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United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General

Memorandum Report

Improved Approach Needed to Achieve Government Paperwork Elimination Act Objectives

Report Number IT-A-03-01, December 2002

This report has been reviewed under the Freedom of Information Act (5 USC 552) for public release.

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INTRODUCTION

Rapid advances in information technology (IT) and the World Wide Web are transforming the way in which government and industry organizations share information and conduct business. The federal government seeks to leverage these advances in Internet technology to improve services at lower costs to meet an increasing public demand for government services. Electronic government (e-government) is the reliance on automated means to exchange information within agencies or with other governments, agencies, businesses, or citizens. It is one of five key elements in the *President's Management Agenda*, FY 2002.

Congress passed the Government Paperwork Elimination Act (GPEA)¹ to help agencies meet the e-government goals. The Office of Management and Budget (OMB) provides central direction and oversight of department and agency plans for achieving federal e-government objectives. Agencies must provide the option of electronic exchange of information as a substitute for paper by October 21, 2003.

To help the Department ensure efficiency in its IT management and operations, the Office of Inspector General (OIG) conducted a review of agency-wide efforts to implement GPEA. OIG's review objectives were: (1) to determine how effectively the Department is implementing its plan to meet specific requirements of the GPEA legislation; and (2) to assess the Department's supporting project management structure for developing the plan. OIG also sought to identify any management challenges that exist to effective GPEA implementation. The purpose, scope, and methodology for our review are discussed in Appendix A.

¹Pub. L. No. 105-277, Div C., Title XVII, 112 Stat. 2681-749 (1998).

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RESULTS IN BRIEF

The Department submitted its initial e-government plan and subsequent updates in a timely manner to meet OMB's annual GPEA reporting requirements. However, these submissions have not adequately fulfilled OMB guidelines or met the administration's e-government objectives. Specifically, although the Department's initial plan in 2000 met the basic GPEA requirement to provide an inventory of information collection activities to be made electronic by the law's 2003 deadline, the plan lacked an overarching GPEA vision and strategy. Subsequent 2001 updates to the plan better articulated the Department's GPEA strategy, but fell short in a number of areas, including the failure to link the strategy with key planning processes and an enterprise architecture.²

The Department's ineffectiveness in meeting the reporting requirements can be attributed to the lack of a centralized program management organization, responsible for coordinating and overseeing e-government initiatives and fulfilling GPEA objectives on an enterprise-wide basis. Other federal agencies and comparable projects within the Department have demonstrated the merits of instituting program management offices to accomplish shared objectives across organizational units.

Establishing a full-time, e-government program management office would ensure the focus, accountability, and day-to-day coordination needed to help the Department meet the administration's objectives and GPEA requirements. Such an office would also help the Department meet the challenges of coordinating its GPEA/e-government approach with sound strategies for ensuring security in electronic transactions and the increased use of web-based technologies as it works to modernize its IT infrastructure.

² An enterprise architecture is an integrated framework for evolving or maintaining existing IT and acquiring new technologies to achieve the agency's strategic goals and information resources management objectives.

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BACKGROUND

The *President's Management Agenda* focuses on improving the management and performance of federal government operations through 14 strategic initiatives. One initiative, expanded electronic government, champions a citizen-centered government by empowering citizens, through the use of technology, with access to information when it is needed. GPEA is an important tool in fulfilling the administration's vision for improved customer service and government efficiency. The act requires that federal agencies provide for (1) the option of electronic maintenance, submission, or disclosure of information, when practicable as a substitute for paper; and (2) the use and acceptance of electronic signatures, when practicable, by October 21, 2003. Several examples of e-government transactions include on-line tax-filing, changes to postal addresses, and applications for financial aid or social security benefits.

OMB has published a series of instructional memoranda to assist agencies in meeting GPEA requirements. The guidance specifically required each agency to submit to OMB, by October 2000, its plan for implementing GPEA and to coordinate the plan with strategic IT planning activities that support program responsibilities consistent with the budget process. Agencies were to provide annual updates of their plans in October of each subsequent year until the 2003 deadline. As required by GPEA and other legislation,³ OMB requested that agencies include in their plans information on the use of electronic signatures to authenticate and ensure the security of automated transactions.

³ Including Electronic Signatures (E-Sign) in Global and National Commerce Act: Pub. L. No. 106-229, 114 Stat. 464 (2000).

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REVIEW FINDINGS

DEPARTMENT'S ANNUAL PLAN AND UPDATES HAVE NOT FULFILLED GPEA AND OTHER FEDERAL E-GOVERNMENT OBJECTIVES

The Department's 2000 GPEA plan and 2001 updates were submitted on time to meet annual reporting requirements. However, these submissions have not fulfilled OMB guidelines and the administration's e-government objectives. Specifically, although the Department's initial plan in 2000 met the basic GPEA requirement to provide an inventory of the information collection activities to be made electronic by the October 2003 deadline, the plan lacked an overarching GPEA vision and strategy. The 2001 plan update and additional follow-up information better articulated the Department's GPEA strategy, but still did not document a comprehensive, concerted effort to implement e-government initiatives and fulfill GPEA objectives. OIG believes the Department would benefit from examining and applying the effective GPEA implementation practices of other federal agencies or prior internal project management activities to help ensure that future GPEA plan updates are better linked to enterprise-wide plans and architectures and are driven by related management policies and practices.

Department's 2000 Plan

The Department met the requirements OMB set for reporting on GPEA efforts by October 2000. Initial OMB guidance issued in April 2000⁴ provided background information on GPEA, discussed how agencies could improve service delivery through electronic transactions and signatures, and gave basic policies and procedures for complying with the legislation. In July 2000, OMB issued supplemental guidance that provided a structured, standardized format for first-year agency reporting on GPEA implementation plans.⁵ The additional guidance focused on the types of data that OMB expected each department or agency to include in its October 2000 plans.

⁴ OMB Procedures and Guidance on Implementing the Government Paperwork Elimination Act, Memorandum M-00-10 (Apr. 25, 2000).

⁵ Memorandum for Chief Information Officers (July 25, 2000), from John T. Spotila, Executive Office of the President, Achieving Electronic Government: Instruction for Plans to Implement the Government Paperwork Elimination Act.

OMB feedback on the Department's 2000 GPEA plan in the budget passback in July 2001 stated that the plan was a good start toward meeting the statutory GPEA deadline in a timely manner. However, OMB's foremost criticism was that the Department's plan did not clearly articulate an overarching GPEA strategy and vision. For future plan updates, OMB directed the Department to examine its e-government strategy on a broader level by developing a vision of how to use technology to implement projects with the highest net benefit to the public and the agency. OMB recommended that the Department's vision be integrated into its capital planning and enterprise architecture processes and strategic, performance, and budget plans to prioritize e-government initiatives by the costs, risks, and benefits of making transactions electronic.

Department's 2001 Plan Update

The Department did not fulfill all of OMB's requirements for the 2001 GPEA plan update, earning it an overall score of red on the executive branch scorecard for measuring agency progress in implementing e-government.⁶ In its guidance to departments and agencies on updating their GPEA plans that second year, OMB broadened the scope of the submissions to require more details and agency-wide strategies for achieving e-government objectives. The new requirements were in line with improvements that OMB had recommended in its response to the Department's GPEA submission the previous year. The new requirements also reflected the evolving federal vision for e-government based on the President's Management Agenda.

Specifically, as in the previous year, OMB directed each department or agency to revise its GPEA plan by October 2001, to update its overall strategy for achieving e-government objectives, and to comply with GPEA by the deadline. That second year, however, the update was to address how the agency's GPEA and e-government strategy:

- Integrated plans for transforming agency operations to achieve five specific types of e-government transactions; that is, within the agency, and with other federal agencies, governments, businesses, and citizens;

⁶ OMB's Executive Branch Management Scorecard measures an agency's performance in each of the five government-wide initiatives described in the President's Management Agenda. The scorecard uses three colors to score and evaluate the current status of an initiative and the plans to implement the President's Management Agenda. Green is used to indicate that implementation is proceeding according to plans agreed upon by the agencies. Yellow indicates slippage in implementation schedule, quality of deliverables, or other issues requiring adjustment by the agency in order to achieve initiative goals. Red indicates the initiative is in serious jeopardy and unlikely to realize the objectives absent significant management intervention.

- Related to work to develop and maintain an enterprise architecture;
- Addressed the use of IT and on-line processes to unify and simplify transactions; and
- Were coordinated with IT capital planning processes for ensuring that the most beneficial projects were prioritized for implementation.

In 2001, the Department provided its GPEA plan update in the time frame that OMB required. The updated plan recapped the Department's GPEA strategy, providing improved linkages to the Department's Strategic Plan and summarizing progress in modernizing the IT infrastructure to provide a framework for e-government. The update included a table of the Department's strategies for the five specific types of e-government transactions, cross-referencing these strategies to the Department's International Affairs Strategic Plan, IT Strategic Plan, and the current Performance Plan. The update also set forth several essential supporting capabilities the Department needed to implement the five e-government strategies, including implementation of its OpenNet Plus program to provide employees with Internet access at the desktop and modernization of secret-level networks overseas through the Classified Connectivity Program.

Deficiencies in the 2001 Plan Update

Even though the Department's 2001 GPEA update and the supplemental data provided in response to OMB follow-up requests later in the fiscal year fulfilled the requirements in some of the areas discussed above, the submissions fell short in a number of ways. The Department generally did not take a strategic approach to implementing GPEA to meet evolving federal e-government objectives. OIG found this reflected in a lack of GPEA/e-government linkages to key department-wide planning processes. In the absence of a more comprehensive strategy, the Department used an ad hoc approach to compile its annual GPEA update—an approach that lacked an effective means for identifying high-priority e-government initiatives. The Department also did not link its submission to an enterprise architecture. Many of these deficiencies were not limited to the 2001 submission, but have been typical of the Department's reporting process since GPEA planning began. OIG addresses each of these deficiencies in detail below.

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GPEA/E-Government Approach Not Linked to Key Department-wide Planning Processes

OIG found that the Department's GPEA/e-government approach is not integrated effectively with key strategic and capital planning processes. As discussed above, the Department included in its 2001 GPEA update a strategy and vision for e-government. OMB commented in the budget passback for that year that the Department's strategy was integrated with its capital planning process and that the list of high-priority e-government initiatives reflected clear linkages with its overall strategic plan. However, a working group that IRM established to compile the 2001 update subsequently indicated that high-priority e-government initiatives identified in the submission were not linked with the Department's IT strategic plan.

OIG examined the IT strategic plan to determine the extent to which the plan integrated the Department's GPEA/e-government approach. OIG found that the IT Strategic Plan for FY 2001-2005 outlined a number of changes in the Department's IT program that were needed to support its goal of e-diplomacy. However, the IT Strategic Plan had not been updated to address explicitly objectives of the President's Management Agenda or link to the GPEA legislation. OIG found no overarching document that clearly and comprehensively outlined the Department's e-government vision and strategy.

Similarly, OIG found that the Department had not integrated its GPEA/e-government approach with its IT capital planning process for selecting, controlling, and evaluating technology investments. The Department's GPEA working group indicated that all the resources required to support the high-priority e-government initiatives had not been reviewed by the Department's IT Program Board. Further, Bureau of Information Resource Management (IRM) officials told OIG that nothing had ever explicitly been done at the Department to align GPEA/e-government with the capital planning process. They said that there had never been any advocacy or promotion of GPEA/e-government as an initiative that could compete with other projects for IT funding.

Ad Hoc Approach to GPEA Reporting

The Department used an ad hoc approach to comply with GPEA rather than a comprehensive strategy for coordinating e-government Department-wide. According to the Clinger-Cohen Act,⁷ agency Chief Information Officers (CIO) are to

⁷ Formerly, Information Technology Reform Act: Pub. L. No. 104-106, Div. E, 110 Stat. 679 (1996), 40 U.S.C. 1401.

involve senior executives and program officials in ensuring effective management of IT resources and initiatives. Within the Department, however, the Bureaus of Administration and IRM have had responsibility for complying with GPEA, and comparable program units have had responsibility for their individual e-government initiatives. Bureaus and offices manage information collection activities and e-government initiatives in a decentralized manner; there is no central database or mechanism for tracking all e-government initiatives across the Department. As a result, the Bureau of Administration and the GPEA working group had to send data calls to all relevant bureaus and offices to collect the information needed to develop the Department's GPEA submissions. IRM officials explained that it was generally hard to get commitment from units to send in information requested through data calls, and they had to rely heavily on documentation readily available to compile the required GPEA report.

With this decentralized approach, the Department did not adequately commit resources to address GPEA and e-government oversight and there was no assurance that all of the Department's e-government initiatives were included in the GPEA plan updates. The Department's approach to developing its GPEA plan and updates to OMB was to assign individuals on a collateral or as-needed basis to address the annual reporting requirements. No dedicated program management office, full-time staff, or corresponding resources were provided. In addition, OIG believes that this ad hoc reporting approach resulted in initiatives not being included in the GPEA plan. For example, in November 2001, the Internet Steering Committee issued a memorandum to several Assistant Secretaries concerning access from external organizations to the Department's databases and websites. The memorandum identified several e-government initiatives that could greatly enhance the Department's Internet capabilities and services. However, the steering group released the memorandum after the Department had already submitted its 2001 GPEA update to OMB, and thus, some of the initiatives listed in the memorandum were not included in the update. Officials that OIG interviewed also noted that when they received a copy of the draft submission, it included numerous inaccuracies because the working group had used inconsistent information drawn from a variety of sources.

Ineffective Approach to Identifying High-Priority Initiatives

OIG's analysis of the GPEA submissions showed that the Department had no sound methodology for identifying high-priority GPEA initiatives. In the 2001 plan update, the Department listed 17 high-priority e-government initiatives. The

working group identified the initiatives without having them validated by senior management or bureau officials. They also had established no clear criteria for deciding what should be considered high-priority. Because of time constraints, the working group used existing documentation, such as the Department's Strategic Plan, September 2000, and the Department's Performance Plan, Fiscal Years 2001-2002, to identify the high-priority initiatives. In response to the plan update, OMB had to ask for more details on the initiatives, including the e-government transformation stage that each project would support and estimated completion dates for meeting the 2003 GPEA deadline.

Lack of Linkage to an Enterprise Architecture

The Department did not link its GPEA plan and e-government initiatives to an enterprise architecture. The Clinger-Cohen Act defines an IT architecture as an integrated framework for evolving or maintaining existing IT and acquiring new technologies to achieve the agency's strategic goals and information resources management objectives. An enterprise architecture can clarify and help optimize the interdependencies and interrelationships among an organization's business operations and the underlying IT infrastructure and applications that support them. Managed properly, an enterprise architecture can help in reengineering business processes and serve as a blueprint of the baseline, transition, and target architectures necessary to support an agency's e-government initiatives.

At the time of the 2001 GPEA update, the Department did not have a final enterprise architecture on which to base its submission. OMB reviewed a draft of the architecture and reported in its Executive Branch Management Scorecard for FY 2001 that the architecture was incomplete. The Department revised the enterprise architecture and distributed an updated draft in June 2002 for final review and comment. IRM released the final version of the enterprise architecture in mid-July 2002.

E-Government and GPEA Implementation Practices of Other Federal Agencies

The Department could benefit by considering and applying some innovative GPEA/e-government practices of other federal agencies. In an April 2002 draft report to management, *Establishing an Organizational Framework in the Department of State for Electronic Government*, the GPEA working group noted that several agencies within the federal government have applied innovative and effective approaches to comply with GPEA and implement their e-government programs. The agencies

included the Departments of Housing and Urban Development, Commerce, Energy, Labor, and Transportation.

OIG interviewed officials at several of these agencies to identify their e-government practices and management structures. The foremost practice among these agencies was to articulate clearly their e-government vision and strategy. One agency, for example, had created an e-government strategic plan that clearly outlined the agency's vision for the use of electronic commerce for the next five years. The strategic plan defined the agency's e-government mission, outlined goals and objectives, presented high-level implementation strategies, and identified the required capabilities for successful implementation. In essence, it provided a roadmap for enhancing the agency's leadership in e-government to serve citizens and business partners better and to restore public trust by streamlining core business processes and giving employees the tools and information they needed.

Another effective approach was to use automated means to manage e-government initiatives across agency units. Two of the agencies that OIG visited had developed highly effective agency-wide databases of e-government initiatives. The databases assisted the agencies in managing and tracking the progress of initiatives in their inventories. In addition, the databases helped the agencies prepare accurate GPEA plans and updates for OMB. As part of the database approach, and using the OMB scorecard's green-yellow-red color-coding scheme, one agency developed a scorecard that helped in monitoring and briefing senior management on agency progress in achieving GPEA/e-government objectives.

Officials at the agencies OIG visited cited senior management commitment as the key factor in the success of their e-government initiatives and their progress in complying with GPEA requirements. The CIOs of each agency discussed with their Deputy Secretaries the importance of GPEA/e-government and, in turn, obtained commitment and support for accomplishing these objectives across their organizations. One agency CIO highlighted e-government activities in weekly meetings with the Deputy Secretary. Another CIO empowered officials responsible for managing GPEA to implement meaningful projects to further the goals of e-government.

One agency believed it was important to gain support from management as well as commitment from the program level to ensure success in meeting e-government objectives. In this regard, the Deputy Secretary sent a memorandum to all operating units emphasizing how the agency, through its commitment to a strong e-government program, could dramatically improve service to the American public

while streamlining internal operations. Within the same memorandum, the Deputy Secretary requested that each operating unit designate an e-government liaison to work with the CIO on e-government issues, including GPEA implementation.

Recommendation 1: OIG recommends that the Chief Information Officer, Bureau of Information Resource Management, improve oversight and coordination of the Department's e-government initiatives and formulation of plans for fulfilling requirements of the Government Paperwork Elimination Act by:

- Documenting the Department's GPEA/e-government vision and strategy, linking it to the Department's IT strategic, tactical, and capital investment plans and processes;
- Requiring that bureaus and offices adhere to the stated department-wide GPEA/e-government approach;
- Establishing a structured approach for identifying high-priority e-government initiatives; and
- Ensuring that the GPEA/e-government vision and strategy are integrated with the Department's completed enterprise architecture.

INADEQUATE MANAGEMENT STRUCTURE FOR EFFECTIVE GPEA IMPLEMENTATION

The Department does not have an adequate project management structure in place to ensure effective implementation of GPEA. As a result, there was initial confusion as to which office should take responsibility for responding when OMB requested that the Department submit its plan for GPEA implementation. The Bureau of Administration developed the 2000 plan, but an IRM-led working group assumed responsibility for updating the plan the following year in response to more comprehensive GPEA/e-government requirements. Other federal agencies and prior Department programs have demonstrated the benefits of such central management offices and the potential they have for guiding GPEA/e-government efforts.

Initial Confusion Regarding GPEA Reporting Responsibility in 2000

Initially, there was confusion as to which office should take responsibility for responding when OMB requested that the Department submit its plan for GPEA implementation. In May 2000, the Executive Secretariat, which had received the initial GPEA tasking, forwarded it to the Bureau of Economic and Business Affairs for action because it was believed to be an electronic commerce issue. The Executive Secretariat subsequently redirected the tasking to IRM in June 2000 after determining that there were IRM and Bureau of Administration issues in the plan. Three months later, IRM recommended, and the Executive Secretariat agreed, that the tasking be reassigned to the Bureau of Administration, which was responsible for information collection activities from the public, a key focus of the GPEA plan. Although the CIO initially had responsibility for information collections pursuant to the Paperwork Reduction Act,⁸ in October 1998, the CIO delegated this responsibility to the Assistant Secretary for Administration. Using the data it received from the various bureaus and offices about their information collection activities, the Bureau of Administration compiled the Department's GPEA plan and submitted it to OMB by October 31, 2000.

IRM Working Group Approach to GPEA Reporting in 2001

As a result of the changes that OMB required in the 2001 GPEA plan update, the CIO assumed responsibility for the reporting requirement. The CIO formed a working group of representatives from bureaus and offices with major GPEA responsibilities from across the Department. Using the results of a second call for data, along with information from the Department's strategic and performance plans, the working group compiled the information needed to develop the 2001 GPEA plan update.

Upon completing its work, however, the GPEA working group recognized that although the 2001 GPEA plan update better articulated the Department's e-diplomacy mission and vision, there was no underlying structure to carry it out. In its April 2002 draft report to management, *Establishing an Organizational Framework in the Department of State for Electronic Government*, the working group summarized the

⁸ Public Law 104-13, 44 U.S.C. 3501 *et seq.*

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Department's efforts to implement e-government and meet the goals of GPEA. In the draft, the working group stated that its ad hoc, multibureau approach was not adequate to provide the focus, accountability, and day-to-day coordination that e-government implementation needed. On the basis of its past experience and OMB expectations, the working group concluded that the Department needs a permanent staff to help carry out the ongoing requirement for GPEA/e-government reporting and coordination.

IRM has since drafted a memorandum for the Under Secretary for Management to decide whether IRM should establish a comprehensive organizational framework for e-government to carry out the *President's Management Agenda*, monitor compliance with GPEA, and implement the Department's e-government mission and vision. The draft memorandum notes that the Under Secretary for Management's Office of Management, Policy and Planning has been designated to prepare a Department e-government strategic plan. The draft memorandum also states the need to develop a plan and provide additional resources to IRM to fund and staff the new program management office. As of July 2002, the deputy CIO for architecture, planning and regulations was reviewing the draft memorandum; it had not yet been forwarded to the Under Secretary for Management for a final decision.

Demonstrated Benefits of Institutionalized GPEA Program Management

There are demonstrated benefits to establishing program management offices to address Department IT objectives. The Department has had measurable success in several areas in the past few years with program management offices created to address high-impact projects, including Year 2000 management and ongoing OpenNet Plus efforts to provide employees with desktop access to the Internet. In each instance, the offices brought focus, resources, and accountability to the programs by providing guidance and assistance to bureaus and offices throughout the Department in accomplishing agency-wide goals.

For example, the Year 2000 program management office provided a centralized body to give technical support and guidance, manage the schedule, and track and report progress on Year 2000 management efforts. The office oversaw the testing of every corporate application and witnessed firsthand the problems encountered. The office also took measures to assess and ensure the operational preparedness of overseas posts for the millennium transition. A critical step was development of a contingency planning tool kit, which provided a structure for assessing the status of systems and infrastructures as well as highlighting opportunities for long-term management improvements to Department operations.

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Further, e-government officials from several federal agencies that OIG visited based on the GPEA working group recommendations said that they benefited from establishing centralized organizations to address e-government initiatives. Specifically:

- One federal agency formed an agency-wide e-government working group led by CIO staff and comprised of representatives from all major program offices. The working group conducted visioning sessions with employees and managers at all levels, studied best practices in the public and private sector, and gained support from executive management to develop an e-government strategic plan.
- A second federal agency created an e-government organization, headed by an associate CIO for e-government, which provided leadership and guidance throughout the agency to facilitate the transition to digital government. This office had its Deputy Secretary send a memorandum to all of the agency's operating units directing that they each designate a liaison to support the GPEA/e-government efforts of the central organization.
- A third federal agency created an e-government division within the CIO's office to address not only GPEA, but also the Paperwork Reduction Act and OMB's 24 government wide "Quicksilver"⁹ e-government initiatives. Although, agency operating units were delegated to implement e-government according to their individual needs, the CIO division coordinated and oversaw their activities and took responsibility for GPEA reporting.

A program management office created within the Department to address e-government issues could similarly provide the day-to-day focus and resources to advance the Department's e-government initiatives. The program management office would ensure that bureau and office e-government initiatives are in line with the Department's e-diplomacy mission and vision. A program management office would also be able to meet in a cohesive manner the reporting requirements to OMB and the Congress on the status of the Department's e-government initiatives and GPEA.

⁹ In 2001, OMB instituted a Quicksilver task force to coordinate 24 e-government initiatives that integrate processes and systems across department and agency lines. These initiatives include such shared or federal government-wide activities as payroll processing and export licensing.

Recommendation 2: OIG recommends that the Chief Information Officer, Bureau of Information Resource Management, establish a centralized program management office to provide full-time, day-to-day support for overseeing and coordinating the Department's e-government initiatives and formulating corresponding plans and approaches for meeting legislated GPEA requirements.

ENSURING THE SECURITY OF E-GOVERNMENT TRANSACTIONS

Providing more accessible and efficient government services through web-based communications requires public confidence in the security of the electronic systems and networks used to accomplish these e-government goals. At the same time that electronic systems help improve the way government shares and uses information, conducts business, and delivers services, they must also be able to protect the confidentiality of citizens' information, authenticate the identity of the transacting parties to the degree required by the transaction, and guarantee that the information exchanged is not altered in an unauthorized way. Along with requirements in GPEA and other federal directives, the E-Sign Act promotes the use of digital signatures to ensure security in e-government transactions. One means of doing so is the use of Public Key Infrastructure (PKI), an integrated system of hardware, software, policies, and users that, when fully and properly implemented, can provide a suite of information security assurances that are important in protecting sensitive communications and transactions. PKI has been generally accepted as a key information assurance technology in private industry and has been promoted for use in government by the Federal PKI Steering Committee.

The Department has adopted PKI as its agency-wide means of ensuring security in e-government transactions and in November 1999 established a program office to oversee its implementation. However, the Department has not supported the program with the priority funding, staff resources, and central direction it needs to help accomplish agency-wide GPEA/e-government goals. Through PKI, all authentication is to be done on the Department's websites with no paper documentation and with digital signatures bearing the same legal authority as physical signatures. According to the PKI program manager, the Department already has a hierarchical PKI approach in place and has developed a certificate policy for how PKI will be managed. Additionally, every application within PKI is to have a certificate practice statement, outlining relevant operating and security practices.

To date, PKI has been implemented on a limited basis in the Department to support such pilots as the Foreign Affairs Directory Service, Foreign Affairs Systems Integration, and the Immigration and Naturalization Service Allocation Management System.

Despite this progress, the Department faces a number of challenges to the effective agency-wide PKI implementation necessary to support GPEA and e-government goals. The foremost impediment to successful PKI implementation is inadequate funding. The PKI program office requested \$7.5 million for FY 2002 and approximately the same for FY 2003, with a total of \$27.5 million for the five-year life cycle of the program, to include both domestic and overseas implementation. In comparison, actual funding for FY 2002 consisted of only a \$155,000 base, \$454,000 from the Central Investment Fund, and \$800,000 for a joint contract with the Bureau of Diplomatic Security for a smart card project.

The program office is operating with an insufficient staff of five officials, who have other collateral duties. The office is concentrating on initial PKI deployment and gaining operational experience. However, full implementation of PKI in the Department will require a substantial increase in resources, both for daily operations and for obtaining licenses. Once a PKI infrastructure is in place, the cost structure to operate and maintain it is expected to flatten out.

The PKI program office is also operating without adequate central policy direction. Though it is supposed to be the Department standard, there is no Department policy designating PKI technology as mandatory for information assurance of electronic transmissions. Currently, PKI certification is done on an as-needed basis. The PKI office simply responds to requests for electronic certificates, but has not coordinated with all of the stakeholders across the Department to determine which ones might eventually require support from the PKI program. Further, there is no policy to determine which groups get priority in certification. To date, the certificate policy and certificate practice statements are the only existing Department policies on PKI.

The lack of central policy on department-wide use of PKI is exacerbated by conflicts with existing legal requirements that may in some cases preclude electronic transactions. Perhaps the most glaring example is that of visa applications, which may require a personal appearance before a consular officer. The Bureau of Consular Affairs has halted initiatives to put some parts of this application process on-line because the degree to which such processes should be automated remains undetermined. In other instances, technology used in the Department has not been adequate to meet legal requirements, and the necessary IT fixes have not been

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easily accomplished. For example, the Bureau for Educational and Cultural Affairs has difficulty complying with a congressionally mandated, 15-day grant review process. Because of a systems incompatibility problem, the bureau currently provides voluminous hard-copy grant applications and forms for mandatory Congressional review. The bureau faces problems introducing paperless technologies into the process. Bureau officials also are not sure whether the Department has adequately addressed PKI issues necessary to allow for electronic submissions within this process.

Recommendation 3: OIG recommends that the Chief Information Officer, Bureau of Information Resource Management, develop and implement policies that address how the Public Key Infrastructure program will be managed, when such security and authentication technology should be used, and what organizations should receive priority certification.

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DEPARTMENT COMMENTS AND OUR EVALUATION

We obtained written comments on a draft of this report from the Office of the Under Secretary for Management, Office of Management, Policy and Planning (M/P). We have incorporated the comments where appropriate and included a copy of the comments in their entirety at Appendix B.

In its response, M/P generally concurred with each of the recommendations in the report, but provided clarification or updated information on actions the Department has taken since development of the draft to address OIG concerns. Specifically, M/P agreed with OIG recommendation 1 regarding the need for improved oversight and coordination of the Department's e-government initiatives and specific activities to address in fulfilling GPEA requirements. However, M/P disagreed that these functions are solely the responsibility of the CIO or the Bureau of Information Resource Management. M/P suggested that, because the CIO does not have the ability to impose sanctions for noncompliance across the Department, the functions would be carried out best by a coordinated group of business and technology professionals. M/P said that the Under Secretary for Management and the CIO were reviewing the entire structure of the Department's e-government programs to determine how best to enforce these requirements. OIG agrees with the rationale behind this approach and will continue to monitor centralization and coordination of e-government implementation to keep abreast of progress made.

M/P also agreed with the concept of centralizing program management of e-government and GPEA in OIG recommendation 2. M/P said that, to that end, the Under Secretary for Management has directed review and reform of IT Program Board functions and processes, instituted an e-Diplomacy Office, and created an e-Government Strategic Planning Working Group. M/P believed that creation of the e-Diplomacy Office demonstrates profound commitment to electronic government and is a step toward centralization of program management. M/P also is working with the e-Diplomacy Office and IRM to develop a mission statement for an e-government strategic plan to ensure that the Department's electronic initiatives are both coordinated and suited to the business needs of the organization.

OIG views these changes as important and positive steps toward clearly articulating a Department-wide e-government vision and strategy, integrating e-government with IT investment planning, and involving senior management in these e-

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government processes. OIG anticipates that these changes will go a long way in helping to improve the efficiency of Department operations and, ultimately, the effectiveness of service to the public. OIG remains concerned, however, that the changes do not address specifically how the Department will fulfill the annual GPEA reporting requirement and meet the requirements of the law. This concern is underscored by the fact that the September 23, 2002 deadline for the GPEA update has already passed and, as of November 2002, the Department has not yet finalized its submission to OMB.

In its comments, M/P agreed with OIG recommendation 3 regarding development and implementation of policies that address how the PKI program will be managed, when such security and authentication technology should be used, and what organizations should receive priority certification. M/P said that the Department's existing PKI Office, in cooperation with the Bureaus of IRM and Diplomatic Security and the e-Diplomacy Office, is working to develop and further implement a Department-wide program. M/P said that the e-Diplomacy Office is assisting the PKI Office in prioritizing certifications, which will flow from defined business needs and potential user benefits. Again, OIG agrees with this approach and looks forward to seeing more progress in this area.

In addition to these specific responses to OIG report recommendations, the GPEA working group and the Deputy CIO pointed out that OIG's use in the report of excerpts from draft IRM documents might mislead those who read the report. IRM explained that the documents were not cleared outside of IRM and therefore should not be quoted as official documents or considered as representative of Department policy. Specifically, IRM was concerned about OIG references in the report to two documents drafted for the attention of the Office of the Under Secretary of Management: (1) a draft working group report, *Establishing an Organizational Framework in the Department of State for Electronic Government*; and (2) a draft memorandum on whether IRM should establish a comprehensive organizational framework for e-government to carry out the *President's Management Agenda*, monitor compliance with GPEA, and implement the Department's e-government mission and vision.

OIG does not agree with IRM's concern that references to the draft documents might mislead those who read the report. OIG clearly identifies the documents as draft each time it cites them in the report. OIG does not reference the documents as official or representative of Department policy. Rather, OIG points to the concerns and recommendations that the GPEA working group sought to raise to senior management attention in these documents as positive, though unsuccessful, attempts to improve the Department's e-government implementation and GPEA

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compliance. Clearly, as products of the working group charged with coordinating e-government initiatives and developing the Department's 2001 GPEA submission, the draft report and memorandum cited were essential to OIG's review. OIG believes that it would have been remiss on its part not to acknowledge development of such documents and assess the merits of the information contained therein.

Finally, M/P reiterated that e-government management is not limited to the efforts of the Bureau of Information Resource Management, stating that the CIO, the Under Secretary for Management, and the latter's entire senior management team, consider e-government an integral element of the Department's business practices. M/P further emphasized that the planning and organizational efforts underway reflect this belief and demonstrate the Under Secretary's commitment to advancing the *President's Management Agenda* through its e-government, IT capital planning, and GPEA activities. OIG recognizes the senior management attention and reforms undertaken with regard to e-government management in recent months and, as appropriate, has revised its report to reflect the progress made.

PURPOSE, SCOPE AND METHODOLOGY

To fulfill its review objectives, OIG obtained background information on the legislative requirements of GPEA, including OMB guidance to fulfill those requirements. OIG reviewed background information on e-government implementation. Additionally, OIG obtained and reviewed guidance and background information related to digital signature technology. OIG also studied the Department's 2000 GPEA plan and 2001 updates to OMB and the management structure in place to develop and report on the initiatives detailed in those submissions.

OIG met with officials from the Bureaus of IRM and Administration to discuss the Department's approach to GPEA compliance. OIG examined the Department's 2000 plan and 2001 update and identified the bureaus with the most projects related to GPEA. Based on this analysis, OIG interviewed officials from the Bureaus of Consular Affairs, Educational and Cultural Affairs, Political-Military Affairs, and the Office of International Information Programs to discuss their current GPEA projects. Additionally, OIG met with the program manager of the Department's PKI program office to discuss the Department's posture with respect to the GPEA mandate of implementing a reliable digital signature technology.

OIG met with OMB officials to discuss their expectations and goals for successful GPEA implementation and the linkage between GPEA and the overarching objective of realizing e-government. OIG also discussed with OMB officials their ideas for improving the management structures for implementing GPEA. OIG then met with representatives from the Departments of Housing and Urban Development, Commerce, and Transportation to discuss their GPEA management structures and compare them with the Department's approach.

OIG conducted its review from March to July 2002 at the Department in Washington, DC. OIG performed its work in accordance with generally accepted government auditing standards. OIG obtained comments on a draft of this report from M/P. Major contributors to this report were Frank Deffer, Sondra McCauley, John Shiffer, and Matthew Ragnetti. Comments or questions about the report can be directed to Mr. Deffer, Assistant Inspector General, IT Evaluations and Operations, at defferf@state.gov or (703) 284-2715.

APPENDIX B

DEPARTMENT COMMENTS



United States Department of State

Washington, D.C. 20520

NOV 8 2002

MEMORANDUM

TO: OIG – Frank Deffer

FROM: M/P – Jay N. Ananta 

SUBJECT: Comments on your Draft Audit Report on Implementation of the Government Paperwork Elimination Act (GPEA)

Thank you for the opportunity to provide formal comments on your draft audit report on the Department's Implementation of the Government Paperwork Elimination Act (GPEA). We will address specifics first and then general comments on the draft audit. Your draft audit stated:

Recommendation 1: OIG recommends that the Chief Information Officer, Bureau of Information Resource Management improve oversight and coordination of the Department's e-government initiatives and formulation of plans for fulfilling requirements of the Government Paperwork Elimination Act by:

- Documenting the Departments GPEA/e-government vision and strategy, linking it to the Department's IT strategic, tactical, and capital investment plans and processes;
- Requiring that bureaus and offices adhere to the stated department-wide GPEA/e-government approach;
- Establishing a structured approach for identifying high-priority e-government initiatives; and,
- Ensuring that the GPEA/e-government vision and strategy are integrated with the Department's completed enterprise architecture.

Department Comments: We agree with the OIG's recommendation that these actions should be centralized and coordinated, however, we disagree that this is solely a function of the CIO or the Bureau of Information Resource Management. We suggest that these functions are best carried out by a coordinated group of business practitioners and technology professionals.

The CIO has issued memoranda to the bureaus and offices to inform them of their GPEA responsibilities. They are required to comply and have been apprised of that requirement.

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DEPARTMENT COMMENTS (Continued)

However, the CIO does not now have the ability to impose sanctions for non-compliance among the bureaus and offices in the Department. As noted in our similar response to Recommendation 2 below, the Under Secretary for Management and the CIO are currently reviewing the entire structure of the Department's e-GOV programs and, based on this review, will determine how best to enforce these requirements.

Recommendation 2: OIG recommends that the Chief Information Officer, Bureau of Information Resource Management, establish a centralized program management office to provide full-time, day-to-day support for overseeing and coordinating the Department's e-Government initiatives and formulating corresponding plans and approaches for meeting legislated GPEA requirements.

Department Comments: We agree with the concept of centralizing program management of e-government and GPEA. To that end, the Under Secretary for Management, in consultation with the CIO, took several relevant actions in the past few months which have material impact on this recommendation. Those actions are:

- A formal review by M/P of the entire IT Program Board functions;
- The creation of the office of M/e-Diplomacy (M/eDip);
- The creation of the e-Gov Strategic Planning Working Group; and,
- Reforms of the ITPB process.

We believe the creation of the M/eDip office, staffed with twelve senior State Department business practitioners and reporting directly to the Under Secretary for Management, shows a profound commitment to electronic government and is a step toward centralization of program management. This office will report to M for a period of 18 months, at which time the reporting relationship may be redefined. The e-Gov working group, chaired by M/P, is currently working with M/eDip and IRM in developing the mission statement for the e-Gov Strategic Plan to ensure that the Department's electronic initiatives are both coordinated and suit the business needs of the Department. We expect this Plan to inform future organizational adjustments.

As you know, M/P is responsible for coordination and oversight of the President's Management Agenda (PMA) items within the Department. Electronic Government (e-Gov) is one of those items. Additionally, the Director of M/P has also been elevated to a voting member of the ITPB (Information Technology Program Board). The position on this Board allows M/P an overarching view of the progress toward e-Gov initiatives in PMA, GPEA, and capital investment programs.

Initiatives that are responsive to this recommendation are already under way and several working groups are developing additional and corollary initiatives. We expect that we can report to you concerning their success in the near future.

Recommendation 3: OIG recommends that the Chief Information Officer, Bureau of Information Resource Management, develop and implement policies that address how the Public Key Infrastructure program will be managed, when such security and

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APPENDIX B

DEPARTMENT COMMENTS (Continued)

authentication technology should be used, and what organizations should receive priority certification.

Department comments: The Department concurs in this recommendation, and has an office dedicated to the development of the PKI program. Under the oversight of the CIO, the Department's PKI Office, with the cooperation of DS, IRM and M/eDip, is working to develop and further implement a Department-wide program. Priority certifications will flow from defined business needs and potential benefits to users. M/eDip is assisting the PKI office in this prioritization.

Concluding comments:

The members of the GPEA working group and DCIO Standing point out that the OIG's extensive use of excerpts from draft IRM documents in your audit mislead those who might read the audit. Those documents (a draft memo and a draft working group report) were never submitted to the Under Secretary for Management, were not cleared outside of the Bureau of Information Resource Management and cannot be quoted as official documents or considered as representative of Department policy.

In accordance with the President's Management Agenda, the Under Secretary, the CIO and the entire M Senior Management Team, consider e-Gov programs an integral support element underpinning all of the Department's business practices. Therefore, e-Gov management is not limited to the efforts of the Bureau of Information Resource Management. The e-Gov planning and organizational efforts now underway reflect this belief and demonstrate the Under Secretary's commitment to advancing the President's e-Gov agenda. We believe you agree that the actions taken by the Under Secretary over the past six months illustrate the Department's senior level commitment to electronic government, IT capital planning and GPEA. And, we hope that this new information has informed the final version of this audit.

If you have any questions or would like to meet with me personally, please contact me at 202-647-0093.

Clearance:

A/RPS/DIR: Thelma Furlong (via telephone)

IRM: Roy Standing (in substance)

M: Dick Shinnick 

L: Paula Barton (email)

Cc: M/eDip

RM