



U.S. Department of Energy
Office of Inspector General
Office of Audits and Inspections

AUDIT REPORT

Implementation of the Department of
Energy's CyberOne Initiative

OAI-L-16-11

June 2016



Department of Energy
Washington, DC 20585

June 17, 2016

MEMORANDUM FOR THE CHIEF FINANCIAL OFFICER
CHIEF INFORMATION OFFICER

Sarah B. Nelson

FROM: Sarah B. Nelson
Assistant Inspector General
for Audits and Administration
Office of Inspector General

SUBJECT: INFORMATION: Audit Report on the "Implementation of the
Department of Energy's CyberOne Initiative"

BACKGROUND

In fiscal year (FY) 2013, the Department of Energy's Deputy Secretary included CyberOne as a new Working Capital Fund (WCF) business line in the Department's budget request. The CyberOne business line is a financial management tool that funds the implementation of the Department's Identity, Credential, and Access Management (ICAM) initiative and the Joint Cybersecurity Coordination Center (JC3). The Office of the Chief Information Officer (OCIO) is responsible for the development and management of both ICAM and JC3. According to a Department official, ICAM's goal is to introduce a common, standardized, and trusted basis for digital identity, access management, and control services across the Department and Federal Government. The OCIO developed JC3 with the goal of enhancing incident response and situational awareness across the Department.

CyberOne was budgeted to collect \$40 million per year from the Department's program offices to enable continued implementation of ICAM and JC3. The Deputy Secretary directed that all items proposed for CyberOne funding be supported by a proposal detailing the services that would be offered and their associated costs. Although not funded until FY 2014, the WCF provided approximately \$60 million for CyberOne-related expenditures through FY 2015. We initiated this audit to determine whether the CyberOne line of business was appropriately planned and managed.

RESULTS OF AUDIT

Opportunities exist to improve the transparency of the CyberOne line of business to customers. However, nothing came to our attention during our review that would indicate that the JC3 program was not being managed according to Department requirements. Further, the

Department is currently addressing issues pertaining to the ICAM initiative identified in our prior report on *The Department of Energy's Implementation of Homeland Security Presidential Directive-12* (DOE/IG-0860, February 2012).

Specifically, our review noted that while the OCIO and the Office of the Chief Financial Officer (OCFO) had developed documentation supporting the establishment of CyberOne, we found that not all requirements were fully implemented. For instance, the information developed was not always sufficient to meet the requirements established by the Deputy Secretary. Implementation of suggested actions could increase the visibility by organizations funding CyberOne into how funds are managed and spent.

Requirement Implementation

We found that the OCIO and OCFO had not fully implemented the Department's requirements for establishing and managing WCF lines of business. Contrary to the Deputy Secretary's memorandum issued in FY 2013, OCIO officials had not fully developed the documentation necessary to support CyberOne-funded programs. Specifically, the Deputy Secretary's memorandum required support for all items funded through CyberOne in the form of a proposal detailing specific services provided and their associated costs. However, although approximately \$60 million had been made available to CyberOne through FY 2015 using the WCF, the OCIO had not determined the full scope and cost to ensure that activities could be implemented in the most cost effective and efficient manner possible and maintain a high level of customer service and financial performance.

In particular, the supporting documentation that was developed did not include the specific services the programs would provide or their associated costs. Even though supporting documentation had not been fully developed and approved, CyberOne continued to receive significant funding and was budgeted to receive approximately \$33 million in FY 2016. Senior OCIO officials noted that an Exhibit 300¹ had been developed in accordance with Office of Management and Budget requirements to help manage the JC3 component of CyberOne. While development of the Exhibit 300 is a positive action, it did not satisfy the requirements for fully supporting a WCF line of business because it did not contain details of all services provided or their associated costs. As a result of these shortcomings, the organizations providing funding for CyberOne did not always have visibility into how funds were being managed or spent.

Furthermore, while the OCFO had developed procedures to be used when establishing new business lines within the WCF, the OCFO had not implemented its own requirements. Specifically, although the *Working Capital Fund Guide to Services, Policies, and Procedures 2011* required the WCF Board to meet on a quarterly basis, it did not meet between October 2012 and August 2015. Therefore, because the WCF Board had not met, it had not performed a review of the CyberOne-funded programs' implementation, and the funding organizations were not provided a formal forum to request information and discuss concerns they may have regarding CyberOne expenditures. Several Department officials from various programs

¹ An Exhibit 300 describes the justification, planning, and implementation of an individual capital asset included in the agency IT investment portfolio and serves as a key artifact of the agency's capital planning process.

expressed concern during our review that their input had not been requested related to the significant changes made to CyberOne's original draft operational plan and its planned funding level. Without review and input by the Board, customer organizations may not have insight into expenditures or assurance that their funds are being well managed and spent in a necessary and beneficial manner. In response to our report, management indicated that the Board and WCF Operations Council were reconstituted in August 2015 and have met regularly since then.

SUGGESTED ACTIONS

To improve the management of CyberOne, we suggest that the Chief Information Officer:

1. Implement applicable requirements to ensure effective oversight of the CyberOne programs, to include review and approval of a business line proposal that determines the programs' full cost, scope, and schedule.

To improve the management of the Working Capital Fund, including CyberOne, we suggest that the Chief Financial Officer:

2. Implement applicable policies and procedures to ensure all requirements for establishing future line items within the WCF are met.

Attachments

cc: Deputy Secretary
Deputy Under Secretary for Management and Performance
Chief of Staff

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

To determine whether the CyberOne line of business was appropriately planned and managed.

SCOPE

We conducted this audit from December 2014 through June 2016 at Department of Energy Headquarters in Washington, DC, and Germantown, Maryland, and the Information Assurance Response Center in Las Vegas, Nevada. Our audit focused on the CyberOne business line in the Department's Working Capital Fund. The audit was conducted under Office of Inspector General project number A15TG012.

We separately evaluated the management and implementation of the Joint Cybersecurity Coordination Center program as it was scoped at the time of our review. Nothing came to our attention during that review that would indicate that the program was not being managed according to Department requirements. Our prior report on *The Department of Energy's Implementation of Homeland Security Presidential Directive-12* (IG-0860, February 2012) identified issues pertaining to the Identity, Credential, and Access Management initiative, which the Department is currently addressing.

METHODOLOGY

To accomplish our audit objective, we:

- Reviewed laws, regulations, policies, and procedures applicable to the Working Capital Fund;
- Reviewed relevant prior Office of Inspector General and U.S. Government Accountability Office reports;
- Interviewed key personnel from the Department's Office of the Chief Information Officer, Office of the Chief Financial Officer, and the National Nuclear Security Administration; and
- Obtained and analyzed documentation from CyberOne pertaining to the Department's Identity, Credential, and Access Management and Joint Cybersecurity Coordination Center programs.

We conducted this performance audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. Accordingly, we assessed significant internal controls and the Department's implementation of the *GPR Modernization Act of 2010*

and determined that it had established performance measures, objectives, and goals related to the working capital fund. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. We did not rely on computer-processed data to satisfy the audit objective.

Management waived an exit conference on June 8, 2016.

MANAGEMENT COMMENTS



Department of Energy
Washington, DC 20585

June 7, 2016

MEMORANDUM FOR RICKEY R. HASS
 ACTING INSPECTOR GENERAL (IG-1)

FROM: CHRISTOPHER S. JOHNS *CSJ*
 DIRECTOR, OFFICE OF BUDGET (CF-30)
 OFFICE OF THE CHIEF FINANCIAL OFFICER

SUBJECT: Draft Report response on Inspector General Report,
 "Implementation of the Department of Energy's CyberOne
 Initiative" (#A15TG012)

The Office of the Chief Financial Officer has the following comments on the Inspector General (IG) draft report entitled "Implementation of the Department of Energy's CyberOne Initiative" (#A15TG012).

Report Comments

Deputy Secretary Poneman added the CyberOne business line to the Working Capital Fund (WCF) in accordance with the following provision in the *WCF Guide to Services, Policies & Procedures* (BlueBook): "Nothing in this charter will limit authority of the Secretary, Deputy Secretary, Associate Deputy Secretary or the Under Secretaries to fulfill their management oversight responsibilities for the Department of Energy. The Board is intended to supplement, not supplant, program and fiscal management responsibilities of the Chief Financial Officer and the Chief Information Officer."

Deputy Secretary Poneman's decision, provided in the JC3 Memo for Heads of Departmental Elements Signed 07-31-13, stated in part: "As previously agreed in the FY 2013 budget process, the JC3 will be funded through the Working Capital Fund's (WCF) 'Cyber One' line of business. All items proposed for funding will be supported by a proposal detailing the particular services and associated costs." Therefore, the Deputy Secretary's decision did not require any subsequent documentation or action of the WCF Board.

Response to Report Suggested Actions

An updated WCF charter was approved by the Secretary in August 2015. The WCF Board and Operations Council were both reconstituted through the Charter and have met regularly since then. As stated above, the Charter continues to provide that both the Secretary and Deputy Secretary can make WCF decisions. The Board and Council continue to support the Secretary and Deputy Secretary's management of the Department.

The CFO will continue to manage the WCF in accordance with the Charter and the Blue Book.



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Washington, DC 20585

If you want to discuss this report or your comments with a member of the Office of Inspector General staff, please contact our office at (202) 253-2162.