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United States Government Accountability Office
Washington, DC 20548

June 9, 2006

The Honorable Arlen Specter
Chairman
Committee on the Judiciary
United States Senate

Subject: *FBI Trilogy: Responses to Posthearing Questions*

Dear Mr. Chairman:

This report responds to your request for additional information related to the committee's May 2, 2006, hearing entitled *FBI Oversight*. Enclosed are our responses to the supplemental questions you submitted for the record. Our responses are based largely on information contained in our published report, entitled *Federal Bureau of Investigation: Weak Controls over Trilogy Project Led to Payment of Questionable Contractor Costs and Missing Assets*, GAO-06-306. As discussed in my statement at the hearing, unless the Federal Bureau of Investigation (FBI) strengthens its controls over contractor payments and purchased equipment, future projects, including the new Sentinel project, will be highly vulnerable to same types of issues that plagued the Trilogy project.

If you have any further questions or would like to discuss any of the issues in more detail, please call me at (202) 512-8341. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report.

Sincerely yours,

Linda M. Calbom
Director
Financial Management and Assurance

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Enclosure

Responses to Written Questions for the Record Submitted by Chairman Arlen Specter, Committee on the Judiciary, on *FBI Oversight* Hearing, May 2, 2006

- 1. In your February Trilogy report, you offered the FBI a number of recommendations to “(1) facilitate the effective management of interagency contracting, (2) mitigate the risks of paying potentially unallowable or questionable costs in connection to cost-reimbursement type contracts, and (3) improve FBI’s accountability for and safeguarding of its computer equipment.” Has the FBI implemented your recommendations?**

Answer:

We will be following up on FBI’s efforts to implement our recommendations as part of our normal tracking and evaluation process for open recommendations. This process begins with our receipt of a copy of FBI’s formal written response to the Senate Committee on Homeland Security and Governmental Affairs and to the House Committee on Government Reform on its plans to implement our recommendations, which is due 60 days after our report is publicly released. We received a copy of this formal response letter on May 30, 2006.¹ In addition, at the request of this committee, we will evaluate FBI’s internal controls over contractor invoices and asset accountability for the Sentinel project—the FBI’s new electronic information management system initiative—to help ensure that the internal control failures we identified with Trilogy are not repeated. After we have completed this follow-up work, we will report to you on our assessment of FBI’s actions to implement our recommendations.

- 2. In testimony before the House Appropriations Subcommittee on Science, State, Justice, Commerce and Related Agencies on March 28, 2006, Director Mueller told the panel that GAO will be auditing the Sentinel**

¹ FBI’s letter was dated May 12, 2006.

program. What measures will you be taking to ensure that the same mistakes from the Trilogy debacle are not repeated?

Answer:

In reference to Director Mueller's comment, GAO is currently reviewing the Sentinel program at the request of the Chairman and Ranking Minority Member of the House Committee on the Judiciary. In this review, GAO is examining the program's (1) use of effective methods for acquiring commercial solutions, (2) efforts to align itself with the bureau's enterprise architecture, (3) basis for reliably estimating costs and schedules, (4) plans for applying earned value management, (5) provisions for adequate human capital to manage the acquisition, and (6) relationship to the governmentwide case management line of business. This work is being coordinated with the Department of Justice Office of Inspector General and collectively should help determine whether the Sentinel project is being effectively managed. This work and the follow-up work described in our answer to question one will provide information on key aspects of FBI's efforts to ensure that the Trilogy mistakes are not repeated with Sentinel.

3. In the Trilogy report, you reported a number of issues that perplexed this Committee. For example, 1205 pieces of equipment, worth an estimated \$7.6 million, went missing—some of which were classified or secured computers. The project was overbudget and overdeadline, and around \$10 million was wasted. Which of the issues that led to the delinquency of the Trilogy project did you find to be the most alarming? Is that issue still of concern to you? How has the FBI addressed it?

Answer:

We reported on two fundamental issues that we consider to be key contributors to the problems we identified with the Trilogy project. First, the review and approval process for Trilogy contractor invoices did not provide an adequate basis for verifying that goods and services billed were actually received by FBI or that the amounts billed were appropriate. Second, FBI did not have an adequate process to ensure physical and financial accountability of assets purchased with Trilogy project

funds. In addition, we were unable to determine if any of the missing assets contained confidential or sensitive information and data. Therefore, we recommended that FBI further investigate those missing assets to determine whether any confidential or sensitive information and data may be exposed to unauthorized users.

We understand that FBI is taking actions to implement our recommendations to resolve the fundamental issues we identified. We will evaluate FBI's corrective actions as part of our normal recommendation follow-up process and during our review of the Sentinel project. Until corrective actions are fully implemented, both of these internal control issues will be a concern with Sentinel and other information technology projects at FBI.

4. In your testimony, you discuss that FBI could not locate 1,404 [pieces of equipment]; you adjusted the number to 1,205 when you were able to verify that the FBI had found 199 pieces of equipment. However, in its response to your report, FBI stated that it had accounted for around 800 of the remaining items [of equipment]. Are you satisfied with the FBI's efforts to track these assets? Has the FBI given any explanation for the remaining roughly 400 assets that are completely unaccounted for?

Answer:

In February 2006, FBI informed us that the approximately 800 remaining items, referred to above, that it believes it has now accounted for included (1) accountable assets² not in FBI's property system because they were either incorrectly identified as nonaccountable assets or mistakenly omitted, (2) defective equipment that was never recorded in the property system and was subsequently replaced, and (3) nonaccountable assets or components of accountable assets that were incorrectly bar coded. However, because FBI was not able to provide us with any evidence, such as location information, to support that it had actually accounted for these 800 assets, we could not definitively determine whether FBI had located these items. We

² According to FBI policy, assets valued at \$1,000 or more, as well as certain sensitive items, such as firearms, laptop computers, and central processing units, are considered "accountable" assets, regardless of cost, and must be accounted for individually in FBI's property system.

considered these same issues during our audit in an effort to determine if assets were missing or merely miscoded.

The FBI also has not provided any additional explanation for the remaining roughly 400 missing assets. The numerous control weaknesses identified in our report are major factors contributing to FBI's continuing inability to find and definitively confirm the existence of these assets. Further, the fact that assets have not been properly accounted for to date means that they have been at risk of loss or misappropriation without detection since being delivered to FBI—in some cases, for several years. We will continue to monitor FBI's progress on locating these assets as part of our review of FBI's implementation of corrective actions to address our recommendations.

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