



Testimony of

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before the

House Committee on Science, Space, and Technology

Subcommittee on Oversight

***Top Challenges for Science Agencies:  
Reports from the Inspectors General, Part I***

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Chairman Broun, Ranking Member Maffei, and Members of the Subcommittee:

I appreciate the opportunity to testify today about the Department of Commerce's top management challenges in FY 2013. The Department plays a pivotal role in implementing the President's initiatives for economic recovery and job creation and, like other federal agencies, faces significant financial uncertainties in the upcoming year. Our Top Management Challenges report identifies what we consider, from our oversight perspective, to be the most significant management and performance challenges facing the Department.

We identified five major challenges that represent cross-cutting issues with a focus on the President's most important goals and longstanding departmental management concerns.

### **1. Stimulate Economic Growth in Key Industries, Increase Exports, and Enhance Stewardship of Marine Fisheries**

The Department is at the center of the federal government's efforts to stimulate economic and job growth in key industries and promote exports, while at the same time regulating exports and maintaining the delicate balance between promoting and regulating the commercial use of marine fisheries. These efforts require the Department to work effectively with interagency partners and the private sector as well as to marshal and integrate Commerce resources. We have identified three areas for management attention:

- stimulate economic growth in manufacturing, intellectual property, and wireless industries
- promote and regulate exports
- protect and promote marine fisheries

### **2. Increase Oversight of Resources Entrusted by the Public and Invest for Long-Term Benefits**

The Joint Select Committee on Deficit Reduction was tasked with seeking \$1.5 trillion in government-wide savings over the next 10 years. The Committee did not agree on spending reductions, resulting in a potential sequestration that will trigger across-the-board budget cuts beginning in March 2013. Departmental programs will be deeply affected. As the Department prepares for this extended period of tighter budgets and decreased spending, it is more important than ever to understand the risks associated with making trade-offs in allocating resources between the implementation of programs and the oversight of those programs.

Also, after experiencing significant cost increases in the last decennial (from \$8.2 billion to \$12.8 billion between 2000 and 2010 decennials), the Census Bureau—a Departmental component—has vowed to contain cost of the 2020 decennial by making critical design decisions by the end of FY 2014. However, it has already encountered significant challenges in achieving this goal. While the nation is facing significant financial

hardship, the Department and Census Bureau simply cannot afford to repeat the cost growth experienced over prior decennials. We have identified three areas for management attention during a period of funding uncertainty:

- increase internal controls and oversight of Departmental operations under a constrained budget
- invest for efficiencies and long-term benefits
- implement bold design changes to contain 2020 decennial costs while maintaining enumeration quality

### **3. Strengthen Security and Investments in Information Technology**

In FY 2012, the Department planned to invest \$2.4 billion in IT. This is about 25 percent of its annual budget and one of the highest percentages devoted to IT among all civilian agencies. The Department and its constituent bureaus rely on IT to support major mission activities, such as producing the constitutionally mandated decennial census; releasing vital economic statistics (e.g., the gross domestic product and consumer spending); granting patents and trademarks; issuing severe weather alerts; and operating weather satellites. However, we have identified major concerns in the Department's IT security posture and fragmented IT governance. While the Department's Chief Information Officer has taken steps to strengthen IT governance, we continue to find significant security vulnerabilities in bureau systems, which could lead, and already have led, to service disruptions and loss of sensitive information. We have identified four areas for management attention:

- continue improving the Department's IT security posture by addressing persistent security weaknesses
- develop resilient incident response and recovery capabilities with increased monitoring of Internet traffic
- manage the Department's IT portfolio with enhanced governance structure
- strengthen oversight of IT investments

### **4. Implement Framework for Acquisition Project Management and Improve Contracts Oversight**

In FY 2011, the Department obligated approximately \$2.4 billion on contracts for goods and services, including satellite acquisitions, intellectual property protection, broadband technology opportunities, management of coastal and ocean resources, information technology, and construction and facilities management. To maximize these funds, the Department needs to strengthen its acquisition and contract management practices. While it has made some progress—such as reorganizing the Office of Acquisition

Management to more directly address major acquisition initiatives and implementing an Acquisition Center of Excellence, which will consolidate acquisition support for the Department's smaller bureaus, our audits continue to find weaknesses in how the Department plans, administers, and oversees its contracts. We have identified four areas for management attention:

- implementing the planned framework for acquisition project management
- overseeing high-risk contracts
- maintaining an acquisition workforce that holds bureau officials accountable
- implementing an effective suspension and debarment program

#### **5. Reduce Risks of Cost Overruns, Schedule Delays, and Coverage Gaps for NOAA's Satellite Programs**

Managing risks in the acquisition and development of the next generation of environmental satellites is a continuing challenge for the Department. The two most prominent programs, the Joint Polar Satellite System (JPSS) and the Geostationary Operational Environmental Satellite-R series (GOES-R), together account for one-third of NOAA's FY 2013 budget request. They are also the largest investments in the Department, comprising nearly 20 percent of the Department's budget. The satellites will provide data and imagery for weather forecasting—including severe-storm tracking and alerting—and the study of climate change. Operating environmental satellites and weather forecasting are designated as primary mission-essential functions of the Department because they help lead and sustain the nation in the event of a catastrophe. Yet, because of cost overruns, schedule delays, and the aging of NOAA's current constellation of satellites, NOAA is confronting coverage gaps for these critical assets.

Strong program management and close oversight of these programs are needed to manage risks that inevitably lead to cost overruns, schedule delays, and coverage gaps for the critical capabilities these programs will provide. Based on our work with these programs, we have identified four areas for management attention:

- communicating with stakeholders to define JPSS capabilities, schedule, and cost baselines
- ensuring adequate leadership and governance structure over JPSS development
- developing a plan to support NOAA weather forecasting capabilities during coverage gaps
- reducing program risks associated with GOES-R development

This concludes my prepared statement, and I will be pleased to respond to any questions you or the other Subcommittee members may have.