

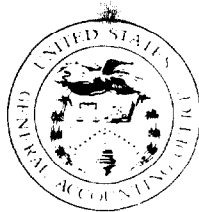
**GAO**

Unclassified Summary to the Honorable  
Barbara Boxer, House of Representatives

May 1989

# SPECIAL ACCESS PROGRAMS

## DOD Is Strengthening Compliance With Oversight Requirements



**National Security and  
International Affairs Division**

B-230522

May 4, 1989

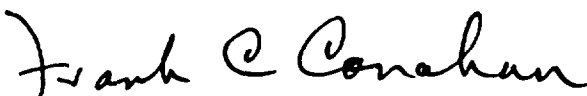
The Honorable Barbara Boxer  
House of Representatives

Dear Mrs. Boxer:

We have reviewed the Department of Defense's procedures for oversight of acquisition special access programs in response to your request of March 12, 1987, and reported our findings in our classified report. This report is an unclassified summary of that report. You asked that we examine the extent of Department of Defense audit and inspection activities for acquisition special access programs and compliance of defense organizations with oversight requirements. We found that the Department of Defense generally is strengthening compliance with its oversight requirements for special access programs.

This report was prepared by Jeffrey D. Phillips and Rae Ann Sapp under the direction of Harry R. Finley, Director, Air Force Issues. Copies of this report are being sent to appropriate congressional committees; the Director, Office of Management and Budget; and the Secretaries of Defense, the Air Force, the Army, and the Navy.

Sincerely yours,

Frank C. Conahan  
Assistant Comptroller General

---

# Summary

---

## Purpose

At the request of Congresswoman Barbara Boxer, who was concerned about reports of unmonitored growth in the defense budget for acquisition special access programs, GAO examined the procedures that the Department of Defense (DOD) uses for oversight and review of such programs. There are three broad categories of special access programs: acquisition, intelligence, and military operations. For this review GAO selected a generally representative sample of about 30 acquisition special access programs from the services and defense agencies and identified the extent of DOD oversight and review activities for the sample programs and DOD compliance with special access review requirements.

This is a summary of a classified report on DOD acquisition special access programs issued March 13, 1989. It is the second of two reports about special access programs. The first report, issued April 1, 1988, concerns the criteria used in the approval process to establish special access programs.

---

## Background

Special access programs are highly classified projects with tightly controlled access and stringent security measures beyond those of standard classified programs. The programs are commonly referred to as "black" programs, although this term is not used in DOD policy. Examples of special access programs are the B-2 Advanced Technology Bomber, Advanced Tactical Aircraft, and Advanced Cruise Missile. Until the President submitted the fiscal year 1989 budget, DOD released information about these three programs, even their funding levels in some cases, to the Congress on a selective basis for security reasons. Similar information about other special access programs remains tightly restricted.

DOD Information Security Program Regulation 5200.1-R, revised in June 1988, stipulates establishment and oversight requirements for all DOD special access programs. Public Law 100-180, the fiscal year 1988 defense authorization act, required DOD to report special access program information to House and Senate defense committees to enhance congressional oversight regarding such programs.

---

## Results in Brief

Over the past few years, DOD has increased its internal activities and requirements for oversight and review of special access programs within the services and the Office of the Secretary of Defense (OSD). More audit and inspection agencies and DOD-wide oversight bodies for special access programs monitor programs across the services and defense agencies than before. For example, the number of DOD audit and

---

inspection agencies reviewing special access programs has increased from two to eight since 1978. In addition, the broadened oversight role of the Office of the Under Secretary of Defense (Acquisition) and a restructuring of OSD for special access program coordination are positive steps toward supporting OSD's monitoring and coordination capabilities.

Despite the growth of special access program oversight activity, DOD security oversight and compliance with requirements of DOD Regulation 5200.1-R and DOD Directive 5205.7 for such programs could be strengthened. For example, the Air Force and the Navy have not provided the Deputy Under Secretary of Defense (Policy) with annually required reports on program security and audit activities, hindering his ability to oversee security and regulatory compliance reviews. The Defense Investigative Service has had difficulty acquiring an increased role for security reviews of acquisition special access programs because the Air Force and the Navy generally do not give the Service security inspection responsibility for such programs.

---

## Principal Findings

---

### Extent of DOD Audit and Inspection

DOD audit and inspection review of its acquisition special access programs has been increasing over the past few years. DOD organizations that exercise such review of acquisition special access programs include the DOD Inspector General, Defense Contract Audit Agency, and service audit and inspection agencies. Organizations such as the Navy Inspector General and Air Force Systems Command Inspector General are focusing new attention on the special access area, whereas other agencies, such as the Air Force Audit Agency, Army Audit Agency, and Naval Audit Service, continue long-term efforts.

Limitations to auditing special access programs have been encountered in obtaining program accesses for staff in a timely manner. The Secretary of Defense has reaffirmed his support for requisite access to DOD special access programs for the DOD Inspector General pursuant to his statutory responsibilities.

---

### DOD Security Oversight Could Be Strengthened

The role of the Deputy Under Secretary of Defense (Policy) for reviewing security and compliance with the DOD Information Security Program Regulation 5200.1-R has been hindered by two services' inconsistent

---

compliance with reporting requirements stipulated by the regulation. As a result, necessary information is not readily available for the official's use to exercise his responsibilities effectively. The Air Force and the Navy do not routinely provide annual reports and reports of acquisition special access program establishment and termination to the Deputy Under Secretary, as the regulation requires.

The Defense Investigative Service's role of conducting security reviews of defense contractor facilities has been limited for acquisition special access programs. The Air Force and the Navy use "carve-out" contracts, which are contracts removing security inspection responsibility for industrial facilities from the Defense Investigative Service. According to the Service, the number of "carve-out" contracts has grown from 63 in 1971 to 1,061 in 1987. The Air Force and the Navy have given the Service little increased security inspection responsibility for their special access programs' contractor facilities, despite recommendations by the 1984 DOD Industrial Security Review Committee and the 1985 Commission to Review DOD Security Policies and Procedures. The Service assumed full security inspection duties for the Army in 1987.

---

## DOD Oversight Requirements Expanded

DOD has taken some positive steps to enhance OSD's monitoring and coordination capabilities. The role of the Office of the Under Secretary of Defense (Acquisition) has been broadened to ensure that acquisition special access programs are subject to DOD review procedures. The office is required to coordinate OSD activities with the services and the Defense Acquisition and Defense Review Boards. Also, a restructuring of OSD organization designates oversight for acquisition, operations, and intelligence special access programs to specific offices. In addition, the increase in DOD-wide oversight bodies for special access programs, such as the Special Access Program Working Group, should aid DOD in monitoring programs across the services and defense agencies.

Since February 1987 the Air Force has required its acquisition special access programs to receive written approval from the Under Secretary of Defense (Acquisition) to grant special authority for a program to seek deviations to acquisition regulations. Until then, the Air Force did not obtain the Under Secretary's written concurrence for obtaining a general authority, called a Delegation of Special Authority, for such deviations, pursuant to the DOD Federal Acquisition Regulation Supplement. GAO also found confusion within the Air Force concerning the proper use and documentation of the Delegation of Special Authority for acquisition special access programs. A revised DOD Directive 5205.7, signed on

---

January 4, 1989, adds other requirements, such as (1) Secretary or Deputy Secretary of Defense approval for special delegation deviations from DOD regulations or written policy and (2) listings by the responsible program officer of all DOD regulations for which compliance has been waived.

---

## Recommendations

GAO recommends that the Secretary of Defense direct DOD organizations to comply with provisions for special access programs in DOD Information Security Program Regulation 5200.1-R and DOD Directive 5205.7. Furthermore, GAO recommends that the Secretary of Defense direct the Deputy Under Secretary of Defense (Policy) to report to the Secretary at least annually concerning DOD organizations that do not comply with those provisions.

---

## Agency Comments

DOD commented on a draft of this report and either concurred or partially concurred with GAO's findings and recommendations.

DOD believes that revisions already made to the DOD regulation and directive for special access programs bring DOD special access reporting requirements into realistic compliance with all applicable statutes and regulations. DOD concurred with GAO's first recommendation and partially concurred with the second recommendation. DOD disagrees that it is necessary to report annually on every program in noncompliance, if appropriate corrective action has been taken on a timely basis. DOD agrees that exception reporting is needed. The Deputy Under Secretary of Defense (Policy) will continue to provide reports to the Secretary of Defense on an "as needed" basis when significant or untrackable non-compliance with DOD requirements is identified.

GAO disagrees with DOD's position on the second recommendation because the prolonged pattern of noncompliance with reporting requirements indicates that "as needed" reporting has not occurred with sufficient frequency and certainty to effectively ensure compliance.

---

**Requests for copies of GAO reports should be sent to:**

**U.S. General Accounting Office  
Post Office Box 6015  
Gaithersburg, Maryland 20877**

**Telephone 202-275-6241**

**The first five copies of each report are free. Additional copies are \$2.00 each.**

**There is a 25% discount on orders for 100 or more copies mailed to a single address.**

**Orders must be prepaid by cash or by check or money order made out to the Superintendent of Documents.**