September 3, 2015

MEMORANDUM FOR BETH F. COBERT
Acting Director

FROM: PATRICK E. McFARLAND
                                    Inspector General

SUBJECT: Interim Status Report on OPM's Responses to the Flash Audit Alert –
                                    U.S. Office of Personnel Management's (OPM) Infrastructure
                                    Improvement Project (Report No. 4A-CI-00-15-055)

This interim status report discusses OPM's June 22, 2015 response (see Attachment A), and its
September 3, 2015 supplemental response (see Attachment B), to our Flash Audit Alert – U.S.
Office of Personnel Management's (OPM) Infrastructure Improvement Project (Report No. 4A-
CI-00-15-055, issued on June 17, 2015). The report will consider OPM's responses, taking into
account additional information received by our office as well as recent changes in the internal
and external environment that may affect our recommendations.

On June 17, 2015, my office issued a flash audit alert to bring important information to the
immediate attention of the OPM Director regarding OPM's Infrastructure Improvement Project
(Project). This report included two recommendations regarding the overall governance of this
Project, and the use of a sole-source contract. OPM generally disagreed with these
recommendations in its June 22, 2015 response, and provided further comments in its
September 3, 2015 supplemental response.

In the weeks that have elapsed since the issuance of the flash audit alert, a number of events have
occurred which support our view that OPM should further develop its project management
approach, and implement a procurement strategy that includes full and open competition for the
later Project phases:
- Former OPM Director Katherine Archuleta resigned;
- A budget request to fund accelerated migration of systems to the new environment was
  rejected by the Senate Appropriations Committee pending additional hearings, raising
  further concerns regarding OPM's migration plans and the agency's ability to fund this
  project.

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In such a turbulent environment, there is an even greater need for a disciplined project
management approach to promote the best possibility of a successful outcome.

Flash Audit Alert
OPM generally disagreed with the recommendations in our flash audit alert, and offered no
corrective action plan to address our concerns. In some cases, OPM appeared to be in agreement
with aspects of the recommendations, but did not agree with their overall intent.

1. Project Management Activities

    The first major issue discussed in the flash audit alert concerned the lack of critical project
    management requirements. OPM officials have not yet determined the full scope and overall
    costs of the Project.   They are still working to identify the systems and level of effort
    involved in migrating to the new Shell environment. Also, OPM has not prepared a 'Major
    IT Business Case' (formerly known as the OMB Exhibit 300). This document involves a
    detailed process which is a critical aspect of the financing and management of large, complex
    system development projects. A related concern is that OPM has not followed project
    management best practices, or its own system development lifecycle policy.

    Flash Audit Alert Recommendation 1
    We recommend that OPM's Office of the Chief Information Officer (OCIO) complete an
    OMB Major IT Business Case document as part of the Fiscal Year (FY) 2017 budget process
    and submit this document to the Office of Management and Budget (OMB) for approval.
    Associated with this effort, the OCIO should complete its assessment of the scope of the
    migration process, the level of effort required to complete it, and its estimated costs.
    Furthermore, the OCIO should implement the project management processes required by
    OMB and recommended by ISACA's COBIT and the COSO framework.[1]

    OPM Response
    OPM disagrees with the recommendation to complete the OMB Major IT Business Case
    document because of the timing, the effort required, and the impact on the project's
    schedule. OPM noted that completing and submitting an initial OMB Major IT Business

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[1]Control Objectives for Information and Related Technology (COBIT) is a framework created by the Information
System Audit and Control Association (ISACA) for IT management and IT governance. The Committee of
Sponsoring Organizations of the Treadway Commission (COSO) framework also identifies internal controls
required for effective organizational management.

Case proposal would require 8 to 12 months of "research, consultations, discussions, and effort" and would only serve to stall the critical efforts already underway.
The Tactical phase of the project was an effort to immediately correct deficiencies in OPM's technical IT security controls. When OPM officials determined that OPM's technical infrastructure should be redesigned from the ground up, it was already too late to prepare the OMB Major IT Business Case for the FY 2016 budget cycle, so it financed this phase as an extension of its existing network.

Similarly, OPM states that its activities associated with migrating systems to the new Shell environment are mere extensions of existing information technology (IT) investments, previously established with OMB Major IT Business Case proposals and reported on the IT Dashboard. OPM further commented that it has requested $21 million to "implement and sustain agency network upgrades" and for "security software maintenance…" in its FY 2016 Congressional Budget Justification.

Regarding the recommendation that OPM adopt project management activities required by OMB and recommended by industry best practices, OPM commented that it has been in "continual consultation" with OMB and has implemented OMB requirements. However, OPM objects to our recommendation to adopt industry best practices, claiming that it follows OPM's system development lifecycle policy.

OIG Reply
We still believe that OPM must follow the financing and project management principles established in OMB Circular A-11, which require agencies to use the OMB Major IT Business Case process for large and complex IT development projects such as this Project. That it will require some time and a significant level of effort and analysis to complete this process proves the importance of this point. OPM did not take the time to complete the necessary planning, budgeting, and technical analysis before initiating this massive undertaking.

For example, the process to identify existing systems, evaluate their technical specifications, determine migration requirements, and estimate migration costs *has still not been completed*. We were told that the process of shoring up security controls in the existing environment, referred to as the Tactical phase, has been completed. However, OPM recently shut down the e-QIP system for several weeks after discovering fundamental security flaws in its design.

There is no doubt that the migration (which in many cases will include redesigning fundamentally flawed security architectures) of up to 400 major and minor applications will be a highly complex and costly endeavor, yet OPM *has no funding for this effort*. The agency requested $37 million for FY 2016 to accelerate the migration process, but this funding request was rejected by the Senate Appropriations Committee on July 23, 2015. The $21 million in the FY 2016 Congressional Budget request is not for migration, but rather for costs related to improved security software.

When asked about this issue, OPM officials informed us that funding for migration costs would come from a combination of savings generated by discontinuing obsolete software and from program office budgets, including OPM's trust funds and the revolving fund. In our view, there is no evidence to support this plan, and it is inadequate and inappropriate. There is no estimate of the cost savings that would result from cancelling obsolete software licenses. Furthermore, program office budgets and the OPM trust and revolving funds should not be used to finance a project of this magnitude and potential cost. The cost may be so high as to curtail vital OPM functions related to these programs and OPM's mission critical activities.

OPM's position that the migration plans are extensions of existing IT investments (established by previous Major IT Business Case proposals, and tracked on the IT Dashboard) is particularly troubling, for several reasons. First, many OPM systems are not aligned with the existing IT investments. It is not clear how funding and management of the migration of these systems would be captured by the existing IT investments. Second, and perhaps more concerning, is the practical effect of such an arrangement, which would impact management of the Project throughout its lifecycle, and the transparency of spending associated with it.

The purpose of the Major IT Business Case proposal, which is discussed in detail in OMB Circular A-11, is to ensure adherence to proper financing and project management principles. But it is also designed, when paired with public reporting on the IT Dashboard, to ensure transparency in federal government IT spending. OPM's refusal to develop a Major IT Business Case proposal for the overall Project will result in costs being subsumed, and therefore hidden, within the individual IT investments. There will be no reporting mechanism to evaluate the overall costs of the Project, which would, in effect, circumvent the transparency principles promoted by OMB.

In addition, as discussed at some length in the flash audit alert, there is a compelling purpose to completing the *process* of developing the Major IT Business Case proposal. One of the required activities completed during the process is an analysis of alternatives to address performance objectives of the investment. At some point in 2014, OPM determined that it

was necessary to consolidate data centers in a completely new environment referred to as the Shell. However, since this analysis of alternatives was not conducted, it is not clear that this was the best approach. There would have been a wide range of options to consider, including the appropriate physical location and the technical architecture best suited to OPM's portfolio of systems.

The Major IT Business Case process also serves as an invaluable project management tool throughout the system development lifecycle. Without this tool, there is no way to evaluate the status of the project using Earned Value Management, which is also required by OMB Circular A-11. Again regarding project transparency, project status is supposed to be reported on the IT Dashboard – and projects that are considered 'troubled' must be subjected to the TechStat process.[2] None of this can happen without the Major IT Business Case proposal.

OPM also disagreed with our recommendation to adopt required and recommended project management processes, and claims that it has developed this Project in close consultation with OMB. However, there is no evidence that OPM communicated to OMB the full scope and true nature of this project, and that OMB approved it. Clearly, OPM has not implemented the project management processes required by OMB. Furthermore, OPM rejects the recommendation to adopt project management best practices, and states that it adheres to its own system development lifecycle policy which is based on federal standards.

There is no reason to disregard project management best practices developed by recognized standards-setting organizations simply because they are intended for private industry. The practices are applicable to any organization, private or public-sector, involved in project management activities. At any rate, based on documentation we have reviewed, we have determined that OPM is not in compliance with either best practices *or its own policy*.

In summary, we continue to recommend that OPM complete a Major IT Business Case proposal for the Project to ensure adequate funding, analysis of alternatives, project management, and transparency. The purpose of this proposal is to enforce the proper up front planning and analysis, perform an in-depth study of alternative actions, demonstrate return on investment, secure adequate funding for the entire Project, track the Project's progress, and transparently report costs and status. Without this rigorous effort, we continue to believe that there is a high risk of project failure. This is especially relevant given the

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[2] Tech Stat Accountability Sessions (TechStat) were launched by OMB in January 2010. A TechStat is a face-to-face, evidence-based accountability review of troubled IT investments. It enables OMB to intervene and temporarily halt or terminate IT projects that are failing or are not producing results.

uncertain and turbulent situation involving the agency's leadership, its budget, and
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2. Sole-Source Contract

The second major issue presented in our flash audit alert was that OPM is using a sole-source
contract for the entire Project. The justification for the sole-source contract was the urgent
and compelling situation resulting from the IT security incidents that occurred at OPM.
While we agree that the initial response to the security incidents warranted a sole-source
contract, we do not agree that it is justified for the entire Project.

Flash Audit Alert Recommendation 2
We recommend that OPM not leverage its existing sole source contract for the Migration and
Cleanup phases of the Project. Contractor support for these phases should be procured using
existing contracts already supporting legacy information systems or via full and open
competition.

OPM Response
In its original response to our flash audit alert, OPM disagreed with the premise of our
concern, and stated that the OIG misunderstood the procurement plan. OPM further
commented that our statement in the flash audit alert that the "sole-source contract is in
place for the Tactical, Shell, Migration, and Clean-up phases of the infrastructure
improvement process … is incorrect."

OPM claimed that it will use either existing contracts or full and open competition for the
Migration and Clean-up phases of the Project. Furthermore, OPM's Chief Information
Officer (CIO) and former Director made a number of statements in Congressional
hearings claiming that the sole-source contract was never intended to be used for all four
phases of the project.[3]

In its supplement to the response to our flash audit alert, however, OPM's Acting Director
offered clarification regarding the role of the sole-source contractor in the Migration and
Cleanup phases. OPM now admits that Imperatis will be involved in these project phases,

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[3] "OPM Information Technology Spending and Data Security", Senate Committee on Appropriations,
Subcommittee on Financial Services and General Government (June 23, 2015), at timestamp 2:14 (former Director
Archuleta: "I would like to remind the Inspector General that contracts for the Migration and Cleanup have not yet
been awarded."); "OPM Data Breach: Part II", House Committee on Oversight and Government Reform (June 24,
2015), at timestamp 2:10 (former Director Archuleta: "I would like to remind him [the IG] that the contracts for
Migration and Cleanup have not yet been awarded. And we will consult with him as we do that.") and timestamp
2:58 (CIO Seymour: "…that's why we only contracted for the first two pieces and we said as we work through this
project to understand it we'll be able to better estimate and understand what needs to move into that Shell.").

but only in a limited capacity. Imperatis will not be working on the actual modernization of applications, but its role will consist of "preparation and support, a role necessitated by the expertise and knowledge they have developed during the design and implementation of the Shell (phase two)." In addition, the "fourth phase of the project – Cleanup – will likely be done largely by OPM, with support from Imperatis…"

<u>OIG Reply</u>
As OPM now acknowledges, the document that justified the sole-source contract clearly stated that it was intended to be used for *the full scope of the Project*. Further, the statement of work contained in the contract itself specifically includes migration and cleanup activities.[4]

When OIG personnel met with the OCIO on May 26, 2015 to discuss concerns regarding the use of a sole-source contract for all phases of the project, the CIO argued strongly in favor of this approach. She informed us that she wanted the same contractor to oversee all four phases of the project for continuity purposes.

Finally, we have recently become aware that the sole-source contractor, Imperatis, is actively working on migration activities. Imperatis has established a project management office with the objective of "facilitat[ing] the development of and migration to OPM's 'to-be' technical architecture."

Clearly, as OPM's Acting Director now acknowledges, OPM's original assertion that the sole-source contract was not intended to be used for the Migration and Clean-up phases of the Project is not correct. In fact, the conflicting statements from OPM officials regarding this contract are extremely concerning, especially the comments that were made under oath before Congress by both former Director Archuleta and CIO Seymour.

The concern expressed in the flash audit alert is not related to the extent of the contractor's involvement in the migration and cleanup phases. Rather, it is our view that *any* involvement that is not required to correct the urgent and compelling circumstances under which the sole-source contract was justified violates federal acquisition regulations.

48 CFR 6.3 – Other Than Full and Open Competition – prescribes policies and procedures, and identifies the statutory authorities, for contracting without providing for full and open

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[4] Statement of Work, at page 1 ("The Contractor shall complete the work within this SOW in four different phases: Tactical, Shell, Migration, and Clean Up.") and page 5 ("During the Migration Phase, the Contractor shall support the transition of OPM applications, data, and services from the existing network into the Shell environment. The Contractor shall work with OPM business units and existing operations and maintenance teams to prepare the applications for elevation and transition. The Government will direct and hold business units and applications owners accountable for compliance with the requirements necessary to securely operate in the Shell Environment.")

competition. Section 6.302 discusses "Unusual and compelling urgency," the authority under which OPM executed the sole-source contract with Imperatis.

Section 6.302 states that this authority applies where "an unusual and compelling urgency precludes full and open competition…and [d]elay in award of a contract would result in serious injury … to the Government." This section further states that the "total period of performance of a contract awarded or modified using this authority … may not exceed the time necessary … to meet the unusual and compelling requirements of the work to be performed under the contract … and for the agency to enter into another contract … through the use of competitive procedures." In addition, the section states that the period of performance "may not exceed one year, including all options …"

OPM appears to be asserting that Imperatis is required for the migration and cleanup phases of the project because of the "expertise and knowledge they have developed during the design and implementation of the Shell (phase two)." Section 6.301 – Only one responsible source and no other supplies or services will satisfy agency requirements – defines the authority under which a sole-source contract may be justified. The circumstances described in the supplemental response do not meet the requirements of this section, but even if they did, this justification must have been made at the time the contract was awarded (Section 6.301(b)).

In summary, the extent of the work that Imperatis will perform on the migration and cleanup phases is not relevant. Under 48 CFR 6.3, there is no justification for Imperatis to perform *any* work on the Project after the Tactical phase was completed.

We continue to recommend that OPM subject the remainder of the Project to full and open competition.

If you have any questions about this interim status report you can contact me at 606-1200, or your staff may wish to contact Michael R. Esser, Assistant Inspector General for Audits, at 606-2143.

Attachment A: OPM's response to the Flash Audit Alert, dated June 22, 2015
Attachment B: OPM's Supplement to Response to Flash Audit Alert, dated
                 September 3, 2015

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

June 22, 2015

MEMORANDUM FOR PATRICK E. McFARLAND
                   Inspector General

FROM: KATHERINE ARCHULETA
                      Director

SUBJECT: Response to Flash Audit Alert – U.S. Office of Personnel
                    Management's Infrastructure Improvement Project
                    (Report No. 4A-CI-00-15-055)

Thank you for your diligence in issuing the Flash Audit Alert referenced above. The U.S. Office of Personnel Management's (OPM) Infrastructure Improvement Project represents an aggressive effort by the agency to modernize IT infrastructure and further strengthen security capabilities. I very much appreciate your support of this project, particularly in light of recent events, and look forward to continuing to work with your office to ensure that it is executed efficiently, effectively and in compliance with applicable law, guidance and best practices as appropriate.

Upon completion of a detailed review of the Flash Audit Alert, OPM has identified and outlined below areas of agreement and disagreement. I appreciate your consideration of this response, and would welcome the opportunity to discuss it further at your convenience.

Recommendation 1 states that OPM's Office of the Chief Information Officer (OCIO) should complete its assessment of the scope of the Migration process. OPM agrees with this recommendation and is planning to complete this process within the next several months. It is also recommended that the level of effort to complete the Migration process and the estimated costs of the Migration process should be assessed. OPM agrees with this as well, which is why these two evaluations are an ongoing part of not just the Migration process, but in all phases of the information technology protocol assessment. These evaluations may require our estimated costs to change as developments demand. Should that be the case, however, OPM will continue to update, track, document, and justify those changes.

It is further recommended that the OCIO "should implement the project management processes required by OMB." OPM agrees, and this is why we have been engaged in such implementation. OPM does not agree, however, with the recommendation that OPM should follow the project management processes recommended by ISACA's COBIT and COSO framework. OPM adheres to the OPM Systems Development Life Cycle, derived from Federal standards to manage OCIO Portfolios, Programs and Projects, rather than commercial industry frameworks.

Recommendation 1 advocates that the OCIO "complete an OMB Major IT Business Case document" and that this effort be taken as part of the FY 2017 budget process to be submitted to OMB for their approval. However, reports for an OMB Major IT Business Case document must be written so that they are ready for submission by early August. Completing and submitting an initial OMB Major IT Business Case document requires anywhere from eight months to a year of research, consultations, discussion, and effort. In order to submit such a request for the FY 2017 budget process, it would be necessary for OPM to begin a process that could not be completed in time and that would only serve to stall the critical efforts already underway. Further, Recommendation 1 fails to acknowledge that in July of 2015, OPM is not seeking to adjust our business case for our FY 2016 numbers since the Shell phase of the infrastructure improvement process will be mostly completed by the end of FY 2015. Further, in our FY 2016 Congressional Budget Justification, OPM did request $21 million to "implement and sustain agency network upgrades" which were first initiated in FY 2014, as well as for "security software maintenance to ensure a stronger, more reliable, and better protected OPM network architecture."

Recommendation 1 would not only require OPM to put aside efforts already underway to address OPM's information technology needs, but it also ignores how OPM has made its budget requests in connection with the infrastructure improvement project. For instance, the Tactical solutions, developed in response to the March 2014 breach, were extensions of the existing network, and all procurements were made in consultation with OMB and other stakeholders due to exigent circumstances. Following implementation of the Tactical solutions, it became apparent that OPM would need to move to the next stage, which is now referred to as Shell. However, the Shell was not designed until September 2014, after the Major IT Business Case submission cycle for FY 2014. If the Shell had to wait until a Major IT Business Case was made during the FY 2015 cycle, a year would have passed. Instead, OPM was able to justify its efforts related to the Shell by tying this effort to earlier funding requests, which allowed for more expeditious approval. The Shell will be complete by August 2015 and made available by September 2015. A similar scenario exists going forward – the Migration activities will be specific to the systems affected and are therefore extensions of the investments tracked by the owners of these systems. As such, the Migration activities are connected to the justifications put forward by the owners of these systems. OPM understands and respects that the goal of a Major IT Business Case document is to justify funding given to a program and to track how funds are spent. OPM, however, is not operating outside of documentation, justification, and tracking requirements just because we are not generating a new Major IT Business Case document for FY 2017. We are working with OMB to document all of our expenditures and linking our needs in order to provide quick responses to existing justifications and efforts.

OPM agrees with the majority of your Recommendation 2. In this recommendation, you state that OPM should "not leverage its existing sole source contract for the Migration and Cleanup phases of the infrastructure improvement process" that OPM is undertaking. OPM agrees and would like to take this opportunity to point out that the contract for the Migration and Cleanup phases of the infrastructure improvement project have not yet been awarded.

However, you state, "While we agree that the sole-source contract may have been appropriate for the initial phases of securing the existing technical environment, we do not agree that it is appropriate to use this vehicle for the long-term system migration efforts." The underlying

assumption in this statement – that a sole-source contract is in place for the Tactical, Shell, Migration, and Cleanup phases of the infrastructure improvement process – is incorrect.

This misperception is compounded in another point in your memorandum when you state that "OPM has secured a sole-source contract with a vendor to manage the infrastructure improvement project from start to finish." The memorandum also states that "However, the JOFOC also covered subsequent phases of the Project related to the development of the new Shell infrastructure, the migration of all of OPM's applications into this new environment, and decommissioning the old environment." Both of these statements represent a misunderstanding of the procurement plan and we would welcome an opportunity to clarify this further.

Recommendation 2 also advocates that "contractor support for these phases should be procured using existing contracts already supporting legacy information systems or via full and open competition." OPM agrees, as this recommendation is consistent with law governing Federal contracting and procurement requirements and with Office of Management and Budget (OMB) guidance. OPM plans to conduct its contracting on the Mitigation and Cleanup phases of the infrastructure improvement process in a way that is consistent with these authorities.

You note that "Although the Shell phase is largely complete, there is still an opportunity to procure contractor support for the migration and cleanup phases of this project using the appropriate contracting vehicles." Please bear in mind that unless the awarding of the contract would be reasonable and appropriate, OPM is prohibited from awarding the contract. In completing the analysis on what is the most reasonable and appropriate course of action, OPM will submit to its available contract avenues and determine the best possible business decision.

There are discussions within the surrounding materials in your memorandum with which OPM either disagrees, sees the potential to disagree, or does not understand. For example, the memorandum expresses concern that OCIO has not followed OMB requirements and project management best practices. OPM disagrees, as we have been in continual consultation and discussion with OMB and other stakeholders on this effort. The memorandum expresses concern that the size, scope, and cost of the undertaking are not completely understood by the OCIO. OPM and the OCIO have always been very clear that the undertaking includes factors and costs that will be understood more clearly as the Project proceeds.

Further, you state in the first page of the memorandum that OPM is following a "nontraditional Government procurement vehicle." Regardless of its traditional or nontraditional nature, the procurement process followed by the Department of Homeland Security (who serves as the contracting office) is compliant with applicable law.

In expressing your views in the use of contractors with unique skill sets to support OPM's efforts – with which, again, OPM generally agrees – you suggest that OPM may "determine it would benefit from a contractor to oversee the Migration effort as a whole." While OPM may ultimately rely on a contractor for this function, this appears to be a responsibility that would be best handled by the OCIO. It's important that these efforts be centralized in a common source who has the best interests of the American taxpayer in mind. OPM suggests it would be more

efficient and cheaper to maintain this function with the Federal government and not to place this responsibility in the hands of a contractor.

Finally, you state that OPM's OCIO did not provide comments in reaction to your draft memorandum. While it is true that OPM's OCIO did not provide written comments prior to issuance of the Audit, it is important to point out, however, that numerous representatives from your office met with the OCIO on May 26, 2015, during which verbal comments similar to those provided above were conveyed. Unfortunately, the written comment period you established coincided with the timing of several critical developments related to the recent cybersecurity incidents. OPM OCIO's attention and resources were, understandably, focused on responding to those developments and we were unable to provide comments in the requested timeframe. However, I appreciate your consideration of the responses outlined in this memorandum and look forward to continued collaboration between our offices on this critical project.

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

September 3, 2015

MEMORANDUM FOR: PATRICK MCFARLAND
Inspector General

FROM: BETH F. COBERT
Acting Director

SUBJECT: Supplement to Response to Flash Audit Alert – U.S. Office of
Personnel Management's Infrastructure Improvement Project
(Report No. 4A-CI-00-15-055)

During the course of responding to other inquiries, we have identified a portion of a prior
response to your Flash Audit that warrants clarification. Your Recommendation 2 stated that
OPM should "not leverage its existing sole source contract for the Migration and Cleanup phases
of the infrastructure improvement project." Former Director Archuleta provided a written
response on June 22, 2015, in which OPM agreed with the majority of your Recommendation
2. Our further review suggests there may be some confusion resulting from our lack of
specificity in the definitions of the terms "Migration" and "Cleanup," in connection with
describing the scope of the work included in the contract with Imperatis for the Infrastructure
Improvement Project. We are therefore providing the following supplemental information,
which we hope will help clarify and explain the nature of the work to be provided by Imperatis in
connection with these phases.

As you know, the Infrastructure Improvement Project has four key phases – Tactical, Shell,
Migration and Cleanup. As you noted in your Flash Audit, the Tactical Phase is complete and
the Shell is nearly complete. Although the contract contemplates that Imperatis will have work
to do in all four phases, not all aspects of the work required by OPM in phases three and four are
included in the contract with Imperatis. For phases three and four – Migration and Cleanup –
Imperatis's role under the contract will consist of preparation and support, a role necessitated by
the expertise and knowledge they have developed during the design and implementation of the
Shell (phase two), and will not include other components of phases three and four such as
systems modernization (phase three) and disposal of decommissioned equipment (phase four).

The third phase—"Migration"—consists of two major components: modernization of OPM's
many business applications (including re-engineering, data cleanup, and application revisions),
and installation support (the transition of the modernized pieces into the Shell environment – the
literal "migration" of the applications into the Shell). The bulk of the work in this third phase is
the modernization of the applications, and that work is not covered by the contract with
Imperatis. This is reflected in the Statement of Work, incorporated into the contract with
Imperatis, which provides that "The Contractor shall work with OPM business units and existing
operations and maintenance teams to prepare the applications for elevation and transition. The
Government will direct and hold business units and applications owners accountable for
compliance with the requirements necessary to securely operate in the Shell Environment." The

Government will direct and hold business units and applications owners accountable for compliance with the requirements necessary to securely operate in the Shell Environment." The Statement of Objectives, also incorporated into the contract with Imperatis, further states that, to help ensure against organizational conflicts of interest, "work performed under this Project does not include work relating, directly or indirectly, to any OPM business applications. If such work is contemplated in the future, such work may only be added by a mutually agreed Task." OPM will determine the appropriate acquisition strategy or strategies to accomplish the modernization of business applications, as needed.

The fourth phase of the project – Cleanup – will likely be done largely by OPM, with support from Imperatis, and through other contracts depending on the volume and timing of the work. Although the SOW states that Imperatis will "decommission OPM hardware, software, and data after migration into Shell," the SOW then sets forth the components of that work as encompassing the following: "work[ing] closely with OPM to cleanse all data and applications from successfully migrated hardware," "prepar[ing] decommissioned equipment to be disposed of in accordance with OPM's policies, process and procedures, and where appropriate the federal statutes, regulations, and best practices," and "identify[ing] licenses and support agreements for reuse or termination." The SOW does not provide, and OPM does not intend, that Imperatis will dispose of decommissioned equipment; that element of the Cleanup will be done through the existing OPM process.

We hope this additional detail provides a clearer, more precise understanding of the contract and clears up any confusion.