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Internal Audit of Joint Unmanned  
Surveillance and Target Acquisition System  
(JUSTAS) Project

March 2014

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Canada 

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## Acronyms and Abbreviations

ADM(Fin CS)	Assistant Deputy Minister (Finance and Corporate Services)
ADM(Mat)	Assistant Deputy Minister (Materiel)
C Air Force	Chief Air Force
CAF	Canadian Armed Forces
Comd	Commander
CRS	Chief Review Services
DAR	Directorate of Air Requirements
DDPC	Director Defence Program Coordination
DG AF Dev	Director General Air Force Development
DND	Department of National Defence
HLMC	High Level Mandatory Capabilities
JUSTAS	Joint Unmanned Surveillance and Target Acquisition System
MALE	Medium-Altitude Long-Endurance
OPI	Office of Primary Interest
RCAF	Royal Canadian Air Force
RFI	Request for Information
RMP	Risk Management Plan
SOI	Statement of Operating Intent
SOR	Statement of Operational Requirement
VCDS	Vice Chief of the Defence Staff
YFR	Yearly Flying Rate



## Results in Brief

In 2010, Chief Review Services (CRS) conducted an Analysis of Capital Equipment Projects<sup>1</sup> and ranked the Joint Unmanned Surveillance and Target Acquisition System (JUSTAS) project as one of the projects in the Department that demonstrated attributes that would warrant an audit. The project was thus included in the CRS fiscal year 2012/13 to 2014/15 Risk-Based Audit Plan. The objective of the audit was to assess the adequacy of governance, control and risk management practices in place to ensure that the appropriate system functionality and value for money are achieved regarding system acquisition. The option analysis phase of the JUSTAS project was approved in 2005. This combat system will provide the Canadian Armed Forces (CAF) with a strategic unmanned aircraft to detect threats and if necessary, engage these threats in both domestic and international operations. With an indicative<sup>2</sup> acquisition estimate of ||| in the Department's Investment Plan, the project is currently in the options analysis phase and is pursuing policy approval with |||. Due to the limited market for unmanned aircraft that would satisfy all mandatory operational requirements in 2007, the project was delayed for several years to enable a competitive procurement strategy. The JUSTAS project office delivered a leased less capable interim solution for operations in Afghanistan between 2009 and 2011. |||

**Overall Assessment**

The operational requirements were not clear and consistent enough to ensure JUSTAS functionality will satisfy the CAF operational deficiencies. All options to deliver JUSTAS are now being reconsidered to improve value for money. |||, greater oversight of project milestones by the Defence Capability Board and improved risk management are needed to avoid further schedule slippage.

## Findings and Recommendations

**Operational Requirements.** JUSTAS operational requirements lacked clarity and consistency to ensure that all of the CAF capability deficiencies will be addressed by the acquisition. Approximately 46 percent of the requirements were communicated inconsistently in the Statement of Operational Requirement (SOR)<sup>3</sup> when compared to other key operational capability documents.<sup>4</sup> |||

<sup>1</sup> CRS Analysis of Capital Equipment Projects, September 2010 – <http://www.crs-csex.forces.gc.ca/reports-rapports/pdf/2010/155P0926-eng.pdf>.

<sup>2</sup> An indicative estimate is defined in the Department of National Defence (DND) Costing Handbook as an estimate that could vary by plus or minus 25 percent.

<sup>3</sup> “The JUSTAS SOR will define the operational requirements for the acquisition of an unmanned aircraft system”, SOR Jul 12, paragraph 1.3.1.

<sup>4</sup> The SOR was compared to three other documents that specified operational capabilities: July 2012 project office Request for Information (RFI) to Industry, and April 2012 Statement of Operating Intent (SOI) and Concept of Operations (CONOPS) prepared by 1<sup>st</sup> Canadian Air Division.

||||| Any impact that limitations such as these may have on system operability should be reflected in the JUSTAS SOR's full operational capability description.

It is recommended that the Chief Air Force (C Air Force) continue to revise the JUSTAS SOR to reflect full operational capability limitations and align all capability requirements documentation in order to address the CRS observations and examine the impact of the ||| on operations.

**Project Approval Documentation.** In order for the JUSTAS project to be approved, the content of draft project approval documents (JUSTAS Business Case, Project Brief and Charter) needed to be consistent and include all necessary information. ||| To address these shortfalls, CRS provided observations based on the standard contents required in these documents. With assistance of contracted business case expertise and a larger project office, the JUSTAS project office has begun revising these draft documents in order to gain project approval and avoid further delay.

With inputs from the Assistant Deputy Minister (Materiel) (ADM(Mat)), it is recommended that the C Air Force revise the draft JUSTAS Project Brief, Business Case and Project Charter to reflect consistent assumptions, constraints, and the cost of viable options.

**Financial Management.** Based on the latest response by industry to a Request For Information (RFI), some contenders proposed that |||  
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Once further pricing information becomes available, with input from ADM(Mat), C Air Force should submit an Investment Plan Change Proposal to adjust acquisition and in-service support budget within the RCAF envelope if required.

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<sup>5</sup> |||



**Schedule Management.** Immediate operational requirements, changes to the JUSTAS High Level Mandatory Capabilities (HLMC), external constraints on the procurement strategy and inconsistent options analysis have extended the standard two-year options analysis phase to nine years. The limited market for unmanned aircraft that would satisfy all HLMCs in 2007 would have lead to a sole-source procurement that was deemed unacceptable at the time. Operational requirements in Afghanistan demanded that the JUSTAS project office be used to deliver and sustain a less capable leased unmanned aircraft by 2009 for three years. Due in part to changing technology, revisions to HLMCs have included the speed, range, endurance, and intelligence requirements. The project was first tabled at the Defence Capability Board in 2005. The project was not reviewed by the same Board again until 2013 when a review of the JUSTAS HLMCs was requested and given final approval in September 2013. In addition, |||||  
|||||  
||||| The Project Approval Directive does not require the Defence Capability Board to ensure that key project milestones such as the completion of the options analysis phase, are met. Therefore, a project is not obligated to return to the Board on schedule under the current regime.

To ensure projects remain on schedule, the Vice Chief of the Defence Staff (VCDS) should revise the Project Approval Directive, supported by monitoring by VCDS project analysts, to require complex projects<sup>6</sup> in the options analysis phase to report to the Defence Capability Board in accordance with project milestones, and seek the Board's endorsement of any changes to the options to be analyzed.

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**Note:** For a more detailed list of CRS recommendations and management response, please refer to Annex A—Management Action Plan.

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<sup>6</sup> The Treasury Board Project Complexity Risk Assessment tool is applied to every project in the DND capital program to assign a complexity score of 1 to 4. Complex projects are those projects whose Project Complexity and Risk Assessment Level are assessed to be either Evolutionary (3) or Transformational (4).

## Introduction

### Rationale for Audit

In 2010, CRS conducted an Analysis of Capital Equipment Projects and identified the JUSTAS project as one with attributes that merit an audit, primarily due to its strategic importance to the Department, the high dollar value of the project, and its changes in scope and delivery schedule. In accordance with the CRS Risk-Based Audit Plan for fiscal years 2012/13 to 2014/15, CRS conducted an audit of the JUSTAS project beginning in August 2012.

### Background

**Project Acquisition Life Cycle Framework.** According to the Department's Project Approval Directive, typical DND projects have an average project acquisition life cycle of at least 10 years that includes five phases:

- The identification phase, usually nine months in duration, which develops HLMCs, capability options to be analyzed, major project milestones, and a preliminary cost estimate for the investment plan.
- The two-year options analysis phase, which considers the life cycle costs of each option in a business case based on price and availability information from industry, develops a preliminary SOR, obtains government policy approval, and requests expenditure authority for the project definition phase funding by the DND Minister or Treasury Board, depending on the risk profile of the project.
- The two-year definition phase, which develops the final SOR, system specification, issues a request for proposal to industry, and conducts a bid evaluation. Based on the selected contender, expenditure authority for the project implementation phase is requested.
- The project implementation phase, which can take up to five years from the contract award to final delivery of the combat system and in-service support start up.
- The three month project close-out phase, which is necessary to establish the project lessons learned, transition the combat system to life cycle material managers, and complete a project completion report.

Like most DND major capital projects, JUSTAS is subject to project approval authorities both internal and external to the Department before moving from one project phase into the next. The project team must be able to determine “the best way to implement the project” to address the capability deficiencies by the end of the options analysis phase.

**Project Schedule.** The C Air Force approved the JUSTAS project options analysis phase in 2005 “to acquire an unmanned aerial system capability to support CAF domestic and international operations over land, maritime and arctic environments within one single



phase.”<sup>7</sup> The project office is seeking government policy approval in 2014 of |||  

**Project Estimates.** As part of the approval process during the options analysis phase, DND projects must estimate a substantive<sup>8</sup> cost for the definition phase and an indicative cost for the total project. At the time of the audit, the JUSTAS project acquisition indicative cost estimate was ||| and the 20-year long-term sustainment was estimated to be |||

**Context.** The statement of requirement (SOR) for JUSTAS was approved by the Vice Chief of the Defence Staff in November 2006. However, due to a limited market for a drone that included all HLMCs in 2007, |||  
		This sole-source procurement strategy was not considered acceptable at the time by the contracting authority. The unresolved procurement strategy lead to more than a three year delay in the JUSTAS project. To satisfy an immediate operational requirement in Afghanistan, the JUSTAS project office delivered an interim less capable drone to support operations in Afghanistan between 2009 and 2011 that resulted in the delay of the JUSTAS project.		

At the time of the audit the JUSTAS project office had only recently been expanded to expedite the preparation of approval documentation. Therefore, there were no capital expenditures at the time of audit and concerns and issues could be raised to enable downstream improvements before the project incurs any significant costs. The project is already acting on the shortfalls in the SOR and draft project approval documentations that were observed in this audit. The management action plans to address the concerns regarding risk management and sustainment costs are also sound and will address the improvements needed for the remainder of the project. |||  

<sup>7</sup> JUSTAS Project Charter – Options Analysis – Version 2.0, 18 March 2013, paragraph 1.3.1.

<sup>8</sup> Substantive costs are defined in the DND Costing Handbook as a cost variance of plus or minus 15 percent.





## Objective

The audit objective was to assess the adequacy of governance, control and risk management practices in place to ensure the appropriate system functionality and value for money are achieved regarding system acquisition.

## Scope

The audit scope included all project documents and JUSTAS-related information that were available to the audit team from August 2005 to the conclusion of the audit in September 2013. At the time of the audit, the project office was still in the process of updating the indicative cost information, through an RFI from industry for both acquisition and sustainment costs.

## Methodology

Outlined below is the methodology used by the audit team.

- Reviewed the *Canada First* Defence Strategy, Treasury Board and DND policies and directives that relate to capital acquisitions, Industry Canada Industrial and Regional Benefit Policy, and the Project Management Body of Knowledge.
- Examined all project documents uploaded to the Capability Investment Database and provided by the project staff.
- Examined a sample of RFI responses by contenders that met most of the HLMCs.
- Interviewed project office staff and other key stakeholders within VCDS, ADM(Mat), Assistant Deputy Minister (Finance and Corporate Services) (ADM(Fin CS)), Royal Canadian Air Force (RCAF), Treasury Board, Public Works and Government Services Canada and Industry Canada.
- Project costs captured in the Defence Resource Management Information System were also examined.

## Criteria

Audit criteria used to assess the objectives are outlined in Annex B.

## Statement of Conformance

The audit findings and conclusions contained in this report are based on sufficient and appropriate audit evidence gathered in accordance with procedures that meet the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. The audit thus conforms to the Internal Auditing Standards for the Government of Canada, as supported by the results of the quality assurance and improvement program. The opinions expressed in this report are based on conditions as they existed at the time of the audit, and apply only to the entity examined.



## Findings and Recommendations

### Operational Requirements

The operational requirements for JUSTAS have not been clearly and consistently documented.

A SOR is a mandatory project document, drafted in the options analysis phase, to communicate “the characteristics of the operational requirement for a weapons/information/support system”<sup>9</sup> that will be considered for acquisition. The SOR was a logical expansion of the eight HLMCs to ||| requirements to stipulate what specific capabilities the JUSTAS project solution must have. First approved by the VCDS in November 2006, the SOR has been amended several times. However, there are significant inconsistencies and omissions in how operational capabilities are reflected in the July 2012 SOR version when compared with three other key project documents.<sup>10</sup>

#### Good Practices

- Since 2003 DND experiments have been conducted to test unmanned aircraft capabilities.
- Arrangements are in place with two allies to gain experience in unmanned aircraft operations.

### Consistency and Clarity of the Operational Requirements

While it is understood that changes can occur over the life of a project, it is not unreasonable to expect that operational capabilities would be consistently reflected in project documentation given how important they are to project success. However, approximately 46 percent of the operational requirements have not been consistently reflected or adequately communicated in the key project documents. The turnover of military project directors and managers and the lack of documentation version control contributed to the following observations:

- Nine (6 percent) of the requirements in the SOR and the RFI<sup>11</sup> were understated. For example, the JUSTAS operational range is 1,000 nautical miles in the SOR and ||| in other references. The understated range in the SOR may result in a solution less capable than the full industry potential and not meet the CAF operational requirements.

<sup>9</sup> Project Approval Directive 2012, Section B, paragraph 7.3.1.

<sup>10</sup> The April 2012 Concept of Operations provided the detail necessary for procurement, integration and development of a medium-altitude long-endurance (MALE) unmanned aerial system to enhance CAF expeditionary and domestic capabilities. The April 2012 SOI described how the CAF will operate JUSTAS. The July 2012 RFI to industry requested pricing, availability, and technical information.

<sup>11</sup> The technical information requested in the RFI may result in changes to the SOR.



- Thirty-eight (24 percent) of the operational requirements in the SOR were inconsistent with other documentation. For example, the [REDACTED] [REDACTED] was omitted from the SOR. As well, eight operational requirements in the RFI did not align with the HLMC categories in the SOR.<sup>12</sup>
- Twenty-six (16 percent) of the SOR operational requirements lacked sufficient detail. For example, the SOR requires the JUSTAS to operate out of a man-portable air-defence system range, but the range has not been specified. Depending on the type of air defence system, the range could vary from 3.2 to 6 kilometres.<sup>13</sup> A minimum requirement is needed to satisfy the RCAF’s operating intent.

### Limitations on the Full Potential

**YFR.** The number of flying hours flown per year, known as the YFR, is estimated on the number and duration of tasks that will need to be performed by JUSTAS. The specific YFR requirement has not been consistently communicated in the project documents. While the April 2012 SOI specified the YFR at [REDACTED], the YFR in the RFI and the [REDACTED] and [REDACTED], respectively. [REDACTED]  
[REDACTED]<sup>14</sup> [REDACTED]  
[REDACTED]

**Satellite Communication in the Arctic.** In accordance with the *Canada First Defence Strategy*, one of the key CAF roles is “to exercise control over and defend Canada’s sovereignty in the Arctic.” [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]<sup>15</sup>  
[REDACTED]<sup>16</sup> [REDACTED]  
[REDACTED]

<sup>12</sup> The Demand Assigned Multiple Access (DAMA) in the SOR was included in the “Operational Suitability” HLMC, but the same requirement in the RFI was included in the “Interoperability” HLMC.

<sup>13</sup> Source: Australia Department of Foreign Affairs and Trade, *Man-Portable Air Defence Systems (MANPADS)—Countering the Terrorist Threat*, June 2008.

<sup>14</sup> [REDACTED]  
[REDACTED]

<sup>15</sup> [REDACTED]  
[REDACTED]

<sup>16</sup> [REDACTED]



**Summary.** Military staff turnover during the extended options analysis phase and the lack of a “master” record have resulted in inconsistent communication of key JUSTAS operational requirements. The introduction of a civilian project manager and the recent use of the Records, Document and Information Management System have rectified this issue for the future. However, the lack of clear and consistent operational requirements may prove to be an impediment to delivering a system that meets the operational capability needs of the CAF. In addition, the ||| ||| could prevent the JUSTAS from achieving its full potential.

**Recommendation**

1. C Air Force should continue to revise the JUSTAS SOR to reflect full operating capability limitations and align all capability requirements documentation in order to address the CRS observations ||| |||

**OPI:** C Air Force





|||||

**Project Constraints, Assumptions and Risks.** Constraints, assumptions and risks associated with the project have to be communicated clearly to senior management as they impose limitations on how the business needs can be met and the capability is delivered.

||||| It was found that these factors in the JUSTAS project documentation were not consistently documented. For example, the confidence level of the project cost estimate and potential midlife upgrade cost for JUSTAS were not identified in the March 2012 Project Brief. In the options analysis phase the cost estimate variance is expected to be plus or minus 25 percent.<sup>17</sup>

**Summary.** Due in part to the lack of financial information from industry, the rationale and analysis in the draft Business Case and draft Project Brief were insufficient to facilitate an informed investment decision and did not comply with Treasury Board and DND standards. This could result in the project not being approved or significantly delayed. Due to the lack of internal experience, the project director<sup>18</sup> has contracted business case expertise to improve the draft approval documents. As well, the project office has recently been expanded to provide sufficient staff to improve the approval documents.

**Recommendation**

2. With input from ADM(Mat), C Air Force should revise the draft JUSTAS Project Brief, Business Case and Project Charter to reflect consistent assumptions, constraints, and the cost of other viable options.  
**OPI:** C Air Force

<sup>17</sup> DND Costing Handbook, definition of indicative costs, page 5.2.  
<sup>18</sup> Project Director is staffed by Directorate Air Requirements of C Air Force.



|||||

**Recommendation**

3. Once further pricing information becomes available, and with input from ADM(Mat), C Air Force should submit Investment Plan Change Proposal to adjust acquisition and in-service support budget within the RCAF envelope if required.

**OPI:** C Air Force





## Schedule Management

Immediate operational requirements, changes to the JUSTAS HLMCs, inconsistent options analysis, and external constraints on the procurement strategy have extended the options analysis phase from the standard two years to nine years.

It is the Department’s objective to achieve an “average” project life of ten years<sup>23</sup>—two years each for the options analysis and definition phases, five years for implementation, and one year for contracting and project closure. The JUSTAS project has been in the options analysis phase since 2005. Although the original full operational capability for JUSTAS was forecasted to be in 2012, ||||| The primary reason for project delay was an immediate operational requirement in Afghanistan that required the JUSTAS project office to deliver and sustain an interim leased capability for operations for three years as a separate project. Schedule slippage was also due in part to evolving capability requirements and inconsistent options analysis.

**Project Oversight.** At the outset of a project options analysis phase, it is the role of the Defence Capability Board to provide direction on the development of operational capabilities and the concepts of operation for strategic projects to reach a consensus for the SOR.<sup>24</sup> Chaired by the VCDS, the board approved the JUSTAS HLMCs in October 2006 and a milestone of March 2007 to complete the options analysis phase. Once this phase is complete a project should seek endorsement of the definition phase. However, there is no provision in the Project Approval Directive that requires projects to appear before the Board in accordance with their milestones. The project was not tabled again at the Defence Capability Board until July 2013 to revisit the HLMCs. The Defence Capability Board did not work as a key control to reduce the slippage in project delivery in order to mitigate the impact of the capability gap on Defence Readiness.

**Changing Mandatory Capabilities.** Over the last eight years, the mandatory requirements have been revised several times due in part to changing technology. Since the approval of the JUSTAS SOR by the VCDS in November 2006, the HLMC requirements have changed significantly with respect to range, speed, endurance, and intelligence requirements. After a review of the HLMCs, they were approved by the Defence Capability Board in September 2013. However, the JUSTAS project has also been selected as a pilot project for independent review of the HLMCs by a panel that will include a chair external to DND. |||||

<sup>23</sup> DND Project Approval Directive 2011-2012, Section A, paragraph A.X.9.

<sup>24</sup> Project Approval Guide, page 4-61, was the policy in place at the time of the Joint Capability Board (now known as the Defence Capability Board) approval of JUSTAS HLMCs in 2005.



**Operational Options Analysis.** Due in part to changes in technology that provided more options, |||<sup>25</sup> Since December 2012 responsibility for the options analysis phase oversight is now exercised by the Defence Capability Board rather than the Project Sponsor to ensure that viable long-term capability options are adequately considered.<sup>26</sup> However, there is no provision in the Project Approval Directive that requires endorsement by the Defence Capability Board for changes to the options to be analysed.

**Procurement Strategy Constraints.** Although there was only one contender that could satisfy the JUSTAS HLMCs, the project sought approval in 2007. |||<sup>27</sup> Given the lack of contenders that could satisfy all HLCMs in this time period, an interim leased solution with less capability, known as the NOCTUA project, was delivered by the JUSTAS project office and deployed to Afghanistan from 2009 to 2011. More recently, |||

**Summary.** Since 2005, the JUSTAS project was only tabled twice at the Defence Capability Board to receive direction on the capability requirements. ||| Moreover, the project could anticipate a two percent loss in purchasing power for every year of delay in the project spending, according to the DND Economic Model.

**Recommendation**

4. To ensure projects remain on schedule, the VCDS should revise the Project Approval Directive, supported by monitoring by the VCDS project analysts, to require projects in the options analysis phase, whose Project Complexity and Risk Assessment Level is either 3 or 4 to report to the Defence Capability Board in accordance with the project milestones, and seek the endorsement of the Board for any changes to options.

**OPI:** VCDS

<sup>25</sup> |||

<sup>26</sup> Program Guidance Memorandum 013, 27 June 2013, was the formal policy change to the new Defence Capability Board role that will be incorporated in the Project Approval Directive.

<sup>27</sup> |||



## Risk Management

Standard risk management practices that serve to identify, assess, respond to and monitor risk were not in place.

**Risk Identification.** The JUSTAS Risk Management Plan (RMP) did not specify all the tools, techniques and methodology necessary to identify and manage risks to the project. For example, assumptions of the Main Operating Base location and the security constraints were not identified and subsequently managed as risks.

Although a risk planning sheet was specified in the RMP to document all initial details, including the timeframe, source and status of each identified risk, it was not used by JUSTAS until

December 2012. Prior to this time, none of the risks identified in the project approval documentation were recorded in risk planning sheets. The absence of such tracking mechanisms by the project office led to inconsistent management and reporting of risk.

**Risk Assessment.** Risk assessment in the JUSTAS project was not based on comprehensive tools and techniques. For example, the October 2012 Risk Report did not distinguish between inherent and residual risk severity levels for some risks. Other risks had no mitigation plans to substantiate the reduction of the risk severity levels. As well, there was no risk quantification technique to link contingency funds to the impact of risks on project cost and schedule.

**Risk Monitoring and Reporting.** The JUSTAS project RMP did not include a risk monitoring process. As a result, risks in the JUSTAS Risk Report did not include indicators or the triggers to implement the mitigation plans. The lack of risk indicators in the RMP did not enable the project office to assess and monitor the effectiveness of the risk mitigation. As well, the project risks were not always reported annually to the Senior Review Boards, and the type of risk information reported was inconsistent.

**Summary.** The RMP did not include detailed methodologies, and systematic tools and techniques necessary to manage risk. Therefore, there was no significant reduction in the level of risk during the options analysis phase, and the project contingency funds are not linked to the contingency plan for each risk.

### Good Practices

- The JUSTAS project RMP was developed earlier than required during the options analysis phase.
- The risk criteria thresholds in the RMP were revised to improve the assessment of inherent risk.

## Recommendation

5. With input from ADM(Mat), C Air Force should revise the content of the RMP for the JUSTAS project to include all appropriate risk management tools and techniques, and ensure that the plan is implemented.

**OPI:** C Air Force







## Project Approval Documentation

### CRS Recommendation (High Significance)

2. With input from ADM(Mat), C Air Force should revise the draft JUSTAS Project Brief, Business Case and Project Charter to reflect consistent assumptions, constraints, and the cost of viable options.

### Management Action

At the time of the CRS assessment, the JUSTAS Business Case and the Project Brief did not accurately reflect the current options to be evaluated. Both documents were given a low priority for completion as significant effort was required on all other supporting documents. The Project Charter was approved on 18 March 2013. All documents are in the process of being synchronized to reflect consistent assumptions, constraints and viable options. ADM(Mat) through Project Management Office JUSTAS is supporting this effort.

**OPI:** C Air Force/DG AF Dev/DAR 8

**Target Date:** 1 April 2014

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## Financial Management

### CRS Recommendation (High Significance)

3. Once further pricing information becomes available, and with input from ADM(Mat), C Air Force should submit Investment Plan Change Proposal to adjust acquisition and in-service support budget within the RCAF envelope if required.

### Management Action

Detailed costing as part of the Options Analysis phase is in progress. If required, an Investment Plan Change Proposal will be submitted prior to Memorandum to Cabinet submission.

ADM(Mat) through Project Management Office JUSTAS is a key contributor to the costing process and will assist in preparation of an Investment Plan Change Proposal if required.

**OPI:** C Air Force/DG AF Dev/DAR 8

**Target Date:** 31 March 2014



## Schedule Management

### CRS Recommendation (High Significance)

4. To ensure projects remain on schedule, the VCDS should revise the Project Approval Directive, supported by monitoring by the VCDS project analysts, to require projects in the options analysis phase whose Project Complexity and Risk Assessment Level is either 3 or 4 to report to the Defence Capability Board in accordance with the project milestones, and seek the endorsement of the Board for any changes to options.

### Management Action

The Project Approval Directive shall be updated to direct that projects whose Project Complexity and Risk Assessment is either Evolutionary (3) or Transformational (4) are to return to Defence Capability Board in accordance with their approved project milestones to seek endorsement to change the options to be analyzed or to extend their options analysis phase beyond that identified in their project milestones.

**OPI:** VCDS/DDPC

**Target Date:** 1 April 2014

## Risk Management

### CRS Recommendation (Moderate Significance)

5. C Air Force, with input from ADM(Mat), should revise the content of the RMP for the JUSTAS project to include all appropriate risk management tools and techniques, and ensure that the plan is implemented.

### Management Action

The JUSTAS RMP is currently under review to reflect JUSTAS risk management processes and to document risk assessment tools and techniques used by the JUSTAS team to manage project risks. The RMP will serve as a framework for the members of JUSTAS and other stakeholders to identify, analyze, plan, monitor/control, and communicate potential threats or opportunities that could adversely or positively affect the achievement of the project objectives. The JUSTAS team has developed contingency and mitigation plans with assigned funds to reduce inherent risk levels, and address future risk materialization. The JUSTAS team holds bi-weekly risk meetings to regularly



**Annex A**

monitor project risks and update the risk register. This management action is in line with recommendations from the recent Internal Audit of Project Risk Management Practices<sup>28</sup>.

**OPI:** C Air Force

**Target Date:** 31 December 2013

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<sup>28</sup> CRS Internal Audit of Project Risk Management Practices, September 2013, <http://www.crs-csex.forces.gc.ca/reports-rapports/2013/198p0982-eng.aspx>.





## Annex B—Audit Criteria

The audit criteria were assessed using the following levels:

### Assessment Level and Description

Level 1: Satisfactory

Level 2: Needs Minor Improvement

Level 3: Needs Moderate Improvement

Level 4: Needs Significant Improvement

Level 5: Unsatisfactory

### Governance

1. **Criteria.** An adequate monitoring process is in place that uses high-quality, up-to-date and accurate information as the basis for decision making. (Accountability AC-3, AC-4; Stewardship ST-18, ST-20; Governance and Strategic Directions G-6; People PPL-2.)

**Assessment Level 4** – The project constraints, assumptions and risks were not aligned in the draft project Business Case, Project Brief and Charter, which could result in inconsistent information being used for decision making. The significant shortfalls in the draft JUSTAS Business Case provided insufficient justification to ensure the total cost of ownership represents best value. Oversight of project milestones by governance committees was lacking.

### Internal Controls

2. **Criteria.** Operational requirements are in accordance with defence policy, clearly defined, complete, prioritized, consistent and traceable throughout the project activities from SOR development to performance specifications test, evaluation and training plans. (Results and Performance RP-2, RP-3.)

**Assessment Level 4** – The operational requirements were developed to address the capability gap as directed in the *Canada First* Defence Strategy. However, the operational requirements were not defined with adequate clarity and consistency in the project documentation to ensure all capabilities will be met.



