expanded mission requirements in direct response to 9/11 and to Katrina emergency response and recovery contract support. As the Department normalizes its stand-up and emergency response capabilities, reliance on contract support will be more focused on the technical skills that are related to the delivery of commercial services and less on the planning and management of these initiatives. In March of 2008, for example, and as a part of our 2008 annual FAIR Act data call, I requested each DHS component to review their contract support to determine: (a) whether any inherently governmental work had been inappropriately contracted, (b) if contract work might be considered for conversion to in-house performance to assure that the Department's minimum residual core capability is maintained and (c) whether any commercial work should be considered for conversion to in-house performance, due to performance or cost problems.

We are taking two actions to better manage nearly inherently governmental and inherently governmental positions in the Department. In both, we are ensuring there are enough federal employees with the right skill sets to manage DHS' critical mission. The first action is specifically targeting mission areas where DHS does not have enough federal employees to maintain the corporate knowledge within its workforce to inherently run its mission elements. There is a fine line between inherently governmental and commercial functions in many areas. For instance, a contractor can assist with writing policy; however a federal employee must make the policy decisions and actually execute the policy. In this area, we are ensuring that it has enough federal employees with the right subject matter expertise to fulfill this role. The second action is making sure we have enough federal employees to manage its contracts and acquisition programs. DHS is reviewing its staffing to ensure that it has enough federal employees to properly manage its contracts and contract workforce.

The area where there is most risk of an unbalanced federal/contractor workforce is within headquarters. DHS acquired many new mission areas very quickly and early in its existence, and met the mission areas sometimes without ensuring a proper balance of federal and contractor workforce. This is the initial area I would focus on, if confirmed. There are currently about 400 positions identified within headquarters components, principally, NPPD, I&A, and some in USM, that are more appropriately performed by federal employees. If confirmed, I would continue to track progress on these actions, and then expand the review to other areas of headquarters and operating components.

Senator George V. Voinovich
Additional Questions for the Record
Nomination Hearing of Elaine C. Duke
June 20, 2008

1. Ms. Duke, with the transition to a new administration around the corner, do you agree that a term for the Chief Management Officer would help ensure needed management reform and the institutional knowledge behind such reform continues within DHS through the next administration?

RESPONSE:

I agree that many of the management reform initiatives of priority to the Department will take multiple years to complete, and that institutional knowledge helps ensure those reforms are consistently led to completion. Many of the management form initiatives, such as data center consolidation, clean financial audits, and headquarters consolidation, will not be completed in the current Administration.

However, I am concerned with the unintended consequences a term appointment may have on the effectiveness of the Under Secretary for Management. As the Department's Chief Management Officer, the USM must have the ability to integrate good management into the operational decisions and plans of the Department. There are two other under secretaries in DHS, both of whom are political appointees. Additionally, key assistant secretary positions are also filled by political appointment. My experience has been that there is a keen awareness of who is a political appointee and who is career, or in this case term. My concern is that since the other two under secretaries are political appointees, as is the Secretary and Deputy Secretary, the term Under Secretary for Management could, at least initially, be marginalized. The effect could be a bifurcation of management and operations. This would be a regression in the culture I have tried to mature as Deputy Under Secretary for Management; one in which DHS builds good management practices into operations. This would not serve the Department well, as management is critical to successful operations of each and every mission area within the Department, as well as continuity that you support. Good management has to be built into every program, and should be considered during the earliest stages of policy initiatives. A term appointment for the Under Secretary could result in excluding the USM from early stages of policy discussions. This is not an effective process for the best outcome. The degree to which the concern becomes reality depends on the personalities of the individuals involved.

There are two other alternatives that may accomplish the same purpose as making the USM a term position. First is ensuring that the next nominee for the Under Secretary for Management has experience in the Federal sector. While the Federal sector can adapt many of industry's best practices, it does have unique and complex

statutes, regulations, and policies in many of the business areas such as budget and acquisition. Bringing in an Under Secretary with Federal experience would ensure continuity and reduce the learning curve. A second alternative is what the Department has already done, and that is hiring a career executive Deputy Under Secretary for Management.

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