

ONE HUNDRED TENTH CONGRESS
Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
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WASHINGTON, DC 20515-6143

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MEMORANDUM

February 8, 2007

To: Members of the Committee on Oversight and Government Reform

From: Majority Staff

Re: Additional Information about the SBInet Contract

In preparation for today's hearing on Deepwater and SBInet, the Committee received approximately 1,800 pages of documents from the Department of Homeland Security related to SBInet, the Department's \$30 billion contract with Boeing to design and build a comprehensive border security plan. Some of the documentary evidence received by the Committee raises new questions about the Department's reliance on support contractors to manage the SBInet program.

The SBInet program relies on Boeing as the "prime integrator." Under a prime integrator contract, Boeing is responsible for conceptualizing, designing, building, and operating a multi-billion dollar border security solution. Because the contract vests so much authority in a private contractor, the contractual arrangement requires strong oversight by government officials. A key question is whether the government has an adequate federal workforce to perform this critical oversight function.

The documents and information received by the Committee indicate that the Department of Homeland Security has decided to contract out most of the oversight function. It appears that private contractors hired by the Department played leading roles in (1) contract planning and (2) contract award, and will now constitute the majority of the staff engaged in (3) contract management and oversight. In at least one instance, a private contractor hired to assist in contract oversight appears to have significant conflicts of interest.

I. RELIANCE ON CONTRACTORS

Typically, government officials have the responsibility to develop project requirements and oversee work done under contract. In the case of SBInet, however, it appears that the Department of Homeland Security has relied on private contractors to plan, award, and manage the SBInet contract program.

Contract Planning: According to material provided to the Committee by the Department, 13 individuals participated in the development of the acquisition plan for SBInet. Of these 13 individuals, eight – over 60% – were identified as contractors.¹

According to the Secure Border Initiative (SBInet) Acquisition Plan, the contractors hired by the Department to engage in contract planning worked for Acquisition Solutions, Inc. (ASI), Contracting Strategies, Inc. (Stratecon), MITRE Corporation, Organizational Strategies, Inc. (OSI), and Performance Management Consulting, Inc. (PMC).²

Contract Evaluation and Analysis: The Request for Proposal (RFP) for the SBInet contract advised all potential offerors that DHS would use private contractors for “proposal evaluation/analysis,” which is a key component of the contract award decision.³

According to the RFP, the contractors hired by the Department to engage in contract evaluation and analysis included ASI, Stratecon, Digital Intelligence Systems Corporation (Disys), Johns Hopkins University-Applied Physics Laboratory (APL-JHU), MITRE, OSI, and PMC.⁴

Program Management: The SBInet contract program is now managed by a staff dominated by contractors. As of December 2006, the Department had assigned 98 personnel to the SBInet project office. Of these 98 individuals, 60 were identified as contractors.⁵

DHS projects an increase of 75 government personnel and 97 contractors over the coming year, so that there will be 270 personnel engaged in oversight activities at the end of fiscal year 2007. According to this projection, even at its full complement, nearly 60% of the project management office will be contractors.⁶

¹ U.S. Customs and Border Protection, *Secure Border Initiative (SBInet) Acquisition Plan for an Integration Contract HSBP-06-010 Version 1.0* (Mar. 30, 2006) (See Appendix A).

² *Id.*

³ U.S. Customs and Border Protection, *Request for Proposal* (Apr. 11, 2006) (See Appendix B).

⁴ *Id.*

⁵ U.S. Customs and Border Protection, *SBInet Expenditure Plan* (Dec. 4, 2006) (Appendix C).

⁶ *Id.*

The Department of Homeland Security has provided the Committee with a list of 50 contractor personnel currently involved in contract oversight and management. These contractors are employed by ASI, Booz Allen Hamilton, MITRE, OSI, PMC, Robbins-Gioia, and Stratecon.⁷

These “contract support” contracts are now among the most lucrative awarded by DHS. In 2005 alone, Booz Allen Hamilton received over \$97 million from the Department. Along with Booz Allen, MITRE Corp. (\$47 million), PMC (\$22 million), and Robbins Gioia (\$21 million) were among the top 100 recipients of DHS contracting dollars.⁸

II. POTENTIAL CONFLICT OF INTEREST

At least one contractor hired to engage in contract oversight, Booz Allen Hamilton, may have a conflict of interest with Boeing Corp.

In 1993, Booz Allen teamed with Boeing to begin a sustained, multi-year program to help Boeing remain at the top of the airplane industry. According to the company’s website, Booz Allen has had an “extensive” relationship with Boeing since 1970. One Booz partner, Ed Frey, has touted the “personal relationships ... from the group president to people on the shop floor” that Booz Allen has built with Boeing.⁹

One example of Booz Allen’s ongoing relationship with Boeing is its collaboration with Boeing on the Battle Management Command and Control Subsystem of the Air Force Multi-Sensor Command and Control Aircraft program. In September 2003, the Air Force announced that Boeing received an initial \$4 million contract to define requirements for the subsystem. Booz Allen, a member of Boeing’s team, was awarded the subcontract to provide CAIV capability along with modeling and simulation capability.¹⁰

⁷ U.S. Department of Homeland Security, *List of Names and Employers of All Department Personnel* (delivered Feb. 2, 2007) (See Appendix D).

⁸ This data comes from the Eagle Eye Federal Prime Contracts Database, a federal procurement database application published by Eagle Eye, Inc. The database contains data from 1999 to 2005 that is compiled from the Federal Procurement Data System, the federal contract tracking system established by the General Services Administration.

⁹ Booz Allen Hamilton, *Case Studies: Boeing Commercial Airplane Group—Staying Above the Competition* (online at www.boozallen.com/capabilities/Industries/industries_article/658246).

¹⁰ Boeing, *News Release: Boeing Awarded Battle Management Command and Control Subsystem Contract* (Sept. 17, 2003) (online at www.boeing.com/news/releases/2003/q3/nr_030917n.html).

Appendix A

E. Participants in Acquisition Plan Development

Table 6. Participants

Name	Title	Organization	Telephone #	Email Address
	Associate Chief	CBP-OBP		@dhs.gov
	Chief of the Contracting Office	CBP-OF/Procurement		@dhs.gov
	SBInet Deputy PM	CBP-OIT/TSPO		@dhs.gov
	Contractor	OSI		@associates.dhs.gov
	Contractor	MITRE Corp		@mitre.org
	Contractor	MITRE Corp		@mitre.org
	Contractor	MITRE Corp		@mitre.org
	Contractor	MITRE Corp		@mitre.org
	Contracting Officer	CBP-OF/Procurement		@dhs.gov
	Contract Specialist	CBP-OF/Procurement		@dhs.gov
	Contractor	Stratecon		@dhs.gov
	Contractor	Acquisition Solutions		@acquisitionssolutions.com
	Contractors	PMC		@pmc.com

Source: U.S. Customs and Border Protection, *Secure Border Initiative (SBInet): Acquisition Plan for an Integration Contract (HSBP-06-010)* (redacted)

SECTION H

SPECIAL CONTRACT REQUIREMENTS

H.1 USE OF CONTRACTOR SUPPORT/ADVISORY PERSONNEL AS CONTRACT SPECIALISTS

The offeror's attention is directed to the fact that contractor personnel will assist the Government in a contract specialist role for solicitation development, issuance, proposal receipt, proposal evaluation/analysis, and contract administration. The following companies that are contracted to provide the services listed above include: Acquisition Solutions, Inc. (ASI); Contracting Strategies, Inc. (Stratecon); Digital Intelligence Systems Corporation (Disys); Johns Hopkins University-Applied Physics Laboratory (APL-JHU); MITRE Corporation; Organizational Strategies, Inc. (OSI); and Performance Management Consulting, Inc. (PMC). Submission of proposals in response to the solicitation constitutes approval to release the proposal to Government Support Contractors who have signed Non-Disclosure and Rules of Conduct/Conflict of Interest Statements.

[End of Clause]

H.2 OTHER AGENCY USE OF CONTRACT

The contract resulting from this solicitation will be for use by all components of DHS. Customs and Border Protection (CBP) Contracting Officers will issue orders against the contract, as required by other DHS organizations, pending the transfer of funds to CBP for the orders.

[End of Clause]

H.3 ORDERING PROCESSES AND PROCEDURES

Ordering of services and supplies under this contract shall be accomplished by the issuance of written orders specifying the types and quantities of services and/or supplies being ordered. All orders issued under this contract shall conform to the provisions of the contract clause in Section I entitled "Ordering". The only office authorized to issue orders under this contract is Customs and Border Protection Office of Procurement. The type of order will be based on the work to be performed. The Contractor is required to analyze and bring to the Contracting Officer's attention what impact the particular task will have on prior tasks and how the task fits into the overall Sbinet Program.

H.3.1 General Process for Tasking

The general process for individual Delivery/Task orders is as follows:

- (a) Where appropriate to increase the value to the Sbinet Program, the Contractor and Sbinet may collaboratively define the tasking objectives and/or outcomes. The Contracting Officer may use these objectives and/or outcomes to compose Delivery/Task Order Statement(s) of Objectives and/or outcomes of Work for work under the contract. These collaboratively defined tasking objectives and/or outcomes should (1) correlate with the strategic objectives prescribed by the appropriate Sbinet entity and (2) comply with the time-phased modernization planning.

- (b) The Contracting Officer will forward Delivery/Task Order Statement(s) of Objectives or Statement(s) of Work to the Contractor with a cover memorandum with the proposed delivery/task order-type of contract. The Delivery/Task Order Statement(s) of Work will address the following areas: Background; Scope of Work; Description of Tasks; Government-Furnished Materials; Deliverables and Delivery Schedule; Performance Measures and Acceptance Criteria; Contractor-Furnished Materials, ODCs, and Travel; Period of Performance; Place of Performance; and Government Contacts.
- (c) The Contractor shall prepare and submit a Task Proposal addressing all areas of the requirement. The Contractor's Task Proposal shall detail the Statement of Work (if a Statement of Objectives is provided by the Government), management and technical approach to meet the requirements, Work Breakdown Structure, required Government Furnished Property (GFP)/Government Furnished Information (GFI) and an identification of the Contractor's proposed task order-type as part of a priced proposal. The

Appendix C

The following chart shows the CBP SBI current personnel status and the projected staff at the end of FY 2007, with a focus on the SBI^{net} PMO.

Figure 8 – SBI Personnel by Activity

DIRECTORATES	CURRENT		PROJECTED INCREASES *		TOTALS
	GOV'T	CONTRACTORS	GOV'T	CONTRACTORS	
SBI					
SBI Executive Director	1				1
Staff	7	8	13	20	48
SBI^{net}					
Program Manager	1				1
Staff	12	20	10	16	58
SBI ^{net} Projects	4	9	9	14	36
Mission Engineering Division	3	2	7	4	16
Chief Engineer	4	16	19	28	67
Facilities & Infrastructure	1	3	7	5	16
Integrated Logistics Support	2	0	6	4	12
SBI ^{net} Field Offices	3	2	4	6	15
TOTALS	38	60	75	97	270

* Increases projected by September 30, 2007

Legislative Requirement #5 – Includes a certification by the Chief Procurement Officer of the Department of Homeland Security that procedures to prevent conflicts of interest between the prime integrator and major subcontractors are established.

2.8 Chief Procurement Officer Certification

The certification is included as Appendix A.

Legislative Requirement #6 – Includes a certification by the Chief Information Officer of the Department of Homeland Security that an independent verification and validation agent is currently under contract for the project.

2.9 Chief Information Officer Certification

The certification is included as Appendix B.

