Smithsonian Institution
Office of the Inspector General

In Brief

Employee and Contractor Screening Measures
Report Number A-05-07, August 21, 2006

Why We Did This Audit

This is the second of three reports covering security issues at the Smithsonian. We initiated this audit because recent OIG criminal investigations identified employees with backgrounds unsuitable for their positions, raising concerns about the effectiveness of the Institution's screening of potential employees and contractors.

What We Recommended

We made 18 recommendations to strengthen management of the background screening program, including pre-screening prospective employees for all designated positions; improving documentation procedures; performing background investigations for non-Smithsonian employee positions, such as volunteers and visiting researchers; and establishing closer supervision over the adjudication of suitability determinations.

Management generally concurred with our findings and recommendations and proposed a detailed implementation plan that responds to our recommendations.

What We Found

According to Office of Protection Services (OPS) records, background investigations were not conducted for half of the Smithsonian's employees hired between October 1, 2003 and April 30, 2005. In addition, the Smithsonian could not provide records to demonstrate that background investigations had been conducted for contract employees.

- According to OPS records, only 967 (or 51 percent) of the 1,903 employees requiring background investigations who were hired during this period received one. Almost half of the Smithsonian's senior-level employees did not have background investigations. In addition, 436 (or 81 percent) of the 535 contractors hired between June and December 2005 had no record of a background investigation, even though OPS began screening contract employees in June 2005.

- The Smithsonian had not identified employee or contractor positions requiring pre-appointment background investigations, although Smithsonian policy recommends that pre-appointment background investigations be considered for individuals in sensitive curatorial, information technology and financial positions.

- Volunteers, researchers, and interns who often have the same access to collection items and other assets as the Institution's employees and contractors were not required to be screened.

- When background investigations raised significant suitability issues, such issues generally were not properly adjudicated. Of the employees we sampled whose Office of Personnel Management background investigations disclosed questionable backgrounds, 20 percent had significant suitability issues such as convictions or arrests for theft, drug use and distribution, or assault and battery. OPS did not maintain any records to indicate that these suitability issues were properly adjudicated.

To implement Homeland Security Presidential Directive 12, which imposes new identity-proofing standards government-wide, the Smithsonian will have to significantly improve its identification of high-risk positions, processing and tracking of investigations, adjudication of suitability issues, and record-keeping practices.

For additional information or a copy of the full report, contact the Office of the Inspector General at (202) 275-2244 or visit http://www.si.edu/oig.

Smithsonian Institution

Office of the Inspector General

Date   August 21, 2006

To   Sheila P. Burke, Deputy Secretary and Chief Operating Officer
James J. McLaughlin, Director, Office of Protection Services
James D. Douglas, Director, Office of Human Resources

cc   John E. Huerta, General Counsel
William W. Brubaker, Director, Office of Facilities Engineering and Operations

From   A. Sprightley Ryan, Acting Inspector General

Subject   Audit Report on Employee and Contractor Screening Measures

This is the second of three reports covering security issues at the Smithsonian. We initiated this audit because recent OIG criminal investigations identified employees with backgrounds unsuitable for their positions, raising concerns about the effectiveness of the Institution's screening of potential employees and contractors. Our objective was to determine how the Institution ensures that employees and contractors it hires do not pose an undue risk to national collections, visitors, or the financial assets of the Institution. To evaluate the Institution's screening measures, we reviewed actions taken on 1,903 employees from October 1, 2003 to April 30, 2005, and 535 contractors hired between July 1 and December 31, 2005. A detailed description of our audit scope and methodology is included in Appendix A.

BACKGROUND

The Smithsonian Institution hires over 2,000 employees and contractors annually for a variety of positions, such as security officers (guards), collections managers, museum store clerks, information technology specialists, and accountants. Many of these individuals hold positions that are sensitive because they entail access to national collections, information systems, and the financial assets of the Institution. In addition, because of the Smithsonian's proximity to the Capitol, national monuments, and other federal buildings, the Smithsonian must ensure its employees and contractors do not pose a threat to national security.

The Institution requires all employees and contractors to undergo a suitability determination. The suitability determination is based on a background investigation conducted by the Office of Personnel Management (OPM) that identifies character traits and/or past conduct that could render an individual unfit for his or her position.

OPM conducts four types of background investigations for the Smithsonian: a National Criminal Investigation Check (NCIC), a National Agency Check and Inquiry (NACI), a Special Agreement Check (SAC), or a Full Field Investigation (FFI). Except for security officers, these background investigations are not done until after employees have begun working at the Institution. As summarized below, the category of background investigation to be conducted depends on the individual's position and type of employment:

- Security officers undergo an NCIC, which is the only one performed pre-employment. The NCIC matches individuals against FBI arrest records. The Institution also performs a NACI for security officers once they are hired.

- Permanent employees below the senior level receive a NACI, which is the minimum investigation required for all federal employees. This investigation includes a check of FBI fingerprint and investigative files, OPM investigative files, and military records, as well as written inquiries to law enforcement agencies, former employers and supervisors, personal references and schools.

- Friends of the National Zoo (FONZ), temporary, and contract employees undergo a SAC, which is a review of FBI fingerprint files to determine criminal history.

- Senior-level employees receive an FFI, a more rigorous investigation than the NACI or SAC that examines the preceding 15 years of an individual's background.

The Smithsonian's Office of Protection Services (OPS) is responsible for administering the Institution's background investigation process and maintaining investigative records while individuals are on the Smithsonian rolls. According to Smithsonian Directives (SD) 212 and 213, OPS initiates background investigations by forwarding to OPM information questionnaires completed by employees when they begin their employment. In June 2005, OPS expanded its fingerprint checks to all new employees and contractors, and now transmits these fingerprints to OPM along with the information questionnaires. OPM then conducts an investigation and issues a report, including an official certificate of investigation.

Upon receipt of OPM's investigative report, OPS forwards the Certificate of Investigation to the Institution's Office of Human Resources (OHR) for retention in the employee's official personnel file. OPS is also required to forward to OHR any OPM findings questioning the employee's suitability and any OPS recommendations. OHR then notifies the unit-level hiring manager and assists in any necessary administrative actions. The hiring manager, with assistance from OHR, is responsible for making the suitability determination and reporting its decision to OPS.

RESULTS IN BRIEF

According to OPS records, background investigations were not conducted for half of the Institution's employees. Additionally, the Institution could not provide records to demonstrate that background investigations had been conducted for contract employees.

- According to OPS records, only 967 (or 51 percent) of the 1,903 employees requiring background investigations who were hired between October 1, 2003 and April 30, 2005 in fact underwent background investigations. While the employees who were not screened were associated with various units across the Institution, the majority of them were from FONZ, Smithsonian Business Ventures (SBV), and the Smithsonian Astrophysical Observatory (SAO).[1]

- According to OPS records, 103 (or 48 percent) of the Institution's 214 senior-level employees did not have background investigations. Of the 111 who had them, only 6 had the required FFI.

- The Institution had not identified employee or contractor positions requiring pre-appointment background investigations, although Institution policy recommends that pre-appointment background investigations be considered for individuals in sensitive curatorial, information technology and financial positions.

- According to OPS records, 436 (or 81 percent) of the 535 contractors hired between June and December 2005 had no record of a background investigation, even though OPS began screening contract employees in June 2005.

- Volunteers, researchers, and interns who often have the same access to collection items and other assets as the Institution's employees and contractors were not required to be screened.

In our opinion, proper screening would likely have prevented thefts of the Institution's assets. For example, an employee involved in a theft of checks from an Institution mailroom had prior arrests for fraudulent use of a credit card, possession of a stolen automobile, and assault and battery. Another employee, who had a prior felony conviction for securing financial documents by deception and three misdemeanor convictions for theft, embezzled funds from the Institution.

Individuals did not receive background investigations because OHR had not notified OPS of all new hires. In addition, OHR had not identified sensitive positions requiring either a pre-employment investigation or a more rigorous background review and did not track

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[1] Based on discussions with OPM representatives and a cursory review of limited documentation provided by OPM, significantly more background investigations were performed for Smithsonian employees and contractors than OPS records indicate. However, performing a detailed examination of OPM's records was beyond the scope of our audit.

individuals requiring an investigation to ensure all Official Personnel Folders contained a Certificate of Investigation. Further, OPS lacked an automated means of matching OHR data on new hires with OPS records to ensure that all permanent and contract employees received the required screening. According to OPS staff, its tracking system lacked the functionality and capacity to accommodate all employee and contractor records. Consequently, OPS did not enter all individuals to be investigated in its tracking system, or keep complete records on the status of investigations.

Further, when background investigations raised significant suitability issues, such issues generally were not properly adjudicated. Of the 128 employees we sampled whose OPM investigations disclosed questionable backgrounds, 26 (20 percent) had significant suitability issues such as convictions or arrests for theft, drug use and distribution, or assault and battery. OPS did not maintain any records to indicate that these suitability issues were properly adjudicated. According to OHR, except for one case, it was not made aware of these suitability issues. In practice, OPS was making all of the suitability determinations, instead of referring issues to OHR and hiring officials for adjudication. Of those 26 employees, 13 are still working at the Institution and 13 were removed or resigned from their positions due to performance or conduct problems. At least 6 of the 13 are serving in positions that pose a risk to the Institution, and the remaining 7 should be re-evaluated to determine whether they pose a risk.

Beginning in October 2006, the Institution will voluntarily implement Homeland Security Presidential Directive 12 (HSPD-12), which requires identity proofing, prompt initial background checks, and special identification cards for federal employees. Implementing this directive will require that all permanent and contract employees receive a National Agency Check (a records check without interviews or reference checks) and a fingerprint analysis before being issued identification badges. This background check will be followed by a more comprehensive NACI. Consequently, the Smithsonian will have to significantly improve its identification of high-risk positions, processing and tracking of investigations, adjudication of suitability issues, and recordkeeping practices.
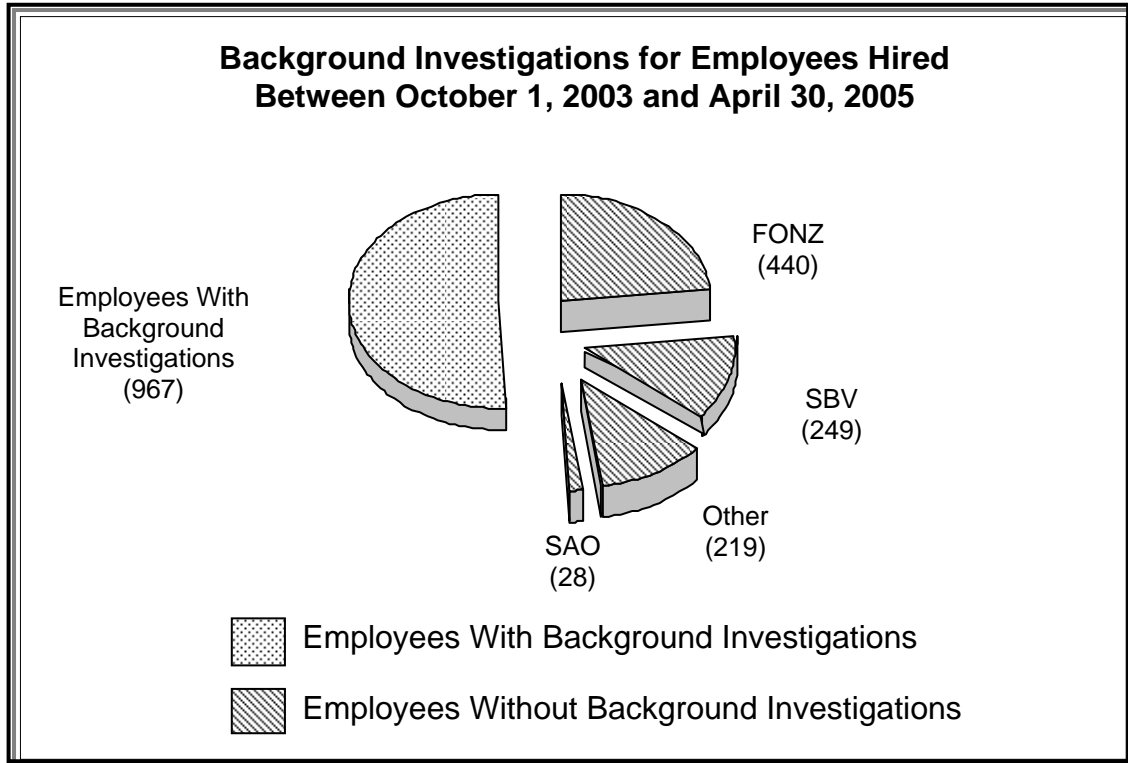
RESULTS OF AUDIT

OPS Had No Record of Background Investigations for Half of the Institution's Employees

Smithsonian Directives (SD) 212 and 213 require that a background investigation be completed for all individuals newly appointed to the Institution to ensure their employment will not pose a threat to the Institution or its visitors, staff, or collections. However, when we compared OHR's listing of new employees with OPS records we found that only 967 (51 percent) of the 1,903 new hires from October 1, 2003 to April 30, 2005 had records of background investigations.

As shown in the following chart, OPS had no records to indicate whether 936 employees had been investigated, nor could they confirm whether background investigations had been conducted. While these individuals were associated with various units across the Institution, the majority of them were from FONZ,[2] SBV, and SAO.

CHART 1

**Background Investigations for Employees Hired
Between October 1, 2003 and April 30, 2005**

Employees With Background Investigations (967)

FONZ (440)

SBV (249)

Other (219)

SAO (28)

▨ Employees With Background Investigations

▨ Employees Without Background Investigations

Neither OHR nor Payroll Records Were Used to Identify New Hires

Background investigations were not conducted for all employees because OPS was not notified of all new hires either by OHR or by the separate human resources offices of FONZ, SAO, and SBV. At a minimum, Institution OHR units should notify OPS of new hires at the same time that individuals are added to the PeopleSoft Human Resources Management System or to the Institution's payroll systems. For those positions requiring a pre-appointment background check, the notification should coincide with a contingent offer to the prospective new hire.

We also found that OPS was not routinely matching its investigative requests against payroll or OHR records to ensure that it processed investigations for all new employees. Finally, OPS did not periodically report back to OHR, or to the OHR units of FONZ,

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[2] FONZ employees are not employees of the Smithsonian Institution. However, they were included in the scope of the audit because FONZ has a Memorandum of Agreement with OPS to conduct background investigations of FONZ staff. In addition, for most Zoo visitors it is difficult to distinguish between Zoo employees and FONZ employees and volunteers.

SAO, or SBV, to confirm that background investigations were in process. Consequently, if OPS did not request an investigation, the units had no way of knowing that investigations were not processed. For example, SAO human resources personnel told us they were not aware that several of its employees had not received background checks because they expected OPS to notify them only if there were problems.   According to FONZ personnel, they did not track the status of background investigations and only expected to hear from OPS if there were problems.

OPS Lacked Reliable and Adequately Designed System to Track Background Investigations

We found that OPS staff had not entered all employees that required background investigations into its tracking system, called NACIS. NACIS is a stand-alone database that OPS has used since 1993 to track investigative requests referred to OPM. This database records identifying information about individuals, the type of investigation requested, and the dates that OPS submitted its requests to OPM, received investigative results, and closed the investigations. The database is the only system of records maintained by OPS to document employee and contractor screening that would indicate the volume of background investigations processed. The database receives no IT systems administration or user support.

OPS staff told us they did not enter all employee records or complete information on individuals because they believed that too many records would overload the tracking system, causing it to crash, as it did in 2000. The database tracking system uses antiquated software which is no longer supported. Further, OPS staff stated that they received no training on data backup, record deletion, or report generation.

NACIS was also unreliable as a tracking system because it contained inaccurate and incomplete data on key dates in the investigative process. We found that the date of the OPM investigation request for 938 of the 1,903 employees hired within our audit scope preceded the date employees submitted their background investigation questionnaire to OPS. We also noted approximately 160 records that had blank values in the "returned" and "closed" date fields. OPS personnel admitted that these various data errors were due to inadequate data entry. We noted little or no supervisory review of data entry.

OPS will need a new system to support the investigative function and requirements of HSPD-12.   HSPD-12 requires identity proofing, prompt initial background checks, and special identification cards for federal employees. To comply with HSPD-12, the Institution will have to verify and/or complete background investigations for all employees. The Institution will also need a better designed and more reliable tracking system that is capable of matching investigative records against personnel records to ensure that employees are properly screened. Moreover, given that employees and volunteers with prior criminal records have been placed in positions of trust or given access to the Institution's assets, greater efforts are also needed to identify high-risk positions and pre-screen all individuals serving in such positions.

Recommendations

To ensure that all employees are identified and tracked for background screening in the short term, we recommended that the Deputy Secretary and Chief Operating Officer:

1. Ensure that OPS obtains a bi-weekly listing of new employees from OHR, SAO, SBV, and FONZ to ensure that background investigations are conducted for all new hires.

2. Ensure that OPS works with the Office of the Chief Information Officer (OCIO) to provide refresher training to OPS staff in data entry, report generation, and other system capabilities.

In the long term, we recommended that the Deputy Secretary and Chief Operating Officer:

3. Replace NACIS with a system that can better accommodate the growing volume of background investigations as well as the additional recordkeeping requirements of HSPD-12. The replacement system should also interface with the Institution's HR systems so that new employee information can be readily exchanged and reconciled to facilitate the processing of background investigations.

We also recommended that the Director of OPS:

4. Ensure that background investigations are or have been conducted for the 936 individuals who had no record of a background investigation.

5. Routinely reconcile new employee listings with background investigation information tracked in NACIS and successor systems to ensure that it has a record of all employee investigations and results.

6. Take steps to improve the accuracy of NACIS data.

The Type and Timing of Background Investigations Were Not Always Determined by Position Risk

A 1996 OPM study of personnel security and suitability issues at the Institution reported a need to assign risk levels to positions to guide the type and timing of background investigations. OPM accordingly recommended that all Official Personnel Folders contain a position description showing the proper risk designation level. In response to this audit, the Institution indicated that OPS would work with OHR to ensure that proper position risk levels were designated.

Although the Institution agreed to implement the study's findings, we found it had not properly designated risk levels for all positions or included such designations in

employees' Official Personnel Folders. Further, we noted that Smithsonian Directives 212 and 213 require hiring managers to decide whether a pre-employment NACI background investigation is required for certain positions, including security officers, curators who work with high value or portable collections, IT personnel, or individuals who handle cash. We found little evidence that the Institution had done so. To the contrary, OPS only conducted pre-appointment investigations for security officers.

SDs 212 and 213 also require OHR and OPS to decide whether an FFI is required for senior-level employees and members of the professional research and curatorial staff who have access to collections of high intrinsic value. Despite these directives, we found no record of background investigations for 103 (or 48 percent) of the Institution's 214 senior-level employees.[3] Of the remaining 111 senior-level employees for whom records existed, only 6 had the required FFI, even though 58 had been hired since the policy was implemented in 1983. The remaining 56 employees were hired prior to 1983, but nevertheless should have received an FFI after the policy became effective.

Had all employees been properly screened, the Institution would likely have prevented the loss of some of its assets. For example, a recent OIG investigation determined that a permanent federal employee who was hired in the Office of the Comptroller without a background investigation had a prior felony conviction for securing financial documents by deception and three misdemeanor convictions for theft. This employee, who served in a managerial position, was given access to the Institution's financial system and subsequently stole approximately $58,000. This employee was convicted for the theft and imprisoned. In another example, the OIG investigated a theft of checks from an Institution mailroom by an employee who did not undergo a background investigation. The individual, who was subsequently terminated, had previously been arrested for a variety of crimes, including assault and battery, and fraudulent use of a credit card.

Recommendations

Because the Institution is not designating risk levels for certain sensitive positions such as individuals with access to information systems, financial assets, and high-value collections, we recommended that the Director of the Office of Human Resources:

7. Assess risk levels for each employee position and ensure all Official Personnel Folders contain a position description showing the proper risk level.

8. Issue guidance for assessing the risk levels for contractors to guide the type and timing of background investigations as well as the adjudication of investigative results.

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[3] According to OHR, the Institution currently defines senior-level employees as those employees for whom the Smithsonian Institution Board of Regents make final compensation decisions.

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We also recommended that the Director of OPS:

9. Comply with Smithsonian Directives 212 and 213 by processing:

    - NACIs for those employees who are security officers, curators, IT personnel or individuals who handle cash, but have not yet had a NACI, and

    - FFIs for senior-level employees and members of the professional research and curatorial staff who have access to collections of high intrinsic value, but have not yet had an FFI.

10. Ensure that all new employees hired into positions such as security officers, curators, IT personnel, and individuals who handle cash, receive a pre-employment investigation as required by Smithsonian Directives.

Investigations of Contract Employees Were Not Documented

Prior to July 2005, background investigations on contractors were rarely performed. In July 2005, OPS implemented a policy requiring either a NACI or SAC investigation for all contractors who carry Smithsonian identification badges. Contractors employed for 6 months or less must have a SAC review of FBI records, which checks the criminal history of the individual. Contractors employed for more than 6 months are required to undergo a NACI investigation.

We found that although OPS began screening contractors in July 2005, it did not document those investigations or their results. Of the 535 contractors who were issued badges from July 1, 2005 to December 31, 2005, 444 should have had a NACI background investigation, and 91 should have had a SAC investigation. However, for 436 of the 535 contractors (81 percent), OPS did not have a record of a background investigation. We noted that six contractors worked in the cash management area of the Office of the Comptroller and had access to the Institution's financial system and assets, but none had undergone background investigations. Another 38 contractors worked for OCIO and may have had access to sensitive information systems.

While it is possible that OPS processed SAC background checks for many of these contractors, we could not find evidence they did so in OPS' tracking system because contractor investigations are not documented in OPS' database. OPS officials told us they had not entered records for all contractors into its tracking system because the system was at capacity and they feared it would crash if additional records were entered. OPS also did not maintain any manual records to demonstrate that investigations of contractors were performed. Consequently, we could not determine whether all contractors received background investigations or how suitability issues identified in investigations were adjudicated. Moreover, without documentation of investigations performed, OPS cannot determine whether contractors who previously worked for the Institution had already undergone a recent background investigation.

Recommendation

We believe that our earlier recommendations, including that the NACIS system be replaced with one that can better accommodate the requirements of HSPD-12, will address the issues we identified. In the interim, however, we recommended that the Director of OPS:

11. Establish a record-keeping system to document contractor investigations and their results.

Volunteers, Researchers, and Interns Were Not Required to Be Screened

Over the course of any given year, the Institution benefits from the services of an estimated 6,500 volunteers and researchers, of whom approximately 25 percent have access to the collections or financial assets of the Institution. Additionally, about 1,000 interns serve at the Institution annually, some of whom work in high-risk areas. The Institution does not screen volunteers, researchers, or interns even though many work with employees whose positions have been designated as high-risk. For example, volunteers in the Institution's "Behind-the-Scenes" Volunteer Program work in non-public areas in the archives, libraries, conservation laboratories and curatorial divisions related to art, history, and science collections.

Because these individuals are not screened, volunteers with prior criminal records have worked among the collections at the Institution. For example, we learned of a volunteer who had access to collections who had been convicted of a drug offense and was terminated from previous federal employment for certifying false statements. He eventually received a background investigation when he later became a Trust, and then a Federal employee. However, he was terminated before his background investigation disclosed his criminal history. Had the Smithsonian known about the individual's criminal record when he was a volunteer, he might not have been hired as a permanent employee.

We found that other museums, as a best practice, screen individuals seeking volunteer assignments. For example, the American Museum of Natural History in New York City requires that every new volunteer submit to a background investigation as a condition of working in the museum. While screening all volunteers and researchers at the Institution may be impractical given the sheer volume of individuals who volunteer or conduct research at the Smithsonian, the Institution should require background investigations for at least those individuals with access to the collections or who participate in the Behind the Scenes Volunteer Program, as well as those with access to information systems or financial assets.

Recommendation

We recommended that the Director of OPS:

> 12. Establish a policy requiring that volunteers, researchers, and interns who have access to collections, participate in the Behind the Scenes Volunteer Program, or work with the Institution's information systems or financial assets be subject to appropriate background investigations.

Suitability Issues Were Not Properly Adjudicated or Recorded

Smithsonian Directives 212 and 213 require that OPS determine whether material obtained during the OPM background investigation is important to the suitability determination. If significant, OPS must complete an additional review, report to OHR the substance of its findings, and make recommendations concerning the hiring or retention of the individual. If OPS does not consider investigative information significant, OPS is required to return the information to OPM or to destroy it.

When OHR receives OPS' suitability issues report, it is required to forward this information to the hiring official and assist with any administrative actions. The hiring official must report the results of his or her suitability determination to OPS. OPS safeguards the investigative information while the employee is at the Institution.

For FONZ employees, OPS—rather than OHR—is responsible for making the ultimate suitability determination. According to an August 21, 2001, memorandum of understanding between FONZ and the Institution, FONZ must accept OPS' suitability determination and is not entitled to know the specific reason for the decision. OPS must maintain all FONZ employee files containing derogatory information for 10 years or for 2 years after termination or denial of employment. According to the agreement, if the employee is deemed suitable, OPS will destroy the files.

Despite these requirements, our audit revealed that OPS had not forwarded suitability issues to OHR for adjudication, nor had it retained adjudication records for Smithsonian or FONZ employees. We sampled 128 of the 1,145 cases OPM completed from October 1, 2002 to April 30, 2005 that were assigned a "seriousness" code by OPM. Of those sampled, we identified 26 (20 percent) that had serious suitability issues, such as charges of assault and battery, firearms possession, drug distribution and use, grand larceny, petty larceny, receipt of stolen property, and falsification of employment applications. These issues were not adjudicated even though such charges made these individuals unsuitable for work as a security officer or for working among the collections. Only one of the 26 was appropriately referred to OHR and terminated.

Rather than forwarding these cases to OHR for adjudication, OPS staff made the suitability determinations themselves because they believed the issues were not significant enough to involve OHR or the hiring managers. OPS staff told us that Smithsonian

Directives were not clear on what constitutes a "significant" investigative issue or how significant issues should be evaluated in making suitability determinations, thus leaving OPS significant discretion in evaluating background results. Additionally, there had been considerable turnover in supervisors of this process and suitability determinations generally had not been subjected to supervisory review.

The lack of appropriate suitability determinations resulted in OHR and hiring managers expending significant resources disciplining, terminating and replacing employees. Of the 26 significant cases we identified, we found that 8 individuals had left the Institution for poor performance or conduct, and five had resigned for various reasons. As of May 31, 2006, 13 of these 26 individuals were still employed at the Institution.

In addition to our sample, recent OIG investigations identified two convicted felons who held positions that were inappropriate given their criminal history. Had the nature of their offenses been known by management, these individuals would not have been placed in positions requiring close contact with the public.

We also found that OPS staff was not maintaining copies of OPM's investigative reports or documenting how they reached suitability determinations for cases with serious issues. Further, OPS told us that the lack of security over the NACIS system, such as passwords or other access controls, made them reluctant to enter sensitive data such as comments about suitability determinations. Finally, OPS told us that they lacked storage space to retain investigative records and would obtain copies from OPM when needed. Additionally, regardless of the results of the background investigations, OPM policy requires agencies to document that employees have undergone background investigations by filing Certificates of Investigation in the employees' Official Personnel Folders. However, we found OPS had not forwarded these certificates to the SAO, SBV, and FONZ human resources offices for inclusion in employee files.

Without the underlying records, it is difficult for the Institution to determine exactly how suitability issues were adjudicated and whether the Institution and its assets are at risk based on the sensitivity of the position assumed by such individuals. The lack of investigative records also could hamper OPS and OIG in investigating individuals who engage in wrongdoing after they are hired by the Smithsonian.

Recommendations

To ensure that suitability issues are forwarded to OHR, we recommended that the Director of OPS work with the Director of OHR to:

13. Revise SD 212 and 213 to define "significant" investigative material and how it should be used to determine suitability.

14. Require supervisory review and approval of suitability findings and recommendations and ensure that OPS staff forwards recommendations to OHR.

15. Revisit OPS' original suitability determinations for the remaining 13 of the 26 employees identified in this audit to determine whether they are in appropriate positions given any risks they may pose.

To ensure that the Institution adequately records and documents investigative records, suitability recommendations, and adjudicative actions taken, we recommended that the Director of OPS:

16. Determine what investigative information OPS should retain for all background investigations, especially where there are significant suitability issues, to meet the recordkeeping requirements of HSPD-12.

17. Ensure that all employee and contractor investigations, results, and actions taken are entered into the NACIS and its future replacement system.

18. Ensure that Certificates of Investigation are sent to the appropriate OHR office for inclusion in employees' Official Personnel Folders or contracting officials for all contractors.

MANAGEMENT RESPONSE

The Directors of OPS and OHR provided formal written comments to our July 14, 2006, draft report on August 11, 2006. The Directors generally concurred with our findings and recommendations and identified actions planned for each recommendation, as well as target dates for their completion. A brief summary of management's response grouped by finding area follows.

OPS had no record of background investigations for half of the Institution's employees. We made six recommendations (1 through 6) to strengthen management of the background screening program and ensure all employees and other individuals affiliated with the Institution are properly identified, screened and tracked. In response to our recommendations, OPS and OHR have improved communications between their departments, and OPS will get bi-weekly listings of new employees from all OHR-serviced staff, including SAO, as well as bi-weekly listings from SBV and FONZ.

To address the data-entry and report-generation issues, the OPS Director has ordered mandatory refresher training on NACIS for all personnel security staff. In the short term, OPS is also examining the option of shifting this database into a Microsoft-based or other database software. Nonetheless, OPS recognizes that this would serve only as a temporary solution because it will not satisfy HSPD-12 requirements. OPS has been working with OCIO and a contractor to explore options for a more sophisticated tracking system that would meet HSPD-12 requirements. Based on our recommendation, the system design will include a linkage between the new system and the current OHR personnel system.

OPS estimates the new system will be available by FY 2008 at the latest, earlier if adequate funding is made available.

The OPS Director also has designated an internal analyst to perform a complete audit of all personnel security information, data entry and documentation. The analyst will reconcile existing records, perform a weekly audit of all new personnel security transactions and, from this point forward, continue to update the database through the complete life cycle of all Smithsonian background investigations. In addition, OPS will work closely with OPM to identify any employees or contractors that have not had an investigation and ensure that appropriate investigations are completed. This will be accomplished by December 2006.

Type and timing of background investigations were not always determined by position risk. We issued four recommendations (7 through 10) associated with this finding. OPS and OHR agreed to work cooperatively to develop sensitivity levels and the associated types of background investigations for all employee, contractor, and other positions at the Institution. Once this framework has been established, OPS will work closely with OPM to ensure appropriate investigations are completed for all individuals, including senior level staff. Additionally, OPS and OHR will begin prescreening prospective employees for all designated positions and explore the procurement of investigative services other than OPM to ensure thorough and timely completion of pre-employment investigations to avoid delays in the hiring process. All corrective actions for this finding are estimated to be completed by January 2007.

Investigations of contract employees were not documented. Regarding recommendation 11, OPS agreed to begin recording contractor investigations and their results in the NACIS database by September 1, 2006, and will continue to use NACIS until a new tracking system is developed.

Volunteers, researchers, and interns were not required to be screened. In response to recommendation 12, OPS agreed to establish appropriate sensitivity levels for non-employee positions and to ensure proper background checks are performed for those in such positions as a condition of receiving Smithsonian identification badges. Because of the substantial investment of time and resources involved, including at least 10,000 investigations, OPS set a target date of September 30, 2007.

Suitability issues were not properly adjudicated or recorded. We made six recommendations (13 through 18) to strengthen the adjudication and documentation of suitability determinations. Management agreed to implement a series of corrective actions between July 2006 and August 2007 to address the recommendations. The OPS and OHR Directors will work together to update the applicable Smithsonian Directives and the Security Manual, ensure all suitability determinations are properly supervised, and adjudicate each employee case we identified as having questionable suitability determinations.

In addition, the OPS Director will comply with all OPM guidance on federal employee records retention and enhance record-keeping for each individual employed by or affiliated with the Institution, including volunteers and contractors. An OPS analyst and OFEO senior manager will perform a 100 percent weekly review of all personnel security information, data entry, and documentation and submit a weekly report to the OPS Director. Finally, OPS will submit OPM Certificates of Investigation to OHR and require OHR confirmation that the certificates have been placed in the employees' Official Personnel Folders. For contractors, OPS will forward documentation of investigations to OCON for record-keeping.

The full text of management's comments is attached as Appendix B.

OFFICE OF THE INSPECTOR GENERAL COMMENTS

Management's proposed actions are responsive to our recommendations, and we consider the recommendations resolved. We note, however, that several recommendations are not scheduled to be completed until August 2007 or beyond, depending on the availability of resources. Given the sensitive nature of the weaknesses we identified and their effect on the security and safety of the Institution's employees, visitors, collections, and financial assets, we expect management will make these actions a high priority and either acquire or reallocate the resources necessary to ensure full implementation of the corrective actions as soon as is practicable.

APPENDIX A. SCOPE AND METHODOLOGY

We reviewed OPM and Smithsonian Institution policies and procedures for conducting background investigations of employees and contractors. We reviewed the Appraisal Report of Personnel Security & Suitability Programs for the Smithsonian Institution issued by OPM in 1997 and evaluated whether its recommendations had been implemented. We read the requirements of HSPD-12 and considered its impact on the Institution's employee and contractor screening program.

To evaluate the adequacy of the Institution's background screening process, we reviewed background investigations conducted for employees from October 1, 2003 through April 30, 2005. We analyzed new employee listings from the human resources offices of the Institution, Smithsonian Astrophysical Observatory (SAO), Smithsonian Business Ventures (SBV), and the Friends of the National Zoo (FONZ); contractor listings from the Office of Protection Services (OPS) Identification Office; and the OPS database (NACIS) of background investigation records. We also evaluated the suitability determinations associated with serious issues identified from Office of Personnel Management (OPM) background investigations. We interviewed various management and staff of OHR, OPS, other key units at the Institution, and OPM.

We compared listings of new employees hired by the Smithsonian, SAO, SBV, and FONZ from October 1, 2003 to April 30, 2005 to the OPS NACIS database. During that period, these offices hired 1,903 new employees who should have received background investigations. We also compared listings of contractors who were issued identification badges from July 1, 2005 to December 31, 2005 to the OPS NACIS database. As of December 31, 2005, identification badges had been issued to 535 contractors.

We compared listings of senior-level employees to the OPS NACIS database to determine whether they had received the appropriate background investigations.   We compared OHR listings of new hires and information reported by OPM to the OPS NACIS database to determine whether background investigative records were complete and accurate.

To determine whether background investigations with significant suitability issues were appropriately adjudicated, we examined a sample of 128 background investigative reports that had been identified by OPM as having serious suitability issues. We judgmentally selected 26 of the more serious cases for closer examination. We researched the OPS NACIS database and interviewed OPS and Office of Human Resources staff to determine the extent of the suitability determinations.

We conducted our audit between July 2005 and May 2006 in accordance with *Government Auditing Standards*, as prescribed by the Comptroller General of the United States, and included tests of management controls as we considered necessary.

APPENDIX B. MANAGEMENT COMMENTS

Smithsonian Institution

Office of Protection Services
Office of Human Resources

Memo

Date   August 11, 2006

To   Office of the Inspector General
        A. Sprightley Ryan, Acting Inspector General

cc   Sheila P. Burke, Deputy Secretary and Chief Operating Officer
        Lawrence M. Small, Secretary

From   James J. McLaughlin, Director, Office of Protection Services
        James D. Douglas, Director, Office of Human Resources

Subject Response to Inspector General Draft Audit Report on Employee and Contractor Screening
        Measures

This response is submitted on behalf of the Office of Protection Services (OPS) and the Office of
Human Resources (OHR), and Directors James J. McLaughlin and James D. Douglas. Together,
we generally agree with and accept the findings and recommendations as outlined in the audit
report, with exceptions and differences noted.

We extend our thanks to the Office of Inspector General (OIG) staff for their professionalism and
helpfulness in this very complicated review. We appreciate the cooperation, attention and insight
of the OIG staff and will work to address these issues comprehensively.

We will work diligently to fix these problems, many of which are dependent upon an infusion of
resources and funding. OPS recognizes both their gravity and that poor communication and lax
record-keeping are endemic within the Personnel Security Department.

As a matter of perspective, we have discovered that the Smithsonian Institution (SI) is not alone;
several federal agencies are not conducting pre-employment screens or background investigations
of their non-federal, contract employees. These inconsistencies further highlight the need and
timeliness of the planned implementation of the Homeland Security Presidential Directive-12
(HSPD-12) policy.

OPS has immediately strengthened ties with OHR and with other Smithsonian personnel
departments. The OPS Director has ordered a complete and thorough revision of the current
personnel policies, guidelines and practices, as well as a thorough examination, for accuracy and
completeness, of all personnel records. An OPS analyst and an OFEO senior manager will conduct
a complete audit of all personnel security records, and will establish new standards for
documentation. Additionally, OPS has taken immediate steps to revise our background
investigation and security identification badge policy to include all Smithsonian staff, volunteers
and contractors.

By coincidence, many of the issues (inconsistency in background investigations, for example) were
already being addressed through the program development of HSPD-12. OPS is currently working
with a contractor on program development of the HSPD-12 Implementation Program Base
including the implementation of biometric devices. Several phases of this multi-part contract are

1

policies, training materials, manuals and the delivery of training to all required personnel. Further, appropriate training materials, such as brochures and Web sites will be created by the contractor to promote awareness throughout the Institution. OPS expects a contract will be awarded to design parallel HSPD-12 policies for contractors, volunteers, interns, visiting researchers, and all other personnel who request a Smithsonian identification badge. We expect this work to cost $100,000. OPS anticipates that a contractor will also assist in the procurement of a new personnel security information management system. Research, evaluation and procurement assistance may mean an additional $25,000 contract. Procurement of a modern personnel security system is anticipated in FY2007 should funds become available, otherwise by FY2008 in compliance with HSPD-12 specifications. The additional contract assistance will add approximately $125,000 more to the current terms.

Outlined below is the OPS/OHR combined response to the specific OIG recommendations. We have discussed these recommendations with the OIG for prioritization, recognizing that many of these recommendations are valuable, but may require an infusion of significant resources. By diverting available resources, OPS will strive for effective short-term solutions. For example, OPS will increase staffing and oversight by hiring one new personnel security specialist and one supervisor. OPS will retrain existing staff and mandate stricter record-keeping standards. And through budget requests, including funding for a new personnel security system, OPS will strive for enhanced long-term capacity of the Personnel Security Division.

Many of these actions will take six months to one year to implement. OPS will update the OIG and Smithsonian senior management on the progress as these issues are addressed, resolved, and as new policies are implemented.

FINDINGS: OPS/OHR RESPONSE

OIG Finding: **OPS had no record of background investigations for half of the Institution's employees**

Response: The Personnel Security Department has been inconsistent, at best, at maintaining proper documentation. In this regard, OPS concurs with the OIG conclusion that no record of background investigations may be available for half of the Institution's employees.

OPS notes several statements of fact:
- Prior to the OIG audit, OPS did not review or consider all groups, identified within Chart 1 of the report, as staff. Employees of an IT company would not be considered Smithsonian employees, for instance, and would not be subject to the same background investigation standards. An agreement with Friends of the National Zoo (FONZ) required background investigation for only some (FONZ - identified) employees; unless identified by FONZ as such, these personnel were not held to the same standards as Smithsonian employees. This distinction is also true for Smithsonian Business Ventures (SBV), and by definition, the category called "OTHER." Smithsonian Astrophysical Observatory (SAO) employees should have been submitted through the OHR office and therefore not considered a separate personnel group. OPS notes that SAO periodically submitted a list of new employees directly; the OHR lists are considered more complete and reliable.
- No database record of an investigation does not necessarily mean than an investigation was not completed. As the OIG footnotes, reconciliation of the personnel security

2

database with Office of Personnel Management records was beyond the scope of this audit. OPS believes that many staff members have received appropriate background investigations, but the records were not maintained in National Agency Check Inquiry System (NACIS).

- OPS did not perform background investigations for non-employees, thus no records were maintained for contractors or volunteers.
- Upon further review, the OPS Director has determined that a second paper log exists to document that a small percentage of FONZ personnel were investigated. This book is maintained separately from the personnel security database system (NACIS) and may not have been provided to the OIG.
- A system crash in 2000 is cited for the loss of many records in part or in their entirety. Information for a portion of these employees may have been lost in this crash.

It is the OPS Director's expectation that far fewer than half of the Institution's employees have yet to actually receive a background investigation. As detailed above, the OPS Director has ordered a 100 percent audit of personnel security records, including the reconciliation of these records with the Office of Personnel Management (OPM) files. Immediate action will be taken to properly investigate all employees who should have received background checks. Additional follow-up action will include the investigation of all contractors and volunteers in the future and retrospectively.

OIG Finding: **OPS lacks a reliable and adequately designed system to track background investigations**

Response: OPS respectfully disagrees with this finding, albeit with qualification.

The current NACIS personnel security database can adequately accommodate all present background investigation information as well as the increased volume of data anticipated. The two staff members within the Personnel Security Department did receive training on this database program. Reporting tools, for example, are available in one click—a drop down selection menu for all available reports.

The system is also supported by OCIO in that the database resides on the Smithsonian network; a meeting with OCIO Office of Systems Modernization, held July 24, 2006 confirmed that the system is archived nightly and that the system and data are fully recoverable in the event of a failure. It was seemingly recoverable in 2000, but for reasons unknown to the OPS Director, OCIO was not informed of the information loss.

The personnel security staff also maintained a paper logbook to track FONZ employee records submitted to OPM. While this logbook is by no means complete or sufficient, the book should have been provided to OIG for their review.

OIG Finding: **The type and timing of background investigations were not always determined by position risk**

Response: OPS concurs. To date, OPS and OHR have not determined the position sensitivity (risk) levels for federal or trust employees (or any other Smithsonian group) despite the 1997 OPM recommendation that sensitivity levels be determined for federal positions. With the

3

exception of senior level staff and security officers, type and timing of background investigations were never determined by position risk.

OIG Finding: **Investigations of contract employees were not documented**

Response: OPS concurs. In light of the perceived limitations of the NACIS system, personnel security staff recorded no documentation on the investigation of contract employees. Contractor investigations are now documented.

OIG Finding: **Volunteers, researchers and interns are not required to be screened**

Response: OPS concurs. Volunteers, researchers and interns are not required to be screened at the Smithsonian or many other federal agencies and museum environments. Volunteers, researchers and interns will now be screened.

OIG Finding: **Suitability issues were not properly adjudicated or recorded**

Response: OPS generally concurs. While staff typically followed a recommended adjudication procedure, a number of significant cases were improperly screened, signifying the need for critical changes to the adjudication policy.

RECOMMENDATIONS: OPS/OHR RESPONSE

Recommendation 1:
OPS obtain a bi-weekly listing of new employees from OHR, SAO, SBV and FONZ to ensure that background investigations are conducted for all new hires.

Agree, with clarification: OPS does request a bi-weekly listing of new employees but the individual personnel offices have not always provided them and no check was conducted to determine compliance. It is up to the Directors of each organization to make this relationship a priority. Information regarding new employees must be a cooperative arrangement. Working with OHR, OPS will contact each unit and advise them of this requirement and conduct periodic reviews to determine compliance.

The Directors of OPS and OHR have immediately strengthened ties between their departments. Both groups, represented by Directors James D. Douglas and James J. McLaughlin, as well as designated support staff, have discussed the OIG findings and recommendations. While the existing policy does call for OHR to submit to OPS personnel security these bi-weekly listings, OPS and OHR will establish a memorandum of understanding that outlines a renewed commitment to information sharing. As recommended, the OHR Director has assured that OHR will provide OPS with a bi-weekly listing of new employees for all OHR-serviced staff. This listing should and will include SAO employees.

OHR has also played an instrumental role in facilitating a parallel bi-weekly listing of new employees from the SBV personnel office. In a separate meeting held Friday, July 21, FONZ also

4

agreed to provide OPS with a bi-weekly listing of new employees. Revised memoranda of understanding will accompany these new cooperative agreements.

Additionally, OHR has provided a master staff list, current as of pay period 12 (June 24, 2006), for use in the OPS internal audit of all employee investigation records. All personnel security records will be measured against this list and other parallel lists (to be) supplied by other personnel units (SBV, for example).

Target Date: August 5, 2006

Recommendation 2:
Ensure that OPS works with the Office of Chief Information Officer (OCIO) to provide refresher training to OPS staff in data entry, report generation, and other system capabilities.

Agree: While the NACIS can adequately accommodate the volume of personnel security information, the mere fact that staff allege that this system is not capable of managing the data, and that they have not received training, has prompted immediate action in re-training for all personnel security staff. The OPS designated internal auditor will also receive any necessary and appropriate training on the NACIS.

The OPS Director has ordered mandatory refresher training for all personnel security staff. Ernest Stone, OCIO Senior Systems Analyst and the designer of the OPS personnel security database (NACIS), will offer refresher training to personnel security staff, tentatively scheduled for August 17, 2006 (or no later than September 1, 2006).

Additionally, OPS is also exploring the option of shifting this database into a Microsoft-based or other database software thought to be more familiar to the personnel security staff and more commonly used throughout the Smithsonian. The Smithsonian-built NACIS is built on FoxPro database software, an outdated application that offers no updates, upgrades or advanced technical support. At little to no cost, OPS is considering the option of duplicating this system in its entirety and moving forward with an alternative. Identical reporting measures and additional tracking measures will be available for personnel security staff with this new platform. Access forms may also enhance the accuracy of data entry. If the shift to the Microsoft application is determined to be a better solution, training will cover use of this "new" program.

Still, this system or any iteration thereof will not meet the needs of HSPD-12. This data transfer will serve as a temporary solution until a more sophisticated HSPD-12 compliant system can be acquired.

Target Date: September 1, 2006

Recommendation 3:
Replace NACIS with a system that can better accommodate the growing volume of background investigations as well as the additional recordkeeping requirements of HSPD-12. The replacement system should also interface with the Institution's HR systems.

Agree: In preparation for HSPD-12, over the course of nearly two years, OPS has been exploring new software options for compliance with new HSPD-12 specifications. OPS has involved OCIO in the investigation of these various systems with completion, selection, and Technical Review Board endorsement anticipated in FY2007 if funds are available, otherwise in FY2008 at the latest.

OPS is presently exploring the possibility of linkages between this new system and the current OHR personnel system, if not in full, in part by relevant fields. This real-time access to personnel records of incoming and outgoing personnel is essential, from the OPS perspective, to ensuring quality and accuracy of information. Linkages between the two systems will reduce errors and increase efficiency by eliminating the need to enter information twice. OPS will work with OCIO to strive for minimum (or zero) impact on the OHR system.

OPS is additionally exploring the option for making use of the PeopleSoft system Institution-wide, for tracking all Smithsonian-affiliated staff—including federal, trust, volunteer and contractor personnel. Use of this system by others would enable OPS to have real-time knowledge of all incoming and outgoing personnel, extending the efficiency of the Personnel Security Division. Likewise, this single-source master list of all staff and associates could have immeasurable benefits in the event of an emergency.

OPS will meet with OHR and OCIO to further discuss the possibility of this solution to comprehensive personnel tracking.

Target Date: To be determined based on availability of funds; FY2008 at the latest.

Recommendation 4:
Ensure that background investigations are conducted for the 936 individuals who had no record of a background investigation to comply with HSPD-12.

Agree, with clarification: On July 24, upon request, OIG staff provided OPS with the list of 936 Smithsonian staff that were determined to have no record of a background investigation. OPS will reconcile these records internally.

First, the OPS analyst and the OFEO senior manager will verify that no record exists for these individuals, including the possibility for human error, review of the records maintained in a separate paper logbook, and examine the possibility that this documentation was lost in a known software "crash," etc. If it is determined that the record does not exist within the NACIS or elsewhere maintained by personnel security staff, the OPS analyst/OFEO senior manager will reconcile the list of undocumented personnel and submit this list for comparison against OPM records, or if possible, gain access to OPMS PIPS database for independent comparison.

Results of OPM verification for these 936 individuals (as applicable) are expected by the 3rd week of August. Staff for whom OPS and OPM determine that no background investigation has been performed will be notified within five days of the need for a background review. The individuals will have seven days to complete the required paperwork and to submit fingerprints. OPS will then submit these requests for OPM investigation by the first week of September with results anticipated within four to six weeks (mid-October). Therefore, staff without background investigations of record will receive (in their personnel file) a Certificate of Investigation by mid-October.

6

This meets with OIG intentions as discussed in a meeting held with the OIG staff on July 20, 2006. OIG clarified their intentions: an appropriate Smithsonian background investigation should be done, period. The investigation itself, and not the degree, are the minimum needs required by HSPD-12. Accomplishment of necessary background investigations for any of the 936 individuals whose records were not found will successfully accomplish the OIG recommendation.

Target Date: October 15, 2006

Recommendation 5:
Routinely reconcile new employee listings with background investigation information tracked in NACIS and successor systems to ensure that it has records of all employee investigations and results.

Agree: Effective immediately, OPS has designated an internal analyst to monitor the complete life cycle of background investigations. OPS will reconcile existing records, continue to update the database, and perform a weekly audit of all new personnel security transactions from this point forward. The analyst will reconcile historic records, and monitor new information until a supervisor is appointed to oversee daily operations of the Personnel Security Division. The OPS Director and incoming Associate Director for Administration will also closely oversee the Personnel Security Department until a supervisor is named.

Where records are incomplete, OPS will submit the list to OPM for verification or if possible, gain access to OPMS PIPS database. Results of OPM verification are expected within seven to 10 business days. Staff for whom OPS and OPM determine that no background investigation has been performed will be notified within five days of the need for a background review. The individuals will have seven days to complete the required paperwork and to submit fingerprints. OPS will then submit these requests for OPM investigation with results anticipated within four to six weeks. Therefore, should the internal audit progress on schedule, staff without background investigations of record (beyond the 936 individuals previously identified in the OIG sample) will receive a Certificate of Investigation in their personnel file by December 2006.

Target Date: December 1, 2006

Recommendation 6:
Take steps to improve the accuracy of NACIS data.

Agree: OPS has taken immediate and comprehensive steps to improve the accuracy of NACIS data. An OPS analyst has been tasked with a weekly 100 percent audit of all personnel security information, data entry and documentation. This reviewer will, for example, audit all new gains and losses of employees, new background investigation correspondence from OPM, status updates from OPM and OHR/OPS suitability determinants, OPM responses, and will monitor the complete life cycle of all Smithsonian background investigations. The OPS analyst and the OFEO senior manager will submit a weekly report to the OPS Director. They will conduct this comprehensive audit until a qualified supervisor is assigned.

Additionally, it is our expectation that potential transfer of the NACIS to a Microsoft database, and the mandatory refresher training, may enhance the data entry accuracy and software

7

23

competency of the personnel security staff. The OPS analyst will work closely with the personnel security staff to address weaknesses and challenges in their daily routine and documentation.

The OPS Director and incoming Associate Director for Administration will also closely oversee the Personnel Security Department until a supervisor is named.

Target Date: (No later than) September 15, 2006

Recommendation 7:
Assess risk levels for each employee position and ensure that all Official Personnel Folders contain a position description showing the proper designation level.

Agree: OPS and OHR will work cooperatively to develop sensitivity levels for all employees/associates to include: staff, contractors, interns, and volunteers. Sensitivity levels will be assigned as a measure of access to collections, critical functions of the Institution, access to digital infrastructure, monetary transactions and funds, and as a measure of program responsibility. The designated sensitivity levels will determine an appropriate level of background investigation.

Once OPS and OHR establish a framework, OHR will retrospectively designate all current employees based upon their position description and supplemental factors. OPS/OHR will update all relevant procedures and policies. OPS will offer a briefing to OHR personnel and will issue guidance to the Institution's staff at large as supervisors will be involved in classification of new employees. OHR personnel specialists will designate sensitivity levels for all new hires effective at the adoption of these levels (anticipated January 2007). Four sensitivity levels are anticipated – outlined in (draft) Attachment A, page 14.

OPS will prioritize the background investigations for critical positions. It is anticipated that the entire process, classification and submission for additional background investigations, will take six months with completion of all staff background investigations by January 2007.

Target Date: January 15, 2007

Recommendation 8:
Issue guidance for assessing the risk levels for contractors to guide the type and timing of background investigations as well as the adjudication of investigation results.

Agree: As described in response to recommendation #7, OPS has initiated steps beyond OIG's recommendations. FONZ, contractors, and all staff will be subject to increased OPS/OHR sensitivity designation and background screening. All personnel associated with the Smithsonian Institution will become a part of the Personnel Security Division's more carefully maintained tracking and Smithsonian badge identification system.

OHR will work with OPS and the Office of Contracting (OCon) to inform appropriate contractor sensitivity designation. OPS will strive to assign sensitivity levels for all contractors performing work on Smithsonian property. No Smithsonian identification badge will be issued unless the contractor has completed appropriate background paperwork. OPS will submit documentation of investigation for each contractor to OCon for additional record-keeping. For those contractors

8

granted a temporary-only 'C' badge, a Contracting Officer's Technical Representative (COTR) escort will be required.

OPS and OHR anticipate a six-month turnaround for the assignment of risk levels for all staff, contractors and volunteers.

Target Date: January 31, 2007

Recommendation 9:
Comply with Smithsonian Directives 212 and 213 by processing:
- **NACIs for those employees who are security officers, curators, IT personnel or individuals who handle cash, but have not yet had a NACI, and**
- **FFIs for senior-level employees and members of the professional research and curatorial staff who have access to collections of high intrinsic value, but have not yet had an FFI.**

Agree, with clarification: Neither OIG nor OPS have identified specific employees for whom a NACI was not completed. OPS believes, with near certainty, that all security officers received pre-employment checks and NACI screening. As part of the internal audit, OPS will identify all individuals within these job series and verify completion of appropriate background investigations. Staff within these job series will be evaluated as a priority among other staff, by list, in the OIG audit.

As to the investigation of senior level employees, OPS respectfully clarifies OIG's original findings: "Despite these directives [SDs 212 and 213], we found no record of background investigations for 103 (or 48 percent) of the Institution's 214 senior-level employees. Of the remaining 111 senior-level employees for whom records existed, only 6 had the required FFI, even though 58 had been hired since the policy was implemented in 1983."

OPS concurs, in part. No records may exist for these senior staff; however, in most cases, OPS expects that the internal audit will show that a background investigation was conducted, but initiated by another federal agency. In many cases, the investigation may be a more comprehensive review than the level of review required by the Smithsonian. For example, OPS could quickly identify that a number of senior staff listed by OIG had received high level security clearances initiated by other federal agencies; these records were omitted from NACIS.

OPS will conduct an internal reconciliation of all employees, with first priority to those cases indicated by OIG including senior level staff without NACIS record of investigation. This process is outlined in other responses: Where records are incomplete, OPS will submit the list to OPM for verification or if possible, gain access to OPMS PIPS database. Results of OPM verification are expected within seven to 10 days. Staff for whom OPS and OPM determine that no background investigation has been performed will be notified within five days of the need for a background review. The individuals will have seven days to complete the required paperwork and to submit fingerprints. OPS will then submit these requests for OPM investigation with results anticipated within four to six weeks, or considerably longer for FFIs.

Target Date: January 31, 2007

Recommendation 10:

9

Ensure that all new employees hired into positions such as security officers, curators, IT personnel, and individuals who handle cash, receive a pre-employment investigation as required by Smithsonian Directives.

Agree: OPS will conduct prescreening evaluations for designated employees. These efforts must be coordinated with OHR. Final hiring for these designated positions will be contingent on the prescreening results. It should be noted that the prescreening process will likely extend hiring timeframes by a minimum of four to six weeks.

OHR bears a large responsibility in this response; OHR must identify persons to be investigated prior to being hired. Pre-employment investigation must be clearly identified in the vacancy announcement, and candidates must sign a release of information as part of their application packet.

SBV conducts pre-employment investigations through a contractor. This pre-employment investigation supplements any further investigation requested through OPS, such as a NACI.

Additionally, OPS will explore software systems for access to arrests records checks to aid in the expediency and in-house capability of pre-employment screening. If a system is determined to be useful and available to SI, an approved procurement process would be necessary.

OPS will also explore the procurement of other investigative services, other than OPM, to ensure the thorough yet timely completion of pre-employment investigations so as not to delay Smithsonian hiring procedures.

Target Date: October 1, 2006

Recommendation 11:
Establish a record-keeping system to document contractor investigations and their results.

Agree: The OPS Personnel Security Division will establish a record-keeping system to document contractor/volunteer/FONZ investigations and their results consistent with that of employees. Until a new database is developed/purchased, records will be maintained in the NACIS database.

Target Date: September 1, 2006

Recommendation 12:
Establish a policy requiring that volunteers, researchers, and interns who have access to collections, participate in the Behind the Scenes Volunteer Program, or work with the Institution's information systems or financial assets be subject to appropriate background investigations.

Agree: As detailed in the response to recommendation #7, sensitivity levels will be established for volunteers just as all staff and associates will receive a sensitivity designation. OPS will work with VIARC management to determine appropriate classifications. It is anticipated that most volunteers will be designated as mid-level or lower-level sensitivities warranting a lower cost, less intrusive SAC or NACI investigation. OPS anticipates only a few sensitive-critical levels,

10

particularly within the Behind the Scenes program in which interaction with collections and storage areas is routine; these individuals would potentially receive more thorough background investigation up to and including the FFI.

OPS will work with other non-Smithsonian groups, FONZ for example, to establish identical sensitivity designations. Likewise, OPS will seek OPM guidance on compliance for international interns, and short-term staff.

No Smithsonian identification badges will be issued without proper submission of paperwork and subsequent background investigation. Additionally, to establish consistent protocol, each unit will be required to participate in the Smithsonian's identification badge system. (Currently, the Smithsonian Astrophysical Observatory maintains a separate identification system.)

OPS has held an initial meeting with VIARC to discuss this upcoming change and to begin to think about the most effective means of implementation. As OHR and OPS finalize sensitivity levels (anticipated in six months), OPS will work with VIARC to finalize this structure for volunteers. The target completion date is within one year. OPS will require Institutional assistance to address the backlog of volunteers and contractors.

Similarly, OPS will also establish a policy and procedure for verification of records check for visiting researchers. HSPD-12 will require that all federal employees receive a background investigation; OPS will develop requirements for all federally-employed visiting researchers to submit a copy of their Certificate of Investigation prior to issuance of Smithsonian identification.

Completing background investigations for this new population of non-employees (contractors, volunteers, etc.) will require substantial investment of time and resources.   Accommodating volunteers and contractors is estimated to be at least 10,000 investigations. We are asking for the Institution's support in addressing this backlog and ensuring the cooperation of all affected units.

Target Date: September 30, 2007

Recommendation 13:
Revise SD 212 and 213 to define "significant" investigative material and how it should be used to determine suitability.

Agree: While OPS concurs that the language within SD 212 and 213 is rather vague, the language within the directive is intentionally open to change as per OPM specifications. Significant investigative material is clearly defined by OPM within a list of derogatory codes. These codes define suitability issues and range from minor blemishes to serious criminal records. Personnel security staff is well aware of and respond to the codes in their daily routine.

OPS will confer with OPM and OHR to revise the Smithsonian Directives. A contractor will update the Security Manual; we anticipate completion and adoption of the revised Manual and Directives within one year.

Target Date: August 1, 2007

Recommendation 14:

11

Require supervisory review and approval of suitability findings and recommendations and ensure that OPS staff forwards recommendations to OHR.

Agree: All material will be thoroughly reviewed. These cases will be reviewed by the OPS Director, and an OFEO senior manager until a supervisor is appointed. The supervisor/Director/senior manager will work with personnel security staff to prepare a discussion memo outlining the issue on the individual's investigation and to provide a recommendation for action to OHR. OHR will work with the supervisor to make a final determination on the employee's status.

Supervision will be required for all personnel security suitability determinations from this point forward. Further, the OPS Director has required that the personnel security staff attend Suitability Adjudication Training as a refresher of skills. One specialist will attend the next available session offered through the U.S. Department of Agriculture Graduate School in Washington, DC, on September 6, 7 and 8. The second specialist-in-training will attend a course in early fall 2006. The course cost is $795 per person.

Target Date: July 14, 2006 (immediate response to the OIG Report)

Recommendation 15:
Revisit OPS' original suitability determinations for the remaining 13 of the 26 employees identified in this audit to determine whether they are in appropriate positions given any risks they may pose.

Agree: OPS obtained the list of 26 employees from OIG on July 24. OPS will review and if appropriate, reinvestigate each case. OPS will adjudicate each case with OHR and the employee's supervisor taking all appropriate actions.

Target Date: August 15, 2006.

Recommendation 16:
Determine what investigative information OPS should retain for all background investigations, especially where there are significant suitability issues, to meet the recordkeeping requirements of the HSPD-12 directive.

Agree: The OPS Personnel Security Department will comply with all OPM guidance on federal employee records retention. Personnel security staff will significantly enhance their electronic record-keeping; a file will exist for each individual employed by or affiliated with SI, including volunteers and contractors.

Current OPM and HSPD-12 guidance requires the retention of paperwork for five years for any cases with seriousness codes, including the complete documentation for all decisions. OPS will heed this guidance and supplement it with additional retention of all paper records until the internal audit is complete and all records have been verified and evaluated against OPM investigation records.

12

28

Effective immediately, higher standards of conduct, supervision and enhanced record-keeping are mandatory for all personnel security staff. Updates to this policy will be addressed in the Security Manual and Smithsonian Directive revisions.

Target Date: August 1, 2007

Recommendation 17:
Ensure that all employee and contractor investigations, results, and actions taken are entered into the NACIS and its future replacement system.

Agree: The Personnel Security Division will adhere to strict record-keeping standards for all employees and affiliated personnel (contractors, interns, etc.) OPS has also assigned an internal analyst to monitor and assist in the maintenance of information tracking.

The OPS analyst and an OFEO senior manger have been tasked with a weekly 100 percent review of all personnel security information, data entry and documentation. This independent reviewer will, for example, audit all new gains and losses of employees, new backgrounds investigation correspondence from OPM, status updates from OPM and OHR/OPS suitability determinants, OPM responses, and will monitor the complete life cycle of all Smithsonian background investigations. The OPS analyst/OFEO senior manager will submit a weekly report to the OPS Director. This comprehensive audit will be done by the OPS analyst and OFEO senior manager until a supervisor is assigned.

Target Date: September 1, 2006

Recommendation 18:
Ensure that Certificates of Investigation are sent to the appropriate OHR office for inclusion in employees' Official Personnel Folders or contracting officials for all contractors.

Agree: The OPS and OHR Directors have met to discuss the OIG findings and recommendations, as well as the responsive action that must be taken. Effective immediately, a renewed commitment exists between the two offices to carefully track and monitor personnel background investigations and results.

OPS Personnel Security Division submits Certificates of Investigation to OHR at the completion of a case. As the personnel security staff does not have access to the files themselves, OPS will request OHR confirmation that these files have been logged into the employee's record. There is no requirement for non-federal employees, but OHR duplicates this process for trust employees.

To ensure delivery of the certificates, the appropriate personnel office (OHR, SBV, etc.) will be recorded in the personnel security database for each individual. The database will include personnel office contact information, and a report template for printing a mailing label that includes a request for confirmation of filing. Once the certificate has been verified as filed, personnel security staff will enter the filing date within the NACIS database for all federal and trust employees.

Target Date: September 1, 2006

13

ATTACHMENT A: *DRAFT*

Determining Position Sensitivity Levels:

Position Sensitivity Levels:

Special-Sensitive
Critical-Sensitive
Noncritical-Sensitive
Non-Sensitive

The position sensitivity levels are determined by completing the following three steps:

> Step 1: Designate Agency Program Placement
> Step 2: Designate Position Placement
> Step 3: Adjust for Additional Factors

Step 1: Designate Agency Program Placement

The procedure requires determinations of the program's (1) impact on the efficiency of the service; and (2) scope of operations in terms of the efficiency of the service. The results of these determinations are then matched according to the prescribed formula to obtain the placement of the program,

1. Determine Impact on the Efficiency of the Service. Impact of the program is determined by first identifying the area of primary program focus, and then relating that area to one of the seven impact descriptions as shown below.

Primary focus of the agency program is on:

- Accounting for, auditing or disbursement of public funds
- Administrative, regulatory or policy control over public and/or private programs or operations
- Protection of the national security
- Enforcement of federal Laws; or protection of life or property

Which in terms of the program's involvement:

A. Maximal – is directly vital to the overall stability or survival of the nation.

B. Major – impacts directly on the overall stability and continued effectiveness of government operations, the fiscal interests of the government or the overall social, political economic or security interests of the nation.

C. Significant – impacts directly on the successful accomplishment of several major government objectives, the promotion of a major government fiscal goal, or a primary social, political, economic or security interest of the nation.

D. Substantial – impacts directly on the efficiency and effectiveness of a sizable segment of the federal workforce, the fiscal interests of a major government-wide program or operations, or the

14

social, political or economic interests of large numbers of individuals, businesses or organizations in the private sector, or affects the security interests of the nation.

E. Moderate – impacts directly on the effectiveness of an agency's operations, the fiscal interests of an agency, or affects the social, political or economic interests of individuals, businesses or organizations in the private sector or a short-term security interest of the nation.

F. Limited – impacts directly on the operational effectiveness of fiscal interests of one or few programs in an agency, or affects the social, political or economic interests of a limited number of individuals in the private sector.

G. Minimal – does not meet the criteria of the above.

If a program has more than one area of primary focus, and the impact descriptions (e.g., Substantial or Significant) should be resolved by placing the program at the description with the greatest impact on the efficiency of the service.

2. Determine Scope of Operations in terms of the Efficiency of the Service. There are seven different scopes of operations, and each program is matched with its scope description:

1. Worldwide – Operational activity is carried out worldwide with primary focus in either the public or the private sector.
2. Nationwide – Operational activity extends to all sectors of the United States with primary focus in either the public or the private sector.
3. Government-wide – Operational activity is carried out nationally with primary focus on the public sector government-wide.
4. Multi-agency – Operational activity is carried out nationally or regionally with primary focus extending to more than one agency in the public sector, or to the elements in the private sector impacted by the agencies.
5. Single agency – Operational activity is carried out nationally or regionally with primary focus extending to one agency of the government, or to elements in the private sector impacted by the agency.
6. Region-wide – Operational activity is carried out in one region of any agency's operations, with primary focus being limited to that region in either the public or private sector.
7. Area-wide – Operational activity is limited to one area in a region of an agency's operations, with primary focus limited to that area in either the public or private sectors.

3. Determine Program Placement. The program placement is determined by combining the impact and scope descriptions.

Completion of Step 1: Designate Agency Program Placement
- Match agency programs to impact on the efficiency of the service.
- Determine scope of operations of program.
- Based on determinations of above, determine impact and scope of program.
- Placement of program to be used in Step 2.

15

Step 1 Worksheet: Designate Agency Program Placement

IMPACT ON EFFICIENCY OF SERVICE	SCOPE OF OPERATIONS (EFFICIENCY OF SERVICE)
A. MAXIMAL	1. WORLDWIDE
B. MAJOR	2. NATIONWIDE
C. SIGNIFICANT	3. GOVERNMENT-WIDE
D. SUBSTANTIAL	4. MULTI-AGENCY
E. MODERATE	5. SINGLE-AGENCY
F. LIMITED	6. REGION-WIDE
G. MINIMAL	7. AREA-WIDE

IMPACT DESCRIPTION	SCOPE DESCRIPTION	IMPACT/SCOPE PROGRAM PLACEMENT
A	1-7	
B	1-3	HIGHEST
C	1	
B	4-7	
C	2-4	SIGNIFICANT
D	1-2	
C	5-7	
D	3-7	
E	1-4	MODERATE
F	1-3	
G	1-2	
E	5-7	
F	4-7	LOWEST
G	3-7	

16

Step 2 Designate Position Placement

To designate position placement, the duties and responsibilities of the position must be considered in the context of the program, and the risk that position has for damage or abuse to the program. The procedure requires a determination of the impact on the factors and the assignment of points under each risk factor. The points are then totaled and applied against the prescribed formula to determine position's placement.

1. Determine Position Risk. The five risk factors are:

   A. Degree of Public Trust – The general consensus of confident expectation for honesty, integrity, reliability, responsibility, or justice placed in a position.
   B. Fiduciary (Monitory) Responsibility – Authority or ability to obligate, control or expend public money or items of monetary value.
   C. Importance to Program – Impact the individual position has due to status in or influence on the program as a whole, either individually or collectively.
   D. Program Authority – Ability to manipulate or control the outcome or results of all or key portions of a program or policy.
   E. Supervision Received – Frequency work is reviewed and nature of the review.

2. Determine Degree of Risk: There are seven program impact descriptions under each of the first four risk factors. Points are assigned within each description to reflect numerically the degree of impact. The greater the impact, the more points assigned. The seven impact descriptions under risk factors A - D are described as follows:

Points:	Impact:	Description:
7	Maximal	Potential for independently crippling most or all phases of program operation, or long-term compromise of program integrity.
6	Major	Potential for independently compromising the integrity and effectiveness of a major program element or component, or in conjunction with others, damaging all phases of program operations.
5	Significant	Potential for causing a serious question to be raised as to the integrity and effectiveness or program operations, through independent action or collectively with others.
4	Substantial	Potential for reducing the efficiency of overall program operations, or the overall operations of major program elements or components independently, or through collective action with others.
3	Moderate	Potential for independently reducing the efficiency of overall operations of a major program element or component, or the efficiency of overall program operations through collective action with others.
2	Limited	Potential for reducing the efficiency of one phase of day–to-day operations of major program element or component, through independent action or collectively with others.
1	Minimal	Potential for damage not meeting above criteria.

17

The seven impact descriptions under risk factor E are described as follows:

Points:	Impact:	Description:
7	Limited	Occasional review only with respect to major policy issues by superior without expertise in the technical aspects of program policy and operations.
6	General	Review in connection with basic policy consideration only as they arise by superior without expertise in the technical aspects of program policy and operations.
5	Periodic	Ongoing spot review of policy and major operational considerations of work by superior, with some knowledge of program operations, but with no real technical program expertise.
4	Regular	Continuing review of work by superior with some knowledge of program operations, but with no real technical program expertise.
3	Moderate–Technical	Ongoing spot review of work in connection with important operational issues by superior with technical program expertise.
2	Regular–Technical	Continuing review of work by superior with technical program expertise.
1	Close–Technical	Continuing review of all phases of work by supervisor with technical program expertise.

Completion of Step 2: Determine Placement of Positions:
- Determine position risk factor description and assign risk points.
- Total the Risk Points.
- Based on program placement designation (from Step 1) and total risk points, determine position placement.

18

Step 2 Worksheet: Determine Placement of Positions

Risk Factors:

Points	A. Degree of Public Trust	B. Fiduciary Responsibility	C. Importance to Program	D. Program Authority	E. Supervision Received
7	Maximal	Maximal	Maximal	Maximal	Limited
6	Major	Major	Major	Major	General
5	Significant	Significant	Significant	Significant	Periodic
4	Substantial	Substantial	Substantial	Substantial	Regular
3	Moderate	Moderate	Moderate	Moderate	Moderate– Technical
2	Limited	Limited	Limited	Limited	Regular– Technical
1	Minimal	Minimal	Minimal	Minimal	Close– Technical

Risk Points:

A.	B	C	D	E	Total Points

Position Placement Designation:

Program Placement Level	Position Risk Points	Position Placement
Highest	24 thru 35	Special-Sensitive
	18 thru 23	Critical-Sensitive
	5 thru 17	Noncritical-Sensitive
Significant	30 thru 35	Special-Sensitive
	24 thru 29	Critical-Sensitive
	5 thru 23	Noncritical Sensitive
Moderate	30 thru 35	Critical-Sensitive
	11 thru 29	Noncritical- Sensitive
	5 thru 10	Non-Sensitive
Lowest	30 thru 35	Noncritical-Sensitive
	4 thru 29	Noncritical sensitive

19

Step 3: Final Adjustment Factors for Position Sensitivity Level

Some positions, by the very nature of the duties and responsibilities of the program or the positions, will require designation at certain levels of sensitivity. Final adjustment in the designation process must take into account the unique factors specific to positions, and the organizational need for uniformity of operations.

Uniqueness: Factors that are unique and are not accounted for in the program or position designation system that warrant adjustments may include but are not limited to:

- Special investigative, criminal justice, or foreign/domestic intelligence duties;
- Control of automated financial/personnel data systems;
- Few-of-a-kind positions with sensitive duties (Special Assistant/Executive Assistant);
- Support positions with no responsibilities for preparation or implementation of sensitive program policies and plans, but involving regular contact with ongoing knowledge of, all or most of such material;
- Personnel Security Positions at no less than critical sensitive;
- Access to classified information, if the duties of the position require regular access to classified information.

Uniformity: Clearly indicated needs for uniformity in position designation, because of authority level or program placement level that may serve as a basis for making the adjustments include:

- Agency head may adjust position designation at the same authority level to assure uniformity within the agency (e.g. managers of major agency programs at the same level of authority may be placed at the same level of sensitivity).
- If the placement level of the agency is determined to be so overriding as to negate any specific risk considerations associated wit individual positions within the agency, the agency head may designate all positions within the program at the sensitivity level paralleling the placement level of the program.

20

Documentation for Position Sensitivity Level

Step 1 = _____
    (e.g. Highest, Significant, Moderate, and Lowest)

Step 2 = _____
      (e.g. Special-Sensitive, Critical-Sensitive, Noncritical-Sensitive, and Non-Sensitive)

Step 3 = _____
    (e.g. Confidential/Executive Assistant to Undersecretary)

Final Position Sensitivity Level Determination: _____

Personnel Specialist: _____

Personnel Specialist Signature: _____ Date: _____

21

<u>**ATTACHMENT B:**</u>

<u>**Summary of Recommendations and Target Dates**</u>

Recommendation 1:
OPS obtain a bi-weekly listing of new employees from OHR, SAO, SBV and FONZ to ensure that background investigations are conducted for all new hires.

> **Agree, with clarification.**
> **Target Date: August 5, 2006**

Recommendation 2:
Ensure that OPS works with the Office of Chief Information Officer (OCIO) to provide refresher training to OPS staff in data entry, report generation, and other system capabilities.

> **Agree.**
> **Target Date: September 1, 2006**

Recommendation 3:
Replace NACIS with a system that can better accommodate the growing volume of background investigations as well as the additional recordkeeping requirements of HSPD-12. The replacement system should also interface with the Institution's HR systems …

> **Agree.**
> **Target Date: To be determined based on availability of funds; FY2008 at the latest.**

Recommendation 4:
Ensure that background investigations are conducted for the 936 individuals who had no record of a background investigation to comply with HSPD-12.

> **Agree, with clarification.**
> **Target Date: October 15, 2006**

Recommendation 5:
Routinely reconcile new employee listings with background investigation information tracked in NACIS and successor systems to ensure that it has records of all employee investigations and results.

> **Agree.**
> **Target Date: December 1, 2006**

Recommendation 6:
Take steps to improve the accuracy of NACIS data.

> **Agree.**
> **Target Date: September 15, 2006**

22

Recommendation 7:
Assess risk levels for each employee position and ensure that all Official Personnel Folders contain a position description showing the proper designation level.

Agree
Target Date: January 15, 2007

Recommendation 8:
Issue guidance for assessing the risk levels for contractors to guide the type and timing of background investigations as well as the adjudication of investigation results.

Agree.
Target Date: January 31, 2007

Recommendation 9:
Comply with Smithsonian Directives 212 and 213 by processing:
- NACIs for those employees who are security officers, curators, IT personnel or individuals who handle cash, but have not yet had a NACI, and
- FFIs for senior-level employees and members of the professional research and curatorial staff who have access to collections of high intrinsic value, but have not yet had an FFI.

Agree with clarification.
Target Date: January 31, 2007

Recommendation 10:
Ensure that all new employees hired into positions such as security officers, curators, IT personnel, and individuals who handle cash, receive a pre-employment investigation as required by Smithsonian Directives.

Agree.
Target Date: October 1, 2006

Recommendation 11:
Establish a record-keeping system to document contractor investigations and their results.

Agree.
Target Date: September 1, 2006

Recommendation 12:
Establish a policy requiring that volunteers, researchers, and interns who have access to collections, participate in the Behind the Scenes Volunteer Program, or work with the Institution's information systems or financial assets be subject to appropriate background investigations.

Agree.
Target Date: September 30, 2007

23

Recommendation 13:
Revise SD 212 and 213 to define "significant" investigative material and how it should be used to determine suitability.

> **Agree.**
> **Target Date: August 1, 2007**

Recommendation 14:
Require supervisory review and approval of suitability findings and recommendations and ensure that OPS staff forwards recommendations to OHR.

> **Agree.**
> **Target Date: July 14, 2006**

Recommendation 15:
Revisit OPS' original suitability determinations for the remaining 13 of the 26 employees identified in this audit to determine whether they are in appropriate positions given any risks they may pose.

> **Agree.**
> **Target Date: August 15, 2006.**

Recommendation 16:
Determine what investigative information OPS should retain for all background investigations, especially where there are significant suitability issues, to meet the recordkeeping requirements of the HSPD-12 directive.

> **Agree.**
> **Target Date: August 1, 2007**

Recommendation 17:
Ensure that all employee and contractor investigations, results, and actions taken are entered into the NACIS and its future replacement system.

> **Agree.**
> **Target Date: September 1, 2006**

Recommendation 18:
Ensure that Certificates of Investigation are sent to the appropriate OHR office for inclusion in employees' Official Personnel Folders or contracting officials for all contractors.

> **Agree.**
> **Target Date: September 1, 2006**