

June 1990

# ARMS CONTROL AND DISARMAMENT AGENCY

## More Corrective Actions Needed to Control Classified Codeword Documents



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**National Security and  
International Affairs Division**

B-237177

June 22, 1990

The Honorable Dante B. Fascell  
Chairman, Committee on Foreign Affairs  
House of Representatives

The Honorable William S. Broomfield  
Ranking Minority Member  
Committee on Foreign Affairs  
House of Representatives

On October 24, 1989, your staff asked that we determine what actions had been taken on our recommendations in two reports concerning the safeguarding of classified documents at the Arms Control and Disarmament Agency (ACDA).<sup>1</sup> In this report, we describe the actions taken by ACDA and the State Department in response to our recommendations to improve the control, protection, and accountability of sensitive compartmented information (SCI) at ACDA's sensitive compartmented information facility (SCIF) in Washington, D.C. We will report separately on actions taken in response to our later report on ACDA's safeguarding of national security information in Washington, D.C., and Geneva, Switzerland.

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**Background**

ACDA is the central organization in the U.S. government for the formulation and implementation of arms control policy. As part of its mission, ACDA handles classified material, including sensitive intelligence information, both internally generated and received from external sources.

Sensitive intelligence information, known as SCI or codeword, requires extra control and storage in a vault called a SCIF. ACDA has access to certain compartments of SCI and is responsible for controlling and storing this information in accordance with standards and directives established by the Director of Central Intelligence.

The Assistant Secretary of State for the Intelligence and Research Bureau is responsible for providing security oversight, including ensuring that an SCI facility is properly accredited, and other support for ACDA regarding SCI. Accordingly, State provided a facility for ACDA to store its SCI, a separate secure area located within the perimeter of the Bureau's SCIF.

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<sup>1</sup> Arms Control: Improvements Needed to Protect Compartmented Information (GAO/NSIAD-88-216, Aug. 24, 1988) and Arms Control and Disarmament Agency: Better Controls Are Needed to Protect Classified Information (GAO/NSIAD-89-26, Nov. 10, 1988).

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Our August 1988 report described security weaknesses in the handling and protection of SCI in ACDA's facility and recommended that ACDA and the State Department correct these deficiencies. We reported that (1) ACDA could not locate over one-fourth of the documents from our sample of log entries and that it should account for these and other documents under its control<sup>2</sup> and (2) ACDA's document control records were not organized in a way that would facilitate locating documents in the files. In commenting on our report, ACDA stated that the noted deficiencies resulted from a lack of trained staff dedicated to document control.

We also reported that the State Department had not adequately fulfilled its assigned responsibility of providing ACDA the security oversight and administrative support needed to ensure that SCI was properly protected and accounted for.

To ensure that all SCI would be adequately accounted for, we recommended that ACDA (1) establish formal, written procedures requiring notations regarding a document's specific location and (2) conduct an inventory of all SCI in its possession to determine what ACDA should be accountable for and identify what other documents on its control logs might be missing. We also recommended that an assessment be made to determine the likelihood that a breach of national security had occurred because of those documents that could not be accounted for, which would require ACDA to notify the originating agencies of the missing documents.

In addition, we recommended that the State Department correct the deficiencies identified in a 1987 Central Intelligence Agency (CIA) report,<sup>3</sup> including obtaining proper accreditation for the SCIF and providing ACDA the necessary security oversight and support.

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## Results in Brief

ACDA has initiated actions, including new written procedures, which, if fully implemented, should improve ACDA's handling and protection of SCI. Until ACDA's recent notification to CIA concerning 3,000 missing documents, it was not in compliance with the applicable directive, and it delayed the originating agencies' ability to conduct damage assessments.

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<sup>2</sup>At the time of our 1988 review, ACDA had responsibility for an estimated 7,600 SCI documents. During our review, ACDA could not locate 66 (28 percent) of our sample of 235 SCI documents.

<sup>3</sup>This report was based on a survey conducted by security officials from the CIA, the National Security Agency, and State and was done because of allegations of possible security problems at ACDA.

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In addition, because ACDA does not maintain records of copies of electronically transmitted SCI messages received through the State Department, it has not complied with accountability and control procedures prescribed in the applicable Director of Central Intelligence directive.

Adequate oversight and testing by State of ACDA security controls would help to ensure that ACDA adheres to directives, regulations, and other procedures. To date, State's reviews have been too limited in scope to provide such assurance. In addition, because all the security upgrades have not been completed, the SCIF is still not accredited to store all the various compartments of SCI.

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## Procedures for SCI Document Control

In December 1988, ACDA established formal, written procedures to implement applicable Director of Central Intelligence directives and ACDA security regulations. These procedures prescribe methods for controlling, filing, storing, and destroying certain documents provided by other agencies or originated by ACDA. The new procedures require prominently marking SCI documents and logging accountable documents in an automated data base by compartment, document and copy number, title, file number or temporary file name, date, originating agency, location (safe and drawer number), and the date received.

In October 1989, ACDA filled one of two full-time positions established for overall SCIF security and document accountability and control, but as of April 1990 the other position remained unfilled.

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## Document Accountability and Control Problems

From late 1989 through early 1990, ACDA attempted to account for SCI listed on its records prior to March 1988<sup>4</sup> and could not account for approximately 3,000 documents. On March 15, 1990, ACDA sent CIA a listing of all the missing documents. These documents originated from six different agencies. ACDA anticipates that CIA will notify the other originating agencies of the missing documents to permit them to conduct a damage assessment to minimize any adverse effect.

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## Inventories Were Conducted

According to ACDA, the former Director requested that the Defense Intelligence Agency assist ACDA's staff in implementing an improved document control system in the SCIF. Based on the Defense Intelligence Agency's inventories of SCI in ACDA's facility and ACDA's decision on what

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<sup>4</sup>Our previous SCI document review in ACDA's facility was completed in February 1988.

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material it should be accountable for, in November 1988, ACDA established a new register of SCI documents.

ACDA determined that it would control all SCI except copies of electronically transmitted message traffic. ACDA told us it is common practice in intelligence community organizations not to control message traffic. According to the ACDA officer in charge of SCIF operations, approximately 60 to 100 SCI messages are received each day. Some of these are immediately destroyed after reading and others are placed in a temporary reading file and then destroyed.

According to the Director of Central Intelligence directive, with the exception of raw intelligence data under the control of a single intelligence community organization, control records are required for all incoming SCI. The directive notes that for electronically received message traffic, the requirement to control incoming SCI may be fulfilled through retention of standard telecommunication center records for at least 6 months. Because ACDA is not a member of the intelligence community, it receives copies of such messages through the State Department and does not have access to a standard telecommunications center to control such documents.

CIA officials told us that ACDA could easily control all incoming SCI because the number of messages ACDA receives is not considered voluminous and ACDA now has a dedicated document control person in its SCIF. When we brought this to their attention, ACDA officials told us that they did not believe regulations required them to control message traffic; however, they would reconsider present ACDA policy.

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## Documents Reported Missing

The notification requirements for the loss or possible compromise of classified information, including SCI, are contained in the Information Security Oversight Office's<sup>5</sup> Directive 1. It states that "the agency that originated the information shall be notified of the loss or possible compromise so that a damage assessment may be conducted and appropriate measures taken to negate or minimize any adverse effect of the compromise."

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<sup>5</sup>Under Executive Order 12356, "National Security Information," the Information Security Oversight Office is responsible for overseeing the information security programs of all executive branch agencies. The Office is an administrative component of the General Services Administration and receives its policy direction from the National Security Council.

According to an ACDA official, the decision not to notify the originating agencies concerning missing documents was made by the former ACDA Director at a December 1988 meeting. This official told us that the former Director based his decision on the assumption that there was no indication of a compromise in national security (that is, no SCI had been taken from the SCIF). However, our November 1988 report and a mid-1988 ACDA inventory of Top Secret and other sensitive documents had identified a number of SCI documents stored outside the SCIF. The CIA official responsible for accrediting the SCIF told us that this could be a serious security problem. He said that ACDA is accountable for all those documents and that the originating agencies should therefore be notified.

In the fall 1989, ACDA's Director of Security said that he would propose that ACDA reconsider the previous decision not to notify the originating agencies. In December 1989, the current ACDA Director told us that he was under the impression he did not have to notify originating agencies concerning missing SCI. However, in March 1990, ACDA officials provided CIA a comprehensive list of 2,991 missing SCI from six different originating agencies that has not been accounted for.

ACDA knew for more than 2 years that at least 66 documents were missing before ACDA officials decided to report the missing documents to the CIA. ACDA delayed the initiation of corrective action to identify other missing SCI for 16 months. Then it took 3 months to complete the work and report the missing documents to CIA.

ACDA told us that because of the large number of missing documents and the numerous originating agencies involved, CIA had agreed to act as the central point for ACDA's report of missing documents. According to the Security Director, ACDA anticipates that CIA will notify the other originating agencies.

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## Status of State Department's Corrective Actions

The CIA's Office of Security is the overall accrediting authority for ACDA's SCIF. However, State has authority to accredit a facility for storing one compartment of SCI.

The State Department has taken action on some of the recommendations in the March 1987 CIA report. The general thrust of the recommendations to State was that it should provide ACDA the necessary administrative support and security oversight, including obtaining the proper SCIF

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accreditation, to ensure that SCI is protected and accounted for in accordance with regulations.

In addressing CIA's recommendations, State (1) accredited ACDA's SCIF for one compartment of SCI used by ACDA, (2) entered into a formal agreement with ACDA defining State's responsibilities for the ACDA SCIF's security oversight and support, and (3) provided ACDA additional space for SCI. State also initiated, but has not completed, other improvements in the facility, including providing secure voice communications.

However, State has not completed all physical and technical security upgrades required to obtain CIA accreditation for other compartments of SCI and has not provided adequate oversight of ACDA's facility.

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## SCIF Accreditation

The CIA requires additional security upgrades before it will certify State's SCIF and the ACDA facility within this perimeter to store all of the compartments of information it handles. Interim (6-month) accreditations covering all compartments of information in the State SCIF were granted in September 1988 by CIA's Office of Security and the Assistant Secretary of State for Intelligence and Research. In a letter to State, CIA stated that although the facility did not meet the security standards established in its directives, it was granting interim approval based on the temporary security features in place and the planned security upgrades. State said it would request final accreditation upon completion of the ongoing renovations, then estimated to be the end of February 1989. However, the interim accreditations expired in March 1989, and the renovations necessary for final certification had not been completed.

In November 1989, State determined that the ACDA facility met the physical requirements for storing one compartment of SCI and granted a separate accreditation for this one compartment for which it has authority. In March 1990, State told us that CIA requires additional security upgrades before it will grant final accreditation for State's SCIF and the ACDA facility within the perimeter. These upgrades were recently funded, and State estimates a July 1, 1990, completion date.

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## Limited State Oversight

According to a Director of Central Intelligence directive, State's Senior Official of the Intelligence Community shall conduct periodic reviews of SCI held by organizations under his cognizance, which may require an

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inventory of SCI, to ensure that proper accountability is being maintained.

The October 1988 State and ACDA memorandum of agreement states, in part, that the Intelligence and Research Bureau's Security Office will periodically inventory ACDA's SCI, conduct periodic physical security inspections, and arrange for other technical inspections. Other responsibilities include providing SCI security guidance on procedures and operation, maintaining official records of ACDA personnel with SCI access, providing access authority certifications on incoming visitors, and providing materials and assistance, as requested, for use in indoctrinations and debriefings.

Our review indicated that State's oversight has been limited because its Security Branch was not fully staffed. Although State had said that it planned to conduct monthly inspections of a sample of documents, only two inspections had been conducted (in February and July 1989) during the 17 months since the agreement was signed.

In April 1990, State officials said that they had recently filled a full-time position. State officials believe that they now have the resources needed to perform the required oversight of ACDA's facility and will expand their oversight to include conducting inspections of all ACDA's SCI holdings.

In the two inspections that were conducted, State did not comply with the inspection criteria to inventory all SCI. For example, of the thousands of SCI documents on ACDA's records,<sup>6</sup> State randomly selected 22 and 50, respectively, of these for review. Its reports on these inspections stated that all of the sample documents were found (although some were misfiled), and only one discrepancy was noted—one document found was shown as having been destroyed.

According to State's Office of the Inspector General, the Intelligence and Research Bureau's inspections were also not of sufficient scope to ensure compliance with the Director of Central Intelligence directive regarding physical security standards for SCI. The Inspector General asked that the Bureau provide a plan showing what will be covered during future reviews and a schedule for future inspections. In July

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<sup>6</sup>Because ACDA's SCI holdings vary from day to day and many documents have been destroyed, ACDA officials could not provide an accurate number of the quantity of SCI held at the time of State's reviews. However, ACDA said that its holdings were much lower than the 7,600 it had during our previous audit.



1989, the Bureau provided information on the scope of future inspections. In December 1989, the Bureau said it would conduct biannual reviews to ensure compliance with applicable directives. In March 1990, the Bureau's Security Branch Chief said the next inspection of ACDA's facility is planned for June 1990.

## Improvements to ACDA's SCIF

In response to other CIA recommendations, ACDA's SCIF has been enlarged and State plans to provide secure telephones. State's Office of the Inspector General recommended that an acoustical telephone booth be installed in the ACDA facility for sensitive telephone conversations. Implementation of this recommendation was initially the responsibility of State. However, because ACDA was responsible for completing additional wiring and other modifications before the booth could be installed, in early 1990 the Office of the Inspector General redirected the recommendation to ACDA. In April 1990, ACDA officials told us that they do not plan to install a booth because they believe the renovated ACDA facility will provide adequate security for sensitive telephone conversations.

## Recommendations

We recommend that the Secretary of State ensure that

- the required security upgrades are promptly completed to obtain full accreditation of the Intelligence and Research Bureau's SCIF and
- the Assistant Secretary of State for Intelligence and Research provide adequate oversight of the ACDA facility and the SCI holdings, as required by applicable directives and the memorandum of agreement. This oversight should include, at a minimum, an annual inventory of all SCI held by ACDA to ensure that all SCI is being appropriately accounted for and stored.

We also recommend that the Director, ACDA, implement procedures to control all incoming SCI, including copies of electronic message traffic, to ensure compliance with accountability and control procedures prescribed in the Director of Central Intelligence directive.

## Agency Comments

As agreed with your office, we did not obtain formal agency comments. However, we discussed the information in this report with ACDA and State Department officials and incorporated their comments as appropriate. State officials concurred with our conclusions and recommendations. ACDA officials provided additional information on their notification

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to CIA concerning the 3,000 missing SCI and stated that they would reconsider the present ACDA policy not to control incoming SCI message traffic.

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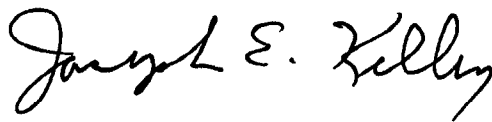
## Scope and Methodology

To assess the status of implementation of our recommendations, we held discussions with and obtained records from ACDA and State officials and visited the SCIF. We also discussed accreditation issues and SCI control procedures with CIA. We ascertained the nature and extent of ACDA's SCIF procedures and reviewed internal and external reports on security procedures at ACDA, including a report by the Office of Inspector General. Our work was conducted from October 1989 through April 1990 in accordance with generally accepted government auditing standards.

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As arranged with your office, we plan no further distribution of this report until 30 days from its issue date. At that time we will send copies to the appropriate congressional committees; the Director of the Arms Control and Disarmament Agency; the Secretary of State; the Director of Central Intelligence; the Director, Information Security Oversight Office, General Services Administration; the Director, Office of Management and Budget; and other interested parties.

Major contributors to this report were Louis H. Zanardi, Assistant Director, and Mary K. Quinlan, Evaluator-in-Charge. If you or your staff have any questions concerning this report, please call me on (202) 275-4128.



Joseph E. Kelley  
Director, Security and International  
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