Audit Report

ACQUISITION MANAGEMENT OF THE
JOINT PERSONNEL ADJUDICATION SYSTEM

Report No. D-2001-112 May 5, 2001

Office of the Inspector General
Department of Defense

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Acronyms

ASD(C3I)	Assistant Security of Defense (Command, Control, Communications, and Intelligence)
JAMS	Joint Adjudication Management System
JCAVS	Joint Clearance and Access Verification System
JPAS	Joint Personnel Adjudication System

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
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May 5, 2001

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (COMMAND, CONTROL, COMMUNICATIONS, AND INTELLIGENCE)
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit Report on Acquisition Management of the Joint Personnel Adjudication System (Report No. D-2001-112)

We are providing this report for review and comment. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all unresolved issues be resolved promptly. The Assistant Security of Defense (Command, Control, Communication, and Intelligence) concurred with the audit finding and recommendation. With respect to moving Joint Personnel Adjudication System funding and accountability out of the Air Force, we request that management provide additional comments by June 4, 2001 regarding when such action would be achievable.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Charles M. Santoni at (703) 604-9051 (DSN 664-9051) (csantoni@dodig.osd.mil) or Mr. David M. Wyte at (703) 604-9027 (DSN 664-9027) (dwyte@dodig.osd.mil). See Appendix D for the report distribution. The audit team members are listed inside the back cover.

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Office of the Inspector General, DoD

Report No. D-2001-112 **May 5, 2001**
(Project No. D2001AL-0012)

Acquisition Management of the Joint Personnel Adjudication System

Executive Summary

Introduction. This report discusses the acquisition management of the Joint Personnel Adjudication System by the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) and the Air Force Security and Communication Management Directorate. This report is one of a series of audit reports addressing personnel security clearance and access issues.

The Joint Personnel Adjudication System will provide DoD with a common information resource for granting and sharing personnel security eligibility determinations and recording personnel access to sensitive and non-sensitive compartmented information. Its common database, linked by the Joint Adjudication Management System and the Joint Clearance and Access Verification System applications, will standardize security clearance adjudications and verifications in compliance with DoD Regulation 5200.2-R, "Personnel Security Program Regulation," January 1, 1987.

DoD, Military Departments, and DoD Components funded the Joint Personnel Adjudication System information technology investment. Through the fourth quarter of FY1999, the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) provided the Air Force with $8 million for Joint Personnel Adjudication System development and purchases of hardware and software. Since the start of FY 2000, the Military Departments and DoD Components financed the Joint Personnel Adjudication System by transferring Operations and Maintenance funds to the Air Force. For FY 2001 through FY 2007, the Air Force estimates that the Joint Personnel Adjudication System costs assessed to the Military Departments and DoD Components will amount to $34 million.

Objectives. The overall audit objective was to evaluate the acquisition management of the Joint Personnel Adjudication System. Specifically, the audit determined whether the system was being cost-effectively acquired, monitored, tested, and prepared for deployment and system life-cycle support in accordance with DoD Directive 5000.1, "Defense Acquisition," March 15, 1996 (subsequently revised on October 23, 2000), and DoD Directive 5200.28, "Security Requirements for Automated Information Systems (AISs)," March 21, 1988. In addition, we evaluated the management control program related to the objective. See Appendix A for a discussion of the audit scope and methodology and the review of the management control program.

Results. The Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) and the Air Force did not manage the Joint Personnel Adjudication System as an information technology investment. As a result, acquisition planning for the Joint Personnel Adjudication System did not extend beyond the Future Years Defense Plan; funding for the system acquisition did not comply with DoD Regulation 7000.14-R, "Department of Defense Financial Management Regulation," June 2000, and acquisition

management oversight did not comply with the intent of the Clinger-Cohen Act of 1996. During the audit, the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) and the Air Force agreed to work towards:

- implementing a project plan for developing life-cycle acquisition strategy costs,
- performing independent cost and economic analyses,
- transferring program funding for development and deployment from the Operations and Maintenance appropriation to the Research, Development, Test and Evaluation appropriation, and
- transferring program funding and accounting responsibilities from the Air Force.

However, despite the system's significance in support of DoD missions, action had not been initiated to provide a prudent level of acquisition oversight. See the Finding section for details on the audit results.

Summary of Recommendations. We recommend that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) designate the Joint Personnel Adjudication System as a Major Information Technology Investment, subject to oversight of the DoD Chief Information Officer.

Management Comments. The Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) concurred with the report finding and recommendation. A discussion of management comments is in the Finding section of the report, and the complete text of the management comments is in the Management Comments section.

Audit Response. The Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) actions with respect to the recommendation are responsive. With respect to moving Joint Personnel Adjudication System funding and accountability out of the Air Force, we request that management provide additional comments by June 4, 2001 regarding when such action would be achievable.

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Background

This report is one in a series of audit reports addressing personnel security clearance and access issues. Previous Inspector General, DoD, reports addressed tracking security clearance requests, security clearances for personnel in mission-critical and high risk positions, feasibility of consolidating adjudicative facilities, the lack of access reciprocity within DoD special access programs, personnel resources needed at the DoD adjudicative facilities, the program management and acquisition of the Case Control Management System, and the accuracy, integrity, timeliness, and availability of information in the Defense Clearance and Investigation Index Database.

The Joint Personnel Adjudication System. The Joint Personnel Adjudication System (JPAS) will provide DoD with a common information resource for granting and sharing personnel security eligibility determinations and recording personnel access to sensitive and non-sensitive compartmented information. Its common database, linked by the Joint Adjudication Management System (JAMS) and the Joint Clearance and Access Verification System (JCAVS) applications, will standardize security clearance adjudications in compliance with DoD Regulation 5200.2-R, "Personnel Security Program Regulation," January 1, 1987, and will provide security managers with eligibility verifications for personnel desiring access to sensitive and classified facilities, weapons systems, and information. Also, JPAS will provide reports for programming and managing workloads at the DoD central adjudication facilities and locations requiring cleared personnel. See Appendix B for a list of the DoD central adjudication facilities.

JAMS and JCAVS. The JAMS and JCAVS applications will not create new data from stored database records. However, they will automatically modify information stored in the JPAS common database. The JAMS and JCAVS applications extract information from the JPAS database and format and display it as electronic reports on adjudicators' and security managers' desktop monitors. Because the common database contains records affecting personnel privacy, JPAS is defined by the Privacy Act (5 U.S.C 552a) as a sensitive but unclassified system.

Processing. JPAS and its applications will not measurably expedite processing clearance eligibilities and access to sensitive and classified assets. Determinations affecting personnel trustworthiness require off-line decisions by adjudicators and security managers. However, the deployed JAMS with its electronic reports will relieve the central adjudication facilities from handling paper documents. According to a JPAS contractor-developed economic analysis, paper handling consumed more than 1 million hours over a 6-year period. In addition to replacing paper documents with electronic reports, JPAS will allow JAMS users to grant clearance eligibilities from determinations made by other adjudication facilities. Adjudicators can obtain and review JAMS electronic reports supporting prior eligibility determinations and accept decisions without initiating personnel reinvestigations. In addition, JPAS minimizes work delays for newly hired and visiting personnel with adjudicated clearances. Security managers connected to JCAVS can grant or deny personnel access to sensitive and classified resources from database information placed on electronic reports.

Hardware Configuration. JPAS is hosted on a web-based hardware, common database configuration. The primary hardware configuration for the JPAS common database resides at Bolling Air Force Base, Washington, D.C., with a back-up configuration in Monterey, California. The system is sized for growth in workload. It is designed to accommodate 450 JAMS and 30,000 JCAVS users, assist in processing 750,000 adjudication cases annually, maintain clearance designations for 5 million people, and provide statistical data and capabilities to conduct personnel security studies.

Oversight and Management. The Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) [ASD(C3I)] functionally sponsors JPAS, but has not designated JPAS as either an Acquisition Category IA[1] or a Major Information Technology Investment[2] information system. The Assistant Secretary assigned program management responsibilities to the Air Force for acquisition and operations and maintenance. Contractors provide the Air Force services for development, integration and deployment, information assurance, and verification and validation.

Funding. DoD, the Military Departments, and DoD Components funded the JPAS information technology investment. Through the fourth quarter of FY 1999, ASD(C3I) provided the Air Force with $8 million for JPAS development and purchases of hardware and software. Since the start of FY 2000, the Military Departments and DoD Components financed the JPAS investment with Operations and Maintenance funds transferred to the Air Force. For FY 2001 through FY 2007, the Air Force estimates that JPAS costs assessed to the Military Departments and DoD Components will amount to $34 million.

Testing and Deployment. The Air Force is testing and deploying JPAS. Until the JAMS and JCAS applications demonstrate adequate system effectiveness and reliability, legacy adjudication systems will operate in parallel with the deployed JPAS. Initial Operational Capability is planned for October 2001.

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[1]Programs are defined as Acquisition Category IA automated information systems if costs for any single year exceed $32 million (FY 2000 constant dollars), total program costs exceed $126 million, total life-cycle costs exceed $378 million, or if ASD(C3I) designates them as Acquisition Category IA systems.

[2]Programs are defined as Major Information Technology Investment if ASD(C3I) determines that a program requires special Office of Secretary of Defense management attention because of its importance to the DoD mission; its high development, operating, or maintenance costs; or its significant role in administering DoD programs, finances, property, or other resources.

Objective

The overall audit objective was to evaluate the acquisition management of JPAS. Specifically, the audit determined whether the system was being cost-effectively acquired, monitored, tested, and prepared for deployment and system life-cycle support in accordance with DoD Directive 5000.1, "Defense Acquisition," March 15, 1996 (subsequently revised on October 23, 2000), and DoD Directive 5200.28, "Security Requirements for Automated Information Systems (AISs)," March 21, 1988. In addition, we evaluated the management control program related to the objective. See Appendix A for a discussion of the audit scope and methodology and the review of the management control program.

Acquisition of the Joint Personnel Adjudication System Information Technology Investment

The ASD(C3I) and the Air Force did not manage the JPAS as an information technology investment because the acquisition strategy was not redefined to reflect the change made to the system's architecture. As a result, acquisition planning for the JPAS technology investment did not extend beyond the Future Years Defense Plan and funding for the system acquisition was not in compliance with DoD Regulation 7000.14-R, "Department of Defense Financial Management Regulation," June 2000. Also, acquisition management oversight was not provided because JPAS was not designated for special management attention, despite its criticality in support of DoD missions. During the audit, ASD(C3I) and the Air Force agreed to work towards:

- implementing a project plan for developing life-cycle acquisition strategy costs,
- performing independent cost and economic analyses,
- transferring program funding for development and deployment from the Operations and Maintenance appropriation to the Research, Development, Test and Evaluation appropriation, and
- transferring program funding and accounting responsibilities from the Air Force.

Mandatory Guidance

The Office of Management and Budget and DoD provide managers with guidance for acquiring information technology investments and safeguarding information. Appendix C describes the guidance as it relates to the JPAS acquisition.

Alternatives

Decisionmakers had alternative information systems and hardware architectures available for the JPAS business solution. More than one information system was available for processing and verifying security eligibilities, and more than one database architecture alternative was available for storing common information.

Air Force Sentinel Key

The JPAS Executive Steering Committee/Configuration Management Board[3] adapted the Air Force Sentinel Key database system as a model for the JPAS clearance eligibility and verification business solution. Data extracted from the Sentinel Key database provided Air Force adjudicators with sufficient information to comply with the procedures in DoD Regulation 5200.2-R for granting or denying personnel security clearance eligibilities. In addition, Air Force security managers used the Sentinel Key database to verify clearance eligibilities of Air Force personnel to access secured facilities, weapons systems, and classified information. Also, lessons learned from Sentinel Key could be applied to JPAS for mitigating risks, organizing integrated product teams for determining application report requirements, and preparing documents for fund requests.

Architectures

Two database system alternatives were available for storing common information, extracting data, formatting, and displaying information on electronic reports. Although the distributed and centralized hardware architectures differed, the differences between them would not be noticeable to the user.

Distributed Architecture. A distributed architecture connects users to a network of internal and external databases. Sites determining security eligibilities operate and maintain similar hardware. The hardware, when combined with inserted software applications such as JAMS and JCAVS, provides users with a standardized and interoperable information technology system for processing security clearance eligibilities and verifications. Further, each database location incurs system operations and maintenance costs for processing security eligibilities and verifications.

Centralized Architecture. A centralized architecture links adjudication and verification processing sites to a single database. To obtain system application reports from their workstations, users access the single database through a web browser and a non-secure Internet connection. That alternative eliminates the network of databases and the need for installed software applications at adjudication processing sites. In addition, system hardware and operations and maintenance costs are confined to one location rather than spread among numerous sites.

[3]The Director of Personnel Security, ASD(C3I), and the heads of the nine DoD Central Adjudication Facilities comprise the JPAS Executive Steering Committee/Configuration Management Board.

Architecture Change

Initially, JPAS was designed as a network of distributed databases. However, in August 1999, the JPAS Executive Steering Committee/Configuration Management Board decided to change the system architecture to a centralized database to:

- reduce the risk of reoccurring stovepipe systems,
- provide direct data standardization, synchronization, and configuration control,
- eliminate the purchase of servers and additional hardware at adjudication processing sites,
- facilitate the interface of legacy and migration systems, and
- eliminate up to $17 million in duplicative software licensing and hardware costs over a 6-year period.

However, the acquisition strategy for JPAS was not redefined to reflect the architecture change.

Acquisition Strategy

The ASD(C3I) and the Air Force continued to manage the JPAS as a network of databases populated with common information. As a result, life-cycle planning did not extend beyond the Future Years Defense Plan, and funding for the acquisition did not comply with the Under Secretary of Defense (Comptroller) memorandum,[4] "Clarification of Policy–Budget for Information Technology and Automated Information Systems," October 26, 1999. Also, the DoD Chief Information Officer did not provide acquisition oversight in accordance with Clinger-Cohen Act of 1996.[5] However, during the audit, the ASD(C3I) and the Air Force agreed to extend life-cycle planning beyond the Future Years Defense Plan and address program funding issues.

Life-Cycle Planning. Life-cycle planning for JPAS was incomplete. Life-cycle cradle to grave cost estimates measure returns on investments and provide baselines for evaluating performance and progress. Although the Air Force did prepare JPAS life-cycle management plans and economic analyses, the documents did not comply with Office of Management and Budget Circular A-130, "Management of Federal Information Resources," November 30, 2000 guidance. The documents did not extend beyond the system's deployment and initial years of operation. The documents supported funding for the Future Years Defense Plan rather than justified JPAS as a life-cycle information technology investment with identifiable development, deployment, and operations and maintenance phases.

[4]The DoD Comptroller policy clarification was later incorporated into DoD Regulation 7000.14-R, Volume 2A, "Budget Formulation and Presentation," June 2000.

[5]Public Law 104-106, Division E, "National Defense Authorization Act for Fiscal Year 1996, (Information Technology Management Reform)," February 10, 1996.

Further, performance and progress measurements could not be made because life-cycle baselines did not exist. Absent baselines for cost, schedule, and performance, actual versus planned variations could not be determined and indices for projecting results could not be computed.

Funding. Funding for JPAS development costs did not comply with the October 1999 DoD Comptroller policy clarification for funding information technology investments. Prior to the October 1999 policy clarification, Operations and Maintenance and Procurement appropriations rather than Research, Development, Test and Evaluation appropriations could be used to fund information technology systems when commercial-off-the-shelf software was obtained or modified for existing systems. Because JPAS was defined as a commercial off-the-shelf system, the ASD(C3I) and the Air Force financed JAMS and JCAVS software applications for JPAS with Operations and Maintenance appropriations and financed system hardware costs with Procurement appropriations. However, subsequent to the policy clarification, the ASD(C3I) and the Air Force continued to fund JPAS with Operations and Maintenance and Procurement appropriations.

Further, program costs were charged to the Air Force when charges could not be specifically identified to JPAS equipment procurements or contracted development and maintenance services. Costs for the JPAS program office direct labor, overhead, and other support costs were charged to the Air Force Central Adjudication Facility instead of JPAS.

Oversight. The DoD Chief Information Officer did not demonstrate oversight involvement in the acquisition of the JPAS. The Clinger-Cohen Act requires Chief Information Officers to monitor and evaluate the performance of information technology programs and advise the heads of agencies whether to continue, modify, or terminate a program. JPAS supports the eligibility adjudication and verification business processes for granting security clearances to military, civilian, and contractor personnel. Accordingly, any processing delay caused by JPAS could also delay DoD and contractor personnel from performing assigned functions. As a result, JPAS requires Chief Information Officer oversight because of its significance in supporting DoD missions.

Management Actions. In response to an Inspector General, DoD, status briefing on the audit, the ASD(C3I) and the Air Force agreed to work towards:

- implementing a project plan for developing life-cycle acquisition strategy costs,
- performing independent cost and economic analyses,
- transferring program funding for development and deployment from the Operations and Maintenance appropriation to the Research, Development, Test and Evaluation appropriation, and
- transferring program funding and accounting responsibilities from the Air Force.

Information Security and Integrity

The ASD(C3I) and the Air Force were completing information security requirements for certifying and accrediting JPAS. Further, information migrating to the centralized database was being reviewed for completeness and accuracy.

Information Security. Information security was being evaluated during JPAS beta testing. Without an off-line test bed capability for evaluating system operational suitability, adjudication facilities and security managers were processing actual cases to determine JPAS effectiveness, reliability, maintainability, and information security. Testing began in January 2001 after the Air Force Designated Approval Authority for information security granted the JPAS program office an Interim Approval To Operate. Almost 50 percent of the tests had been completed.

Information Integrity. The ASD(C3I) and the Air Force were actively engaged in resolving JPAS data discrepancies to ensure system accuracy and reliability. System efficiency and effectiveness depend on the quality of information stored in the JPAS central database. Legacy databases maintained by the Component adjudication facilities were being compared with information stored at the Defense Manpower Data Center and the Defense Civilian Personnel Data Center to identify discrepancies. When discrepancies were identified, research was initiated to resolve the conflicts. However, the inability to extract and obtain quality data from the legacy systems has delayed progress in populating the JPAS central database. As a result, Initial Operational Capability could be extended beyond October 2001.

Conclusion

The ASD(C3I) and the Air Force did not manage the JPAS as an information technology investment when the system acquisition strategy changed from a network of distributed database systems to a centralized database system. As a result, acquisition planning for the JPAS technology investment did not extend beyond the Future Years Defense Plan, and funding for the system acquisition did not comply with DoD Regulation 7000.14-R. Also, despite the system's criticality in support of DoD missions, acquisition management oversight was not provided in accordance with the Clinger-Cohen Act.

Although acquisition management of JPAS did not comply with Office of Management and Budget and DoD guidance, the ASD(C3I) and the Air Force had applied lessons learned from the acquisition of the Air Force Sentinel Key database system, organized integrated product teams for determining system requirements, and prepared documents for funding requests. Also, system tests were performed to determine the effectiveness and reliability of the system's information security. Further, information migrating from legacy databases was analyzed for integrity. However, due to the inability to extract and obtain quality data from the legacy systems, delays occurred in populating the JPAS central database.

During the audit, the ASD(C3I) and the Air Force agreed to work towards extending life-cycle planning beyond the Future Years Defense Plan and addressing program funding issues. However, despite the system's significance in support of DoD missions, action had not been initiated to provide a prudent level of acquisition oversight.

Recommendation and Management Comments

We recommend that the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) designate the Joint Personnel Adjudication System as a Major Information Technology Investment, subject to oversight of the DoD Chief Information Officer.

Management Comments. The Director of the Security Directorate, Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), concurred and stated that the DoD Chief Information Officer will be the Joint Personnel Adjudication System milestone decision authority and will provide oversight of the program. The DoD Chief Information Officer will monitor the System's progress using the quarterly Defense Acquisition Executive Summary reports starting with the fourth quarter of FY 2001.

Management also stated that while it initially had no opposition to moving Joint Personnel Adjudication System funding and accounting responsibilities out of the Air Force, it may not be desirable or achievable in the near future without adversely impacting progress on the Joint Personnel Adjudication System.

Audit Response. Management actions with respect to the recommendation are responsive. With respect to moving Joint Personnel Adjudication System funding and accountability out of the Air Force, we request additional comments as to when such action would be achievable.

Appendix A. Audit Process

Scope

Work Performed. We conducted this program audit from October 2000 through February 2001 and reviewed documentation dated from May 1995 through February 2001. To accomplish the audit objective we:

- Interviewed officials and obtained documentation from the offices of the ASD(C3I), the Air Force Program Management Office, the Air Force Pentagon Communications Agency, cognizant officials and personnel involved in the acquisition of the JPAS information technology investment, and contractor personnel.
- Reviewed available documents related to program requirements, program definition, program assessments and decision reviews, periodic reporting, program management and oversight, and information system security.
- Evaluated the adequacy of management controls related to the acquisition of the JPAS information technology investment.

DoD-Wide Corporate Level Government Performance and Results Act Coverage. In response to the Government Performance and Results Act, the Secretary of Defense annually establishes DoD-wide corporate level goals, subordinate performance goals, and performance measures. This report pertains to achievement of the following goal, subordinate performance goal, and performance measure:

FY 2001 DoD Corporate Level Goal 2: Prepare now for an uncertain future by pursuing a focused modernization effort that maintains U.S. qualitative superiority in key warfighting capabilities. Transform the force by exploiting the Revolution in Military Affairs, and reengineer the Department to achieve a 21st century infrastructure. **(01-DoD-2)**

FY 2001 Subordinate Performance Goal 2.5: Improve DoD financial and information management. **(01-DoD-2.5)**

Performance Measure 2.5.3: Qualitative Assessment of Reforming Information Technology Management. **(01-DoD-2.5.3)**

DoD Functional Area Reform Goals. Most major DoD functional areas have also established performance improvement reform objectives and goals. This report pertains to achievement of the following functional area objectives and goals:

Information Technology Management Functional Area.

- **Objective.** Become a mission partner.

  Goal. Serve mission information users as customers. **(ITM 1.2)**

- **Objective.** Provide services that satisfy customer information needs.

  Goal. Build architecture and performance infrastructures. **(ITM 2.1)**

  Goal. Improve information technology management tools. **(ITM-2.4)**

General Accounting Office High-Risk Area. The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the Information Security and DoD Systems Modernization high-risk areas.

Methodology

We conducted this program audit in accordance with auditing standards issued by the Comptroller of the United States, as implemented by the Inspector General, DoD. Accordingly, we included tests of management controls considered necessary. We did not use computer-processed information to perform this audit.

Contacts During the Audit. We visited or contacted individuals and organizations within and outside DoD. Further details are available upon request.

Management Control Program Review

DoD Directive 5010.38, "Management Control (MC) Program," August 26, 1996, and DoD Instruction 5010.40, "Management Control (MC) Program Procedures," August 28, 1996, require DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of the Review of the Management Control Program. In accordance with DoD Directive 5000.1, DoD Instruction 5000.2, "Operation of the Defense Acquisition System," October 23, 2000, and DoD Regulation 5000.2-R, "Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs," March 15, 1996 (subsequently revised on January 4, 2001), acquisition managers are to apply program cost, schedule, and performance parameters to control objectives for implementing DoD Directive 5010.38 requirements. Accordingly, we limited our review to management controls directly related to the acquisition management and information security of the JPAS. We also reviewed management's self-evaluation of management controls applicable to the acquisition of JPAS information technology.

Adequacy of the Management Controls. Management controls were inadequate for the acquisition of the JPAS. Life-cycle plans were not developed, nor were program baselines determined for the information technology investment. As a result, an internal management control system for monitoring program performance and progress could not be implemented. Cost, schedule, and performance deviations could not be identified and measurement indices could not be computed for projecting results. To correct its management control deficiencies, the Air Force agreed to develop life-cycle costs and perform independent cost and economic analyses. Oversight of the JPAS acquisition, however, remains insufficient. Implementation of our recommendation for increased oversight by the DoD Chief Information Officer should correct this weakness. A copy of the report will be sent to the senior official in charge of management controls for the ASD(C3I).

Adequacy of Management's Self-Evaluation. Neither the ASD(C3I) nor the Air Force identified JPAS as an assessable unit.

Prior Coverage

During the last 5 years, no reports addressing the JPAS information technology investment have been issued.

Appendix B. DoD Central Adjudication Facilities

The JPAS central database will support the following nine DoD central adjudication facilities:

- Department of the Army Central Clearance Facility,
  Fort Meade, Maryland

- Department of the Navy Central Adjudication Facility,
  Washington Navy Yard, Washington, District of Columbia

- Department of the Air Force Central Adjudication Facility,
  Bolling Air Force Base, Washington, District of Columbia

- Washington Headquarters Service Central Adjudication Facility,
  Arlington, Virginia

- Defense Intelligence Agency Central Adjudication Division,
  Arlington, Virginia

- Joint Chiefs of Staff-Security/Central Adjudication Branch,
  Pentagon, Washington, District of Columbia

- National Security Agency Central Adjudication Division,
  Fort Meade, Maryland

- Defense Security Service-Defense Industrial Security Clearance
  Office Central Adjudication Division,
  Columbus, Ohio

- Defense Office of Hearings and Appeals,
  Arlington, Virginia, and Columbus, Ohio

Appendix C. Acquisition Guidance

The Office of Management and Budget and DoD provide managers with guidance for acquiring information technology investments and safeguarding information assets.

Office of Management and Budget

Office of Management and Budget Circular A-130, "Management of Federal Information Resources," November 30, 2000, implements numerous public laws and other Office of Management and Budget guidance that address acquisition of information technology investments and security of personal information. In accordance with the Cohen-Clinger Act of 1996, the Circular requires that:

- Cost benefit analyses be prepared for each system throughout its life cycle.
- Performance measures be implemented to provide timely information regarding the progress of an information technology program in terms of cost and capability to meet specified requirements, timeliness, and quality.
- Major information systems proceed in a timely fashion toward agreed-upon milestones in an information system life cycle.
- Chief information officers monitor and evaluate the performance of information technology investments through the capital planning investment control process, and advise the agency head on whether to continue, modify, or terminate a program or project.

Further, when an individual's right to privacy must be protected, the Circular requires management controls for safeguarding information assets. Those controls include:

- the assignment of a person who is responsible for ensuring adequate system security,
- the development of security plans for all systems containing sensitive information,
- periodic security reviews to determine the effectiveness of controls, and
- a security control assessment by a management official before a system processes information.

DoD Guidance

DoD Directive 5000.1. DoD Directive 5000.1, "Defense Acquisition," March 15, 1996 (subsequently revised on October 23, 2000), establishes a disciplined life-cycle management approach for acquiring quality products. The Directive requires rigorous internal management control systems for identifying deviations from approved program baselines.

DoD Directive 5200.28. DoD Directive 5200.28, "Security Requirements for Automated Information Systems (AISs)," March 21, 1988, provides mandatory guidance for safeguarding classified information and information that might affect the privacy of DoD personnel. It implements security safeguard provisions of Office of Management and Budget Circular A-130, and is a reference source for DoD Instruction 5200.40, "DoD Information Technology Security Certification and Accreditation Process (DITSCAP)," June 1, 1998, and Air Force Systems Security Instruction 5024, Volume 1, "The Certification and Accreditation (C&A) Process," September 1, 1997.

DoD Instruction 5000.2. DoD Instruction 5000.2, "Operation of the Defense Acquisition System," Change 1, January 4, 2001, establishes a general approach for managing system acquisitions with best life-cycle solutions for satisfying user requirements. The Instruction requires chief information officers to confirm that mission-critical and essential information systems are developed in accordance with the Clinger-Cohen Act of 1996 before approvals are granted for milestone advancements.

DoD Regulation 5000.2-R. Interim DoD Regulation 5000.2-R, "Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs," January 4, 2001, establishes life-cycle procedures for managing major acquisition programs and a model for other system acquisitions.

Appendix D. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Command, Control, Communications, and Intelligence)
  Chief, Defense Security Service-Defense Industrial Security Clearance Office
    Central Adjudication Division
Director, Administration and Management

Department of the Army

Commander, Department of the Army Central Clearance Facility
Auditor General, Department of the Army

Department of the Navy

Director, Department of the Navy Central Adjudication Facility
Naval Inspector General
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Director, Office of the Administrative Assistant, Secretary of the Air Force
Director, Department of the Air Force Central Adjudication Facility
Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Finance and Accounting Service
Director, Defense Intelligence Agency Central Adjudication Division
Inspector General, Defense Intelligence Agency
Director, Defense Logistics Agency
Director, Defense Office of Hearings and Appeals
Director, National Security Agency
  Chief, National Security Agency Central Adjudication Division
  Inspector General, National Security Agency
Chief, Joint Chiefs of Staff-Security/Central Adjudication Branch
Chief, Washington Headquarters Service Central Adjudication Facility

Non-Defense Federal Organizations

Office of Management and Budget
Office of Information and Regulatory Affairs

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Reform
House Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, Committee on Government Reform
House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform
House Subcommittee on Technology and Procurement Policy, Committee on Government Reform

Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) Comments

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
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COMMAND, CONTROL, COMMUNICATIONS, AND INTELLIGENCE

April 26, 2001

MEMORANDUM FOR DEPUTY DIRECTOR, ACQUISITION MANAGEMENT DIRECTORATE, DODIG

SUBJECT: Audit Report on Acquisition Management of the Joint Personnel Adjudication System (Project No. D2001AL-0012)

This is in response to your memorandum of March 15, 2001, which forwarded the draft report on the subject report for review and comment. While this office and the Joint Personnel Adjudication System (JPAS) Program Management Office welcomed the opportunity to meet with your auditors on this project and discuss the management of JPAS, we had concerns with certain observations and conclusions in the report.

JPAS has developed and implemented a life-cycle acquisition strategy over the Future Years Defense Plan, albeit not to the extent mandated by statute. This will be corrected. With respect to the requirement for using RDT&E versus O&M funding for development and deployment of JPAS, we have found that even our Comptroller colleagues were unaware of this requirement and we were not advised of this during our many conversations with them. While we will work to make the change in JPAS development funding from O&M to RDT&E, due to practical realities this will likely not occur until FY02. Additionally, while we initially had no opposition to moving JPAS funding and accounting responsibilities out of the Air Force, it appears that this may not be desirable or achievable in the near future without adversely impacting progress on JPAS. While we also agreed to update the JPAS functional economic analysis, this will not be possible until funding is identified for this initiative, probably not until FY02.

With respect to the single recommendation concerning designating JPAS as a Major Information Technology Investment (MITI), due to the significance of JPAS to DoD, the DoD CIO will designate JPAS as an Acquisition Category III program. The DoD CIO will be the Milestone Decision Authority and provide oversight of the program. The initial level of oversight will be determined after a review of JPAS' business plan. The DoD CIO will monitor JPAS' progress through the Program Manager submission of quarterly Defense Acquisition Executive Summaries reports starting with the Fourth Quarter FY 01 submission.

We appreciate the opportunity to comment on this report. If you have any questions please contact Mr. Peter Nelson, 703-697-3969.

Richard F. Williams, CPP
Director of Security

Audit Team Members

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