**TESTIMONY OF
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BEFORE THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
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Introduction

Thank you, Mr. Chairman and Members of the Committee, for allowing me to appear before you today. I appreciate the opportunity to discuss SBI*net*'s urgent and essential mission, and how SBI*net* fits into the Secure Border Initiative (SBI), the Department of Homeland Security's (DHS) comprehensive strategy for securing America's borders and reducing illegal immigration. My testimony focuses on how the SBI*net* contract structure was developed, how the Department has leveraged lessons learned and best practices from similar contracts, and how we intend to conduct oversight of the SBI*net* program throughout its life cycle. My testimony provides you with the information necessary to conduct your oversight role in this endeavor.

Secure Border Initiative (SBI): The DHS Approach to Comprehensive Border Security

The challenge of securing America's land, air, and sea borders involves numerous interrelated objectives and the ongoing work of multiple DHS components. It also entails close coordination with other federal agencies, foreign governments, and State, local, tribal, and private sector partners. Four operating components at DHS have especially central roles regarding border security: U.S. Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), U.S. Citizenship and Immigration Services (USCIS), and the United States Coast Guard (USCG). Other policy, intelligence, and support organizations within DHS also assist with this broader mission, including the Domestic Nuclear Detection Office (DNDO).

At DHS, our border security mission is motivated by a commitment to protect against, and prevent, terrorist attacks and other transnational crimes. In addition, DHS is tasked with ensuring the legal entry and exit of people and goods across our borders, as well

as the enforcement of immigration and customs laws at our borders, within the country, and abroad.

Secretary Chertoff created the Secure Border Initiative (SBI) to galvanize DHS actions across agencies in support of the President's three core objectives for comprehensive border security and immigration reform:
- Gain effective control of the borders,
- Strengthen interior enforcement and compliance with immigration and customs laws,
- Support passage of a temporary worker program.

Within this comprehensive DHS effort, CBP will execute the SBI*net* program to help accomplish the first SBI objective – achieving control at and between the nation's ports of entry by acquiring, deploying, and sustaining a targeted combination of technology, tactical infrastructure, and personnel.

CBP Overview

CBP is the executive agent for the contracting and implementation of SBI*net,* which is a piece of the holistic approach of SBI*.* CBP acts as the guardian of our nation's borders, safeguarding the homeland against the entry of terrorists and the instruments of terrorism and enforcing the laws of the United States while fostering the nation's economic security through lawful travel and trade. Within CBP's larger mission, the Office of Border Patrol and the Office of Field Operations' time-honored duty of interdicting illegal aliens and contraband and those who attempt to smuggle them across our borders at and between the ports of entry remains a priority. The CBP post-September 11th mission is clear: we must guard against the terrorists and violent criminals who may exploit our border to enter the United States unlawfully and do us harm.

To secure effective control of our borders, President Bush announced a plan to increase the number of Border Patrol Agents by 6,000 by the end of 2008. We are grateful that the 2006 Supplemental and 2007 DHS Appropriations have provided 2,500 agents as part of this plan. We are additionally grateful, that, as part of this plan, the President's FY 2008 budget requests funding for 3,000 more Border Patrol Agents. This plan, when completed, will bring the total number of Border Patrol Agents to over 18,000, doubling the number of agents since the President took office in 2001. These additional agents will serve as a tremendous resource in combating border violence and the organizations that prey on innocent people on both sides of the border.

There is no stretch of border in the United States that can be considered completely inaccessible or lacking in the potential to provide an entry point for a terrorist or terrorist weapon. Therefore, securing every mile of diverse terrain is an important and complex task that cannot be resolved by a single solution, such as installing fence alone. To secure each unique mile of the border requires a balance of technology, infrastructure,

and personnel that maximizes the government's return on investment and is tailored to each specific operational environment.

SBI*net* Acquisition Overview

As part of the comprehensive DHS solution for border security, CBP will use the SBI*net* contract to acquire, deploy, and sustain the technology and tactical infrastructure necessary to achieve control at and between ports of entry.   The SBI*net* Program incorporates acquisition best practices and lessons learned from previous border technology procurements to provide the best value and most operationally effective solution for securing the border.  CBP selected an indefinite delivery, indefinite quantity (IDIQ) contract vehicle because the vastly different terrain, threats, and evolving nature of the operational environment require a solution that is flexible, adaptable, and tailored to specific needs.

The SBI*net* acquisition was conducted using full and open competition and resulted in a performance-based IDIQ contract.

An IDIQ contract allows DHS to structure the acquisition into discrete, workable phases implemented through task and delivery orders, without committing the government to acquire additional capability from the SBI*net* integration contractor.  This approach will provide the greatest amount of flexibility to respond to ever-changing conditions while minimizing risk to the Government.

Further, the SBI*net* contract allows DHS to use other contract vehicles for the goods and services required for the SBI*net* Program.  Thus, the government reserves the right to compete some SBI*net* requirements through the use of other contract vehicles or methods when it is in the best interest of the government.  This includes the right to use other DHS contracts or government-wide acquisition contracts, as appropriate.  All such requirements will be carefully reviewed for small business set-aside potential.

Several large businesses participated in the full and open competition, submitting proposals that detailed the partnering relationships they intended to use to meet the government's program objectives and that provided solutions to securing the borders. The award of the SBI*net* contract to the Boeing Company (Boeing) was announced on September 21, 2006.

The awarded SBI*net* contract has a base period of three years and three one-year option periods for a total of six years.  The government's minimum obligation under the contract is $2 million over the term of the contract.  The government's maximum obligation is the full range of supplies and services necessary to provide 6,000 miles of secure border.  The supplies and services required for this integration effort are, for the most part, commercially available.  Major components consist of integration services, sensors, communication technologies and equipment, command and control systems and subsystems, and infrastructure and response capabilities.

Accountability

Drawing from previous experience, CBP used the IDIQ contract structure to select the company that offered the best overall strategy and value to the government for SBI*net* while allowing direct government oversight and decision-making authority to oversee implementation.  The technical proposals submitted by each company were required to include:

- Overall concept of operations for the SBI*net* solution.
- Quality assurance plan, measures, and metrics for the overall concept, as well as those that will apply to task orders/individual deliverables.
- Detailed management plan, including a defined conflict of interest mitigation plan.
- Detailed subcontracting plan.
- Past performance information.
- Application of the concept, from both technical and cost perspectives, to the Tucson Sector.
- Differences in the application of the solution to the Swanton Sector.
- Defined deliverable to award with the master contract.

DHS has applied to SBI*net* a number of additional lessons learned from other major acquisitions.  For example:

- To mitigate performance risk, performance metrics, targets, and goals at the system and task order level will be individually negotiated.  Through these negotiations the government will evaluate realism and reasonableness as to metric development methodology and logic, and their impact on cost and price.

- To mitigate future cost risk, evaluations of teaming agreements and subcontracts will be conducted.  This approach will provide DHS with the opportunity to ensure the agreements do not bind the government to long term pricing contracts that may not be competitive in future years.  Comprehensive cost and price evaluations will be conducted on each task order to ensure competitive and current market rates.

- The contract and program management plans must give DHS visibility into make-or-buy decisions and ability to (dis)approve those proposals made by the contractor.

- DHS will retain the right and flexibility to separately compete work to support systems implementation.

- Although complex, DHS does not envision developing large capital assets to support the solution. The SBI*net* Program will generally procure commercial and/or currently available technologies.

  – The absence of major capital asset development, acquisition, and deployment reduces the overall risk level to the program.
  – The SBInet Program does not have the same likelihood of requirements and cost growth inherent in a developmental technology, system, or asset.

To ensure a clear scope for the over-arching SBI*net* contract, CBP selected stable top-level requirements, and we believe the selection of the Boeing proposal validates the approach for acquiring a low-risk technological solution. The requirements for the SBI*net* solution are:

- Detect an entry when it occurs;
- Identify what the entry is;
- Classify its level of threat (who the entrant is, what the entrant is doing, how many, etc.); and
- Respond effectively and efficiently to the entry, bringing the situation to an appropriate law enforcement resolution.

These requirements are enduring and fundamental to the task of securing the border at and between ports of entry.

Additionally, the government will evaluate each task order with measures and metrics. CBP will negotiate specific technical, operational, and performance requirements for each task order. This approach to task order management will provide CBP greater visibility into the overall success of the SBI*net* solution, not only from a budget and schedule perspective, but most importantly from a performance perspective. The SBI*net* Program Management Office (PMO) within CBP has developed a detailed Task Order Initiation process that incorporates Make/Buy decisions prior to project milestones. In particular, the design phase for each project presents alternative analyses that include Make/Buy evaluations to ensure that the government is receiving optimal value and that mission requirements are met. Each task order will be monitored with accredited Earned Value Measurement processes and will have a qualified and accountable Project Manager.

SBI*net* Oversight and Management

DHS believes strong program management and contract oversight will ensure the successful execution of SBI*net*. As part of the aforementioned lessons learned from a past acquisition program, CBP will manage the SBI*net* in-house for greater connectivity to the operators and control through direct oversight. CBP has established a robust program management structure to oversee the successful implementation of the

solution and is rapidly building upon this foundation.  The SBI*net* project team includes seasoned certified program managers and senior contract specialists.  The DHS Joint Requirements Council and Investment Review Board will oversee deployment of the system throughout its life cycle.

The CBP Commissioner has established an Executive Steering Committee (ESC) that meets weekly to discuss program progress against SBI*net* goals and objectives. The PMO provides regular updates to both CBP and DHS leadership.

Quite simply, there is no risk-free approach to an acquisition of this size and scope.  To minimize the risk, we will employ a risk-based management approach.  As is appropriate with an acquisition of this value and importance, the Government Accountability Office (GAO) and DHS Office of the Inspector General (OIG) have already begun evaluating SBI*net* and offering recommendations.  Independent insight is essential for making continuous progress in improvements to program structure and management.  GAO and OIG insight is helpful in identifying risks and in managing those risks accordingly.  The recommendations received to date have provided useful and collaborative improvements in SBI*net* program management and contract execution. Attention to enhancing organizational capacity, increasing requirement definition tailored to specific task orders as the program matures, and diligent oversight of cost, schedule, and performance are all essential elements of program management embraced by DHS and CBP.

In conjunction with the recommendations from the GAO and OIG, CBP is pursuing the following areas of improvement to strengthen government program management and contractor oversight:
- Defining Program Management Structure;
- Providing Appropriate Staffing and Human Capital;
- Enhancing Definition of Operational Requirements; and
- Measuring Contractor Performance.

**Defining Program Management Structure:** The PMO finalized its Program Management Plan (PMP) in January 2007.  The PMP applies a plan of action with performance milestones so as to develop the capacity to manage SBI*net*, administer its contracts and agreements, and ensure effective oversight and implementation.  The PMP serves as the overall plan for managing SBI*net*. Included within the PMP are delineations of Program Organization and Responsibilities, an explanation of the CBP Program and Technical Management Approach, and Key Program Management Processes.

To solidify its capacity to manage SBI*net* and administer its contracts and agreements, CBP is employing best practices in project management.  The organizational structure set up by CBP allows for the concentration of subject-matter expertise into appropriate directorates, creating a ready resource pool to staff Integrated Project Teams (IPTs) to execute projects under SBI*net*.

IPTs are cross-functional teams under the leadership of an accountable government manager. IPTs use the tenets of integrated process and product development to get the right people and skills involved in managing a project. Each IPT in SBI*net* will be formed with appropriate representatives to ensure a common understanding of the activities involved and to secure input from all relevant entities.

As CBP carries out SBI*net*, other organizations within DHS will carry out additional elements of the SBI. The Secretary has created a Secure Border Coordination Council that is chaired by the Deputy Secretary and includes six senior DHS executives responsible for border security. The Council was formed at the start of FY2007 and reports directly to the Secretary. Its permanent members include the Deputy Secretary (chair); ranking officials from CBP, ICE, USCIS, and USCG; the DHS Chief Intelligence Officer; and the Assistant Secretary for Policy. Other DHS officials participate as appropriate. The Council focuses DHS's leadership team on the progress required within SBI to achieve the comprehensive immigration reform and homeland security priorities described in the SBI Strategic Plan.

SBI*net* continues to develop an SBI*net* Program Plan that describes and documents the work breakdown structure, the Integrated Master Schedule, and the program budget. This plan is expected to be completed by the end of this Fiscal Quarter. SBI*net* continues to build program, project, and acquisition management competencies through the definition and institutionalization of core processes that provide predictability, repeatability, and consistency in program operations. The PMO has been vigilant in creating a process management infrastructure that supports the definition, measurement and control over key acquisition business processes to include Project Pre-Award and Project Execution. Using best practices from the Project Management Institute (PMI), the Software Engineering Institutes (SEI) Capability Maturity Model Integration® (CMMI), and the Defense Acquisition University (DAU), SBI*net* continues to build strong discipline and oversight capability.

**Providing Appropriate Staffing and Human Capital:** To achieve established staffing goals for 2007, the SBI program offices within CBP continue to actively recruit and hire qualified candidates. To date, 124 staff positions have been filled (55 government and 69 contractors) out of a planned total of 270 for 2007. The CBP Commissioner continues to be apprised of resource gaps through the weekly SBI Executive Steering Committee (ESC) meetings and weekly meetings with the SBI Executive Director and SBI*net* Program Manager.

Current staffing levels are adequate to manage the current program workload, administer task orders under contract, and ensure effective oversight and implementation. As the program matures and future task orders are awarded, CBP will continue to increase staffing levels appropriately.

**Enhancing Definition of Operational Requirements:** To continue definition of the top-level requirements provided during the contract solicitation, the PMO developed a

Mission Needs Statement that was approved on October 1, 2006. The Mission Needs Statement identifies capability gaps and certain needs of the SBI*net* Program.

In support of SBI*net,* the PMO completed a comprehensive requirements workshop with CBP operational stakeholders on October 13, 2006. The resulting Operational Requirements Document (ORD) will be finalized and approved by February 28, 2007. This document will be used to derive contract requirements and establish the appropriate performance metrics for each future task order.

In addition to the ORD, a System Engineering Management Plan (SEMP) has been developed to outline the technical management and processes for program requirements, design, and development. Testing will include an Independent Validation and Verification (IV&V) contractor who will test software and systems development. Test and Evaluation will also include Operational Test and Evaluation (OT&E), using an independent government organization to evaluate performance, effectiveness, and operational suitability of the installed solution.

Additionally, the PMO held a System Requirements Review in January 2007. Follow-on meetings will be held in February to baseline system requirements.

**Measuring Contractor Performance:** The plan of action and milestones (POA&M) currently in development will include measurable and meaningful performance metrics and controls. Additionally, SBI*net* will use Earned Value Management (EVM) as a technique to integrate cost, schedule, and technical accomplishments for SBI*net* task orders where appropriate. EVM is a best practice method for measuring performance, reporting and analyzing project status, and comparing actual costs and accomplishments to a baseline. EVM serves as an early warning indicator for effective management decisions and corrective actions. It supports effective "what-if," tradeoff and trend analyses; helps to highlight potential risks; and provides more accurate forecasts of cost and schedule performance. Using EVM on SBI*net* satisfies the acquisition requirements of OMB Circular A–11, Part 3, and the Government Performance and Results Act of 1993.

In November 2006, Boeing submitted to the PMO its Cost Management Plan, which describes Boeing's EVM reporting approach for SBI*net*. The Program Management Plan describes the PMO's approach to oversight of the EVM performance reporting for the SBI*net* Program. This oversight consists of PMO review of the monthly Contract Performance Reports (CPRs) submitted by the prime contractor; analysis of the CPR data and performance trends at monthly project reviews; and monthly Program Management Reviews (PMRs) in which cost and schedule performance trends are addressed by the PMO. Further, EVM data are also reported quarterly to CBP and DHS in the Periodic Performance Reports.

Issues related to EVM will be addressed and resolved, as appropriate, with guidance and support from the CBP Commissioner and Chief Procurement Officer (CPO).

Boeing will provide regular implementation status reports and reviews on the SBI*net* task orders. Specific requirements for reports and reviews will be detailed in the individual task orders and may include cost performance reports; schedule and planning reports and reviews; technical performance reports and reviews; management reports and reviews; Integrated Baseline Reviews; and project cost estimates.

CBP is currently working with Boeing to prepare the POA&M. It will be reviewed by the CBP Commissioner and the CPO, per the recommendation of the OIG, and recommended actions will be instituted and tracked to completion. To ensure continued attention and adequate provision of resources, the PMO will provide periodic updates to both CBP and DHS CPO leadership.

Regular Program Management Reviews (PMRs), which include the status of risks, action items and issues, key milestones, budget, and deliverables, are provided to the CBP Commissioner and CPO. The PMRs provide a forum to facilitate timely decision-making by presenting leadership with a thorough status of the SBI*net* Program while raising issues that need management attention. The last PMR was held on February 1, 2007, in Arlington, VA.

SBI*net* project managers will be responsible for assessing and reporting project status and the likelihood of meeting the scope, cost, schedule, and technical performance objectives through weekly reports to the SBI*net* Program Manager, PMO Directors, and other project stakeholders. Status reporting will begin as soon as a new project is initiated and will continue on a regular basis.


Conclusion

Without a dramatic shift in the way that we as a nation protect our land borders, we leave ourselves and our citizens vulnerable. We recognize the challenges that lie ahead. By defending our borders with the latest technology and infrastructure, as part of a comprehensive solution that also includes additional well-trained personnel, and by maintaining a vigilant interior enforcement of our nation's immigration laws, we will fulfill our mission of protecting our country and its citizens.