



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
INSPECTOR GENERAL

December 17, 2008

MEMORANDUM

SUBJECT: **Audit Close-Out:** EPA Personnel Access and Security System Would Benefit from Improved Project Management to Control Costs and the Timeliness of Deliverables (Report No. 08-P-0271)

FROM: Rudolph M. Brevard /s/
Director, Information Resources Management Assessments
Office of Mission Systems

TO: Wesley J. Carpenter
Director, Security Management Division
Office of Administration and Resources Management

Thank you for your December 10, 2008, response to our final report. We believe the proposed actions, when implemented, will adequately address the report's findings and recommendations. We have closed this report in our audit tracking system. Please be sure to provide updated information in EPA's Management Audit Tracking System as you complete each planned corrective action. If you are unable to meet your planned milestones, or believe other corrective actions are warranted, please send us a memorandum stating why you are revising the milestones or why you are proposing alternative corrective actions, as required by EPA Manual 2750.

You disagree with the report, stating that had EPA implemented processes to mitigate many of the identified system development weaknesses, it would have been better able to anticipate and possibly avoid most of the additional \$983,216 in costs for the EPA Personnel Access and Security System (EPASS). The cited system development weaknesses are that (1) EPA did not complete the Definition phase of the System Life Cycle Management (SLCM) Policy, and (2) EPA did not develop a System Management Plan (SMP), including a change management process.

The Office of Inspector General believes that your corrective action plan to implement the recommendations will address these weaknesses. Developing EPASS is a high-risk undertaking. Establishing SLCM formal processes are needed to minimize the risk to EPA and guide it in the continued development of EPASS. Specifically, the Definition Phase is important because it assists management to ensure the intended system will support Agency requirements and control

project costs. The SMP is the primary managerial document and is a portfolio of required documents used by system managers to control, assess, and document the system throughout the SLC. EPA uses this plan as the principal tool for organizing and managing system project/program management information throughout the SLC. A change management process is a key management control used to record management decisions regarding evolving system changes, and guides the system managers in decisions for accepting risks resulting from the effects of these changing requirements.

Should you or your staff have any questions regarding this report, please contact me at (202) 566-0893 or brevard.rudy@epa.gov , or Cheryl Reid, Project Manager, at (919) 541-2256 or reid.cheryl@epa.gov.

cc: Assistant Inspector General for Office of Mission Systems
Audit Coordinator, OARM
Agency Followup Official (the CFO)
Agency Followup Coordinator



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF ADMINISTRATION AND RESOURCES MANAGEMENT

DEC 10 2008

MEMORANDUM

SUBJECT: OARM Response to the MG Audit Report No. 08-P-0271, *EPA Personnel Access and Security System Would Benefit from improved Project Management to Control Costs and the Timeliness of Deliverables*

FROM: Wesley J. Carpenter, Director
Security Management Division

TO: Patricia H. Hill
Assistant Inspector General for Mission Systems

In accordance with instructions in your September 22, 2008, transmittal memorandum and EPA's Audit Manual 2750, I am hereby providing this written response to above-cited report. A Corrective Action Plan with expected completion dates for three recommendations is attached. No further action is required for the fourth recommendation because we had already identified the contract overpayment and had taken appropriate steps in conjunction with the Contracting Officer to recover the funds.

The Office of Administration continues to disagree with a primary hypothesis of the report that if EPA had followed certain system development practices, it "would have been better able to anticipate and possibly avoid most of the additional \$983,216 in costs for EPASS." The narrative states that EPA did not complete the "Definition Phase" of the System Life Cycle Management Plan and did not fully develop a System Management Plan, including a change management process to guide decisions for accepting risks from the effects of changing requirements. The report identifies these as "system development weaknesses" which resulted in "additional" costs that could have been better anticipated and possibly avoided. However, the narrative does not provide any substantive basis for such a "cause and effect" relationship, or that the costs could have been anticipated or possibly avoided, or for the implication that the costs were excessive and unnecessary.

The additional costs identified in the report represent EPASS contract expenditures during years 1 and 2 that exceeded the originally planned expenditure level. We have explained that these costs were not intrinsically due to system development weaknesses, but instead represented earlier spending on within-scope contract activities due to an increased level of effort necessitated mainly by the following external factors: new and evolving requirements from the National Institute of Standards (NIST) and OMB, and GSA delays in providing adequate and expected implementation support.

Some of the revised and new NIST standards included; FIPS 201, SP 80053, SP 800-63, SP 800-73, SP 800-76, SP 800-78, SP 800-85, SP 800-57, and SP 800-104. Concurrently, OMB issued new guidance memoranda, including M-07-06, M-07-21, and M-0801. These changes required an increased level of effort, such as those relating to smart card graphics, biometrics, and encoding of the PIV authentication certificate on the integrated circuit chip.

GSA's delays in producing an approved products list required that we reconfigure our enrollment equipment and systems and that we redesign the system architecture and reconfigure system hardware and software to fully integrate our identify management system with the card management system. GSA's delays in establishing more than 400 nationwide enrollment stations to assist Federal agencies in issuing smart cards required that EPA increase its planned number of stations by 50%, from 14 to 21.

The (NG report postulates that, through system development processes, EPA would have been able to better anticipate NIST and OMB new and evolving requirements and GSA's delays, and would have been able to identify alternatives to preclude incurring any additional costs to address them. While the processes would have resulted in better documentation of decisions made, we do not believe they would have enabled EPA to "anticipate and possibly avoid" the need to spend within-ceiling contract dollars sooner than originally planned.

We had many discussions with (DIG staff during the course of this review, but we were unable to reach agreement regarding the cause for the additional costs as briefly discussed above. Nevertheless, we believe that the three procedural recommendations can be easily implemented by the planned completion dates shown in the Corrective Action Plan. If you have any further questions regarding our next steps, please feel free to contact me at 202 564-2019,

Attachment

**OARM'S CORRECTIVE ACTION PLAN
OIG AUDIT REPORT 08-P-0271**

01C Recommendation Number	Recommendation	Action Official	Planned Completion Date	Amplifying Information
2.1	Develop and maintain an EPASS System Management Plan. The plan should include all documentation that supports management's adherence to all control gates and decision points related to ensuring EPASS compliance with prescribed EPA SLCM guidance. The plan should also include all required change management and required information security documents.	Director, SMD	12/31/2009	The HSPD 12 Program Manager will develop and maintain the EPASS System Management Plan in accordance with the OIG's recommendation,
2-2	Appoint a certified EPASS Project Manager as required by EPA SLCM. The appointment memorandum should also include specific language to reinforce expectations for that person to manage the EPASS project through its life cycle and ensure compliance with EPA's SLLM guidance.	Director, SMD	1/31/2009	The HSPD 12 Program Manager will formally designate an EPASS Project Manager in writing in accordance with the guidance in EPA's SLCM.
2-3	Issue a memorandum to all EPASS Task Order Officers that outlines and reinforces expectations for complying with EPA invoice-reviewing guidance.	Director, SMD	1/31/2009	The HSPD 12 Program Manager will issue a memorandum to EPASS J&S Contract TOPO's in accordance with the OIG's recommendation.
2-4	Follow-up with the Contracting Officer to ensure EPA collects from the contractor the amount EPA overpaid for billing rate errors in the contractor invoices.	Director, SMD	Completed	EPA has already recovered the expenses cited in the report as highlighted in OARM's previous three sets of comments to the 010. To reiterate, the Contracting Officer approved the submission of a suspended cost form by the Contracting Officer Technical Representative to the EPA Accounts Payable Office for \$78,531.43. These suspended costs were subtracted from EPA's payment for services rendered by the contractor in its September 2007 invoice. This documentation—EPA Form 1900-68 — was provided to the OIG (i.e., Mr. Rudy Brevard and Ms. Cheryl Reid) by OARM (i.e., Mr. Wesley Carpenter) via e-mail on September 2, 2008.