

Inspector General

United States
Department of Defense



DEPUTY INSPECTOR GENERAL FOR INTELLIGENCE

**(U) Inspection of an Under Secretary of
Intelligence Program No. 2**

Derived From: (b)(1) 1.7e

Declassify: Program Close Out 425 yrs

3 of 4



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

JAN 15 2010

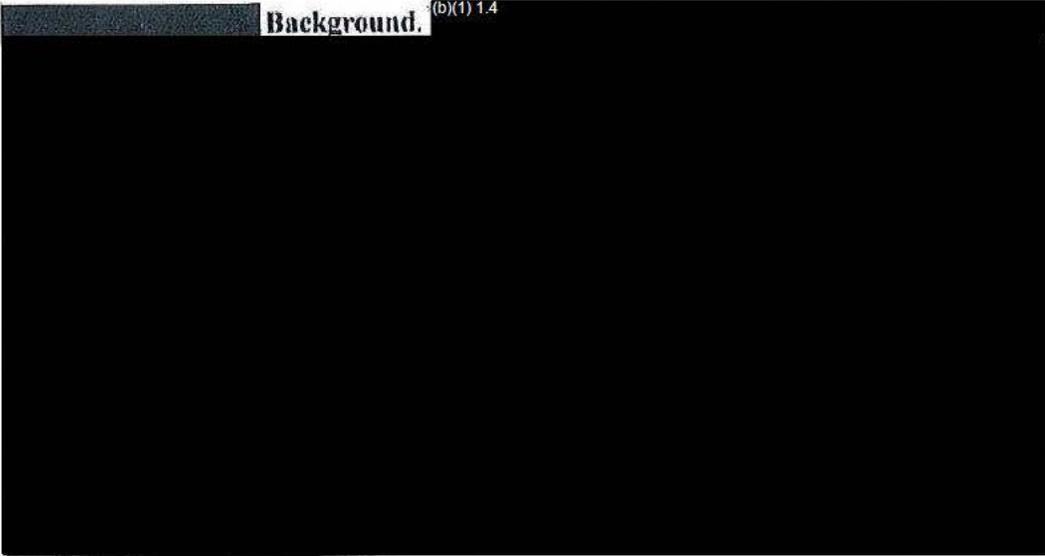
MEMORANDUM FOR: UNDER SECRETARY OF DEFENSE FOR INTELLIGENCE
ADMINISTRATIVE ASSISTANT FOR THE SECRETARY
OF THE AIR FORCE

SUBJECT: (U) Inspection of an Under Secretary of Defense for Intelligence Program
No. 2 (Report No 10-INTEL-01)

(U [REDACTED]) **Objective.** We conducted this inspection to determine if the [REDACTED] (b)(1) 1.7e
[REDACTED] Special Access Program (SAP) is following established Department of
Defense regulations, policy and guidance in the functional areas of security, contracts,
training and program administration.

(U [REDACTED]) **Results-In-Brief.** Overall, the [REDACTED] (b)(1) 1.7e program is well managed. A January
2004 Memorandum of Agreement (MOA) between the Office of the Under Secretary of
Defense for Intelligence (OUSDI) and the Administrative Assistant to the Secretary of
the Air Force established clearly defined roles, responsibilities, procedures and processes
for administration of this program. The MOA contributes to the overall success of the
program by providing consistent management. However, we found some program
oversight discrepancies for the [REDACTED] (b)(1) 1.7e SAP. A formal Automated Information System (AIS)
security awareness program should be developed. All [REDACTED] (b)(1) 1.7e SAP Facility certification and
accreditation certificates should be reviewed to ensure listed contact persons are current
and updated as appropriate. A [REDACTED] (b)(1) 1.7e contract went beyond the time allowed by the Federal
Acquisitions Regulations (FAR); the [REDACTED] (b)(1) 1.7e program needs to create a contract officer
transition plan to ensure contract officer coverage.

[REDACTED] **Background.** (b)(1) 1.4



[REDACTED]

(U [REDACTED]) **Scope and Methodology.** This report provides the results of our inspection of the security, contracts, training and program administration of the (b)(1) 1.7e SAP to determine if the program is following established Department of Defense regulations, policy and guidance. We conducted this inspection from July 2009 to October 2009. We reviewed program, security, contract, training and other documents associated with (b)(1) 1.7e and its umbrella SAPs. We interviewed (b)(1) 1.7e program personnel, officials from the U.S. Air Force and conducted an on-site inspection of five facilities at (b)(1) 1.7e [REDACTED]

(U) Inspection Results-Findings and Recommendations

(U) Functional Area-Training:

(U) **Finding # 1:** There is no AIS security awareness training program.

(U) **Standard:** *Revision 1 Department of Defense Overprint to the National Industrial Security Program Operating Manual Supplement (NISPOMSUP), 1 April 2004. Section 8-700(c), NISPOMSUP, requires all AIS users; custodians, maintenance personnel and others to be trained on their security responsibilities.*

(U [REDACTED]) **Inspection Results:** There is no AIS security awareness training program. The NISPOMSUP requires initial AIS training for users prior to granting access to a classified AIS system and at least annually thereafter. Some required AIS SAP specific training topics include; security classifications, AIS access control, securing AISs and printers, unauthorized use, reporting security incidents, classification labels for media, secure copying methods and media destruction. This requirement is exclusive of non-SAP AIS security awareness training. The Information Technology Chief was unaware of the AIS SAP specific annual training requirement. A similar finding was identified in two prior reviews of SAP programs under OUSD(I) auspices.

(U [REDACTED]) **Recommendation # 1:** We recommend that the (b)(1) 1.7e Executive Director have the Chief, Information Technology Division develop an annual AIS security awareness program in accordance with Section 8-700(c) NISPOMSUP.

(U) **Management Comments:** The Air Force concurred with our recommendation and said they incorporated SAP specific AIS briefing topics into their annual security training program.

(U) **Response to Management Comments:** None

(U) Best Practice

(U [REDACTED]) The (b)(1) 1.7e Security Manager created a security training matrix which lists required special compartmented information, SAP and collateral training. The matrix outlines all required training, the frequency of the training and annotates the appropriate

[REDACTED]

reference for the training. The matrix is used as a yearly training plan. The plan listed AIS security training but not AIS SAP specific security training. We will suggest similar outlines during future SAP inspections.

(U) Functional Area-Security:

(U [REDACTED]) Finding # 2: Point of Contact Information for SAP Facility Certification and Accreditation Certificates should be updated.

[REDACTED] Inspection Results: All ^{(b)(1)}_{1.7e} buildings are certified for processing, storage and discussion of SAP material. Ownership for cognizant security authority for five ^{(b)(1)}_{1.7e} buildings was transferred to the U.S. Air Force in 2008 from ^{(b)(1)}_{1.7e} [REDACTED]. It could not be determined if the non-agency Point of Contact information listed on the SAP certificates reflected the transfer of responsibility. Up to date information on SAP Facility certification and accreditation documents is a prudent security measure.

(U// [REDACTED]) Recommendation # 2: ^{(b)(1)}_{1.7e} Director of Security update point of contact information on SAP Facility certification and accreditation documents.

(U) Management Comments: The Air Force concurred with our recommendation and said the Program Security Officer updated their point of contact information on November 20, 2009.

(U) Response to Management Comments: None.

(U) Functional Area-Contracting:

(U) Finding # 3: A Program contract exceeded the time allowed by the FAR.

(U) Standard: *FAR Section 16.505(c) limits advisory and assistance contracts to 5 years with one 6 month extension.*

(U [REDACTED]) Inspection Results: ^{(b)(1)}_{1.7e} [REDACTED]

(U// [REDACTED]) ^{(b)(1)}_{1.7e} program personnel said there were several reasons for this FAR violation. First, for the past 8 years, ^{(b)(1)}_{1.7e} had interim contract officers. Since 2001, ^{(b)(1)}_{1.7e} had twelve different contract officers because their billets are graded lower than other Federal offices within ^{(b)(1)}_{1.7e}. The ^{(b)(1)}_{1.7e} contract officer billet is graded at a GS-13 level while other Agencies grade them at the GS-14 level. Second, ^{(b)(1)}_{1.7e} personnel said that the ^{(b)(1)}_{1.7e} contract could not be re-competed because the contract officer assigned

[REDACTED]

[REDACTED]

to (b)(1)_{1.7e} had other priorities. (b)(1)_{1.7e} personnel requested the (b)(1)_{1.7e} Executive Director reprioritize the (b)(1)_{1.7e} contract officer's tasks. However, it was not done. Due to SAP security requirements, there was a 1 to 2 month gap between each contract officer and reprioritization would not have helped. Third, the (b)(1)_{1.7e} contract officer does not work directly for the program and only spend approximately 60% of his time on it.

(U) **Finding # 4:** By FY2012, (b)(1)_{1.7e} will not have a contract officer.

(U/[REDACTED]) **Inspection Results:** The Program should create a contract officer transition plan. By FY2012, (b)(1)_{1.7e} will not have a contract officer because that billet will move back to its parent organization at (b)(1)_{1.7e}. However, (b)(1)_{1.7e} personnel said that a contracting billet will still be needed. Hence, (b)(1)_{1.7e} should create a contract officer transition plan. One option would be to make the current contracting officer representative the contract officer. However, this would take at least 18 months because the contract officer representative would require additional experience and training.

(U/[REDACTED]) **Finding # 5:** A (b)(1)_{1.7e} contractor had three sole source contracts.

(U/[REDACTED]) **Inspection Results:** For the past 11 years, the (b)(1)_{1.7e} program had three sole source contracts with (b)(1)_{1.7e}. For the (b)(1)_{1.7e} used the (b)(1)_{1.7e} national security sole source exception found at 10 U.S.C. 2304(c)(6). Because (b)(1)_{1.7e} and their operational experience, the sole source justifications were acceptable. However, when (b)(1)_{1.7e} contract expires in FY2013, (b)(1)_{1.7e} will have 15 years as a sole source contractor.

(U) Recommendation-Functional Area-Contracting

(U/[REDACTED]) **Recommendation # 3:** The Contract Office and (b)(1)_{1.7e} Executive Director should establish an MOA for all current and future (b)(1)_{1.7e} contracts. This MOA would detail how the Program will adhere to FAR restrictions on contract extensions, create a (b)(1)_{1.7e} contract officer transition plan (Findings # 3 and # 4) and develop approaches to foster more competition when contracts expire. (Finding # 5)

(U) **Management Comments:** The Air Force concurred with our recommendation and said they are working within Air Force channels to determine the level of contracting support required. The Air Force said that an MOA detailing relationships and responsibilities will be executed between future contracting support providers and (b)(1)_{1.7e}.

(U) **Response to Management Comments:** We found management responsive to our findings for the functional area of contracting and their comments exceeded our recommendation.

(U) Product Review:

([REDACTED]) During the inspection we examined three recent (b)(1)_{1.7e}

[REDACTED]

[REDACTED]

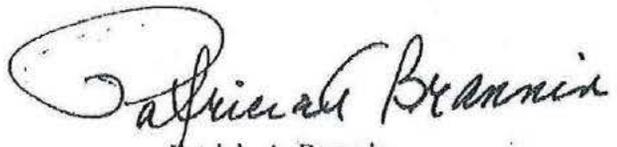
(b)(1) 1.7e products developed through the (b)(1) 1.7e program. Two products were (b)(1) 1.7e and one was an (b)(1) 1.7e (b)(1) 1.7e

We reviewed the requirement for each product, what COCOM made the requirement, how the requirement was developed, tested, implemented and customer satisfaction. Each product was developed and delivered in a timely manner. No discrepancies were found.

(U) Observation : Memorandum of Agreement:

(U/ [REDACTED]) The MOA between the USD(I) and the U.S. Air Force established the authorities, roles, responsibilities, processes of the Executive Agent and transferred program execution, fiscal authority, contracting authority, original classification authority and milestone decision authority to the Air Force.. The establishment of clearly defined roles through the MOA allows for consistent administration of the program. This consistency of management is a strength and translates to a well run program.

(U) We appreciate the courtesies extended to the staff. Please direct questions to (b)(6) at (b)(6) (DSN (b)(6)) or (b)(6) at (b)(6) (DSN (b)(6)) or e-mail (b)(6) (unclassified) or (b)(6) (JWICS) and (b)(6) (unclassified) or (b)(6) (JWICS).

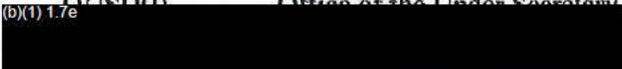


Patricia A. Brannin
Deputy Inspector General
For Intelligence

[REDACTED]



Appendix A. List of Acronyms (U)

| | |
|-------------|---|
| AIS | Automated Information Systems |
| FAR | Federal Acquisition Regulations |
| MOA | Memorandum of Agreement |
| NISPOMSUP | National Industrial Security Program Operating Manual Supplement |
| OSD(D) | Office of the Under Secretary of Defense for Intelligence |
| (b)(1) 1.7e |  |
| SAP | Special Access Program |
| SAPCO | Special Access Program Coordination Officer |

[REDACTED]

APPENDIX B -- AIR FORCE COMMENTS (U)

UNCLASSIFIED/ [REDACTED]

14 December 2009

MEMORANDUM FOR (b)(1) 1.7e Concur / Non-Concur
SAC/704Z (Concur / Non-Concur)
IN TURN

FROM: (U/ [REDACTED]) (b)(1) 1.7e

SUBJECT: (U/ [REDACTED]) (b)(1) 1.7e response to DOD IG Draft Report

1. (U/ [REDACTED]) This memorandum forwards (b)(1) 1.7e response to the DoD Inspector General (IG) Draft Report for Intelligence Program No. 2 (Project No, D2009-DINT01-0250.000), dated November 16, 2009.

2. (U) Each response is stand-alone and indicates concurrence or concurrence with comment. Courses(s) of action have addressed each finding/recommendation.

(b) (6)
[REDACTED]

Government Program Manager

Attachments:
(b)(1) 1.7e

[REDACTED]

UNCLASSIFIED/ [REDACTED]

[REDACTED]

[REDACTED]

AIR FORCE COMMENTS – CONTINUED (U)

UNCLASSIFIED/[REDACTED]

(U) Inspection Result - Findings and Recommendations

(U) Functional Area - Training

(U) Finding #1: "There is no AIS security awareness training program."

(U) [REDACTED] Concur with Finding #1: (b)(1) 1.7e [REDACTED] did not have a specific, tailored SAP AIS training program.

(U) [REDACTED] The shortfall has been addressed. Additional AIS, SAP specific training has been incorporated within the existing collateral AIS Security Program and was immediately implemented. The first briefing was provided and documented on October 27, 2009 on "Information Protection and Awareness of System Threats." Quarterly AIS training will be provided. Unit documentation and records for this training will be maintained in a manner consistent with other facets of the unit's general security training program.

(U) [REDACTED] Recommendation #1: "We recommend that the (b)(1) 1.7e [REDACTED] GPM have the Chief, Information Technology Division develop an annual AIS security awareness program in accordance with Section 8-700(c) NISPOMSUP."

(U) Concur with Recommendation #1: In response to the Inspector's recommendations, the Chief, Information Technology Division has incorporated SAP specific AIS briefing topics and will provide briefings in conjunction with the unit's quarterly general security training program. See Table 1.

| UNCLASSIFIED | | |
|--|------------------------|---|
| Table 1. AIS SAP-Specific Training Topics | | |
| TRAINING TOPICS | FREQUENCY ¹ | |
| | I | A |
| Media Destruction | | A |
| Security Violations/Incidents | | A |
| Controlling Access to AISa | | A |
| IT to Low Procedures | | A |
| Unauthorized Use | | A |
| Authorized/Unauthorized Software | | A |
| Hardware Labeling Requirements | | A |
| Awareness of System Threats | | A |
| Configuration Management | | A |
| Use of Screen Locks | | A |
| ¹ Frequency Legend: I (Initial Orientation, prior to accessing classified systems), A (Annual Refreshers) | | |

UNCLASSIFIED

UNCLASSIFIED/[REDACTED]

[REDACTED]

AIR FORCE COMMENTS – CONTINUED (U)

UNCLASSIFIED [REDACTED]

(U) Inspection Results - Findings and Recommendations

(U) Functional Area - Security

(U) Finding #2: "Point of Contact Information for SAP Facility Certification and Accreditation Certificates should be updated."

(U) Concur with Finding #2: Request for Facility Clearance Action Forms have been revalidated and updated.

(U) Effective 2010, Security personnel will conduct an annual review of all facility documentation each October to ensure certification and accreditation documents are current.

(U/[REDACTED]) Recommendation #2: (b)(1) 1.7e [REDACTED] Program Security Manager update point of contact information on SAP facility certification and accreditation documents."

(U/[REDACTED]) Concur with Recommendation #2: The Program Security Officer reviewed and updated all Form 3, Request for Facility Clearance Action forms. Forms are current and were signed by the Program Security Officer and Government Program Manager 20 November 2009. See Atch 3.

[REDACTED]

AIR FORCE COMMENTS – CONTINUED (U)

UNCLASSIFIED/[REDACTED]

(U) Inspection Results - Findings and Recommendations

(U) Functional Area - Contracting

(U) Finding #3: "A Program contract exceeded the time allowed by the FAR."

(U) Concur with Finding #3. The shortfall has been corrected; the (b)(1) 1.7e contract was closed out in November 2009 and has since been competed.

(U/[REDACTED]) This important finding is a symptom of a larger issue. The (b)(1) 1.7e requires a greater level of contracting support than is currently aligned. The shortfall of available contracting support is compounded because of a critical shortage of SCI cleared contracting officers and a significant level of personnel instability within (b)(1) 1.7e contracting pool. For the instance identified, contracting support could not keep up with competing program contracting needs. This led to the requirement to exercise exceptions in the FAR and extend the existing contract until the recompeto could be accomplished.

(U) To preclude future occurrence of conditions leading to the need for contract extension, the program is working with USAF acquisition leadership to establish an appropriate level of stable support consistent with future program needs. To this end, the program has detailed projected contracting requirements and actions for the next four years. This projection will provide the supporting contract office enhanced insight into manpower needs and critical contract execution schedule timelines.

Contracting/Purchasing Support Requirements

(b)(1) 1.7e

[REDACTED]

UNCLASSIFIED/[REDACTED]

[REDACTED]

AIR FORCE COMMENTS – CONTINUED (U)

UNCLASSIFIED/[REDACTED]

(U) Functional Area - Contracting

(U/[REDACTED]) Finding #4: "By FY12, (b)(1) 1.7e will not have a contract officer."

(U) Concur with Finding #4. The (b)(1) 1.7e Program Office does not currently have a warranted contract officer within its chain of command. Warranted contracting support is provided by (b)(1) 1.7e through, by design, a separate and distinct reporting chain.

(U/[REDACTED]) As a new set of five year contracts are put in place (the last in early FY10), (b)(1) 1.7e had envisioned tapering down its level of contracting support to (b)(1) 1.7e. In light of the projected requirements detailed in the comments for finding #3, (b)(1) 1.7e contracting is currently reviewing the level of commitment the program office may expect in the future.

(U/[REDACTED]) As identified in Finding #3, (b)(1) 1.7e is working within Air Force channels to coordinate a level of contracting support that (1) meets the requirements of the unit, (2) is consistent with good management and ethical principles (independent chain of command), and (3) will have sufficient surge to accommodate adverse dynamics.

UNCLASSIFIED/[REDACTED]

[REDACTED]

AIR FORCE COMMENTS – CONTINUED (U)

UNCLASSIFIED/[REDACTED]

(U) Functional Area - Contracting

(U/[REDACTED]) *Finding #5: "A [REDACTED] contractor had three sole source contracts."*

(U/[REDACTED]) *Concur with Comment: The [REDACTED] contract was awarded on a sole source basis for three consecutive awards. The Program Office concurs with the DoD IG as to the importance of competition and the competitive process within the DoD contracting community.*

(U) The program notes that the PAR recognizes exceptional circumstances where award of a sole source contract is appropriate. For the instances identified above, sole source justification was formally prepared, reviewed and approved as (1) in the best interest of the US government and (2) compliant with FAR exemptions.

(U/[REDACTED]) All future [REDACTED] contracting efforts will (1) carefully consider the importance of fair and open competition, (2) adhere to all FAR regulatory guidelines, and (3) operate within the best interests of the United States Government.

(U/[REDACTED]) *Recommendation #3: The Contract Office and [REDACTED] Government Program Manager (GPM) should establish an MOA for all current and future [REDACTED] contracts. This MOA would detail how the Program will adhere to FAR restrictions on contract extensions, create a [REDACTED] contract officer transition plan (Findings #3 and #4) and develop approaches to foster more competition when contracts expire.*

(U/[REDACTED]) *Concur with Recommendation #3. As identified earlier, the program is working with the USAF to determine the level and sources of contracting support for future [REDACTED] contract efforts. This effort will essentially outline the transition from current contracting support to future. Documentation of this effort becomes the transition plan. Formal MOAs detailing relationships and responsibilities will be executed between future contracting support providers and the [REDACTED] Program.*

(U/[REDACTED]) [REDACTED] currently holds an MOA with [REDACTED] for contracting support.

UNCLASSIFIED/[REDACTED]

[REDACTED]

Appendix C. Prior Coverage (U)

Air Force

(U// [REDACTED]) Air Force Audit Agency Report No. [REDACTED] (b)(1) 1.7e
[REDACTED]

(U// [REDACTED]) Air Force Audit Agency Report No. [REDACTED] (b)(1) 1.7e
[REDACTED]

(U// [REDACTED]) Air Force Audit Agency, Report No. [REDACTED] (b)(1) 1.7e
[REDACTED]

[REDACTED]



Inspector General
Department of Defense