

**TESTIMONY OF CLARK KENT ERVIN, FORMER INSPECTOR GENERAL OF THE U. S. DEPARTMENT OF HOMELAND SECURITY, BEFORE THE HOUSE COMMITTEE ON HOMELAND SECURITY'S SUBCOMMITTEE ON MANAGEMENT, INVESTIGATIONS, AND OVERSIGHT – APRIL 9, 2008**

Thank you very much, Mr. Chairman and members for inviting me to testify today before the subcommittee on the topic, “Moving Beyond the First Five Years: Solving the Department of Homeland Security’s Management Challenges.”

Certainly, the department has made some progress in its initial five years in becoming more efficient, more economical, and more effective. But, no one would argue with the proposition that DHS still has far to go. With a new Administration less than a year away, now is an appropriate time to consider what the department’s next steps should be on the necessarily long journey toward optimal performance.

There are any number of things that can and should be done to improve DHS’ organizational performance. But, since time is limited, let me highlight only a few.

First, part of the reason the department has been less than the sum of its parts is that key legacy agencies retain considerable autonomy over their own finances, information technology networks, and procurement systems. This promotes duplication, a lack of interoperability and other inefficiencies, and it works against the goal of integrating DHS’ disparate parts into a cohesive whole. The department’s Chief Procurement Officer, Chief Financial Officer, and Chief Information Officer do not control (i.e., have the power to hire, fire, and set the budget of) their counterparts at TSA, FEMA, ICE, CBP, and the Coast Guard. Instead, these critical administrative personnel at the component level are controlled by their respective component heads. With a pen stroke, the new Secretary can and should change this.

Second, controls should be put in place to ensure that no more precious contract dollars are wasted. The new Secretary should, for example, forbid the use by procurement officers of no-bid contracts. Such contracts are *never* justified. Even if procurement officers are certain that only one contractor can satisfy particular requirements, there is no harm in opening the contract for bid. Perhaps there are other, previously unknown, contractors who can supply the good or service equally well and at lesser cost. Further, there should be incentives built into every contract for “good” performance (i.e., timeliness, staying within budget, and delivering the promised result), and penalties (financial or otherwise, including, under appropriate circumstances, criminal prosecution) for poor performance. Contractors who consistently miss the mark should be barred for a period of time from bidding on new contracts. To counter the corrupting influence of the “revolving door,” bids from former DHS insiders should be disfavored, other things being equal. DHS should not allow contractors to determine its contract requirements, as it has done repeatedly. If contractors are allowed to tell customers what they want and need, chances are the customer will wind up with something it neither wants nor needs.

Furthermore, the number of procurement officials should be increased significantly. And, while no government agency can ever match private sector salaries, congressional authority should be sought by DHS to pay hefty bonuses and to offer other attractive benefits so as to narrow the gap as much as possible between private sector procurement experts and DHS ones. Competent and experienced DHS contracting officers in sufficient numbers are critical to ensuring that contracts are structured and managed in a way that most benefits the taxpayer.

While the department has too few employees managing contractors, it has too many contractors essentially managing it. Last spring, the Chairman of the House Committee on Oversight and Government Reform said that DHS leaders conceded to him at a hearing that they had “no idea” how many contractors work for the department. (That might be a good question to pose to our department witnesses today.) The GAO has chided DHS for contracting out “inherently governmental” functions, and no wonder. As *The Washington Post* put it in an article last October, “At the Department of Homeland Security, contract employees help write job descriptions for new headquarters workers. Private contractors also sign letters that officially offer employment. And, they meet new hires on the first day of the job. About the only thing they do not do... is swear-in DHS employees.” Indeed, the job of some contractors at DHS is to oversee other contractors. In short, to ensure that the sole interest in mind is that of the taxpayer, the department should have more employees and fewer contractors. Contractors should not be performing inherently governmental functions, and no function is more “inherently governmental” than overseeing other contractors.

Finally, the new Secretary should make a conspicuous point of urging all personnel to cooperate fully with all Inspector General and GAO inspections, audits, and investigations, and there should be consequences for personnel who fail to do so, up to and including, under appropriate circumstances, termination. On a regular basis, but no less frequently than quarterly, the Secretary himself/herself should meet with the IG and the Comptroller General to be personally apprised of important findings and to monitor the department’s progress (or lack thereof) toward implementing their respective recommendations. The IG and the Comptroller General should not be viewed as pests or antagonists, but as management consultants, indispensable ones, who are full partners in making the department operate as effectively, efficiently, and economically as possible.

Thank you, again, for your invitation today, and I look forward to your questions.

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