



WRITTEN TESTIMONY OF

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U.S. Department of Homeland Security

Before the

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Chairwoman Brooks, Ranking Member Payne, and other distinguished members of the Subcommittee, I thank you for the opportunity to appear before you today to discuss lessons learned from the BioWatch program, specifically with regard to acquisition of Generation-3.

I wish to express appreciation to my colleagues from the Government Accountability Office (GAO) for their long standing and dedicated work to support the transformation of management at DHS. Over the past four years, we have forged an excellent working relationship and reached common ground on many issues. I am gratified by their recent comments that recognized the substantial progress the Department has made to address its high risk areas. We are committed to sustaining that progress given the concrete changes we've made to solidify our acquisition management infrastructure, which includes policies, delegations, business intelligence, and governance.

As Chief Acquisition Officer, I oversee the policies, processes, and procedures used to acquire and oversee over \$18 billion in goods and services each year. During my tenure, I have focused significant attention on improving the analysis and rigor for all phases of the acquisition life cycle, from the requirements-development phase through implementation. This includes applying a more disciplined approach and greater vigor in the detailed analysis required before authorizing programs to proceed to the next phase of the life cycle.

When I arrived at DHS nearly five years ago, the Management Directorate was in the process of strengthening acquisition policies and procedures. Former Under Secretary Rafael Borrás and I directed our program management oversight function to ensure that any new procedures adhered to established management principles, and balanced risk mitigation with the

need for rapid deployment. Our goal was to build an oversight process with clear and logical approval “gateposts” and business intelligence that could “flag” programs that were off track. Finally, we wanted risk to be a significant factor considered during all acquisition decision events especially at the planning phase when strategies are developed. While the preference is to seek “existing” technologies, I understand that the Department’s mission may sometimes require development of higher risk, emerging technology.

I am pleased to report that in the past three years, no program has been authorized by the Acquisition Review Board (ARB) to proceed to the next acquisition phase unless it has completed the required reviews and documentation.

BACKGROUND

In 2011, Under Secretary Borrás and I created the Office of Program Accountability and Risk Management (PARM) to serve as the Department’s central oversight body for major acquisition programs. A few of PARM’s principal oversight responsibilities is to standardize policy, conduct independent assessments of major programs at each stage of the life cycle, and ensure those programs have sufficient documentation before requesting authorization from the ARB to proceed to the next phase.

To further drive common processes and procedures, Management Directive (MD) 102-01 was issued to serve as the Department-wide policy for acquisition programs and is recognized by all Component executives as the roadmap to document and manage their programs. In recent years, the ARB has increased its oversight reach and has taken action to cancel or pause several poor-

performing/higher-risk programs that were not achieving the pre-established cost, schedule and performance goals. When a program is paused, the DHS Chief Acquisition Officer conducts an assessment and if the program should continue forward with development, the lead program manager develops the appropriate acquisition strategy and path forward. The program will remain in paused status until the Chief Acquisition Officer approves the acquisition strategy and path forward.

In accordance with this directive, acquisition decisions are made throughout a program's life cycle based on valid cost estimates and planning documents, such as Mission Needs Statements and Operational Requirements Documents. In the past four years, the Department has made great strides to improve the governance and oversight of acquisition programs. The oversight framework has been further strengthened through the establishment of a Component Acquisition Executive structure that serves as the single point of accountability for programs within the Components. I rely heavily on the CAEs to support PARM by providing day-to-day oversight of major programs within their Components.

Since 2009, not only have we have forged a comprehensive integration strategy, we have also demonstrated substantial progress, which led GAO to acknowledge in their 2013 High Risk report that, "Significant progress has been made to transform and integrate the Department into a more cohesive unit." In fact, they stated in December 2012 that, "the Department has made substantial progress in many areas and if their *Integrated Strategy* is fully implemented, they are on a path to be removed from the High Risk List." Any progress we have made is the direct result of an across-the-board commitment by Operational Components and Support Components to follow a clear and logical strategy. This progress has been reinforced by the willingness of our Components

and line-of-business chiefs to leverage best practices in both the procurement and program management disciplines.

In April of this year, Secretary Johnson issued a memorandum directing the Department to further unify its efforts in the way we plan, program, budget, and execute our investments. One of the principal focus areas of the Unity of Effort initiative is the continued refinement of our acquisition oversight framework, especially in the earliest stages where acquisition requirements are developed.

BIOWATCH PROGRAM

The BioWatch program plays an important role in the Department's layered approach to mitigate new and evolving threats by providing nationwide biosurveillance capability. BioWatch Generation-2 (Gen-2) is successfully monitoring for select aerosolized biothreat agents in highly populated areas. I want to reaffirm the Secretary's commitment to Gen-2 as the Department's program of record for aerosolized biological agent threat detection.

In 2009, Congress authorized the Department to begin the acquisition of a next generation (Generation-3, or Gen-3) BioWatch system that would be able to respond autonomously to the aerosol release of certain biothreat agents, providing significantly earlier detection than Gen-2 and enabling quicker deployment of lifesaving medical countermeasures. Congress noted that DHS must "strike a careful balance between expediting the deployment of new technologies and ensuring that such technologies have been fully validated." Congress appropriated \$34.5 million for field testing of systems beyond Gen-2 and requested that any resulting contracts be awarded

competitively. It is important to note that acquisitions of new or emerging technology pose a higher risk than traditional acquisitions given the need to field cost-effective solutions at a pace that matches the evolving threat. As such, the Department requires clear and cogent planning documents that are closely tracked and followed throughout the development life cycle.

In September 2012, GAO concluded that the performance, schedule, and cost expectations for the Gen-3 acquisition, which predated the issuance of MD-102, were not developed with the rigor required in that document. As a result, significant adjustments were made over time to both schedule and cost estimates. GAO further recommended that BioWatch perform an Analysis of Alternatives (AoA), as well as re-evaluate its mission needs statement to ensure acquisition requirements were well grounded and that BioWatch pursued an optimal solution. In an Acquisition Decision Memorandum issued September 7, 2012, the Under Secretary for Management, as the Acquisition Decision Authority, directed the BioWatch program to develop requirements and conduct an AoA.

In December 2013, the AoA was published and found that an autonomous detection capability would be a valuable addition to current BioWatch operations. However, it did not find an overwhelming benefit to justify the cost of a full technology replacement. Following a thorough review of the Gen-3 acquisition of record, the AoA, and other studies on the future biodetection technology, the Office of Health Affairs, in consultation with the Science & Technology Directorate, Office of Policy, and Management Directorate, concluded that the autonomous detection system under consideration would not meet program objectives and recommended that DHS leadership cancel its acquisition.

Based on this information, Secretary Johnson directed me to cancel all acquisition-related activities associated with BioWatch Gen-3. On April 24, 2014, I convened an ARB and requested that the Science & Technology Directorate work with the BioWatch program office to improve our biodetection capability by exploring the development and maturation of an effective and affordable automated aerosol biodetection system.

Conclusion

DHS has worked diligently to improve its acquisition processes and these efforts have produced more effective governance and significant improvements to future and current acquisitions. The BioWatch Gen-3 program is an example of the successful application of the Department's improved acquisition oversight process because it ultimately led to the correct decision that the level of maturity of the technology was not sufficient at this date to justify proceeding. As the Department's Chief Acquisition Officer, I will continue to evaluate the risk of this and other programs, and will only provide authorization to proceed when pre-established criteria are met.

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