UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Office of the
Inspector General

July 22, 2015

MEMORANDUM FOR BETH F. COBERT
Acting Director

FROM: PATRICK E. McFARLAND
Inspector General

SUBJECT: Serious Concerns Regarding the Office of the Chief Information Officer

I would like to bring to your attention concerns held by the U.S. Office of Personnel Management (OPM) Office of the Inspector General (OIG) regarding OPM's Office of the Chief Information Officer (OCIO). It is imperative that these concerns be addressed if OPM is to overcome the unprecedented challenges facing it today. I am sharing this with you not to accuse any OPM employees of intentional misconduct, but rather to clear the air and rebuild a productive relationship between the OIG and the OCIO.

In certain situations, the OCIO's actions have hindered the OIG's ability to fulfill our responsibilities under the Inspector General Act of 1978, as amended (IG Act). Further, we have found that the OCIO has provided my office with inaccurate or misleading information, some of which was subsequently repeated by former OPM Director Katherine Archuleta at Congressional hearings.

Under the IG Act, we are charged with conducting independent and objective oversight of agency operations so that we may keep you and Congress informed about major problems or deficiencies that we may discover. My office provides you with a unique perspective that hopefully allows you to better evaluate the status of OPM's programs and activities. It is with this in mind that I write to you today.

In the past, the OIG has had a positive relationship with the OCIO. Although the OIG may have identified problems within the OCIO's areas of responsibility, we all recognized that we were on the same team, and the OCIO would leverage our findings in an effort to bring much needed attention and resources to OPM's information technology (IT) program. Unfortunately, this is no longer the case, and indeed, recent events make the OIG question whether the OCIO is acting in good faith.

There appears to be a shift in the attitude of OCIO leadership. It may be best exemplified by a statement made by [redacted]

[redacted]"[1] This is disappointing because I would hope that the OCIO would want to work with my office regardless of whether they are "required" to, but rather because it is in the best interest of the agency to do so.

One result of this new culture is that the OCIO has interfered with, and thus hindered, the OIG's oversight activity. Examples of this are included in Attachment A to this memorandum. One of the most troubling examples is how the agency embarked upon a complex and costly IT infrastructure improvement project without any notification to our office. It is disturbing that the OCIO would exclude the OIG from such a major initiative, especially given the fact that it was undertaken in response to the March 2014 data breach.

In addition, the OCIO has created an environment of mistrust by providing my office with incorrect and/or misleading information. Examples of this are included in Attachment B to this memorandum. (We assume the former Director based the misstatements listed upon information from the OCIO.) It is surprising, given the high level of interest expressed by both Congress and the public, that the Office of Management and Budget (OMB) has not offered any clarification on these serious matters. Our audit team will be reaching out to OMB to discuss this.

I appreciate the interest you have demonstrated in working with us. I look forward to hearing your thoughts on how we can move forward together.

[1] [redacted]

Attachment A:
OCIO's Interference with and Hindrance of OIG Activities

1. **Situation:** In October 2014, due to concerns raised after a security breach at United States Investigative Services (USIS) was identified in June 2014, the U.S. Office of Personnel Management (OPM) Office of the Inspector General (OIG) informed [redacted] of our intent to audit KeyPoint Government Solutions (KeyPoint). At an October 16, 2014 meeting, [redacted] requested that we delay this audit, stating that the U.S. Department of Homeland Security (DHS) had just completed a comprehensive assessment of KeyPoint, which was also in response to the USIS breach. Therefore, [redacted] was concerned that our audit would interfere with KeyPoint's remediation activity. The OIG tries to coordinate our oversight work with the OPM program offices to the maximum extent possible, and so we agreed to delay our audit. We later discovered, however, that OPM became aware in early September 2014 that KeyPoint had been breached. Despite knowing this, [redacted] did not inform OIG staff of the breach in the October 16th meeting when [redacted] requested that we delay our audit work.

   Result: Our audit, which was a comprehensive evaluation of the information technology (IT) security posture of KeyPoint, was delayed for over three months. The DHS review was focused on incident response objectives, and did not have as wide of a scope as [redacted]. In fact, our audit identified a variety of areas that were not part of DHS's review where KeyPoint could improve its IT security controls. [redacted] The delay also prevented us from communicating important information that may have been relevant to the recent Congressional hearings regarding the OPM data breaches.

2. **Situation**: The Office of the Chief Information Officer (OCIO) failed to timely notify the OIG of the first data breach at OPM involving personnel records. OPM did not inform the OIG of the breach until *one week* after it was discovered. In fact, the OIG learned about it only because the OIG Special Agent in Charge (SAC) ran into the OCIO [redacted] in the hallway, and the [redacted] asked the SAC to meet with him later (at which time the SAC was informed of the first breach).

   Result: Failure to include OIG investigators and auditors from the beginning of the incident impeded our ability to coordinate with other law enforcement organizations and conduct audit oversight activity.

3. **Situation**: During the investigation of the second breach involving background investigation files, the OIG requested to attend meetings between OCIO staff, the Federal Bureau of Investigations (FBI), and the DHS U.S. Computer Emergency Readiness Team (US-CERT). [redacted] stated that the OIG could not attend these meetings because our presence would "interfere" with the FBI and US-CERT's work.

   Result: This action is a violation of the Inspector General Act of 1978, as amended (IG Act). The OIG contacted the FBI and US-CERT directly and did indeed meet with them

without adversely affecting the progress of the investigation. These meetings provided the OIG with critical information necessary for our own investigatory and audit work. What [redacted] considered "interference" was simply the OIG fulfilling our responsibilities.

4. **Situation**: The OCIO failed to inform the OIG of a major new initiative to overhaul the agency's IT environment. [2] We did not learn the full scope of the project until March 2015, nearly a year after the agency began planning and implementing the project. This exclusion from a *major* agency initiative stands in stark contrast to OPM's history of cooperation with our office.

   Result: The role of the OIG is to promote economy, efficiency, and effectiveness in the administration of the agency's programs, as well as to keep the Director, Congress, and the public informed of major problems and deficiencies.[3] Because the OIG was not involved, agency officials were denied the benefit of an independent and objective evaluation of the project's progress from the beginning. The audit work that we have performed since learning of this project has identified serious deficiencies and flaws that would have been much easier to address had we been able to issue recommendations earlier in the project's lifecycle.

[2] In fact, during the fall of 2014 the OIG had to repeatedly request that OIG IT support staff (not OIG auditors) be allowed to attend meetings about IT security upgrades that OPM was implementing. In an email exchange discussing the OIG's request to attend, [redacted] At that time, we did not know that these upgrades were actually part of the overarching infrastructure improvement project because OPM never informed us that such a vast project was underway.

[3] IG Act § 2(2)-(3).

Attachment B:
Incorrect/Misleading Information Provided by OCIO

1. [redacted]

2. [redacted]

3. [redacted]

[redacted]

[redacted]

4. [redacted]

[redacted]

[redacted]

5. [redacted]

[redacted]