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Statement
of
Mr. Thomas F. Gimble
Principal Deputy Inspector General
Department of Defense

before the

House Committee on Government Reform

on

"Department of Defense Personnel Security Clearance Process"

Mr. Chairman and Members of the House Committee on Government Reform:

Thank you for the opportunity to appear before the committee today to respond to your request to address how DSS can correct the current fiscal crisis and avoid similar scenarios in the future, as well as any insight we may have to ensure that the working relationship between DoD and OPM is as efficient and effective as possible.

Background

The Department of Defense (DoD) maintains approximately 2.5 million DoD-issued security clearances, of which approximately 34 percent are held by industry personnel. The personnel security clearance process has five phases, specifically, security clearance request, investigation, adjudication, appeals, and periodic reinvestigations. In FY 2005, DoD reported 329,000 pending security clearance investigations for DoD military, civilians, and contractors. Delays in completing personnel security clearances negatively impact the ability of both DoD and contractor personnel supporting DoD to do their jobs, many of which are mission critical.

In February 2005, DoD transferred the personnel security investigative function to the Office of Personnel Management (OPM) to improve the timeliness of investigations and to allow DoD to focus on core mission responsibilities. This transfer resulted in the DoD investigative function becoming approximately 80 percent of OPM's investigative workload. During the transition to OPM, as of April 2005, DoD estimated that OPM had returned approximately 20 to 25 percent of the DoD personnel security investigation requests for military and civilian personnel for reasons ranging from missing or outdated references, phone numbers, signatures, or zip codes. The rejections resulted in delays in both the processing and granting of security clearances for DoD military and civilian personnel.

Inspector General Reports

Since 1997, the DoDIG has issued 14 reports, including the most recent, Report No. D-2006-077, "DoD Security Clearance Process at Requesting Activities," April 19, 2006. Cumulatively, the reports address the five phases of the personnel security clearance process. Although the reports have not focused specifically on fiscal issues, many of the issues identified in the 14 reports ultimately have fiscal ramifications. In addition, we are currently performing the "Audit of Transition Expenditures for DoD Personnel Security Investigations for FY 2005," the objective of which is to determine whether expenditures for the transition of personnel security investigations from Defense Security Service (DSS) to OPM were in accordance with the October 16, 2004, Memorandum of Agreement between the Office of the Secretary of Defense (OSD) and OPM. The audit will also assess OPM's rate structure and adjustments for DoD investigations. The audit staff is working jointly with the OPM Inspector General. We anticipate issuing the final report by August 2006.

Our reports have identified longstanding issues and made numerous significant recommendations, that if implemented, could have a positive impact on creating a more efficient and effective personnel security clearance program as well as facilitate a cooperative working relationship between DoD and OPM. We have consistently coordinated our work with GAO, and our findings have been consistent with theirs. Specifically, previous reports have addressed the following: the need to prioritize clearances for mission critical and high-risk positions, data integrity of databases that house personnel security clearance information, policy, and the adequacy of resources. Unfortunately, progress on the implementation of key recommendations has been slow and, as a result, long standing issues remain uncorrected.

Prioritization

In April 2000, we issued Report No. D2001-136, "Security Clearance Investigative Priorities." The principal concern cited in that report was the lack of a

meaningful process for prioritizing the workload. We determined that investigative resources were generally applied on a first in, first out basis; consequently, clearance requests for important programs and higher risk positions often languished while investigators worked on routine cases. In the report, we recommended that the Department develop a comprehensive prioritization method and establish the process and metrics to ensure that investigations were expedited in accordance with the new priority system. Unfortunately, an effective prioritization process, as envisioned by our recommendation, has not come to fruition. The result is that, to this day, actions on key recommendations in that report remain outstanding, and timeliness in conducting security clearances for mission critical and high risk positions is still very much an issue.

Data Integrity

In Report No. D2001-136, "Defense Clearance and Investigations Index Database (DCII)," June 7, 2001, we reported that the data integrity of the database that was the single, automated central repository for investigative and adjudicative information lacked the necessary controls and procedures. As a result, the database includes incomplete and obsolete data. We recommended that the database be scrubbed and periodically reviewed for errors. Although management concurred, the DCII has not been updated. As of March 2, 2006, management has stated that the enhanced version of DCII will no longer contain adjudication or investigation results. However, the DCII was one of the systems used to populate the Joint Personnel Adjudication System (JPAS); a new system that was the single, central record for investigative data. Thus, the data integrity problems in DCII moved to JPAS and are still an issue.

Policy

In response to multiple prior OIG reports since 1997, the USD (I), or its predecessor, the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) [ASD C3I], agreed to update DoD Regulation 5200.2-R, "Personnel Security Program," January 1987 (Change 3 issued February 1996), however, as yet an

updated DoD Regulation 5200.2-R has not been issued. For example, in response to our audit Report No. 97-196, "Personnel Security in DoD," the ASD C3I stated that the regulation was being updated for expected issuance in September 1997. In response to Report No. 98-124, DoD Adjudication Program," ASD C3I expected to issue an update in early 1998. And in November 1998, the ASD C3I stated that the uniform Adjudicative Guidelines and Temporary Eligibility Standards and Investigative Standards, signed by the President in March 1997, would be incorporated into DoD Regulation 5200.2-R no later than January 2000. In response to Report No. 2001-065, "DoD Adjudication of Contractor Security Clearances Granted by the Defense Security Service," February 2001, ASD C3I stated that the regulation would be revised by 2001. Given that the guidance continued to be outdated, we recommended that interim guidance be issued. However, again in Report No. 04-INTEL-05, "Security Clearance Adjudication Functions Contracted Out by DoD," March 2004, we recommended, this time, that the USD (I) update and issue DoD Regulation 5200.2-R. And finally, our latest report made the same recommendation and USD (I) agreed stating that a draft would be staffed in July 2006 with final publication in summer 2007. Given the criticality of the personnel security clearance issues, it is imperative that the release of DoD Regulation 5200.2-R be expedited, sooner than the scheduled summer 2007 release, to reflect the substantial changes in the personnel security clearance process including the transfer of major functions to OPM.

Resources

A number of our reports addressed the impact of increasing workloads which affect both personnel and fiscal resources. For example, in Report No. D-2001-008, "Resources of DoD Adjudication Facilities," October 2000, we recommended that the specific Services and DoD agencies provide the resources required for the central adjudication facilities to adjudicate and process the appeals for the projected security requests. All agencies concurred. However, as of March 2004, when we issued Report No. 04-INTEL-05, "Security Clearance Adjudication Facilities Contracted Out by the

Department of Defense," only the Washington Headquarters Services had adequately resourced the central adjudication facility. At that time, the Navy Central Adjudication Facility was contracting out adjudication support services that had previously been treated as inherently governmental. This matter is still in ongoing negotiations between the DoD Office of General Counsel and USD (I). GAO also recommended in Report No. 04-344, "DoD Personnel Clearances: DoD Needs to Overcome Impediments to Eliminating Backlog and Determining Its Size," February 2004, that DoD identify and implement steps to match the sizes of the investigative and adjudicative workforces to the clearance request workload.

Recent Audit of DoD Security Clearance Process

Our most recent audit report "DoD Security Clearance Process at Requesting Activities" (D-2006-077) focused on impediments to initiating security clearance requests at 26 DoD activities including those from the Military Services and DoD agencies, in locations throughout the United States and 6 locations in Germany. The audit did not address the process for contractor applications for personnel security clearances.

Our audit identified difficulties at all 26 requesting activities, several of which are longstanding issues I just discussed, specifically, data integrity, resources, and policy and guidance. In addition, the recent report also identified issues regarding increased workloads and training needs. Some impediments were internal to DoD, while others specifically related to the transition to OPM.

Security managers at 16 of the 26 requesting activities stated that JPAS contained incomplete or inaccurate data on military and civilian employees including multiple personnel with the same social security number, one person with multiple social security numbers, or information still in the system on personnel that were deceased or separated from Government service. As already discussed, we identified similar data integrity

issues in the DCII, which was used to populate JPAS. Tandem systems ranging from simple Microsoft Excel spreadsheets to more elaborate systems were maintained by 20 of the 26 activities because of JPAS data integrity issues, lack of timely updates to JPAS data, and the inability to correct data themselves.

The report also addressed weaknesses in resourcing and policy. Within USD (I), only one or two people have been responsible for the DoD-wide personnel security clearance program, since we began auditing the personnel security clearance program in 1997. In this case, insufficient staffing severely limited that office's ability to perform its responsibilities to issue DoD-level policy for the personnel security clearance program, and to provide assistance and oversight to the Services and Defense agencies on operating problems and compliance with policy through inspections. As a result, DoD Regulation 5200.2-R, as previously stated, has not been reissued since 1987. Consequently, Service and Defense agency-level policies had not been updated since as far back at 1988, and many DoD Component-level policies have ended up with outdated or incomplete information on key elements of the personnel security clearance process including training, program management, and investigative responsibilities.

In addition to recurring issues identified in both recent and prior reports, the recent report identified that a lack of experience or training, coupled with high turnover, impeded security personnel at the 26 activities from performing their duties effectively. Security personnel ranged from full-time experienced security managers with staffs to personnel performing security duties as collateral duties, in some cases with limited or no training. Where personnel security clearance duties were performed by military, the turnover was even greater because of rotations and deployments. Security managers at 11 of the 26 activities stated they had not attended personnel security clearance training because of limited staffing, lack of training funds, and a lack of defined training requirements.

The recent audit also reported that security managers were experiencing an increase in the number of security clearance requests being initiated for multiple reasons. For example, Executive Order 13292, dated March 2003, expanded the definition of what constituted classified information subsequent to September 11 and the functions requiring clearances related to the Global War on Terrorism, including logistics support, facilities, and infrastructures. Security managers also cited the increase in military operations and deployments since September 11, 2001, as well as the sensitive technology that military personnel now use that has significantly impacted the number of personnel requiring access to classified information. As a result, for example, one location cited an increase from a workload of 5 clearances in FY 2001 to 75 in FY 2003.

Our current report also addressed impediments to an effective and efficient personnel security clearance program regarding OPM. Security managers continued to receive rejected security clearance requests from OPM because of inaccurate data. In some cases, security managers received rejects of the same request multiple times suggesting that the entire form wasn't reviewed for errors before it was originally returned to the requestor. DoD estimated that OPM rejected about 20 to 25 percent of requests as of April 2005.

In June 2005, to assist the USD (I) with oversight, planning, communication, the transition to OPM, and coordination for overseas interviews, DSS established a seven-person DSS Clearance Liaison Office. Unfortunately, however, security personnel at activities we visited had limited, if any, knowledge of the establishment, its responsibilities, or points of contact at the Clearance Liaison Office. Requesting activities in Germany stated that OPM ceased conducting overseas interviews from March through September 2005 or once the overseas investigations resumed, the security offices received only a day's notice of OPM's arrival. One security office, responsible for personnel in more than 90 countries, received only a one day notice to locate personnel for interviews with OPM investigators. This occurred according to security

officials, because no one had informed them of the change to procedures for overseas investigations under OPM. Establishment of the DSS Clearance Liaison Office was an excellent concept to trouble shoot and to assist in the transition to OPM, but if no one is aware of it, its value is limited.

Opportunities for Program Improvement

For almost a decade our audits have continued to highlight serious flaws in DoD's personnel security clearance process. GAO has reported the same. And with a growing demand for clearances for both DoD and contractor employees, including many that are mission critical, the issues will only increase. DoD has taken some steps to address identified problems. Regardless of whether the program is under DoD or OPM, continued progress in addressing systemic problems will not be made without the focused and sustained attention of DoD management.

Perhaps, most importantly, the personnel security clearance program needs strong managerial leadership at the OSD level to include oversight of DSS. DoD needs a current integrated long-range strategic plan with sufficient resources and senior management support to enable OSD to have the visibility and oversight of the entire program to effect necessary changes. Once adequately staffed, that office can better accomplish its oversight responsibility. Strong senior leadership focus is essential to addressing and correcting longstanding issues relating to prioritization, data integrity, policy, and resources, as well as providing efficient management and oversight of an increasingly complex program, and effectively coordinating with OPM.

In addition, DoD, in coordination with OPM, needs to create a transparent process so that the thousands of security personnel responsible for facilitating the process understand the processes, responsibilities, sources for guidance, resources for problem resolution, and vehicles for feedback and dialogue between all parties concerned.

We also believe that DoD needs to anticipate personnel security clearance requirements to assist both DoD and OPM in identifying investigative and funding needs. Since DoD is 80 percent of OPM's workload, an increase in DoD's requirements will greatly impact OPM's ability to timely process requests. Outlining these requirements is a necessary precursor to managing workloads, resource needs, and fiscal needs at either DoD or OPM. In DoD's FY 2005 Annual Statement of Assurance, as required under the Federal Managers Financial Integrity Act of 1982, the USD (I) stated that it will accurately track the number of investigations, cost, and other data for workload projections through improvements in JPAS. Such information should greatly assist in anticipating financial and resource needs.

Finally, the USD (I) also needs to improve communications throughout the DoD personnel security clearance community. This can be accomplished by timely issuing DoD Regulation 5200.2-R to communicate standard processes and policies and to reflect updates given the many changes since the last policy that was issued almost 20 years ago in 1987. In some cases, the Military Services and DoD agencies are delaying publication of their implementing policies awaiting the OSD-level policy, thus guidance is inconsistent at best. The recently established DSS Clearance Liaison Office can be a critical tool in this process to improve communications between DoD and OPM and within DoD. But to be viable and effective, its role and responsibilities must be well known and accessible.

Conclusion

In conclusion, our audits have highlighted significant flaws in DoD's personnel security clearance process, but many key recommendations to address these persistent deficiencies remain unimplemented. Regardless of whether the investigative function remains at OPM or DoD, these longstanding issues must be resolved to make any meaningful progress in reducing the backlog and ensuring a more effective and efficient

end-to-end security clearance process. Resolution of these systemic problems should also contribute to a more fiscally sound program.

This concludes my statement and I would be happy to answer any questions you may have.

GAO AND DOD INSPECTOR GENERAL RELEVANT COVERAGE OF THE DOD SECURITY CLEARANCE PROCESS

Prior Audit Coverage

GAO

GAO Report No. GAO-06-233T, "DoD Personnel Clearances: Government Plan Addresses Some Long-standing Problems with DoD's Program, But Concerns Remain," November 9, 2005

GAO Report No. GAO-05-842T, "DoD Personnel Clearances: Some Progress Has Been Made but Hurdles Remain to Overcome the Challenges that Led to GAO's High-Risk Designation," June 28, 2005

GAO Report No. GAO-04-202T, "DoD Personnel Clearances: Preliminary Observations Related to Backlogs and Delays in Determining Security Clearance Eligibility for Industry Personnel," May 6, 2004

GAO Report No. GAO-04-632, "Additional Steps Can Be Taken to Reduce Backlogs and Delays in Determining Security Clearance Eligibility for Industry Personnel," May 2004

GAO Report No. GAO-04-344, "DoD Personnel Clearances: DoD Needs to Overcome Impediments to Eliminating Backlog and Determining Its Size," February 2004
GAO Report No. GAO-01-465, "More Consistency Needed in Determining Eligibility for Top Secret Clearances," April 2001

GAO Report No. GAO/T-NSIAD-00-246, "DoD Personnel: More Accurate Estimate of Overdue Security Clearance Reinvestigation Is Needed," September 20, 2000

GAO Report No. NSIAD-00215, "DoD Personnel: More Actions Needed to Address Backlog of Security Clearance Reinvestigations," August 24, 2000

GAO Report GAO/T-NSIAD-00-148, "DoD Personnel: Weaknesses in Security Investigation Program Are Being Addressed," April 6, 2000

GAO Report GAO/T-NSIAD-00-65, "DoD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks," February 16, 2000

GAO Report No. NSIAD-0012, "DoD Personnel: Inadequate Personnel Security Investigations Pose National Security Risks," October 27, 1999

DoD Office of Inspector General

DoD IG Report No. D-2006-077, "DoD Security Clearance Process at Requesting Activities," April 19, 2006

DoD IG Report No. 04-INTEL-05, "Security Clearance Adjudication Functions Contracted Out by the Department of Defense," March 31, 2004

DoD IG Report No. 04-INTEL-02, "DoD Security Clearance Adjudication and Appeal Process," December 12, 2003

DoD IG Report No. D-2003-112, "Homeland Security: Contracting Practices of the Defense Security Service for Personnel Security Investigations," June 27, 2003 (FOR OFFICIAL USE ONLY)

DoD IG Report No. D-2001-136, "Defense Clearance and Investigations Index Database," June 7, 2001

DoD IG Report No. D-2001-112, "Acquisition of the Joint Personnel Adjudication System," May 5, 2001

DoD IG Report No. D-2001-065, "DoD Adjudication of Contractor Security Clearances Granted by the Defense Security Service," February 28, 2001

DoD IG Report No. D-2001-019, "Program Management of the Defense Security Service Case Control Management System," December 15, 2000

DoD IG Report No. D-2001-008, "Resources of DoD Adjudication Facilities," October 30, 2000

DoD IG Report No. D-2000-134, "Tracking Security Clearance Requests," May 30, 2000

DoD IG Report No. D-2000-111, "Security Clearance Investigative Priorities," April 5, 2000

DoD IG Report No. D-2000-072, "Expediting Security Clearance Background Investigations for Three Special Access Programs" (U), January 31, 2000 (SECRET)

DoD IG Report No. 98-124, "Department of Defense Adjudication Program," April 27, 1998

DoD IG Report No. 98-167, "Access Reciprocity Between DoD Special Access Programs," February 10, 1998 (CONFIDENTIAL)

Ongoing Audit Projects

GAO

"Quality of DoD's and OPM's Security Clearance Process for Contractor Personnel," GAO Code 350734, August 10, 2005

DoD Office of Inspector General

"Audit of Transition Expenditures for DoD Personnel Security Investigations for FY 2005," Project No. D2006-D000FB-0065.000, November 16, 2005