

# Audit Report

REVIEW OF THE FEDERAL PROCUREMENT  
DATA SYSTEM – NEXT GENERATION (FPDS-NG)  
REPORT NUMBER A040127/O/T/F06016

March 30, 2006

**Office of Inspector General  
General Services Administration**



**Office of Audits**



U.S. GENERAL SERVICES ADMINISTRATION  
Office of Inspector General

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March 30, 2006

MEMORANDUM FOR EMILY W. MURPHY

CHIEF ACQUISITION OFFICER  
OFFICE OF THE CHIEF ACQUISITION OFFICER (V)

FROM:

*Donna P. Peterson-Jones*

DONNA P. PETERSON-JONES  
AUDIT MANAGER  
INFORMATION TECHNOLOGY AUDIT OFFICE (JA-T)

SUBJECT:

REVIEW OF THE FEDERAL PROCUREMENT DATA SYSTEM-  
NEXT GENERATION (FPDS-NG)  
REPORT NUMBER A040127/O/T/F06016

This report presents the results of an Office of Inspector General audit of the Office of the Chief Acquisition Officer's (OCAO) Federal Procurement Data System – Next Generation (FPDS-NG). The audit identified areas where management attention is needed to ensure that lessons learned with FPDS-NG are adequately addressed, and highlights audit findings and submits recommendations for improvements to you as the General Services Administration (GSA) Chief Acquisition Officer (CAO). During this audit our office also reviewed FPDS-NG as part of our Fiscal Year (FY) 2004 annual review of GSA's Information Technology (IT) Security Program under the Federal Information Security Management Act (FISMA) and conducted technical vulnerability scanning on the system. The FISMA review and detailed results of technical vulnerability scanning for the system were provided to your office on January 11, 2005 to ensure corrective actions. This letter report makes recommendations to address weaknesses found with managerial, operational, and technical controls for FPDS-NG, including security control weaknesses identified. If you have any questions, please contact me or Gwendolyn McGowan, the Deputy Assistant Inspector General for Information Technology Audits, on 703-308-1223.

### **Background**

The FPDS-NG is critical to efforts in improving the collection and reporting of accurate and complete procurement data across the Federal Government. The system collects, processes, and disseminates official statistical data on Federal contracting activities. Federal agencies are required by the Federal Acquisition Regulation (FAR) to report procurement data directly to FPDS-NG. While Federal agencies used the system's predecessor, Federal Procurement Data System (FPDS), since 1979, many problems were reported over the years that included inaccurate and incomplete data in the system. Expected benefits with the new system, FPDS-NG, include capabilities for obtaining more timely, accurate, and useful information on Federal contracting. FPDS-NG was developed under the guidelines of the Procurement Executives Council, and system operations are overseen by the Chief Acquisition Officer's Council Acquisition Committee for Electronic Government. The system is intended to integrate with

every government procurement system in real time and serves as the central repository of statistical information on federal contracting, containing detailed information on contract actions of more than \$2,500. In May 2003, GSA awarded Global Computer Enterprises, Inc. a \$24 million seven-year fixed price contract with performance incentives to develop and maintain a new Federal acquisition database for the FPDS-NG system. In June 2004, responsibility for managing the FPDS-NG was transferred within GSA from the Office of Governmentwide Policy (OGP) to the OCAO.

### **Objectives, Scope, and Methodology**

Our audit objectives were to determine whether GSA is effectively managing the development and implementation of the FPDS-NG to: (1) improve system functionality and usability; (2) provide necessary system security controls; (3) ensure timely and accurate procurement data; and (4) meet customers' reporting requirements at a reasonable cost. If not, what changes are needed to ensure the success of the FPDS-NG system?

Our review assessed FPDS-NG data accuracy and completeness, project management, reporting availability, and system controls. To perform our review of the FPDS-NG system, we met with appropriate officials within OGP and the OCAO. To review data accuracy and completeness, we reviewed a sample of GSA contracts from the FPDS-NG to compare system data to the official contract files. We also interviewed system users within OGP, the Federal Supply Service (FSS), the Public Buildings Service (PBS), and the Federal Technology Service (FTS).<sup>1</sup> We met with GSA system users from FTS Central Office, Region 1 and Region 11; PBS Central Office, Region 1 and Region 11; and FSS Central Office. We also attended Change Control Board (CCB) meetings and monitored CCB activities pertaining to FPDS-NG. Our review did not include a detailed assessment of data submissions from other Federal agencies.

To analyze system functionality and project management, we interviewed contract personnel including the project manager, system architect and developers, and security officials. To gain an understanding of the FPDS-NG contract, we met with the contracting officer and the contracting officer's technical representative. We analyzed the FPDS-NG contract No. GS00M03PDC0004 including system requirements established with the contract and corresponding modifications to the contract.

System security controls were assessed in conjunction with our annual FY 2004 FISMA review and reported in our September 27, 2004 report. Detailed findings for vulnerability scan results and specific FISMA control weaknesses for the FPDS-NG were previously provided in the FY 2004 Office of Inspector General Information Security Review of The Federal Procurement Data System - Next Generation, Report Number A040179/O/T/F05013, January 11, 2005, to the GSA Chief Information Officer (CIO) and FPDS-NG management. In conjunction with the FISMA review, we evaluated the FPDS-NG risk assessment, security plan, system testing and evaluation results, certification and accreditation letters, contingency plan, and plan of action and milestones. We reviewed GSA's agency-wide Information Technology (IT) Security Policy and

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<sup>1</sup> A pending GSA reorganization established the new Federal Acquisition Service (FAS), which consolidated FSS and FTS.

procedures and guidelines including GSA Order CIO Handbook 2100.1A<sup>2</sup>, GSA Information Technology (IT) Security Policy, January 13, 2003; GSA Order CPO 1878.2, Conducting Privacy Impact Assessments (PIAs) in GSA, May 28, 2004; and GSA CIO-IT Security-02-21 IT Security Procedural Guide, Linux Red Hat Hardening, August 30, 2002. We also relied on applicable regulations and policies to assess FPDS-NG, including: Office of Management and Budget (OMB) Circular No. A-130 Revised, Appendix III, Security of Federal Automated Information Resources, November 2000; Federal Information Security Management Act, Title III, December 2002; Federal Acquisition Regulation, Subpart 4.6-Contract Reporting, April 22, 2004; and General Accounting Office (GAO)<sup>3</sup> Letter, Reliability of Federal Procurement Data, December 30, 2003. To obtain information on commonly accepted security principles, we relied on the National Institute of Standards and Technology Special Publication 800 series security guidelines.

We performed our audit review work in calendar year 2004 and monitored FPDS-NG CCB activities through December 2005. Audit work was performed in accordance with generally accepted government auditing standards.

### **Results of Audit**

The FPDS-NG is critical to Federal efforts to improve the collection and reporting of accurate and complete procurement data. However, certain contract and system requirements have not been addressed due to insufficient contract monitoring throughout the development and implementation of the system. Further, some key reports cannot yet be provided for system users. Improved oversight is an important step toward ensuring that contract and system requirements for FPDS-NG have been followed and implemented. Further, maintaining complete and accurate data within FPDS-NG is critical for producing necessary procurement reports. Our review of a selected sample of GSA's contracts found discrepancies for some data elements in the system and raises concerns about the reliability of data already contained in the new system. System-specific security risks, including: the need to integrate security costs into the life cycle of the system, background checks for contractors supporting FPDS-NG, and the need to develop a more comprehensive approach to monitoring risks with the system need to be addressed. Strengthening management, operational, and technical controls for FPDS-NG will promote user satisfaction and long-term success for this important system. Another important issue is meeting customers' reporting requirements at a reasonable cost. At this time, FPDS-NG standard reports and ad hoc reports are free and organizations or citizens who want to access the raw data within the system are charged a one-time fee of \$2,500.

### **Improvements Needed For Communicating Contract and System Requirements**

Requirements for system security and functionality were not always effectively communicated by GSA to the FPDS-NG contractor. An operational system was to be provided by the contractor on October 1, 2003, with all remaining development services to be provided no later than January 23, 2004. However, an inadequate level of communication between GSA and the contractor has resulted in specific system contract requirements not being available and led to

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<sup>2</sup> CIO Handbook 2100.1A, January 2003, has been replaced by CIO Handbook 2100.1 B, November 5, 2004.

<sup>3</sup> The GAO's legal name was changed to the Government Accountability Office on July 7, 2004.

problems with the system. For instance, the FPDS-NG contract specifies a list of 33 sample reports be developed for the system. However, one report named “Top 100 Contracts,” was not provided to the contractor as stated in the contract. The “Top 100 Contracts” report is categorized as a General Summary Report which displays the largest transaction dollar actions in descending order for a specified award date period, with agency and contract information, dollar amounts, and contractor name. Each Contract Number (and Order Number, if present) should link to the Contract Lifecycle Report. Further, while the contractor received a financial incentive for delivering the system on October 1, 2003, system functionality required by the contract, such as the 29 validation rules required by the Department of Defense (DoD), were not completed on the delivery and acceptance of the system. These validation rules were to be completed within 14 calendar days after GSA delivered DoD clarifications. Due to the missing components, the incentive amount was reduced from \$393,369 to \$363,000 through an agreement between GSA and the contractor. At the time of our 2004 FISMA review, the contractor had also not yet been provided with all applicable GSA security policies and procedures needed for FPDS-NG’s development. While GSA officials did not communicate these contract requirements to the contractor, no attempts were made by the contractor to request the necessary policies and procedures from GSA. Although the FPDS-NG contract requires system developers to follow the GSA IT Security Policy, the system was not in compliance with GSA security policy. Such conditions indicate a need to improve the process for conveying information between GSA and the contractor to better ensure that system requirements are effectively communicated and met with the new system.

**Discrepancies Found in FPDS-NG Data Elements**

Our analysis of 39 GSA contracts, including a comparison of migrated FY 2003 and FY 2004 data to actual contract files maintained by authorized contracting personnel, found discrepancies between FPDS-NG data elements and required formats for the system. These discrepancies have caused problems in finding historical procurement data migrated from FPDS into FPDS-NG. Instances of incomplete data included contractor mailing address and socio economic data for identifying veteran owned, women owned, minority owned businesses, etc. The following table highlights specific discrepancies we identified for the system’s data elements:

**Table 1: Discrepancies Between FPDS-NG Data Elements and the FAR Requirements<sup>4</sup>**

Data Element	Discrepancies
Procurement Instrument Identifier (PIID)	Prefix in front of award ID
Dates	Date in the middle column systemically assigned "15"
Contractor Information	Incomplete*
Socio Economic Data	Incomplete*
* Data in the Central Contractor Registration (CCR) was either incomplete or the data was not fully populated in FPDS-NG.	

<sup>4</sup> Federal Acquisition Regulation (FAR), section 4.6 - Contract Reporting.

Such formatting discrepancies have led to historical procurement data contained in FPDS that could not be found in FPDS-NG and PIID problems, such as structure and changes, with the system. GSA users of the system have encountered difficulties with contracts migrated from the old system to FPDS-NG in three main areas: (1) updating socio-economic data; (2) posting contract modifications within FPDS-NG; and (3) the PIID number structure/format change. Because of discrepancies in the FPDS-NG data elements, users could not readily retrieve information from the system and other time-consuming measures were sometimes necessary to obtain the needed information.

GSA system users we spoke to also revealed that some base contracts and related modifications that had been previously recorded in the old system could not be located in FPDS-NG, forcing them to manually recreate the missing base contract and related modifications to accurately reflect the dollar amounts obligated and/or de-obligated. Other Federal agencies including: the Department of Education, Department of Housing and Urban Development, and Environmental Protection Agency, have encountered problems locating data and discrepancies between the old system and the new system. Problems have also been identified with the accuracy of Central Contractor Registration (CCR) data within FPDS-NG and voided contracts in FPDS-NG that have not been deleted. Users have also reported problems in locating the Data Universal Numbering System (DUNS) numbers in the CCR. The CCR collects, validates, stores and disseminates data in support of agency acquisition missions and provides the primary vendor database for the Federal Government through FPDS-NG. As GSA continues to manage the implementation of FPDS-NG, project management and contract personnel need to take steps to resolve data element discrepancies that could hinder effective use of the system.

### **System Security Control Weaknesses Require Attention**

Security weaknesses identified during the FY 2004 Federal Information Security Management Act (FISMA) review raised questions regarding the adequacy of the system Certification and Accreditation (C&A) for FPDS-NG controls. We found that GSA IT security officials, including the Information System Security Manager (ISSM) and the Information System Security Officer (ISSO), had not adequately overseen the security practices of the contractor supporting FPDS-NG, and the contractor was not complying with the GSA IT Security Policy as required by the FPDS-NG contract. While a system security C&A was issued for the system in March 2004, we identified several areas of risk that require management attention in order to meet FISMA requirements and implement GSA's IT Security Program guidance for FPDS-NG. Specifically, the system C&A documentation did not include critical steps necessary to comprehensively address risks as recommended by the National Institute of Standards and Technology and the GSA Chief Information Officer. The system risk assessment did not include a business impact analysis as required and system technical security guidelines required by GSA's CIO had not been applied to the system. Sentence is redacted pursuant to Exemption 2 of the Freedom of Information Act (FOIA), 5 United States Code (U.S.C.) § 552(b)(2). Further, the system-level Plan of Action and Milestones (POA&M) for FPDS-NG was not being utilized to mitigate known security weaknesses with the system as required by FISMA. Specifically, security weaknesses, identified through the C&A process, were not being tracked in the system level POA&M as required. As such, it was unclear as to how risk was being managed for the system.

Security costs were also not integrated into the life cycle of the system as required<sup>5</sup> and the FPDS-NG contractor was not reporting potential security incidents to the Senior Agency Information Security Officer for GSA. We also observed that contractors supporting system operations were granted access to the hardware and operating system software before required background checks had been completed. Compensating controls to mitigate associated risks, such as criminal record checks, greater oversight of contractors, monitoring of detailed audits logs, and obtaining the contractor's internal background investigation and employment history record, were not in place. Due to the critical nature of this important government-wide system, GSA should take additional steps to ensure weaknesses with FPDS-NG managerial, operational, and technical controls are addressed and corrective actions are implemented.

### **Recommendations**

We recommend that the GSA's CAO work with the appropriate FPDS-NG management officials and contract personnel to improve the effectiveness of project management by:

1. More closely overseeing that contract and system requirements are effectively documented and communicated in a timely manner to the contractor.
2. Resolving all data element discrepancies and data migration issues.
3. Ensuring that system security weaknesses and corrective actions are continually addressed.

### **Management Response**

We met with the Office of the Chief Acquisition Officer (OCAO) to discuss the results of our review and to confirm our audit findings on January 25, 2006. This report reflects management comments provided on two separate discussion draft reports that were developed since May 11, 2005. While management has generally concurred with the findings and the three recommendations as presented in the report, written comments provided by the CAO highlight specific actions underway aimed at addressing the identified areas of risk in the report since the completion of our FPDS-NG review last year. Planned or ongoing management actions identified by the CAO include: (1) improving communication and documentation of efforts with the contractor, (2) conducting routine bi-weekly meetings with the contractor, (3) recognizing that data quality is extremely important to the success of FPDS-NG, therefore it is critical to mine the data and produce useful reports, (4) continuing to improve security controls including on-going scans of the system to address vulnerabilities, and (5) enhancing system reporting capabilities. While these actions should improve risk areas in the report, we feel the actions identified by the OCAO support the findings and recommendations documented during the time of our review.

A copy of the management comments is provided in its entirety in Appendix A.

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<sup>5</sup> OMB Circular A-11, Preparation, Submission and Execution of the Budget, Section 53 (Revised 07/16/2004).

## **Internal Controls**

As discussed in the Objectives, Scope, and Methodology section of this report, the objectives of our review were to determine whether GSA is effectively managing the development and implementation of FPDS-NG to: (1) improve system functionality and usability; (2) provide necessary system security controls; (3) ensure timely and accurate procurement data; and (4) meet customers' reporting requirements at a reasonable cost. We analyzed the accuracy and completeness of the system data, project management, functionality, and controls. The Results of Audit and Recommendations sections of this report identify the need to strengthen specific managerial, operational, and technical controls for FPDS-NG. The scope of our audit did not include a detailed analysis of all data within FPDS-NG, nor did we complete a detailed review of contractual practices used for the system.



REVIEW OF THE FEDERAL PROCUREMENT  
DATA SYSTEM – NEXT GENERATION (FPDS-NG)  
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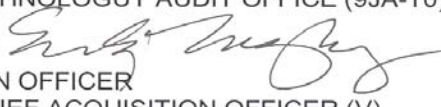
**CAO RESPONSE TO DRAFT REPORT**



GSA Office of the Chief Acquisition Officer

MAR 24 2006

MEMORANDUM FOR: GWENDOLYN A. MCGOWAN  
DEPUTY ASSISTANT INSPECTOR GENERAL  
FOR AUDITING  
INFORMATION TECHNOLOGY AUDIT OFFICE (9JA-T0)

FROM: EMILY W. MURPHY   
CHIEF ACQUISITION OFFICER  
OFFICE OF THE CHIEF ACQUISITION OFFICER (V)

SUBJECT: RESPONSE TO DRAFT REPORT: REVIEW OF THE  
FEDERAL PROCUREMENT DATA SYSTEM – NEXT  
GENERATION (fpds-ng) REPORT NUMBER A040127

Thank you for the opportunity to respond to your draft report titled, "Review of the Federal Procurement Data System-Next Generation (FPDS-NG) Report Number A040127/O/T/XXXXX." We welcome the opportunity to comment and to clarify our activities.

Given the magnitude and complexity of FPDS-NG, I am pleased to find that your report focused on the most critical aspects of our efforts to develop and manage the system. I hope you agree with our comments as they appear in the Attachment to this memorandum.

If you have questions or comments, please contact me directly or call our FPDS-NG Program Manager, Rod Lantier, on (703) 872-3249, or send him e-mail at [rod.lantier@gsa.gov](mailto:rod.lantier@gsa.gov).

Attachment

U.S. General Services Administration  
1800 F Street, NW  
Washington, DC 20405-0002  
[www.gsa.gov](http://www.gsa.gov)

## Attachment A

### **Response to Draft Report: Review of the Federal Procurement Data System – Next Generation (FPDS-NG) Report Number A040127**

The draft report lists three areas for evaluation: (1) improving communications and documentation regarding contract and system requirements; (2) addressing discrepancies found in certain FPDS-NG data elements; and (3) ensuring continuous vigilance of system security weaknesses and actions taken to correct them.

The report's official recommendations center on these findings. While we generally agree with them, we do have a number of comments that we have grouped in the following paragraphs under the report's three recommendations.

#### **Recommendation 1: More closely overseeing that contract and system requirements are effectively documented and communicated in a timely manner to the contractor.**

**OCAO Comment:** We agree with the overall intent of this recommendation and have already made a number of changes in how we conduct business with GCE. We follow basic project management disciplines in our relationship with GCE. Among engaged stakeholders, we work hand-in-hand to assure the greatest possible understanding as to what is required for reports, data validation rules, system screens, data displays and formats, and basic connectivity and functionality for all. Communication and documentation of efforts has greatly improved during the audit period. We plan to continue our overall efforts in this area, while concentrating on the following:

**First:** Within the Integrated Acquisition Environment (IAE), we are following an established set of procedures and are using appropriate forms for ensuring documentation of requirements (whether new or changing) and for obtaining an appropriate level of management approval for all requirements. In keeping with this IAE focus, system program managers established a Change Control Board as soon as the system was operational. With regular attendance by reporting agencies and Global Computer Enterprises Incorporated (GCE), the support contractor for FPDS-NG, clarifying communications and problem solving have received considerable attention.

**Second:** We routinely conduct bi-weekly FPDS-NG oversight meetings with GCE. We assure attendance by knowledgeable program office staff. During these meetings we review various standard reports regarding the system's operations, Help Desk activities, and system usage. We review progress in making changes to FPDS-NG and confirm that efforts to make changes meet needs.

**Third:** Our FPDS-NG program manager and GCE's project manager meet each week to discuss all activities related to system modifications, continued operations and maintenance, and security. This formal meeting is in addition to many telephone conversations and e-mails regarding all aspects of the system.

**Fourth:** Especially regarding major changes to the system, we ask those whose requirements GCE must implement to work with us and GCE to assure that new functionalities are properly captured and implemented. This approach applies to the Project Requirements Document ( a major system change to support the Department of Defense), the Purchase Card Modification (an effort to bring purchase card data into the system), and the Electronic Subcontract Reporting System (an effort related to a separate system to provide data from FPDS-NG that is related to subcontracts). We conduct quality testing of new programming that will be released and assure that stakeholders from departments and agencies participate and concur in what has been prepared. Close working relationships lead to appropriate developmental results.

**Fifth:** All requirements are sent to the contractor in writing (either as a document recorded in their issue tracking system) or as a written set of government requirements. Neither of these is a new activity, but we found that the contractor would take these government issues and changes and would write a formal requirements document. We found that the contractor's formal requirements documents sometimes differed in their interpretations of the requirements, and so we have begun reviewing the formal requirements (formerly internal contractor working documents) and giving our approval to proceed only after signing that formal requirements document.

**Finally,** we often confer with the contracting officer (CO) for this project to assure that we are complying with contractual requirements. The CO is an integral part of our FPDS-NG program team.

**Recommendation 2: Resolving all data element discrepancies and data migration issues.**

**OCAO Comment:** We recognize that data quality is extremely important to the success of FPDS-NG. Likewise, being able to mine the data and produce it in useful reports is critically important. We'll continue to work the data from both perspectives.

**Some specifics comments:**

**First:** Regarding Table 1, found in the section titled, Discrepancies Found in FPDS-NG Data Elements, we have the following comments about the findings shown:

1: Regarding the Element Titled: Procurement Instrument Identifier (PIID)

OIG Finding: Prefix in front of award ID.

OCAO Comment: The referenced prefix was inserted by GCE to assure that each migrated PIID was unique. Indeed, this change may have inadvertently created

problems for some users when attempting to find data. The Help Desk is always available to lend assistance. Problems are being resolved. GCE continues to support departments and agencies with any needed data fixes they identify, to include removing duplicate PIDs that users may have created when they couldn't find base contracts against which to apply new contract modifications. There is also a link on the advanced search screen that provides instructions on how to locate migrated actions.

**2. Regarding the Element Titled: Dates**

**OIG Finding:** Date in the middle column systemically assigned "15"

**OCAO Comment:** This pertains only to data that predates October 1, 2003. FPDS-NG needed a full date reference; i.e., month, day and year. Much migrated data had only month and year. The 15<sup>th</sup> of each month was used to avoid errors in migrating data into the system.

**3 & 4. Regarding the Elements Titled: Contractor Information & Socio Economic Data**

**OIG Finding:** Incomplete (Data in CCR was either incomplete or the data was not fully populated in FPDS-NG.)

**OCAO Comment:** This was a CCR issue in that it sent fewer fields in extracts from the system than it actually contained. The problem has been resolved in that all 40 fields are now in the extract. Planning and requirements development work is underway to modify FPDS-NG to accept this additional information. Further, socio economic information can be updated only in CCR, not in FPDS-NG. In FPDS-NG, when there is a CCR exception (and the data is not in CCR), then the agency submits socio-economic data too.

**Second:** The last paragraph of the "Discrepancies" section of the audit indicated that users were having difficulty deleting voided contracts.

**OCAO Comment:** System administrators can take this action themselves or they can delegate it to whomever they choose. Departments and agencies having problems with this system capability can contact the FPDS-NG Help Desk. We will raise this matter at one of our upcoming CCB meetings to clarify the capability for all. We will also add it to the FAQ's we display on the FPDS-NG homepage.

**Third:** The last sentence of the "Discrepancies" section of the audit indicated that we need to take steps to resolve data element discrepancies that could hinder effective use of the system.

**OCAO Comment:** We fully agree that data anomalies, as they arise, are a major concern. As we discover problems, we work closely with GCE and with stakeholders departments and agencies to develop and, through service packs, implement system changes addressing all issues that arise, including data element issues. Data anomalies are one of our primary concerns. Troubleshooting such issues and making needed changes are priority actions.

**Recommendation 3: Ensuring that system security weaknesses and corrective actions are continually addressed.**

**OCAO Comment:** We have the following comments relating to the audit's contents as shown in the section titled "System Security Control Weaknesses Require Attention."

**First:** The report questions the adequacy of the system Certification and Accreditation (C&A) for FPDS-NG controls. Paragraphs (a), (b), and (c) below provide three aspects of this reported inadequacy. The report said:

(a) **OIG finding.** The system risk assessment did not include a business impact analysis.

**OCAO Comment:** On March 10, 2004, the responsible ISSM and the DAA approved the Certification and Accreditation Package for FPDS-NG. This document provided authorization to operate the system. The system had been tested and met the applicable requirements as of March 10, 2004.

Additionally, our system contingency plan from September 2003, completed during the same timeframe as the C&A was conducted, addresses emergency procedures, to include the strategy for emergency response, back up operations, and recovery operations for the FPDS-NG application in the event of an interruption in normal business operations. The plan provides steps for assuring continuing operations.

The FPDS-NG project office worked with the CIO's office to determine what was required and provided everything that was requested when conducting the C&A. The following (quoted from the risk assessment) indicates that adequate consideration of all areas was included in the initial assessment.

"The Risk Assessment was conducted using an automated vulnerability assessment (VA) tool called "The Buddy System", created by Countermeasures, Inc., and approved by the National Institute of Standard and Technology (NIST), and the National Security Agency (NSA) for conducting risk assessment of Federal Systems."

"The GSA *Conducting Risk Assessments* Appendix E, the National Institute of Standards and Technology (NIST) Special Publications (SP) 800-18, and OMB-130 A were used as the Baseline Security Requirements (BLSR) for this review. The NIST, OMB and GSA Baseline Security Requirements are used by GSA as standards for conducting risk assessments in support of the Federal Information Security Management Act (FISMA) of 2002. The assessment covers Management, Operational, and Technical controls over a variety of areas (e.g., Identification and Authentication, Assignment of Security personnel, Configuration Management, etc) and critical elements, which contain the main control objectives."

(b) OIG finding. A system-level Plan of Action and Milestones (POA&M) was not being utilized to mitigate known security weaknesses with the system. Vulnerability scanning conducted by the OIG revealed vulnerabilities.

OCAO Comment: The Office of the OGP-CIO worked with the FPDS-NG Program Management Office and used a POA&M to address potential problems identified in an audit of FPDS-NG. GCE addressed all of these issues. The OCIO Security Office recently conducted vulnerability scanning of Washington Metro Based Services, Staff Offices, NCR and Regions 1-10. The draft results sent by e-mail June 1, 2005, for third quarter 2005 did not find vulnerabilities in FPDS-NG.

We work with the Senior Agency Information Security Officer to conduct ongoing scans of FPDS-NG. Any problems found are either corrected immediately or addressed through the POA&M.

The FPDS-NG program staff works routinely with OCAO's ISSO to address items that are on the system POA&M. About 60% of issues identified to date have been corrected. Work on the remainder continues.

(c) OIG finding. Security costs were not integrated into the life cycle consistent with OMB Circular A-11.

OCAO Comment: We were unable to find anything specific in A-11, other than the requirement that security costs be included in system budgets. Security costs are included in the life cycle cost of the system.

**Second:**

OIG Finding: The contractor did not report potential security incidents.

OCAO Comment: The point regarding failure to report potential security incidents is correct, but it was addressed during the period covered by the report. Perhaps the report could state that GSA required GCE to confirm and establish, as required, procedures for its server-support contractor, Qwest, to follow in the event of system downtime.

**Third:**

OIG Finding: The contractor "was granted access to the hardware and operating system software" before required background checks had been completed.

OCAO Comment:

The requirement for GCE to complete certain forms and take steps to submit its employees' background information for a basic credit check is in the contract. The FPDS-NG program office has provided these forms to the contractor along with

instructions covering how to comply. Required paperwork is being submitted to the FPDS-NG contracting officer. Funds are available to pay for these security checks.

**Related Audit Comments and Response:**

**First: Ensuring Timely and Accurate Procurement Data**

**OIG Finding:** The report alludes to ensuring "timely and accurate procurement data."

**OCAO Comment:** While we are as proactive with agencies as we think practicable, timely and accurate submission of data to FPDS-NG is largely an agency responsibility.

**Second: Meeting Customers' Reporting Requirements at a Reasonable Cost**

**OIG Finding:** The audit states that "meeting customers' reporting requirements at a reasonable cost" is an important issue.

**OCAO Comment:** We agree that report generation and query functionality are important aspects of the system. FPDS-NG provides reports and query capabilities without additional charge to customers, whether in government or in the public. FPDS-NG's initial reports deployment has not provided agencies with capabilities that best meet the demands of a business environment that increasingly relies on real-time automated reporting. A new deployment containing enhanced reporting capabilities is underway and has a projected completion date for the latter part of calendar year 2006. Other new reporting tools will be evaluated as appropriate to help maintain a high-level reporting capability.

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