Independent Oversight
Inspection of
Classification and
Information Control
Programs at the

# Office of Science
# Pacific Northwest Site Office
# and Pacific Northwest
# National Laboratory

November 2006

SSA

*Office of Security and Safety
Performance Assurance*

Office of Security Evaluations
Office of Independent Oversight
Office of Security and Safety Performance Assurance
Office of the Secretary of Energy

# Table of Contents

# Abbreviations Used in This Report

CH        Chicago Office
CIC       Classification and Information Control
DOE      U.S. Department of Energy
NNSA    National Nuclear Security Administration
OUO      Official Use Only
PNNL    Pacific Northwest National Laboratory
PNSO    Pacific Northwest Site Office
SC         DOE Office of Science
UCNI     Unclassified Controlled Nuclear Information

OVERSIGHT

# 1.0   Introduction

This report presents the results of inspection activities by the Office of Independent Oversight's Office of Security Evaluations in the area of classification and information control (CIC) at the Office of Science (SC) Pacific Northwest Site Office (PNSO) and the Pacific Northwest National Laboratory (PNNL). This effort was the first CIC inspection of PNSO and PNNL conducted by the Office of Security Evaluations since that office assumed the responsibility for oversight of CIC activities throughout the U.S. Department of Energy (DOE)/National Nuclear Security Administration (NNSA) complex in October 2005. Before October 2005, the Office of Classification and its predecessor organizations were responsible for the CIC oversight program. The Office of Security Evaluations conducted this inspection to evaluate the subtopic areas of program administration, authorities, guidance, training, document reviews, and program evaluation. Data collection activities were conducted August 28 and 29, 2006.

The inspection scope consisted of an assessment of the PNSO and PNNL classification programs and practices to safeguard controlled unclassified information, such as Unclassified Controlled Nuclear Information (UCNI) and Official Use Only (OUO) information. PNSO oversees and manages the contract for PNNL and is responsible for program implementation, acquisition management, and laboratory stewardship. PNNL generates classified information through its work for DOE/NNSA and for the Department of Homeland Security as well as other Federal agencies.

Because PNSO was not established until December 2003, this is the first CIC independent oversight review. The Office of Classification conducted the last oversight review of the PNNL CIC programs in April 2003. That review determined that PNNL was meeting applicable requirements in the areas of program administration, authorities, document reviews, and program evaluation. However, PNNL was issued findings related to the delegation of authority to certify work-for-others projects and revision of the initial and annual refresher classification training. All previous PNNL findings were closed and validated.

# 2.0   Status and Results

Data collection activities involved interviews with management, classifiers, and other personnel associated with the CIC programs; evaluation of information submitted in advance by PNSO and PNNL; onsite reviews and assessments of documentation and procedures; and responses to inquiries during the inspection. Reviews were conducted of 687 documents selected from a cross-section of organizations that generate classified, UCNI, or OUO documents. In addition, 35 documents on the PNSO and PNNL web pages and related web sites were reviewed.

## 2.1   Program Administration

### Leadership and Responsibilities

Because of their limited activity, the classification, UCNI, and OUO programs at PNSO are administered by the SC Chicago Office (CH) classification officer. He relies on a point of contact at PNSO and the PNNL classification officer to keep him informed of any issues that arise. The PNNL classification officer is supported by a classification analyst and an administrative assistant, both of whom spend

about 50 percent of their time on duties related to these programs. The PNNL classification officer spends 100 percent of her time on these functions. The OUO program is jointly administered with the operations security program manager. With the support provided, adequate resources are available to administer the classification, UCNI, and OUO programs at PNSO and PNNL.

### Procedures

PNSO administers its CIC programs in accordance with DOE orders and manuals on classification, UCNI, and OUO and does not issue local procedures. PNNL has a formal system of written standards that implements DOE orders and manuals, including classification, UCNI, and OUO directives. Some of the locally issued standards need to be updated to reflect minor changes in DOE policy. PNSO and PNNL have no approved deviations to the requirements in the classification, UCNI, and OUO orders and manuals.

## 2.2 Authorities

PNSO does not currently have any derivative classifiers, derivative declassifiers, or UCNI reviewing officials. A PNSO employee has been nominated for derivative classifier authority but has not yet been certified. The CH classification officer has the authority to derivatively classify and declassify PNSO documents. The PNNL classification officer has authority to derivatively classify PNSO documents on an emergency basis, with the understanding that she will notify the CH (PNSO) classification officer if this authority is exercised. PNNL has 17 Top Secret derivative classifiers, 90 Secret derivative classifiers, 2 Confidential derivative classifiers, 3 derivative declassifiers, and 20 UCNI reviewing officials. Questionnaires and interviews with the classification officer and derivative classifiers indicate that the number of officials is adequate, and the authority descriptions contain all the information required by DOE directives. However, several areas were identified where improvements could be made, such as maintaining accurate, up-to-date, and complete derivative classifier files and changing the language on the UCNI reviewing official appointment letters to eliminate the reference to "may contain UCNI." The "may contain UCNI" designation is obsolete and no longer authorized for use. Records indicate that all PNNL derivative classifiers successfully completed training and an examination before being

granted authority and have successfully completed a recertification examination within three years. All UCNI reviewing officials completed training before being granted authority.

## 2.3 Guidance

Because PNSO does not have any derivative classifiers or locally issued guides, they do not need to maintain a library of classification guides. In contrast, PNNL has more than 100 derivative classifiers and the classification office maintains a reference library of guides, but not all guides in the library were up to date. In addition, interviews with derivative classifiers revealed that some of them had out-of-date guidance. The use of out-of-date guidance could lead to incorrect classification determinations and over-protection or under-protection of information.

> **FINDING: 26SEP06-PNNL-70-OA-IP.4-001: Headquarters classification guidance maintained by the PNNL classification officer and derivative classifiers is not up to date. [DOE Manual 475.1-1A, Contractor Requirements Document, Ch. IV, par. 3]**

PNNL has one locally issued guide, *DOE Classification Guide for Nuclear Materials Production*, dated January 1, 2001, which was approved by the DOE Richland Operations Office classification officer in accordance with DOE requirements at that time. The approval of local guides is now the responsibility of the Office of Classification. The guide is a Confidential/Restricted Data version of the Secret/Restricted Data Headquarters guide of the same name that was developed for use by subcontractors who do not have access authorizations for Secret/Restricted Data information. It is reviewed for consistency whenever Headquarters issues a change to their guide.

PNSO has only one contract that generates classified information: the contract with Battelle Memorial Institute as the management and operating contractor for PNNL. The Contract Security Classification Specification form for this contract was certified by the classification officer to have appropriate guidance. PNNL has 12 active contracts that may generate classified information. The Contract Security Classification Specification forms for these contracts identify the guidance to be used, and the PNNL classification officer or her delegate (authority has been delegated to two individuals) has certified the guidance as appropriate for the contracts.

PNNL has 102 intelligence-related classified work-for-others projects and 164 other-agency classified work-for-others projects. The PNNL classification officer or her delegate (authority has been delegated to two individuals) has certified that the guidance provided is adequate and does not contradict DOE policy.

## 2.4   Training

PNSO employees attend the initial classification training and annual classification refresher training conducted by PNNL. PNNL's initial classification training for all cleared personnel is incorporated in the comprehensive security briefing, and annual classification refresher training is incorporated in the safeguards and security annual refresher briefing. The material concerning classification in both of these briefings is consistent with DOE requirements. Derivative classifier training consists of a two- to three-hour lecture-style course and a certification examination consisting of policy questions, a classification/marking exercise, and a portion-marking exercise. Recertification consists of an examination with policy questions and a classification/marking exercise. UCNI reviewing officials must attend a two- to three-hour briefing before being appointed. Minor errors in the training material were identified, but overall the derivative classifier initial and recertification training material and the UCNI reviewing official briefing material are consistent with DOE requirements.

In addition to the required training, the classification officer assists in the presentation of a two-hour security briefing, provided three times a year, based on actual security incidents that have occurred. The briefing discusses how and why the incidents occurred. Attendance at these briefings is not mandatory, but all cleared employees are invited to attend. The classification officer also periodically publishes classification-related articles in the Safeguards and Security Insights newsletters and holds "brown bag" sessions on current classification-related issues for derivative classifiers. These sessions are not mandatory, and all derivative classifiers receive a copy of the briefing material used in these "brown bag" sessions, regardless of attendance.

## 2.5   Document Reviews

A sample of 687 documents was randomly selected from a cross-section of programs that generate classified information, UCNI, and OUO and reviewed to determine whether the documents were correctly identified as classified, declassified, unclassified, UCNI, or OUO, and whether the markings and guidance were in accordance with DOE requirements. PNSO does not have any classified or UCNI documents, and the OUO documents that were reviewed were marked correctly. PNNL has approximately 2000 classified documents on hand that were generated since 2003. When large inventories of classified documents exist, a statistical sampling plan is used to determine how many documents to review. The sampling plan for PNNL required a random sample of at least 125 documents to be reviewed and found to be classified correctly in order to be 95 percent confident that 99 percent of all documents are classified correctly. Because time was available, 362 classified documents were reviewed, and all were classified correctly. Thirty-five documents on the PNNL web pages and related web sites were reviewed, and none were incorrectly identified as unclassified.

Forty-eight UCNI documents and 325 OUO documents were reviewed, and approximately 25 percent were incorrectly marked. The OUO documents did not always contain the proper marking, exemption number, category, and name of the individual making the determination. The lack of the UCNI warning statement, the reviewing official's name, and guidance used to make the determination could lead to improper storage and inadvertent release of UCNI.

> **FINDING:   26SEP06-PNNL-70-OA-IP.4-002: UCNI and OUO documents at PNNL are not always marked in accordance with DOE directives. [DOE Order 471.1A, Contractor Requirements Document, par. 5; DOE Manual 471.3-1, Contractor Requirements Document, par. 3]**

Documents that have been declassified and are publicly releasable must be entered on the OpenNet system to ensure public and researcher access. Neither PNSO nor PNNL has an ongoing declassification review (such as declassification efforts that exceed 10,000 pages), and they foresee no such reviews in the future. At the time of the last oversight review in April 2003, a large-scale review of Hanford Site documents was under way; it was completed in September 2003. Between December 2003 and February 2004, 76,677 records were entered on the OpenNet system by PNNL to address a backlog of record entries going back several years.

## 2.6    Program Evaluation

Both PNSO and PNNL conduct self-assessments of the classification program as part of the safeguards and security self-assessment program under the "Classification Guidance" subtopic. The results of these self-assessments are documented in reports that meet DOE requirements. As part of the self-assessments, PNNL certified that all findings identified in the Office of Classification oversight review in April 2003 had been satisfactorily closed.

The PNSO classification officer is responsible for conducting oversight of PNNL. The CIC oversight review was included in the security survey conducted by CH in May 2005. However, the report does not address all of the elements required by DOE Manual 475.1-1A, such as management awareness and support, document reviews, and training. The next oversight review is scheduled for May 2007.

> **FINDING:   26SEP06-PNSO-13001-OA-IP.4-001: The PNSO CIC oversight review of PNNL does not address all elements required by DOE directives. [DOE Manual 475.1-1A, Ch. VIII, par. 2]**

PNSO is not required to conduct a document review quality control program since they do not generate any classified documents. The PNNL classification officer reviews four percent of all documents generated at PNNL. The documents reviewed are randomly selected by the Electronic Records and Information Capture Architecture system and routed to the classification officer for review.

# 3.0   Conclusions

The inspection revealed that PNSO and PNNL management is committed to maintaining a knowledgeable and dedicated staff to support the CIC program. A noteworthy practice identified during the inspection is that the PNNL classification officer has initiated several mechanisms for keeping cleared employees and derivative classifiers aware of pertinent classification issues through briefings, newsletter articles, and "brown bag" sessions. The classification officer has an open door policy and maintains daily contact with derivative classifiers, ensuring that classification issues are quickly resolved.

Three shortcomings were identified in this inspection needing management attention: one discrepancy at PNSO and two at PNNL. At PNSO, the area identified requiring improvement was CIC oversight of PNNL. Although PNSO conducted one survey of PNNL in May 2005 and has one planned for May 2007, the surveys need to improve the comprehensiveness of the assessment and documentation. The two areas identified during the inspection at PNNL that require management attention were guidance and document reviews. Some of the classification guides maintained by the classification officer and derivative classifiers have not been kept up to date, possibly leading to incorrect classification determinations and the over-protection or under-protection of information. The document review portion of the inspection revealed that not all UCNI and OUO documents were marked correctly; some were marked as containing UCNI or OUO but did not display all the marking information required by DOE. The lack of proper control markings could lead to inadvertent release of sensitive information. While these deficiencies warrant attention, all documents that were reviewed were properly protected. Therefore, these shortcomings do not substantially detract from the overall effectiveness of the CIC program at PNNL.

# 4.0   Ratings

The PNSO CIC program provides adequate assurance that applicable requirements are being met. Therefore, this topic is rated as **EFFECTIVE PERFORMANCE**.

The PNNL CIC program provides adequate assurance that applicable requirements are being met. Therefore, this topic is rated as **EFFECTIVE PERFORMANCE**.

# **5.0** **Opportunities for Improvement**

Opportunities for improvement were identified during this inspection. These potential enhancements are not intended to be prescriptive. Rather, they are intended to be reviewed and evaluated by the responsible DOE and contractor line management and modified as appropriate, in accordance with site-specific programmatic and safeguards and security objectives.

1. PNSO should consider including all subject areas listed in DOE Manual 475.1-1A in the CIC oversight review of PNNL scheduled for May 2007.

2. PNNL should consider updating locally issued standards to reflect current DOE orders and manuals, clarifying the content of letters regarding designation and cancellation of derivative classifier authority, and clarifying the marking requirements for UCNI and OUO documents.

3. The PNNL classification officer should consider making improvements to the derivative classifier files to ensure that they are accurate, up to date, and complete, and changing the language on the UCNI reviewing official appointment letters to eliminate the reference to "may contain UCNI."

4. The PNNL classification officer should consider ensuring that all Headquarters guidance maintained in the classification office and by the derivative classifiers is up to date.

5. PNNL should consider advising all employees of the proper way to mark OUO documents.

6. The PNNL classification officer should consider advising all UCNI reviewing officials of the proper way to mark UCNI documents.

# APPENDIX A
# SUPPLEMENTAL INFORMATION

## A.1   Dates of Review

Onsite Inspection                           August 18 - 29, 2006
Report Validation and Closeout              September 20 - 26, 2006

## A.2   Inspection Team Composition

### A.2.1  Management

Glenn S. Podonsky, Chief Health, Safety and Security Officer*
Michael A. Kilpatrick, Deputy Chief for Operations, Office of Health, Safety and Security*
Bradley A. Peterson, Director, Office of Independent Oversight
Arnold E. Guevara, Director, Office of Security Evaluations

### A.2.2  Quality Review Board

Michael A. Kilpatrick
Bill Sanders
Dean Hickman
Bradley Peterson
Bob Nelson

### A.2.3  Inspection Team

Reece Edmonds, Team Leader
Elliott Daniels
Michael Kolbay
Cathy Maus
Pat Rhoderick
James Stone

---

\*   Formerly the Office of Security and Safety Performance Assurance.  The Office of Security and Safety Performance Assurance and the Office of Environment, Safety and Health were disestablished upon the creation of the new Office of Health, Safety and Security.

# APPENDIX B
# SITE-SPECIFIC FINDINGS

**Table B-1. Site-Specific Findings Requiring Corrective Action Plans**

| Identifier | Issue Statement | Page |
|---|---|---|
| 26SEP06-PNNL-70-OA-IP.4-001 | Headquarters classification guidance maintained by the PNNL classification officer and derivative classifiers is not up to date.  [DOE Manual 475.1-1A, Contractor Requirements Document, Ch. IV, par. 3] | 2 |
| 26SEP06-PNNL-70-OA-IP.4-002 | UCNI and OUO documents at PNNL are not always marked in accordance with DOE directives.  [DOE Order 471.1A, Contractor Requirements Document, par. 5; DOE Manual 471.3-1, Contractor Requirements Document, par. 3] | 3 |
| 26SEP06-PNSO-13001-OA-IP.4-001 | The PNSO CIC oversight review of PNNL does not address all elements required by DOE directives. [DOE Manual 475.1-1A, Ch. VIII, par. 2] | 4 |