
Interdepartmental Review of the Canadian Patrol Frigate Project

Report on Security



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DND/PWGSC

Interdepartmental Review of the CPF Project: Report on Security

1.1 Summary

1.1.1 This report is a component of an Interdepartmental Review of the Canadian Patrol Frigate (CPF) Project. It presents the results of a review of security concerns by professional security staffs from the Department of National Defence (DND) and from Public Works and Government Services Canada (PWGSC).

1.1.2 To place the results of the security review in context, it is important to appreciate that the CPF Project is the largest Canadian defence procurement ever undertaken. The CPF Project has an approved budget of \$10.4 billion and has developed and produced, in Canada, a world-class warship. This has occurred over a period of fifteen years involving extremely complex contractual arrangements, initiatives to create a Canadian warship building capability and the delivery of 12 operational Frigates. The Project has involved personnel from DND, PWGSC, Industry Canada, as well as prime contractors and sub-contractors. During its peak, the CPF Project employed almost 500 personnel within the Project Management Office (PMO) and its detachments. Several thousand contract personnel were involved in the delivery of the CPF.

1.1.3 The security concerns have encompassed both the overall CPF Program as well as a sub-project for the acquisition of called Combat Systems Trainers (CST). This sub-project, having a budget of \$90M, is for the procurement of computer-based trainers for the maintenance and operation of the CPF combat systems. The security review has examined a variety of concerns, the bulk of which were raised by individuals formerly having some involvement with the CPF Project. Concerns were identified through interviews, correspondence and reviews conducted of the security posture of the CPF Project. The examination ranged from specific concerns where individuals were alleged to have contravened government security policy and practices, to general unspecific concerns related to the management of government information.

1.2 General Assessment

1.2.1 Overall, it has been determined that security associated with the CPF Project was satisfactory. Although security assessments of the CPF PMO since 1978 have identified deficiencies, they were not significant in nature and were addressed by the PMO. With respect to the 22 specific security concerns raised against both DND and PWGSC personnel, 15 have either been specifically refuted or remained unsubstantiated by our review.

1.2.2 *The security review did find certain actions of the CPF PMO members that were contrary to sound security practices. These concerns pertain to the unauthorized release of unclassified government documents, unauthorized disclosure of proprietary information and unauthorized access to government automated systems. Follow-up action may be required in consultation with legal counsel.*

2.1 Review Background

2.1.1 In the Summer of 1994, the DND Directorate of Special Examinations and Inquiries (DSEI) began an examination into allegations of conflict of interest within the CPF Project Management Office (PMO). Subsequently, additional concerns and issues were raised that included; conflict of interest, human resource management, non-performance by contractors, weaknesses in contract management as well as in national and industrial security. Many of the concerns focused on activities, processes and management practices associated with the \$90M sub-project for the acquisition of the CST. These concerns had implications for both DND and PWGSC. As the different allegations, concerns and complaints were raised, different review agencies and mandates became involved.

2.1.2 While this examination was in progress, certain issues involving the CST were reported in November 1994 media coverage. Further coverage occurred in February 1995 when CTV's W5 Program aired a segment that was largely critical of the management of the CPF Project and of the performance of the Frigates. In April 1995, the Acting Deputy Minister DND, with the concurrence of the Deputy Minister PWGSC, directed that the scope of independent review activity be expanded to include value-for-money and probity considerations for the whole CPF Project. Additional issues were raised over the next months.

2.1.3 The magnitude and complexity of the Review cannot be overstated. It has encompassed diverse issues, many of which are departmental in scope, as well as project activities that have taken place over the course of many years. The major topics and the agencies involved in the Review are as depicted in Table 1.

Table 1: Review Roles and Organization

Area of Review	Review Organization
CPF Cost and Capability Comparison	DND/Chief of Review Services (CRS)
CPF Contract Management Framework	DND/CRS & PWGSC/Director General Audit and Review (DGAR)
Combat Systems Trainer Contract Management	Coopers and Lybrand under a contract jointly managed by DND/CRS & PWGSC/DGAR
Conflict of Interest	DND/CRS & PWGSC/DGAR
Security of Information	DND Security and Military Police and PWGSC Internal Affairs/Industrial/ Corporate Security
Human Resource Management	DND Directorate of Civilian Personnel (Material) and PWGSC Staff Relations, Compensation and Systems Directorate

2.1.4 The overall management and co-ordination of the Review has occurred at two levels. An Interdepartmental CPF Review Steering Committee, consisting of DND/CRS and PWGSC/DGAR, oversaw the Review. At the working level, an interdepartmental group of representatives from DND, PWGSC and departmental Security and Human Resources staffs, met on a regular basis to exchange information and to co-ordinate their activities.

2.1.5 The results of the CPF Review are contained in several individual reports as follows:

- a. *Interdepartmental Review of the CPF Contract Management Framework.* (prepared by DND & PWGSC Review staffs).
- b. *CPF Cost and Capability Comparison.* (prepared by DND Review Staff).
- c. *Review of CST Contract Management.* (prepared by Coopers and Lybrand).
- d. *Departmental Reviews of Conflict of Interest.* (DND & PWGSC)
- e. *Human Resources Management.* Allegations/complaints involving human resource management issues were raised against senior personnel in the CPF PMO. These have been investigated and reported by appropriate authorities in accordance with applicable departmental policies. The work was co-ordinated with, but not overseen by, other elements of the CPF Review. As we understand, only one such allegation, involving the distribution of a memorandum in only one official language, has been founded.
- f. *Interdepartmental Review of Security.* (DND & PWGSC)

2.1.6 Specific Review results are presented in these individual reports. This current report presents the detailed results of the review of security for the CPF Project.

3.1 CPF Project Background

Project Initiation

3.1.1 The CPF Project was the culmination of a process initiated in the late 1960s that was intended to replace the ageing steam-driven St. Laurent class of destroyers. Major planning steps to achieve this goal began in November 1977. A Request for Proposal (RFP) was released to industry in 1978 and five contenders responded providing their preliminary designs in a funded competitive definition phase.

3.1.2 The contract to build six new Frigates was awarded to the prime contractor in July 1983. The design and integration of the Frigates' combat and control systems was subcontracted to a new Canadian firm. In addition, a subcontract was awarded to build three of the first six Frigates. The CPF contract was subsequently amended in 1987 to include the construction of an additional six Frigates - all built by the prime contractor - for a total of 12.

Project Magnitude

3.1.3 The CPF Project is the largest defence capital procurement ever undertaken by DND. The total project funding approved by Treasury Board (TB) was \$10.436B (forecasted BY\$), with a funding time line from 1983 to 1998. To accommodate actual escalation rates, the total budget was subsequently adjusted by the CPF PMO to approximately \$9.37B. The Project involved two phases: the first, approved by TB in 1983, authorized the construction of six Frigates to replace the St. Laurent class of destroyer - for a project cost of \$5.435B - with the last ship to be delivered in 1992; the second, approved in December 1987, authorized the construction of six more Frigates and additional funding of \$4.982B. The last ship was contracted to be delivered in 1996.

Project Responsibilities

3.1.4 In order to allocate accountability and responsibility for the management of the CPF, an interdepartmental Memorandum of Understanding (MOU) was prepared in 1983 with the agreement of the three departments involved, namely DND, PWGSC and Industry Canada. DND, as the lead or client department, was responsible for securing the Project end results and for overall management. PWGSC, as the contracting authority, was responsible for providing contracting advice and assistance while ensuring that all CPF procurement activities were carried out in accordance with established governmental regulations and policies. Industry Canada was responsible for ensuring that the industrial benefits expected from the program were realized. Integration and co-ordination of the departmental inputs was accomplished by the establishment of a Senior Review Board (SRB), which served to provide direction and guidance throughout the life of the Project.

3.1.5 Responsibility for the delivery of the 12 Frigates was borne by the prime contractor, the builder of nine Frigates. A primary subcontractor in the first phase of the CPF contract built three Frigates. Another primary subcontractor was responsible for systems integration and combat systems development for all 12 Frigates.

Combat Systems Trainer (CST) Project Background

3.1.6 In 1991 by Treasury Board approval was received to proceed with the CST Project on a sole-source basis with an identified prime contractor who was the principal subcontractor for the larger CPF Project. The CST Project was broken down into two distinct components - the Maintenance Procedures Trainer (MPT) and the Operations Room Team Trainer (ORTT). The overall funding for the CST was established at \$90M. The prime contractor was to assume Total Systems Integration Responsibility (TSIR) for the completion of the contract end deliverables. The purpose of the ORTT project is to develop and provide computer-based trainers to simulate conditions and effects of actions taken by personnel within the Frigate operations room. The MPT project is another computer-based trainer for the training of ship personnel in the maintenance of the combat systems.

3.1.7 In early 1993, the PMO senior management, as well as, the prime contractor, concluded that the CST Project was not progressing as expected, thereby resulting in suspension of the CST contract. Separate interim contracts for continuance with the MPT and ORTT projects were put into place during the summer of 1993 followed by separate restructured contracts for the MPT and ORTT signed in the fall of 1993.

4.1 Approach to the Security Review

4.1.1 The review of the CPF CST Project raised a number of security concerns in addition to the three original concerns raised by CPF PMO. By March 1995, 22 concerns were raised that were to be addressed either by the DND Security and Military Police (SAMP) of the Canadian Forces Support Unit, or by the PWGSC Internal Affairs Division (ISD), the Industrial Security Division (ISD) and/or the Corporate Security Division (CSD). Each concern was addressed on its own merit.

4.1.2 In view of the diverse nature of the security concerns, it was decided to conduct a detailed assessment of the security posture of the CPF PMO in Ottawa. A review of security-related documentation was completed in May 1995, for PMO detachments at Halifax, Esquimalt and for contractor premises in Montreal, Lauzon and Saint John. The security assessment considered previous surveys conducted in 1978, 79, 80, 81, 90, 91, 93 and 95. The security assessment was undertaken to identify which government information and assets required protection, whether an appropriate level of protection was afforded and to identify enhancements to assist management in providing appropriate cost-effective safeguarding of information and assets.. It should be noted that government information and assets, while in the custody of industry, require a commensurate level of protection required in government departments. The findings of the DND security assessment and a similar review by PWGSC have been staffed to the appropriate Assistant Deputy Ministers (ADMs) in both departments.

4.1.3 There were three specific security concerns that were raised by the CPF PMO: a leaked document; a photography incident in the CPF PMO offices, and, the unauthorized

dissemination of proprietary information. These incidents have resulted in individual Military Police reports.

5.1 Security Requirements

5.1.1 To place a number of the concerns identified in this report in context, familiarity with some of the relevant security requirements and practices is necessary. Government Security Policy (GSP) requirements apply to both DND and PWGSC. As well, contractors involved in sensitive government contracts are subject to the same GSP requirements. In essence, this means that the private sector requires the same degree of protection of sensitive government information and assets including requirements for personnel security screening, security containers, access controls, automated processing, and the transmittal of information. In addition, contractors involved in sensitive government contracts require 'facility clearances' which involve government security inspections of the contractor's premises to ensure the GSP requirements are met prior to the contractor receiving sensitive government information. Periodic government security inspections are conducted to ensure the contractor maintains the appropriate protective posture. When sub-contractors are involved in sensitive government contracts, the same rules and practices apply.

5.1.2 International industrial security agreements, as well as, bilateral US/Canada industrial security agreements apply in the case of the CPF project. These agreements, at the government level, essentially ensure that the protective requirements of one country are applied in companies located another, i.e., companies and company personnel are security cleared and physical security controls are maintained. These international agreements also allow for, and control the transfer of, data across the US/Canada border.

5.1.3 Similar to other policies and procedures, security regulations place a degree of trust in individuals who are security cleared and occupying positions that require access to government assets, including information. The security review of the CPF Project identified activities where individuals, security cleared to the appropriate levels and who had access in accordance with their official duties, provided unauthorized disclosure and access to government information to unauthorized non-government personnel. It should be noted no evidence was found that such unauthorized disclosure did not involve Classified information - that is Top Secret, Secret or Confidential.

5.1.4 The CPF Project, during its peak, employed almost 500 personnel within the CPF PMO and its detachments. Several thousand personnel were involved in CPF contracted activities. Since the delivery of the last Frigate, the PMO has been phasing out of the Project. This has resulted in significant reductions of personnel within the PMO and associated companies.

6.1 Review Methodology

6.1.1 Prior to the investigation of the security concerns, an assessment was made to clarify the meaning of each concern, a decision was made as to which department was best suited to conduct the review of each concern, and a methodology for assessment was developed. A detailed examination was then undertaken using relevant CPF Project files, previous interviews conducted by the DND DSEI/ PWGSC Audit and Review Branch staff, and documents provided from outside of the investigating departments. Interviews were also conducted with current/former key personnel of the CPF PMO as well as with sub-contractors who were associated with the CPF Project.

6.1.2 A detailed analysis of each concern can be found in Annex "A". It was possible to group all 22 of the concerns into the following three categories:

- ***Physical security breaches*** - concerns related to the compromise or destruction of information within the CPF PMO.
- ***Information system security*** - concerns related to remote access to the CPF PMO information systems as well as to the loss of electronic data associated with the CPF CST Project.
- ***Unauthorized dissemination or possession of information*** - concerns related to information about the CST being disseminated without approval from the CPF PMO/contractors, or to documentation being held by former DND employees or subcontractors without authority. Several concerns pertain to the possession by subcontractors of background intellectual property developed by other subcontractors with limited rights as defined in the CST contract.

7.1 Results in Brief

7.1.1 Overall, we have determined that security associated with the CPF Project was reasonable. Although security deficiencies were identified in the various security assessments of the CPF PMO since 1978, they were addressed immediately by the PMO and were not considered to be a serious threat. With respect to the recent specific security concerns, 15 of 22 were assessed as having no merit by this review. Some of these proved to originate from hearsay and were not supported by our interview and analysis of documentation. Of the eight concerns which were found to have factual merit, three had no significant impact. Of the five remaining concerns, which had merit, the security damage assessment suggests that action should be taken by management in consultation with legal staff. These pertain to unauthorized: access to the CPF PMO local area network (LAN); possession of government documentation; and, provision/release (leaks) of information.

Physical Security Breaches (Concerns 1 to 6 in Annex A)

7.1.2 We found no evidence to support five of the six concerns to the effect that there were either security breaches by senior managers in the CPF PMO or an unauthorized destruction of files. A review of all annual security surveys conducted in the CPF PMO since 1978 indicated that there were no serious security violations in either the CPF PMO or its detachments. In addition, any file destruction in the CPF PMO was found to involve the routine disposal of draft documentation and older files. An unauthorized photo-taking incident by a PWGSC employee - the subject of another concern - did take place in the CPF PMO offices (Annex "A" Concern 6 refers.) However, there is no cause to conclude that this resulted in real harm to the security of the CPF Project.

Information/System Security (Concerns 7 to 12)

7.1.3 Six security concerns pertained to the loss of CPF electronic data from the CST prime contractor information system or remote access to a CPF PMO information system. There was no evidence to support concerns that CPF electronic technical data was lost by the prime contractor. However, there was evidence to substantiate unauthorized remote access to one of the PMO information systems that the CPF PMO detachments and contractors routinely access. This access was by a former CF member who had worked in the CPF PMO. It is not possible to determine exactly what information was accessed (Annex "A" Concern 12 refers).

Unauthorized Dissemination/Possession of Information (Concerns 13 to 22)

7.1.4 Several concerns pertain to the potential advantage that some contractors may have had if government information was being distributed to them without the approval of the CPF PMO. Although four of these concerns were substantiated, none of the information in question - information associated with the MPT - was classified/sensitive with respect to national security. It was determined that two MPT sub-contractors may have had some advantage due to the possible possession of some MPT contract-related information. However, no subsequent contracts were awarded to these firms. The most significant substantiated concern was the leak of MPT contract-related information by the CPF PMO staff members. While the leaking of this information cannot be linked to a single individual, there is likelihood that the potential sources of the leak are no longer employed in the CPF PMO; as such, the threat of additional information being compromised is assessed as low (Annex "A" Concern 22 refers).

7.1.5 Security concerns related to the Crown not safeguarding contractors' background intellectual property were unsubstantiated. The CPF prime contract required contractors to provide a listing of background intellectual property in the prime contract schedules that granted the Crown "limited rights" or "less than limited rights". This was found to be the case for the CST contract as well. Although MPT background intellectual property was provided to the Crown by the prime contractor, there was one occasion when the MPT project manager (PM) inappropriately provided this intellectual property to a former CF member who had worked in the CPF PMO prior to retirement. There was also an occasion when CPF MPT simulator prototype software was demonstrated without the CPF PMO approval; however, this foreground intellectual property developed for the Crown, and owned by the Crown, was subsequently demonstrated with approval on other occasions.

7.1.6 The conclusions reached for each of the specific concerns relating to contract management have been categorized as follows:

- a. Merit. There is sufficient evidence to substantiate the concern.
- b. Some Merit. There is sufficient evidence to substantiate a concern at a point in time. However, management action was taken to rectify the situation.
- c. No Merit. There is sufficient information to conclude that the concern is not founded. Or, there is insufficient evidence to substantiate the concern.

8.1 Recommendation

8.1.1 It is recommended that the CPF PMO, in consultation with the Judge Advocate General (JAG) and the assistance of the Military Police, take action to seek the return of government documentation possessed without approval by a sub-contractor and a former service member (Annex “A” Concerns 20 and 21). It is also recommended that, in consultation with the JAG, further action be taken by CPF PMO concerning the unauthorized release of MPT-related background intellectual property (Annex “A” Concern 16).

Interdepartmental Review of Canadian Patrol Frigate Report on Security Detailed Analysis of Specific Concerns

Concern No. 1 -- Security Posture of the CPF PMO

With respect to the Maintenance Procedures Trainer (MPT), the CPF PMO was non-compliant with DND security regulations.

Conclusion and Supporting Discussion

No merit. This concern was raised by the review team during their initial assessment of the specific concerns from individuals formerly having some involvement with the CPF Project. In order to address this concern, a physical security survey of the CPF PMO was completed in September 1995 by both DND and PWGSC security staff. A detailed survey was conducted at the PMO in Ottawa, and an assessment was made of security documents relating to PMO detachments at Halifax, Esquimalt and contractor premises in Montreal, Lauzon and Saint John. The DND security survey included a review of prior surveys (conducted between 1978 and 1995) as well as reviews of the classification of MPT documentation, information technology security, methods of information transmission and the security clearance of DND personnel. In previous security surveys, the CPF PMO was found to be compliant with DND security regulations. Although some of the 30 CPF PMO information systems lacked accreditation, all of the MPT information contained therein was unclassified/non-sensitive from a National-Security point of view.

In addition, all DND personnel in the CPF PMO and associated with the MPT were found to have the appropriate security clearances. A similar survey was conducted by PWGSC. Both the DND and PWGSC survey reports were staffed to the respective Assistant Deputy Ministers.

Concern No. 2 -- Unauthorized Destruction of Files

A massive unauthorized destruction of files [occurred] at the 11th floor of the CPF PMO in September 1994 and March 1995.

Conclusion and Supporting Discussion

No merit. Downsizing of the CPF PMO staff in 1994/95, the relocation of PMO staff from contractor sites to the Ottawa PMO, and the conversion of files to microfiche resulted in a significant amount of unnecessary paper documentation. The destruction of these documents is part of the normal house cleaning procedure. There was no evidence of unauthorized destruction of files.

Concern No. 3 -- CPF PMO Security Breach by Senior Project Management

Senior PMO managers were responsible for several security breaches. (names removed)

Conclusions and Supporting Discussion

No merit. A review of Military Police security violation files indicated that the named DND senior manager had no security violations during his employment with the CPF project. The CPF PMO administrator recalled only one occasion when the Military Police filed a security report on the named PWGSC senior manager at the PMO - 190 O'Connor Street. At that time, a non-sensitive document in a file folder with security markings had been left out in the open. The only time the manager recalled downgrading a security marking was on a media file that he believed had been over-classified. In all other respects, the PWGSC manager was not found to have contravened normal office security procedures.

Concern No. 4 -- Qualifications of PM CPF Secretary

The PMO hired a secretary. The incumbent apparently lacked the essential qualifications and security prerequisites for the position and had been working on a temporary help contract or on a term that was about to expire (names removed).

Conclusion and Supporting Discussion

No merit. The secretary was originally referred to the PMO by a Temporary Help Agency to provide clerical support to the Planning and Control Section of the CPF PMO from March to August 1992. Following job performance deemed satisfactory by the manager, the secretary was brought back to the CPF PMO from the same agency on four more occasions, of which the last two in 1994 were to provide secretarial support. The secretary's job performance on these occasions, including her typing skills, was again found to be satisfactory.

On all five occasions, the normal process was followed in hiring temporary help. The most sensitive information to which the secretary had access did not exceed PROTECTED B, which conformed with her enhanced reliability status.

Concern No. 5 -- Monitoring of Telephone Conversations

A Vice-President of a sub-contractor was aware that his telephone conversations with a DND employee had been monitored by his supervisor (names removed).

Conclusion and Supporting Discussion

No merit. The named vice-president did not support this concern. The sub-contractor's telephone equipment does not have the required technology to detect whether conversations are being monitored. The CPF PMO telephone system does not have a third party monitoring capability. The DND supervisor did have the capability to tape conversations on his own telephone or use the speaker on his phone to facilitate the participation of other PMO staff. However, these features do not constitute unlawful monitoring of telephone conversations.

Concern No. 6 -- CPF PMO Photograph Incident

A CPF PMO PWGSC employee was taking pictures within the CPF PMO offices. (name removed)

Conclusion and Supporting Discussion

Merit. The PWGSC employee was taking pictures without authority in the CPF PMO offices in April 1995. The employee stated that the photographs were taken to support a complaint against her supervisor, with respect to working conditions. The employee refused to provide the camera film. There is no evidence to suggest the photo taking incident involved sensitive CPF PMO information.

Concern No. 7 -- Loss of Electronic Data

The delivery shortfall [of technical data] was caused by a loss of electronic data when the data was converted from a UNIX to an ORACLE based system in 1992. The contractor was relying on the receipt of a contract to construct frigates for Saudi Arabia in order to complete the technical documentation. The Saudi contract has since been awarded to a French consortium. (name removed)

Conclusion and Supporting Discussion

No merit. Firstly, the conversion of data from an operating system (UNIX) to a data base application (ORACLE) is not technically feasible. Secondly, the contractor has used a UNIX system since 1990. Interviews with present and former CPF PMO and contractor personnel did not reveal any information to support the concern that there was a switch from one operating system to another or that there was a loss of electronic data. The database contained such information as spare parts lists, inventories, reliability and maintainability reports, manning plans, maintenance plans, and costing details. No sensitive data required for product delivery was stored in the database

Concern No. 8 -- Transmission of Intellectual Property to the US

Intellectual property developed for the Crown is said to have been transmitted via modem to the US by the Americans.

Conclusion and Supporting Discussion

No merit. It is important to note that the complainant did not provide any information to substantiate this concern when given the opportunity to do so by investigators on three separate occasions. Of the 12 Americans the complainant identified as transmitting data to the US, nine were found to have been security cleared to the appropriate level as well as authorized to visit the Canadian contractor through the US/Canada security visit clearance program. The remaining three Americans visited the Canadian contractor for a non-sensitive meeting. It was alleged that data was received by the US parent company and by an American sub-contractor. Such cross-border exchange of information among parties to the same contract is not prohibited. This concern is similar to Concerns 9 and 10.

Concern No. 9 -- Transmission of Data to a US Sub-contractor

Subcontractors associated with the MPT prototype development witnessed many instances when US representatives would transmit data via modem to their office in the US (names removed).

Conclusion and Supporting Discussion

No merit. This concern was found to be similar to Concerns 8 and 10.

Concern No. 10 -- Transfer of Documents to a Related US Defence Contractor

Transfer of highly classified documents from a Canadian prime contractor to a US company, government strategy documents to another US company and high technology documents to another US company (names removed).

Conclusion and Supporting Discussion

No merit. This concern was found to be substantially the same as addressed in Concerns 8 and 9.

Concern No. 11 -- Loss of Sensitive Electronic Data

The Canadian contractor's logistic support (ILS) CPF data base was being maintained by another company. All data would be flown from Canada to the U.S. so the other company could control the configuration (front end analysis). It was decided to switch in 1992. On the switch from a UNIX-based system to an ORACLE-based system the data, the majority of which was classified as SECRET, was lost (names removed).

Conclusion and Supporting Discussion

No merit. Classified data was not stored in the ILS, UNIX or ORACLE databases. These databases contained such information as spare parts lists, inventories, reliability and maintainability reports, manning plans, maintenance plans, and costing details. With respect to the specific ILS system the database was located and maintained in the US and was never transferred to Canada. This concern is similar to Concern No. 8.

Concern No. 12 -- Access to Local Area Network

A DND employee provided his local area network password to an unauthorized user, a retired member of DND. This password provided access to the CPF PMO Integrated Logistic Support Manager (Personnel and Training) (ILSM(P&T)) server. (names removed)

Conclusion and Supporting Discussion

Merit. Following retirement in September 1993, a former DND employee subsequently accessed the ILSM(P&T) server from his residence while working on a joint thesis with a serving DND member. The former employee claimed to have only accessed the ILSM(P&T) server in the presence of the serving DND member. While the CPF PMO

system administrator was advised by the serving member to change the LAN access password in June 1994, the nature of the specific information accessed by the former employee prior to this time cannot be determined. This particular LAN does not contain any classified information. Server dial-through access is still provided to the CPF PMO staff and contractors; however, the LAN passwords are now changed every six months.

Concern No. 13 -- Leaks of Production Strategy

CPF MPT production strategy was leaked through the CPF PMO PWGSC staff to the prime contractor (name removed).

Conclusion and Supporting Discussion

No merit. PM MPT authored the MPT production strategy, which was reviewed by senior CPF PMO PWGSC and DND staff in April 1994. It was determined that the term 'leaked' referred to PMO PWGSC managers providing a draft copy of the MPT production strategy, prepared by DND PMO staff, prematurely to the senior PMO DND manager. Staffing of this production strategy within the CPF PMO is not considered a leak. The contracted MPT prototype was not accepted by the Crown until December 1994 and a subsequent production proposal from the prime contractor was received in February 1995. The terms of the November 1993 MPT prototype contract provided the Crown with an open competition option for follow-on production after consideration of the prime contractor production proposal. Therefore, the prime contractor was aware of the alternative production strategy.

Concern No. 14 -- Spying on a CST Contractor

A senior PMO manager requested a sub-contractor to spy on the prime contractor in July 1994. (names removed)

Conclusion and Supporting Discussion

No merit. The individual raising the concern did not provide specific details on what was meant by "spy". It was determined that in July 1994, 18 DND CPF subject matter experts were working with the prime contractor alleged to have been spied upon. Those DND personnel were in a position to be well aware of the activities of the contractor. Therefore, additional information sources, such as a subcontractor, were not required by the CPF PMO.

Concern No. 15 -- Provision of CPF PMO Proprietary Information to a Sub-contractor

CPF PMO employees believed a senior PMO manager had been providing CPF PMO proprietary information to a sub-contractor (names removed).

Conclusion and Supporting Discussion

No merit. It is important to note that the complainant did not provide any specific examples or additional details to substantiate this concern. When questioned by investigators, persons identified by the complainant denied that they had any specific knowledge of the manager providing proprietary information to a sub-contractor. Due to a similarity in the details of another occurrence, as observed by one of the individuals identified by the complainant, the individual speculated that the manager may have “let something slip” while communicating with the sub-contractor. He subsequently conducted his own investigation and concluded that the manager was not responsible. This concern is similar to concern No. 13.

Concern No. 16 -- Safeguarding of Intellectual Property

The CPF PMO did not safeguard intellectual property being developed for the Crown under the CPF contracts.

Conclusion and Supporting Discussion

No merit. Security procedures within the CPF PMO were adequate to safeguard the intellectual property associated with the CPF contracts. This assessment is also supported by the Coopers and Lybrand review of the CST contract management which determined that both the Crown and the CST prime contractor took adequate measures to safeguard intellectual property. Although procedures were in place to safeguard intellectual property, on one occasion these procedures were bypassed by the PM MPT. Although entitled to access, the PM MPT removed four documents, without authorization, that had been designated as background intellectual property by a sub-contractor. The original documents were later returned to the CPF PMO; however, there is reason to believe that a photocopy of these documents was given by the PM MPT to a retired CPF PMO service member, and, in turn, they were provided to a sub-contractor. In view of the fact that the PM MPT has now retired from the Canadian Forces, CPF PMO should seek advice from the Judge Advocate General whether legal action should be taken.

Concern No. 17 -- Disclosure of Classified Data

A DND service member obtained classified CPF data and gave the information to a US subcontractor (names removed).

Conclusion and Supporting Discussion

No merit. The individual who raised this concern subsequently revised it to only include classified DND software acquired by the DND employee from another DND project. The source of the concern did not actually witness the exchange of the DND data; could not provide specific timings or identification of the alleged documents; and could not provide proof that the US firm was in possession of classified data.

Concern No. 18 -- Disclosure of Advice to the Minister of PWGSC

Unknown individuals in the CPF PMO released, without authority, a copy of the Advice to the Minister of PWGSC regarding the CPF project.

Conclusion and Supporting Discussion

Merit. Between 3 and 5 March 1995, a serving DND member of the PMO advised his supervisor of the discovery that a former DND member of the CPF PMO, had received a facsimile from the CPF PMO that included a copy of the “Advice to the Minister PWGSC” dated 23 February 1995. There is evidence that the “Advice to the Minister on the Canadian Patrol Frigate Maintenance Procedures Trainer Issue” was disseminated by facsimile by CPF PMO personnel. However, the identity of the specific individual responsible could not be proven due to the many potential sources.

Concern No. 19 -- Demonstration of CPF MPT Software

An informal meeting was held by a DND service member at a private residence in Gatineau in May 1994 where software belonging to the CPF given to a US company, as part of an independent verification and validation (IV&V) contract, was demonstrated to a group of civilian and military personnel. (names removed)

Conclusion and Supporting Discussion

No merit. The US firm had lawful possession of the CPF MPT related software for the purposes of the MPT independent verification and validation (IV&V) contract.

Although subsequent demonstrations of the MPT related software in public settings were authorized, on this occasion, the DND service member did not have approval from the CPF PMO to demonstrate the software. This demonstration did not provide an advantage to any of the parties present, as the production phase was awarded to prime contractor.

Concern No. 20 -- Possession of DND Documentation by a Former Service Member

A former DND service member may have in his possession DND documents relating to the MPT project secured prior to his posting from the CPF MPT project and subsequent release in September 1993. (name removed)

Conclusion and Supporting Discussion

Merit. The former CPF PMO service member has/had in his possession DND draft documents that were unclassified/ undesignated. These documents were drafted by the former service member while serving as a member of the CPF PMO. CPF PMO should seek legal advice from the Judge Advocate General as to whether further action should be taken to recover the DND documentation.

Concern No. 21 -- Possession of DND Documentation by a Subcontractor

A sub-contractor may be in possession of DND documentation with no entitlement to hold such documentation. (name removed)

Conclusion and Supporting Discussion

Merit. The sub-contractor has/had in his possession a significant quantity of documentation from various government departments. CPF PMO should seek legal advice from the Judge Advocate General as to whether further action should be taken to recover the DND documentation.

Concern No. 22 -- Unauthorized Release of CPF PMO Documentation

Unauthorized release of CPF PMO documentation.

Conclusion and Supporting Discussion

Merit. As detailed in Concern No. 21, investigators discovered during the CPF Review that a large number of CPF PMO documents had been released without formal

permission. The investigators have therefore focused their attention on the documents that came to light during interviews.

The manager responsible for the CPF PMO information managed by PWGSC, indicated that the documents in question were not released with his permission. A common feature of several of the documents is that they could only have been intercepted by someone who had unrestricted access to the manager's correspondence and files, including the soft copies. Although the investigation has been unable to provide conclusive proof, the balance of probability points toward individuals providing administrative support for this manager at the time the documents in question arrived at or were being developed by his office. The leak of information could not be attributed to a single individual as more than one employee performed administrative support duties. Due to personnel changes, the threat of additional CPF PMO information being compromised by the same means must be assessed as nil to low.
