Treasury Board of Canada   Conseil du Trésor du Canada

Case Type	Overall Risk Assessment	TB No.
Investment Plans and Project Approvals	Low-Medium	837119
	Designation / Classification	**Meeting Date**
	Secret	February 6, 2014

Department(s)
Public Safety Canada (Canadian Security Intelligence Service)

PRÉCIS

SUMMARY:

Cabinet Approval   Cabinet Committee on Priorities and Planning, June 8, 2010

Funding Approval: Budget 2010

The Minister of Public Safety, as Minister responsible for the Canadian Intelligence Service, is seeking Project Approval to extend the Service's secure corporate network environment to its foreign stations as well as expenditure authority of approximately $11 million over three years for the implementation and deployment to the Service's foreign stations. The project is funded from the Service's existing reference levels.

Treasury Board provided Preliminary Project Approval in March 2011 at a total indicative cost estimate of $17.6 million over six years. The current substantive cost estimate of the project is $20.6 million, representing an increase of approximately $3 million over the 2011 estimate. The increase is due largely to increased information security requirements to address recent unlawful disclosures of classified material (i.e. Delisle, Snowden) since Treasury Board provided Preliminary Project Approval in 2011.

Currently, the Service uses inefficient and labour-intensive data-processing and analysis systems to process and report intelligence information obtained at its foreign stations. These outdated processes result in delays that impact the Service's operational effectiveness and jeopardizes the security of its personnel. The new network will allow the Service to provide decision-makers with crucial intelligence information more efficiently and in real-time, in addition to improving the security of the operations and personnel collecting the intelligence.

Phase 1 of the project involved the definition and development of a prototype which was then successfully tested and validated in two foreign stations. The expenditure authority sought in this submission will allow the Service to pursue Phase II of the project, which will see the technology rolled out over a four-year period to its 25 foreign stations. The certification and accreditation process of the system will be carried out by the Communication Security Establishment Canada. CSIS will work with Public Works and Government Services Canada (PWGSC) as the contracting agent for the procurement proces.
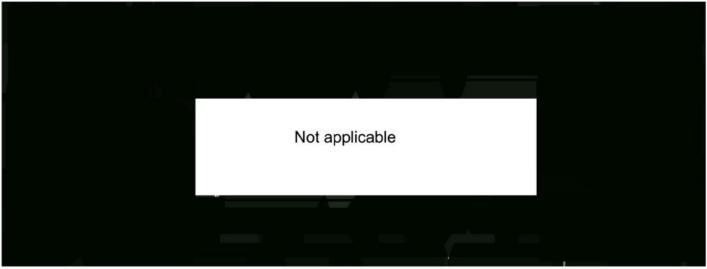
TBS recommends approval.

Source of Funds: Existing Reference Level

Approve (TA)

Canada

CONTEXT:

Not applicable

PROPOSAL:

1. Effective Project Approval is being sought to extend the Canadian Security Intelligence Service's secure corporate network environment to its foreign stations valued at a substantive cost estimate of $20,626,549, inclusive of Harmonized Sales Taxes (HST) of $2,061,483, which represents an increase of $3,055,211 (including HST) from the amount approved in the Preliminary Project Approval.

2. Expenditure authority is being sought at a substantive cost estimate of $10,536,377, inclusive of HST of $909,085, for the implementation, deployment and ongoing support to the Canadian Security Intelligence Service's foreign missions.

BACKGROUND:

The service collects and analyzes information and intelligence that may constitute threats to the security of Canada from across Canada and overseas. The *CSIS Act* also authorizes the Service to engage in cooperation with foreign governments. The Service reports to and advises the Government on national security issues and potential threats.

To do this, the Service relies on intelligence reporting from a number of foreign stations. However, the tools to access and process intelligence information from these foreign stations have not been updated since the Service's foreign collection activities began in the mid-1980s. Foreign stations currently must use cumbersome, labour-intensive and outdated data processing, analysis and communications systems, with significant resources required to collect and process intelligence information at its stations. The Service's analysts at Headquarters in Ottawa must, in turn, manually examine the large amounts of intelligence information received. These outdated processes result in delays that impact the Service's operational effectiveness and jeopardize the security of its personnel collecting the intelligence. Consequently, extending real-time connectivity to foreign stations will allow the Service to meet the Government's growing need for time-sensitive intelligence collected abroad.

Studies conducted in 2010 confirmed that existing commercially available hardware can be used to connect foreign stations to the Service's highly classified and secure network. To do this, the Service is conducting the project in two phases: Phase I involved defining the requirements, developing a viable solution and building and testing a prototype. Treasury Board provided Preliminary Project Approval for Phase I in March 2011, and the prototype has since been successfully deployed in two foreign stations. Phase II will see the deployment and implementation of the new technology in all the Service's foreign stations over a four-year schedule.

EXISTING AND RELATED PROGRAMS/PROJECTS:

There are no existing programs within the Service related to the proposals in this submission.

ANALYSIS:

Currently, the Service uses inefficient and labour-intensive data-processing and analysis systems. Approximately 70 Service employees collect and process intelligence information at more than 25 foreign stations from approximately 22,500 messages per year, and this figure does not included the high volume of extremely sensitive traffic from the Washington station. The new network will allow the Service to provide decision-makers with crucual intelligence information more efficiently and in real-time.

TBS believes that this project is well-managed and, once completed, will deliver considerable benefits to the Government in the more timely and efficient use of information. Actual costs for Phase I are below the estimates provided in 2011 and the prototype has been successfully deployed in two foreign stations.

However, TB Ministers should note that the estimate for the overall project cost has increased from the 2011 estimate by approximately $3M. The increase is mainly due to the implementation of higher information management security standards stemming from the Delisle (the sale of classified material to a foreign government) and Snowden cases (the disclosure of classified material in the public domain). As a member of the Five-Eyes intelligence community (Canada, USA, Great Britain, Australia and New Zealand), the illegal disclosure of classified material in Canada or in any one of the Five-Eyes partners has Significant impacts on how sensitive material is handled and protected by all the Five-Eyes members.

TBS is satisfied that the extra costs related to the higher security standards do not involve an increase in Scope and are justified as the Service could not have anticipated these requirements when they put forward their indicative cost estimates in early 2011.

	2011 estimate	Actual Cost/ Current Estimate
Phase I	10.1 Million	9.8 million (actual cost)
Phase II	7.5 million	10.8 million (current estimate)
Project Total	17.6 million	**20.6 million**

RISK ASSESSMENT AND MITIGATION STRATEGY:

Proposal Complexity – Low

The proposals involve project approvals and expenditures authorities

Organizational Risk – Low-Medium

The service has demonstrated capacity to manage the project. The project presents certain logistical complexities in that it involves transporting sensitive technological equipment to the Service's 25 foreign Stations, many of which are located in developing countries and/or unstable environments.

Issue History Risk – Low

The project is classified and consequently has not been the subject of media or public interest.

Financial Risk – Low

The project is funded from existing reference leveles and the amounts involved are relative low, given the Service's reference levels.