



## **OFFICE OF INSPECTOR GENERAL**

### **MEMORANDUM**

**DATE:** March 4, 2003

**TO:** Chairman

**FROM:** Inspector General

**SUBJECT:** Report on the Follow-up Audit on Auction Physical Security at the Portals Site

The Office of Inspector General (OIG) has completed a Follow-up Audit on Auction Physical Security at the Portals Site. A copy of our Report, entitled "Report on Follow-up Audit on Auction Physical Security at the Portals Site" (Audit Report No. 02-AUD-03-11), is attached. The objective of this audit was to determine the current status of conditions identified in Audit Report No. 99-11, entitled "Report on Auctions Physical Security at the Portals site" and issued on September 28, 1999.

To accomplish the objectives of this follow-up audit, we contracted with the consulting firm of Job Performance Systems, (JPS). Under our supervision, JPS first reviewed the status of each condition as reported by FCC management. The JPS review team conducted a site visit to the FCC Headquarters, interviewed staff, reviewed documentation, and performed other tests deemed necessary. Finally, JPS evaluated the status of each finding.

All thirty one (31) findings in the original audit were reviewed. The follow-up audit identified seven (7) findings as open during the audit period. Of the seven (7) open findings, two (2) are rated as high risk, three (3) as medium risk, and two (2) as low risk. These findings have been open for over three years. Five (5) are dependent on action by the General Services Administration (GSA) and one (1) on activity by Republic Properties (the lessor of the Commission's Portals facility).

We recommend that the problems we identified be corrected to strengthen the Commission's physical security program. Our recommendations will correct present problems and minimize the risk that future security problems will occur. All open findings contained in the attached report will be tracked for reporting purposes.

Appendix A of the attached report is a summary of all open audit findings. Appendix B of the

attached report is a summary of all original conditions, open and closed. Appendix C contains the detailed results of our audit.

In a response dated February 20, 2003, the Office of Managing Director (OMD) indicated concurrence with the five of the open findings and recommendations and outlined the corrective planned. For the remaining two findings, OMD undertook corrective action and considers those items to be completed. We concur with OMD's assessment for those two findings and consider them to be closed. We have included a copy of this response in its entirety as Appendix D to this report.

Because of the sensitive nature of the information contained in the appendices to this report, we have classified all as, "Non-Public – For Internal FCC Use Only" and have severally limited distribution. Those persons receiving this report are requested not to photocopy or otherwise distribute this material.

If you have any questions, please contact Thomas Bennett, Assistant Inspector General for Audits at (202) 418-0477.

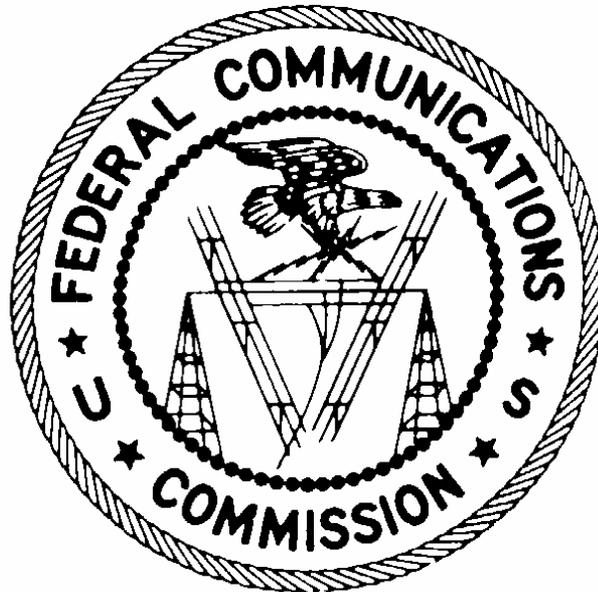
A handwritten signature in black ink, appearing to read "Walker", with a long horizontal flourish extending to the right.

H. Walker Feaster III  
Inspector General

#### Attachments

cc: Chief of Staff  
Managing Director  
Chief, Wireless Telecommunications Bureau  
AMD – PERM

# **Federal Communications Commission Office of Inspector General**



## **Report on Follow-up Audit on Auction Physical Security at the Portals Site**

**Report No. 02-AUD-03-11  
March 4, 2003**

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## **Executive Summary**

On September 28, 1999, the Office of Inspector General (OIG) issued Audit Report No. 99-11 entitled “Report on Auctions Physical Security at the Portals Site.” This report summarized the results of an audit of the physical security for the Commission’s Auctions site located at the Portals II building in Washington, DC. The auction site was moved to the Portals II building when the Commission moved its headquarters operation there in 1998. The objective of the original audit was to determine whether the Portals II facility had sufficient security safeguards to protect Auctions system data. Specifically, the review focused on physical, procedural, and administrative safeguards. The 1999 report noted that significant improvements could be made to increase the security of the Auctions facility at Portals II. The original report contained thirty one (31) findings and the review team concluded substantial physical improvements can be made to more effectively secure the Portals II building and the Auctions facility. The Commission concurred with all of the reported findings and developed corrective action plans to address the findings.

The objective of this audit was to determine which findings from the original audit were closed and which were open. To accomplish this objective, the OIG established an audit team with representatives from Job Performance Systems, Inc. (JPS) to perform the follow-up audit on the Auctions physical security findings from the original report. All thirty one (31) findings in the original audit were reviewed. To achieve our objective, the audit team first reviewed the status of each condition in the original report as reported by FCC management. To determine the appropriateness of the reported status and the current status of conditions, the review team conducted fieldwork from June 4, 2002 through August 28, 2002. JPS conducted a review at the FCC’s Portals II Headquarters on June 4, 2002 through June 7, 2002 to review conditions. An additional site visit was conducted by JPS on July 26, 2002 to follow-up on two conditions. The status of general control conditions, which addressed physical, procedural, and administrative safeguards, were determined through staff interviews, review of documentation, and other tests deemed necessary as provided by the Office of the Managing Director (OMD) and the Wireless Telecommunications Bureau (WTB).

The guideline for performing this audit was the U.S. Department of Justice document, titled “Vulnerability Assessment of Federal Facilities” (DOJ Report), issued June 28, 1995. This report enunciated Department of Justice building security standards developed after the Oklahoma City Murrah Federal Building disaster. Additional guidance was received from the U.S. General Accounting Office (USGAO), report number, T-GGD-98-141, “General Services Administration: Many Building Security Upgrades Made but Problems Have Hindered Program Implementation”, issued June 4, 1998 and other security documents such as in Office of Management and Budget (OMB) Circular A-130, the Computer Security Act of 1987, FCC Directive: FCCINST 1479.1, and Presidential Decision Directive (PDD) 63 entitled “Critical Infrastructure Protection.”

Included in our follow-up audit were the thirty one (31) conditions identified in Audit Report No. 99-11. Of the thirty one conditions reviewed, seven (7) were determined to have an ‘open’ status and twenty-four (24) with a ‘closed’ status. Included in the conditions is one

(1) finding that had been reported to Commission management as closed prior to this audit. As a result of our audit, this condition has been re-opened. On August 28, 2002, we held an exit conference and met with representatives from the OMD and WTB to discuss the preliminary findings. OMD and WTB provided informal written and verbal comments.

In a response dated February 20, 2003, the Office of Managing Director (OMD) indicated concurrence with the five of the open findings and recommendations and outlined the corrective planned. For the remaining two findings, OMD undertook corrective action and considers those items to be completed. We concur with OMD's assessment for those two findings and consider them to be closed. We have included a copy of this response in its entirety as Appendix D to this report.

## **Background**

On September 28, 1999, the OIG issued Audit Report No. 99-11 entitled “Report on Auctions Physical Security at the Portals Site” summarizing the results of an audit of the physical security for the Auctions site, which was relocated to the Portals. The objective of this audit was to determine whether the FCC’s Portals facility has sufficient security safeguards to protect Auctions system data. Specifically, the review focused on physical, procedural, and administrative safeguards.

The 1999 report noted that significant improvements can be made to increase the security of the Auctions facility at Portals II. The original report contained thirty-one (31) findings and the review team concluded substantial physical improvements can be made to more effectively secure the Portals II building and the Auctions facility. The Commission concurred with all of the reported findings and developed corrective action plans to address the findings.

The guideline for performing this audit was the U.S. Department of Justice document, titled “Vulnerability Assessment of Federal Facilities,” issued June 28, 1995. This report enunciated Department of Justice building security standards developed after the Oklahoma City Murrah Federal Building disaster.

Additional guidance was received from the following resources:

- Presidential Decision Directive (PDD) 63, entitled “Critical Infrastructure Protection.”
- OMB Circular A-130, entitled “Management of Federal Information Resources,” as revised on November 30, 2000.
- The Computer Security Act of 1987 (PL 100-235).
- FCC Instruction 1479.2, “Computer Security Program Directive.”
- U.S. General Accounting Office, report number, [T-GGD-98-141](#), “General Services Administration: Many Building Security Upgrades Made but Problems Have Hindered Program Implementation,” issued June 4, 1998.

## **Objective**

The purpose of this audit was to determine the current status of the conditions found in OIG Report No. 99-11. This report summarized the results of an audit of the physical security for the Auctions site, which was relocated to the Portals. The results of this audit were summarized in report Audit Report No. 99-11 entitled “Report on Auctions Physical Security at the Portals Site,” issued on September 28, 1999.

To achieve our objective, the audit team first reviewed the status of each condition as reported by FCC management. To determine the appropriateness of the reported status and the current status of conditions, the review team conducted site visits to the Portals II building at the FCC Headquarters. The status of audit conditions, which addressed control areas of physical, procedural, and administrative safeguards, were determined through walkthroughs, staff interviews, review of documentation, and other tests deemed necessary.

## **Scope**

The scope of this engagement consisted of control weaknesses identified in the OIG's prior report Audit Report No. 99-11 entitled "Report on Auctions Physical Security at the Portals Site," issued on September 28, 1999. The scope of this task order was to determine which findings from the prior audit were closed or open. For closed findings, the contractor performed appropriate tests to determine if the closed status was appropriate. For findings reported as open, the contractor determined if the condition still existed and if the open status was still appropriate.

The review team conducted site visits from June 3, 2002 through August 28, 2002. A site review at the Portals II building and the Auctions facility at FCC Headquarters in Washington, DC was conducted on from June 3, 2002 through June 6, 2002. An additional site visit was conducted on July 27, 2002. An exit conference was conducted on August 28, 2002.

In total, thirty one (31) conditions were reviewed. Our objective was to determine the appropriateness of the status of conditions reported by FCC management and determine which findings from the audit were closed and which were open.

Our procedures were designed to comply with applicable auditing standards and guidelines, including Generally Accepted Government Auditing Standards (GAGAS).

## **Observations**

The original audit of Auctions physical security identified findings in the areas of physical, procedural, and administrative safeguards. Included in our follow-up audit were thirty-one (31) conditions identified in Audit Report No. 99-11. Of the thirty one conditions that were reviewed, the audit identified seven (7) conditions with an 'open' status and twenty-four (24) with a 'closed' status. Represented in the open conditions is one (1) finding that at the time of our audit which had been reported to Performance Evaluation and Records Management (PERM) of OMD as resolved by FCC management prior to this follow-up. As a result, this condition has been re-opened.

Each finding has been categorized by risk ratings of 'High,' 'Medium,' or 'Low'. In assigning ratings, we evaluated each finding to determine potential degree of exposure to FCC based on the following risk ratings.

High Risk: Security risk can cause a business disruption, if exploited.

Medium Risk: Security risk in conjunction with other events can cause a business disruption, if exploited.

Low Risk: Security risk may cause operational annoyances, if exploited.

Of those conditions determined to have an open status, two (2) were classified as having high levels of risk, three (3) as medium levels of risk, and two (2) as low risk levels in the original audit.

These seven (7) findings have been open for over three years. Six (6) depend on activities from organizations other than the FCC for closure. Five (5) are dependent on action by the General Services Administration (GSA) and one (1) on activity by Republic Properties (the lessor of the Commission's Portals facility).

During the review, FCC management took proactive measures to investigate the conditions we initially identified as open and initiated steps to resolve those conditions. As applicable, we have noted such corrective actions in our report.

Appendix A of this report provides the Auctions Physical Security Follow-up- Findings Summary which lists all open conditions identified during fieldwork. The report entitled Auctions Physical Security Follow-up – Summary of Findings is included as Appendix B. This report summarizes all conditions, both open and closed, identified during the follow-up. Appendix C of the report, entitled Auctions Physical Security Follow-up - Detailed Findings, provides detailed information on the conditions identified during fieldwork. Included with the narrative are photographs that illustrate the open conditions or the corrective actions taken. The report also indicates corrective actions reported to have been taken during our audit by FCC management to resolve conditions initially determined to have an open status.

In a response dated February 20, 2003, the Office of Managing Director (OMD) indicated concurrence with the five of the open findings and recommendations and outlined the corrective planned. For the remaining two findings, OMD undertook corrective action and considers those items to be completed. We concur with OMD's assessment for those two findings and consider them to be closed. We have included a copy of this response in its entirety as Appendix D, entitled Findings and Recommendations – OMD Response.

In accordance with the Commission's directive on the management of non-public information, we have classified all appendices as "Non-Public – For Internal Use Only." Those persons receiving this report are expected to follow the established policies and procedures for managing and safeguarding this report in accordance with the Commission directive.